An Emerging Uranium Source

UNOR INC

(FORMERLY HORNBY BAY EXPLORATION LIMITED)

QUARTERLY REPORT

JUNE 30, 2006

unor

An Emerging Uranium Source

CORPORATE PROFILE

Listing: TSX Venture - Symbol **UNI** US OTC – Symbol HRBYF

Share Capital:

- **Authorized:** Unlimited number of common shares
  Unlimited number of preferred shares

- **As of August 23, 2006 issued:**
  117,471,344 common shares
  5,745,447 options @ wt avg 48 cents
  6,499,311 warrants @ wt avg 66 cents

Officers:

- George Bell, President & CEO
- David Bent, Vice President Exploration
- Ian Shaw, Vice President Finance & CFO
- Thomas Devlin, Secretary

Directors:

- Ronald Barnes, Chairman
- Bruno Arnold
- Birks Bovaird
- James Marlatt
- Andrew Rickaby

Auditors:

McGovern, Hurley, Cunningham, LLP
2005 Sheppard Avenue, Suite 300
Toronto, Ontario M2J 5B4

Legal Counsel:

Beach, Hepburn, LLP
36 Toronto Street, Suite 1000
Toronto, Ontario M5C 2C5

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UNOR INC.

(FORMERLY HORNBY BAY EXPLORATION LIMITED)

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2006

UNOR INC.

(FORMERLY HORNBY BAY EXPLORATION LIMITED)
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2006

This Management Discussion and Analysis ("MD&A") has been prepared as of August 23, 2006 and should be read in conjunction with the interim consolidated financial statements of the Company for the three months ended June 30, 2006, and the related notes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless noted otherwise. The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles.

1. Forward-Looking Statements

This MD&A contains certain forward-looking statements. These statements are based on certain estimates and assumptions and involve risks and uncertainties, including but not limited to: political risks, title risks, commodity price and currency exchange rate risks, operating and environmental hazards encountered in the mineral exploration and development business, general industry and economic conditions, changes in the regulatory requirements affecting the Company's business, future capital expenditures and the availability and terms of financing. Consequently, actual results and events may vary significantly from those included, contemplated or implied by such statements.

2. Corporate Overview

In 1996, Hornby Bay Exploration Limited ("Hornby Bay" or the "Company") was incorporated in Ontario with its primary focus on uranium exploration in the Hornby Bay Basin in Nunavut. On April 25, 2006, at a special meeting of shareholders, the Company's name was changed to UNOR Inc.

The Company owns 100% of 226 mineral claims covering 215,889 hectares in northwestern Nunavut, Canada. This massive claim base has been benchmarked as a world-class, multi-target uranium exploration region similar to the uranium-rich Athabasca Basin.

In May 2006, UNOR Inc. and Adriana Resources Inc. agreed to form UNAD Uranium Joint Venture a 50/50 uranium joint-venture project between the companies. The UNAD Joint Venture has staked 24 claims that cover 18,380 hectares. These 24 claims include several historic uranium occurrences and are located on the eastern edge of the Hornby Bay Basin, Nunavut, adjoining UNOR's Coppermine River Property and Adriana's Bear Valley and MIE Projects.

The Company also owns 100% of four copper crown grants in the Princeton area of British Columbia; one nickel claim in the Thompson area of Manitoba and 25 gold claims and leases in the Timmins area of Ontario.

During 2004 and 2005, the Company has spent $11.0 million on the systematic advancement of its world-class uranium claims in Nunavut. During 2006, the Company's budget for the March/September Nunavut uranium exploration program is $6.0 million.

The Company is a reporting issuer in Ontario, British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol UNI.

3. Operating Strategy

The Company's overall strategy is based on:

- Aggressively and systematically pursuing the discovery of massive, world-class uranium deposits beneath the Hornby Bay Basin in Nunavut on its 100% owned 226 mineral claims covering 215,889 hectares; and
- Evaluating its 100% controlled land base in Nunavut, Ontario, British Columbia and Manitoba for all forms of economic mineral development, including diamonds, precious metals, copper and nickel.

4. Highlights

Since May 2005, the Company has been debt free and as of August 23, 2006 has $7.7 million cash on hand.

On May 27, 2005, the principle balance of the loan of $425,571 obtained for the refundable Nunavut mineral claims bonding was repaid and accumulated interest to that date of $305,115 was settled by the issuance of 526,062 common shares.

On May 31, 2005, the Company issued 1,500,000 units at $0.55 per unit pursuant to a non-brokered private placement to raise gross proceeds of $825,000. Each unit consists of one common share and one common share purchase warrant. Each share purchase warrant entitles the holders to purchase one common share at $0.75 per share for two years.

On July 6, 2005, the Company received $401,817 deposit refunds from the Government of Canada leaving refundable deposits receivable of $959,308 scheduled to be repaid the second half of 2006.

On August 18, 2005, the Company issued 1,320,200 flow-through common shares at $0.75 per share pursuant to a brokered private placement to raise gross proceeds of $990,150.

On December 12, 2005, the Company issued 4,328,014 units at $0.35 per unit pursuant to a non-brokered private placement to raise gross proceeds of $1,514,804.90. Each unit consists of one (1) flow-through common share and one half (1/2) common share purchase warrant. Each share purchase warrant entitles the holders to purchase one common share at $0.45 per share for two years.

On March 31, 2006, the Company entered into a Memorandum of Understanding with Cameco Corporation to form a strategic alliance and for Cameco to subscribe for a non-brokered private placement of shares representing a 19.5% ownership of the Company at a price of $0.40 per share. On May 9, 2006, the Company announced that the parties had executed a binding subscription agreement in which Cameco subscribed for 19.5% of the outstanding shares of UNOR for aggregate gross proceeds of $9,162,765. A special meeting of shareholders on June 16, 2006 approved the Cameco transaction and the closing of the transaction occurred on June 19, 2006. At the closing of this non-brokered private placement the companies entered into a Strategic Alliance Agreement. The Strategic Alliance Agreement includes the following terms and conditions:

(a) for as long as Cameco maintains ownership of at least 16% of the issued and outstanding shares of UNOR, Cameco will have the right to participate in any future equity issuances by UNOR, to match any equity or debt funding required by UNOR for development of a mine, to operate any mine developed, to provide milling capacity and to market any uranium produced by UNOR;

(b) for as long as Cameco maintains ownership of at least 10% of the issued and outstanding shares of UNOR , Cameco will have the right to nominate one person for election to the board of directors of UNOR and UNOR will consult with Cameco concerning exploration, development and mining technical work programs; and

(c) each party will have first right of refusal to purchase from the other any uranium exploration projects the other may wish to sell in a specified area of western Nunavut or eastern North West Territories.

5. Exploration Properties

The Company's 2006 exploration program continues to focus on the search for unconformity uranium deposits on the Coppermine River property in western Nunavut, located approximately 100 kilometers south of Kugluktuk. Exploration will also continue to be conducted on the Asiak River property, located approximately 50 kilometers southeast of Kugluktuk that has potential to host sandstone eroded style uranium deposits and good potential to host diamond-bearing kimberlite pipes.

The field work on the Nunavut properties commenced on April 11th with the fuel haul to the Mouse Lake camp, located just north of the Coppermine River property. The drill and geophysical crew were mobilized to the project area on April 26th. All of the necessary permits have been obtained from Nunavut and Federal government agencies to cover planned field program until 2008. The only data from the 2005 program that is still outstanding is the microprobe analyses of the till samples.

The weather was unusually warm this spring and by using the airstrip at Burnt Creek, it was possible to shorten the breakup shutdown to the two week period from June 14th to June 26th.

Coppermine River Area

The fuel haul from Kugluktuk to the Mouse Lake camp was facilitated by an ice strip that was constructed in front of the camp using a small snow blower. A total of 800 drums of Jet B and diesel fuel were placed in the main cache and three smaller caches on the Coppermine claims.

The required permits have been obtained to cover exploration on the Coppermine and Asiak properties for the next two seasons. The Department of Indian and Northern Affairs Canada has issued Land Use permit N2006COOO1 with an expiry of April12, 2008. The Nunavut Water Board has issued Water Use and Waste Disposal permit 2BE-MOUO608 with an expiry of October 31, 2008. The permits were issued after a favorable review of the project details by the Nunavut Impact Review Board. There is no question that the cordial relations established with the town of Kugluktuk were a major factor in acquiring the permits. The Company's policy of maximizing local purchases and hires combined with the contribution to the Grizzly Bear Survey were deciding factors. The review process is very rigorous especially in the case of uranium exploration projects.

To the end of June, a total of 1,374.1 meters was drilled in 6 holes. Two of the holes were lost in deep overburden. The four holes that were completed tested conductors at C2-27, DM 70, Contact East and Larry's Lakes. All four holes had point radioactive hotspots within the lower sandstone units. Although encouraging, none of the holes warrant immediate follow up drilling.

Upon completion of holes to evaluate geophysical targets on DM 29 and CM 54, the drill will be moved to the southern panhandle for the remainder of the season. A fence of six short holes is planned to test the southwestern extension of the Bog zone. Thirteen of the fifteen holes drilled by BP to test the Bog occurrence had pitchblende veins in sheared granite. They drilled three fences of holes to the northeast of the occurrence but terminated the program prior to testing to the southwest. The drill will then be moved south of Bog to the alteration zone, where at least two deep holes will be completed to test structural targets east of hole HB-05-24. Two radioactive hotspots have been identified in the basement block to the east of the boundary fault that defines the eastern edge of the alteration zone. The main occurrence is in a lag breccia remnant of the basal Hornby Bay that has been preserved on the up thrown side of the fault. This is a very encouraging indication of potential uranium mineralization at the unconformity under the alteration halo.

The geological interpretation of the basin continues to be a major focus of the 2006 program. In particular, the area around drill hole HB-05-24 within the alteration zone at the southern end of the panhandle is being studied in detail prior to further drilling in the area. At the end of the 2005 exploration season the hole had to be suspended at 594 meters and it will completed in 2006. There were two zones in the hole with exceptionally high boron values associated with anomalous uranium pathfinder elements and silica replacement, indicative of nearby uranium mineralization. Detailed mapping and ground magnetics will be completed prior to locating additional drill holes to test the most prospective structures.

Prospecting and mapping has outlined a series of showings and radioactive boulders on CM 67 along the west side of a creek draining north into the Mouse River. The mineralization is in the lower sandstone unit of the Dismal Lake formation. The creek is considered to be the west boundary of a graben and there is potential for Mountain Lake style mineralization in the down thrown eastern block beneath the Fort Confidence shales. A very large geophysical grid has been planned to map the fault and search for graphitic zones within the shale cap rock.

The ground geophysical program consisting of a combination of Moving Loop and Fixed Loop TDEM arrays and magnetics over selected targets from the MEGATEM airborne survey will continue through the season. To date, grids have been surveyed over targets on DM 62, DM 64, LB 73, DM 70, DM 29, DM 34 and Wolf Creek North. In addition, the Crone SQUID system was used to test the two deep MEGATEM responses on claim CM 70.

Boundary surveys are in progress to convert 62 mineral claims to leases in compliance with the Mining Regulations.

Seven bulls-eye magnetic anomalies indicating potential kimberlite pipes have been identified in two clusters in the central and northwestern parts of the main Coppermine claim block that will be mapped and till sampled. The microprobe analyses from the 56 till samples collected in 2005 are still pending.

UNAD Joint Venture

UNOR Inc and Adriana Resources Inc are in the process of forming a joint venture to manage exploration of 24 new claims (45,420 acres) staked jointly north of the Coppermine block and to cover the open ground between the two Companies' properties. The claims include several of the historic BP uranium showings near Munch Lake.

Asiak River Area

The 2006 program will concentrate on firming up targets for a drill campaign in the spring of 2007. It is anticipated that there will be 6 - 8 targets warranting drill testing at that time.

Six ground magnetic bulls-eye anomalies have been selected from the fifteen grids surveyed in 2005. These targets will be evaluated geologically during 2006 and gaps in the detailed till coverage will be filled in.

Eight of the thirteen grids that were planned to cover the most promising airborne magnetic picks, not already evaluated by ground magnetic surveys in 2004/05, have been surveyed by magnetometer. The remaining five grids are predominantly land based and will be surveyed in late August.

Two clusters of radioactive occurrences discovered through prospecting by Uranerz are being evaluated. Any noteworthy uranium targets will be added to the 2007 drill campaign.

The microprobe analyses of the 710 till samples collected in 2005 are still pending. The 2006 till program will involve only target specific sampling and a priority will be placed on the analysis in order to have results prior to planning the drill program.

Other Properties

The Company has ensured that its Ontario gold, Manitoba gold/nickel and B.C. Copper properties remained in good standing.

Ontario Properties:

The Company finalized an option agreement with Laurion Gold Inc. in April 2005 whereby the Company has granted Laurion the option to acquire a 50% interest in UNOR's East Clavos gold project near Timmins, Ontario in consideration for Laurion making certain payments, deliveries and expenditures. Laurion will be able to earn the interest by incurring work expenditures of $1.0 million on the East Clavos property over a four year period and by issuing 480,000 Laurion common shares and making cash payments totaling $100,000 to UNOR over a three year period.

The property hosts a 2-kilometer section of the Pipestone fault that is the gold bearing structure presently being exploited on the neighboring Clavos Mine property of St. Andrew Goldfields. The fault marks the contact between sedimentary and ultramafic volcanic rocks.

Laurion drilled four holes totalling 1867 meters to test the structure in the area of historic gold intercepts near the western boundary of the property. All four holes intersected the pipestone fault and had significant results.

The first two holes were drilled to test below a 1996 intersection of 5.83 gpt Au/ 4.27m. Hole EC-06-01 intersected 0.28 gpt Au/ 4.0m at 236.5 – 240.5 meters and hole EC-06-02 intersected 1.09 gpt Au/ 5.8m at 279.4 – 285.2 meters.

The second two holes were drilled to test the up dip and down dip extent of the 6.3 gpt Au/ 4.1 m intersection in hole EC-02-04. The up dip hole, EC-06-03 intersected 1.01 gpt Au/ 9.0m at 284.0 – 293.0 meters. The undercut hole, EC-06-04 intersected 1.26 gpt Au/ 16.5m at 235.5 – 252.0 meters.

Manitoba & B.C. Properties:

No work was conducted on the Manitoba gold/nickel and the B.C. Copper properties during the first half of 2006.

Exploration and Development Costs Summary

Property	**Balance June 30, 2006 $**	Additions During Period $	Balance March 31, 2006 $
Asiak River, Nunavut			
	587,575	-	587,575
Assaying	**335,597**	4,434	331,163
Camp Operations & Support	**826,178**	-	826,178
Drilling	**374,025**	-	374,025
Geology	**257,889**	-	257,889
Ground Geophysics	**514,893**	-	514,893
Program Planning & Reports	**148,614**	951	147,663
Recording fees	**70,732**	22,171	48,561
Sampling	**612,142**	-	612,142
	3,727,645	27,556	3,700,089
Coppermine River, Nunavut			
Airborne Geophysics	**1,734,199**	15,959	1,718,240
Assaying	**196,316**	8,795	187,521
Camp Operations & Support	**1,539,957**	-	1,539,957
Drilling	**3,805,702**	447,271	3,358,431
Geology	**625,051**	31,122	593,929
Ground Geophysics	**1,583,535**	359,949	1,223,586
Program Planning & Reports	**451,770**	15,137	436,633
Recording fees	**102,230**	28,729	73,501
Sampling	**426,321**	-	426,321
Surveying	**551,608**	40,000	
Costs to be allocated	**1,856,677**	1,856,677	-
	12,873,366	2,803,639	10,069,727
East Block, Nunavut			
Airborne Geophysics	**103,595**	-	103,595
Assaying	**16,619**	-	16,619
Camp Operations & Support	**154,723**	-	154,723
Geology	**56,606**	-	56,606
Program Planning & Reports	**44,209**	1,067	43,142
Recording fees	**16,582**	3,479	13,103
Sampling	**44,924**	-	44,924
	437,258	4,546	432,712
Total Nunavut	**17,038,269**	2,835,741	14,202,528
Ontario Gold Properties	**163,041**	(22,887)	185,928
B.C. Properties	**32,410**	105	32,305
Ace Claim, Manitoba	**1,321**	-	1,321
	17,235,041	2,812,959	14,422,082

6. Liquidity and Capital Resources

The Company has no operating revenues and relies primarily on equity financings as well as the exercise of warrants and options to fund its exploration and administrative costs. During the quarter ended June 30, 2006, the company received gross proceeds of $9,162,765 on equity financings and $17,500 on the exercise of options.

The Company's operations consist of the exploration and evaluation of its various properties, a process that is ongoing, and is dependent on many factors some of which are beyond the Company's control. The Company maintains a policy of reviewing its working capital requirements on a continuous basis and is mindful of its property and administrative commitments.

During the year ended March 31, 2004, the Company found it necessary to secure its land positions in the Hornby Bay Basin and Asiak River areas of Nunavut by making cash deposits with the Government of Canada in amounts totaling $2,375,030. Funds to make these deposits were sourced from loans totaling $2,376,974 which have been repaid.

To date, the Company has received $1,415,722 in deposit refunds from the government, and is awaiting approval of assessment reports it has filed with the government for the balance refundable of $959,308.

At June 30, 2006, the Company's working capital totaled $9,512,848 compared to $3,006,603 at March 31, 2006. Cash balances were $9,040,297 compared with $2,576,585 at March 31, 2006. These increases are primarily due to the Cameco private placement less exploration costs in Nunavut. The Company's cash resources will fund the Company's planned activities until 2008.

Selected Annual Information

	3 Months ending June 30 2007	2006	Year ending March 31, 2005	2004
	$	$	$	$
Total revenues	23,444	65,833	37,022	0
Net Income (loss)	(237,907)	(1,036,748)	(1,296,702)	(30,314)
Basic net Income (loss) per share	0.00	(0.01)	(0.02)	0.00
Diluted net Income (loss) per share	0.00	(0.01)	(0.02)	0.00
Total assets	27,539,783	18,560,769	14,795,517	6,509,540

7. Results of Operations

During the quarter ended June 30, 2006, the Company recorded an operating loss before Stock Option Compensation of $208,095 compared to $263,447 for the quarter ended June 31, 2005.

Summary of Quarterly Results

	Fiscal 2007			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
		$	$	$
Total Revenues				23,444
Net loss (income)				237,907
Basic net loss (income) per share				-
Diluted net loss (income) per share				-

	Fiscal 2006			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
		$	$	$
Total Revenues	12,662	14,505	9,487	29,179
Net loss (income)	(1,804,413)	178,636	363,661	401,051
Basic net loss (income) per share	(0.02)	-	0.01	-
Diluted net loss (income) per share	(0.02)	-	0.01	-

	Fiscal 2005			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	$	$	$	$
Total Revenues	19,489	13,403	4,130	-
Net loss (income)	584,680	(170,294)	540,828	341,488
Basic net loss (income) per share	0.01	-	0.01	-
Diluted net loss (income) per share	0.01	-	0.01	-

	Fiscal 2004			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	$	$	$	$
Total Revenues	-	-	-	-
Net loss (income)	55,158	88,139	(136,516)	23,533
Basic net loss (income) per share	-	-	-	-
Diluted net loss (income) per share	-	-	-	-

8. Outstanding Share Data

As of August 23, 2006, the Company has issued one class of common shares and a total of 117,471,344 shares are outstanding. The Company has 6,499,311 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at prices ranging from $0.45 per share to $0.92 per share until December 24, 2007. Stock options outstanding as of August 23, 2006 total 5,745,447 and are exercisable for common shares at prices ranging from $0.35 per share to $ 0.67 per share

9. Commitments and Contingent Liability

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments be made upon the occurrence of certain events. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements.

10. *Financial Instruments*

Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for refundable deposits, GST Receivable, prepaid expenses, accounts payable and accrued liabilities, and notes payable on the balance sheet approximate fair value because of the limited term of the instruments.

11. Litigation

The Company is not involved in any outstanding litigation.

12, Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

13. Related Party Transactions

Included in accounts payable and accruals at June 30, 2006 is $2,288 owing to certain officers of the Company.

The above amounts were in the normal course of operations and were measured at the exchange amounts which is the amount of consideration established and agreed to by the related parties.

14. Evaluation of Disclosure Controls and Procedures

Public companies are required to perform an evaluation of disclosure controls and procedures annually and to disclose management's conclusions about the effectiveness of these disclosure controls and procedures in its annual MD&A.

The Company has established, and is maintaining, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is disclosed in annual filings, interim filings or other reports and recorded, processed, summarized and reported within the time periods specified as required by securities regulations.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures for the period ended March 31, 2006 and believes that they are sufficient to provide reasonable assurance that the Company's disclosures are compliant with securities regulations.

15. Risks & Uncertainties

Exploration

The Company's exploration projects are subject to conditions beyond its control that can affect the carrying costs and development costs for varying lengths of time. Such conditions include environmental hazards, unusual or unexpected geological formations or pressures and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury, environmental damage, delays in exploration programs, monetary losses and possible legal liability. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land holdings, the availability of suitable contractors, and other factors. Through high standards and continuous improvement the Company works to reduce these risks and maintains insurance to cover normal business risks.

If mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment of resources or reserves. Whether a resource deposit will ultimately be commercially viable depends on a number of factors, including the particular attributes of the deposit such as the deposit's size, financing costs and the prevailing prices for the applicable resource. Also of key importance are government regulations, including those relating to prices, taxes, royalties, land tenure, land use and environmental protection.

Financing

In the absence of cash flow from operations the Company relies on the capital markets to fund operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that additional funding will be available, or available under terms favourable to the Company. Failure to obtain such additional finance could result in delay or the indefinite postponement of further exploration and the development of the Company's properties.

Licenses and Permits, Laws and Regulations

The Company's exploration activities require permits from various government authorities, and are subject to extensive federal provincial and local laws and regulations governing prospecting, exploration, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become stringent and compliance can therefore become more costly. The Company relies on the expertise and commitment of its management team, their advisors, its employees and contractors to ensure compliance with current laws and fosters a climate of open communication and co-operation with regulatory bodies.

The Company believes that it holds all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations.

Environmental

The Company's activities are subject to extensive federal, provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, where enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The company is also subject to various reclamation-related conditions imposed under federal or provincial rules and permits, and there can be no assurance that they will not change in the future in a manner that could have a material effect on the Company's financial condition, liquidity or results of operations.

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, George P. Bell, the Chief Executive Officer of Unor Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings)* of Unor Inc. (the issuer) for the interim period ending June 30, 2006;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

    a. designed such disclosure controls and procedures, or cased them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared; and
    b. designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and

5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: August 23, 2006

(Signed) "*George P. Bell*"
[Name] George P. Bell
[Office] President and CEO

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, Ian Shaw, the Chief Financial Officer of Unor Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings)* of Unor Inc. (the issuer) for the interim period ending June 30, 2006;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

   a. designed such disclosure controls and procedures, or cased them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared; and
   b. designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and

5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: August 23, 2006

(Signed) "*Ian Shaw*"
[Name] Ian Shawl
[Office] Vice President and CFO

UNOR INC.

(Formerly Hornby Bay Exploration Limited)
(A Development Stage Company)

Consolidated Financial Statements

June 30, 2006

UNOR INC.

(Formerly Hornby Bay Exploration Limited)

(A Development Stage Company)

Consolidated Balance Sheets

	June 30, 2006 Unaudited	March 31, 2006 Audited
	$	$
Assets		
Current		
Cash and equivalents	**9,040,297**	2,576,585
Refundable deposits	**959,308**	959,308
GST receivable	**168,834**	49,922
Prepaid expenses	**8,000**	16,457
	10,176,439	3,602,272
Equipment (Note 3)	**28,303**	30,003
Prepaid Mineral Exploration Expenditures	**100,000**	506,412
Interest in Mineral Properties (Note 4)	**17,235,041**	14,422,082
	27,539,783	18,560,769
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accruals	**663,591**	595,669
Future income tax liability	**1,907,300**	1,907,300
	2,570,891	2,502,969
Shareholders Equity		
Capital stock (Note 5)	**31,035,245**	21,906,058
Contributed surplus (Note 6)	**2,011,829**	1,992,017
Deficit	**(8,078,182)**	(7,840,275)
Total Equity	**24,968,892**	16,057,800
	27,539,783	18,560,769

UNOR INC.

(Formerly Hornby Bay Exploration Limited)
(A Development Stage Company)
Consolidated Statements of Operations and Deficit
Unaudited

	3 Months Ending June 30, 2006	3 Months Ending June 30, 2005
	$	$
Revenue		
Interest	**23,444**	29,179
Expenditures		
Stock option compensation	**29,812**	137,604
Professional fees	**61,364**	141,444
Interest and bank charges	**384**	23,674
Financing costs	**-**	26,953
Travel and promotion	**17,623**	5,877
Shareholders information	**23,266**	3,584
Office and general	**77,976**	55,286
Salaries and benefits	**33,601**	19,650
Directors fees	**15,625**	13,958
Depreciation	**1,700**	2,200
	261,351	430,230
Net Loss for the period	**(237,907)**	**(401,051)**
(Deficit), beginning of period	**(7,840,275)**	(6,803,527)
(Deficit) end of period	**(8,078,182)**	(7,204,578)
Net Loss per share - basic and diluted	**-**	-
Weighted average number of common shares outstanding	**97,330,652**	79,442,397

UNOR INC.

(Formerly Hornby Bay Exploration Limited)
(A Development Stage Company)
Consolidated Statements of Cash Flows
Unaudited

	3 Months Ending June 30, 2006	2005
	$	$
Cash Flows From		
Operating activities		
Net (Loss) for the period	**(237,907)**	(401,051)
Less:Items not involving cash		
Depreciation	**1,700**	2,200
Stock Option Compensation	**29,812**	137,604
Interest on notes payable	**-**	23,250
Change in non cash working capital		
(Increase) in GST receivable	**(118,912)**	(261,945)
Decrease in prepaid expenses	**8,457**	-
Increase in accounts payable	**67,921**	126,236
	(248,929)	(373,706)
Financing activities		
Issuance of common shares & warrants	**9,119,187**	903,704
Payment of notes payable	**-**	(425,571)
	9,119,187	478,133
Investing activities		
Prepaid mineral exploration expenditures	**406,412**	211,927
Interest in mineral properties	**(2,812,958)**	(3,961,349)
	(2,406,546)	(3,749,422)
Increase (decrease) in cash & equivalents	**6,463,712**	(3,644,995)
Cash & equivalents at beginning of period	**2,576,585**	6,505,017
Cash & equivalents at end of period	**9,040,297**	2,860,022

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash and equivalents are composed of the following:		
Cash	**20,678**	(162,170)
Cash equivalents	**9,019,619**	3,022,192
	9,040,297	2,860,022

1. BASIS OF PRESENTATION

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an auditor.

Pursuant to Articles of Amendment dated April 26, 2006, the Company changed its name from Hornby Bay Exploration Limited to Unor Inc.

These interim financial statements follow the same accounting policies and methods as the audited financial statements for the year ended March 31, 2006 and should be read in conjunction with the audited financial statements for the year ended March 31, 2006.

2. NATURE OF OPERATIONS AND GOING CONCERN

Unor Inc. (the “Company”) is a development stage company and currently has interests in exploration and development properties in Canada. Substantially all of the Company’s efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

The Company has a need for equity capital and financing in order to explore and develop its properties and for working capital requirements. Because of limited working capital and continuing operating losses, the Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

Continued...

3. EQUIPMENT

	Cost	Accumulated Amortization	Net June 30, 2006	Net March 31,2006
	$	$	$	$
Furniture and fixtures	43,225	23,107	20,118	21,168
Computer equipment	26,519	18,334	8,185	8,535
	69,744	41,441	28,303	30,003

4. INTEREST IN MINERAL PROPERTIES

	Balance June30, 2006	Additions During Period	**Balance March 31, 2006**
Property			
Asiak River, Nunavut (a)	**$ 3,727,644**	$ 27,555	**$ 3,700,089**
Coppermine River, Nunavut (b)	**12,873,367**	2,803,640	**10,069,727**
East Block, Nunavut (c)	**437,258**	4,546	**432,712**
Ontario Gold Properties (d)	**163,041**	(22,887)	**185,928**
B.C. Properties (e)	**32,410**	105	**32,305**
Ace Claim, Manitoba (f)	**1,321**	-	**1,321**
	$ 17,235,041	$ 2,812,959	**$ 14,422,082**

(a)(b)(c)**ASIAK RIVER, COPPERMINE RIVER and EAST BLOCK, NUNAVUT**

The Company holds a 100% interest in 226 mineral claims covering 533,461 acres in Nunavut. Due to the uncertainty of the status of these claims the Company, at March 31, 2002 and March 31, 2003, wrote down their value by $3,877,148 to $2. During the 2004 fiscal year the Company reevaluated these claims and made refundable deposits of $2,375,030 with the Government of Canada to bring these claims into good standing and completed exploration work totaling $2,496,696 on the claims. During the 2005 fiscal year the Company completed exploration work totaling $3,674,966 on the claims and during the 2006 fiscal year the Company completed exploration work totaling $8,030,864 on the claims. During the three months ended June 30, 2006 the Company completed exploration work totaling $2,835,741 on the claims. Of these claims, 209 are subject to a 1% net smelter royalty and/or a 1% gross diamond royalty subject to a combined maximum of $10,000,000. The Company also holds a 50% interest in eight mineral claims covering 20,660 acres in Nunavut which were staked during the three months ended June 30, 2006.

(d) **ONTARIO GOLD PROPERTIES**

The Company holds a 100% interest in five mineral properties located in Ontario (the “Ontario Gold Properties”).

On April 21, 2005 the Company entered into an agreement with Laurion Gold Inc. (“Laurion”) whereby Laurion would have the right to earn a 50% interest in Hornby Bay’s East Clavos gold project in consideration for Laurion making certain payments, deliveries and expenditures.

Laurion will be able to earn the interest by incurring work expenditures of $1.0 million on the property over a four year period, issuing 480,000 Laurion common shares (240,000 received) and

4. INTEREST IN MINERAL PROPERTIES (Continued)

by making cash payments totaling $100,000 ($50,000 received) to the Company over a three year period.

(e) **B.C. PROPERTIES**

The Company holds a 100% interest in 4 Crown grants in the Camsell and Similkameen area of British Columbia and a 5% net smelter royalty interest on certain parts of the Similkameen Copper Mine.

(f) **ACE 1 CLAIM, MANITOBA**

The Company holds a 100% interest in the Ace 1 Claim Block at Asean Lake, in Manitoba.

5. CAPITAL STOCK

Authorized
Unlimited number of common shares
Unlimited number of preference shares

Issued
117,471,344 common shares

	June 30, 2006	
	Number of Shares	Amount
		$
Balance March31, 2006	94,514,432	20,752,027
Issued by private placements	22,906,912	9,162,765
Less: Share issue costs	-	(61,078)
Exercise of warrants	-	-
Exercise of options-cash proceeds	50,000	17,500
Exercise of options-valuation allocation	-	10,000
Issued for payment of interest	-	-
Balance June 30,2006	117,471,344	29,881,214

Issued
10,193,557 warrants

	June 30, 2006	
	Number of Warrants	Amount
		$
Balance March 31, 2006	10,193,557	1,154,031
Exercised	-	-
Expired	-	-
Issued by private placements	-	-
Balance June 30, 2006	10,193,557	1,154,031
		31,035,245

5. CAPITAL STOCK (Continued)

On June 19, 2006 the Company issued 22,906,912 common shares at $0.40 per share to Cameco Corporation for aggregate gross proceeds of $9,162,765.

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Date
#	$	
1,750,916	0.60	13-Jul-06
1,850,916	0.70	13-Jul-06
1,363,636	0.75	24-Oct-06
1,041,667	0.92	24-Oct-06
1,500,000	0.75	31-Jul-07
92,414	0.75	17-Aug-06
2,164,007	0.45	24-Dec-07
430,001	0.45	24-Dec-07
10,193,557	0.656	

Each warrant entitles the holder to purchase one common share of the Company.

Options

During the quarter options to purchase common shares were exercised as follows:

Number of Options	Exercise Price	Amount
#	$	$
50,000	0.35	17,500

The Company's Stock Option Plan (the "Plan") provides for the granting of stock options to directors, officers, employees and consultants of the Company. Share options are granted for a term not to exceed five years at exercise prices not less than the closing sale price of the shares on the Exchange on the trading day immediately preceding the date options are granted, and are not transferrable. The plan is administered by the Board of Directors, which determines individual eligibility under the Plan, number of shares reserved for optioning to each individual (not to exceed 5% of issued and outstanding shares to any one individual) and the vesting period. The maximum number of shares of the Company that are issuable pursuant to the Plan is limited to 10% of the issued shares.

The fair values of options granted have been calculated using the Black-Scholes option-pricing model. Assumptions used in the pricing model are as follows:

Average risk-free interest rate	4%
Expected life	5 years
Expected volatility	100%
Expected dividends	Nil

5. CAPITAL STOCK (Continued)

Options to purchase common shares of the Company have been granted in accordance with the Plan as follows:

	2006	
	Number	Weighted average exercise price per share
	#	$
Options outstanding at March 31, 2006	5,795,447	0.47
Granted	-	-
Exercised	(50,000)	0.35
Cancelled	-	-
Options outstanding at June 30, 2006	5,745,447	0.48
Options exercisable at June 30, 2006	5,445,447	

Options to purchase common share outstanding at June 30, 2006 carry exercise prices and remaining terms to maturity as follows:

Number of Options	Options Exercisable	Exercise Price	Expiry Date
#	#	$	
877,947	877,947	0.385	10-Mar-09
1,092,500	1,092,500	0.40	31-Mar-09
425,000	425,000	0.35	14-Apr-09
50,000	50,000	0.35	09-May-09
1,300,000	1,200,000	0.60	20-Sep-09
100,000	100,000	0.67	04-Oct-09
100,000	100,000	0.63	04-Oct-09
50,000	50,000	0.55	20-Oct-09
150,000	100,000	0.55	26-Oct-09
350,000	300,000	0.55	21-Apr-10
150,000	50,000	0.60	13-Jul-10
1,100,000	1,100,000	0.38	05-Jan-11
5,745,447	5,445,447	0.477	

6. CONTRIBUTED SURPLUS

Contributed surplus transactions for the three months ended June 30, 2006 were as follows:

	2006
	$
Balance as of March 31	1,992,017
Stock options exercised	(10,000)
Employee stock-based compensation	29,812
Non employee stock-based compensation	-
Balance, end of period	2,011,829

7. FINANCIAL INSTRUMENTS

Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for refundable deposits, GST Receivable, prepaid expenses, accounts payable and accrued liabilities, and notes payable on the balance sheet approximate fair value because of the limited term of the instruments.

8. CONTINGENT LIABILITY AND LITIGATION

The Company is party to certain management contracts. These contracts contain clauses requiring additional payments be made upon the occurrence of certain events. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these financial statements.

9. RELATED PARTY TRANSACTIONS

Included in accounts payable and accruals at June 30, 2006 is $2,288 owing to certain officers of the Company.

The above amounts were in the normal course of operations and were measured at the exchange amounts which is the amount of consideration established and agreed to by the related parties.

10. SUBSEQUENT EVENTS

1,750,916 warrants exercisable at $0.60, 1,850,916 warrants exercisable at $0.70 and 92,414 warrants exercisable at $0.75 expired subsequent to June 30, 2006 unexercised.

unor

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