An Emerging Uranium Source

UNOR INC

ANNUAL REPORT

MARCH 31, 2008

CORPORATE PROFILE

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

Share Capital:

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

- **As of March 31, 2008 issued:**
  139,782,405 common shares
  7,890,447 options @ wt avg 44 cents
  9,421,120 warrants @ wt avg 38 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
- Andrew Rickaby

Auditors:

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

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unor

Creating Wealth Through Uranium

TO OUR SHAREHOLDERS

For four years, UNOR's management, technical personnel and suppliers have been working together which is a formula for success.

UNOR's uranium exploration focus continues to be Nunavut which is the only jurisdiction in Canada that has settled its native land claims under the Nunavut Land Claim Agreement dated April 1, 1999.

This year's $4.0 million Nunavut uranium exploration season is underway. On May 10th, the fuel and material supply haul was completed; on June 26th, the Furgo airborne gamma ray/magnetometer 20,000 line kilometre survey at 150 metre spacing of the Cameco Lac Rouviere joint venture and UNOR properties commenced; on July 10th, the 4,000 metre diamond drilling on the company's northern Coppermine property uranium targets commenced; and ground geophysics IP/Resistivity, Fixed Loop and Transient Audio Magnetotelluric surveys along with prospecting are underway.

Uranium demand is set to increase as some existing reactors are brought back on line in Ontario and elsewhere; and as China, India, Ontario, South Africa, the United Kingdom and the United States will build new nuclear reactors to meet electricity demand and to lessen their dependence on foreign oil. "The first wave of growth is going to come from emerging economies," said John Wong, fund manager with CQS UK LLP in London. "People are starting to look at coal, gas and oil, and seeing the energy prices go up, they wonder about uranium."

In the United States, the Republican presidential candidate John McCain has said that he will push to double the number of nuclear reactors from the current 104 operating in order to lessen the country's dependence on foreign oil. Barack Obama, the Democratic presidential candidate, also backs nuclear power.

Currently, the long-term uranium oxide price is quoted at US$90.00 and the spot price at US$60.00 per pound. Kevin Smith, head of uranium trading at New York based commodities brokerage Traxys said, "Prices will have to increase if uranium production is to meet the raising demand." Uranium use is now 69% greater than the 30,429 tons that was mined in 2006. The secondary supply balance comes from inventories and decommissioned weapons. "Secondary supplies are finite and rapidly being depleted," said the Deutsche Bank in a June 2008 report. "Continual supply issues and the likelihood of increased demand from utilities should drive the spot price higher during the third quarter of this year."

The world-wide electricity shortage will continue to drive investment in uranium exploration. Your company, with its relationship with Cameco Corp. and its strong management and technical team plus its attractive uranium exploration properties will benefit.

Yours truly,

George Bell
President & CEO

July 11, 2008

UNOR INC.
MANAGEMENT DISCUSSION AND ANALYSIS
March 31, 2008

This Management Discussion and Analysis ("MD&A") has been prepared as of June 18, 2008 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended March 31, 2008, 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, UNOR Inc. ("UNOR" or the "Company") was incorporated in Ontario with its primary focus on uranium exploration in Nunavut, Canada. Nunavut is the only territory and/or province that has settled its native land claim issues.

In June 2006, Cameco Corporation ("Cameco") acquired 19.5% of the Company and the companies agreed to a Strategic Alliance Agreement that provides to UNOR ongoing uranium technical knowledge, guidance and exploration opportunities.

In September 2006, Cameco and UNOR established a Joint Technical Committee ("JTC") to facilitate consultations between the companies with respect of exploration programs.

Since September 2006, the Company has increased its Nunavut uranium exploration area from 0.5 million acres to 2.7 million acres as shown below:

- In September 2006, UNOR and Adriana Resources Inc. ("Adriana") agreed to form UNAD, a 50/50 uranium joint-venture project between the companies. UNAD has staked 41 claims that cover 89,325 acres. These 41 claims include several historic uranium occurrences and are located on the eastern edge of the Hornby Bay Basin, Nunavut, adjoining UNOR's and Adriana's properties;

- In October 2006, UNOR entered into the Lac Rouviere option/joint venture agreement with Cameco on 206 uranium mineral claims covering 521,500 acres in western Nunavut which adjoin the northwest corner of UNOR's wholly owed Coppermine River claim block and UNOR is the operator; and

- In February 2007, UNOR entered into the Baffin Island joint venture agreement with Cameco to explore for uranium on 27 Prospecting Permits covering 1,588,000 acres on Baffin Island in eastern Nunavut.

Since 2003, the Company has invested a total of $28 million on the systematic exploration and advancement of these uranium mineral claims.

Also, the Company owns the following interests and properties:

- a 5% net smelter return royalty on 17 crown grants and 23 mineral claims covering 4,000 acres on the copper mining lands under development by Copper Mountain Mining Corporation at Similkameen, British Columbia;
- 100% of four copper crown grants in the Princeton area of British Columbia;
- 20 gold claims and leases in the Timmins area of Ontario under option to Laurion Mineral Exploration Limited ; and
- 6 gold claims in the Dryden area of Ontario.

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 mineral exploration strategy is based on:

- Aggressively and systematically pursuing the discovery of uranium deposits in Nunavut on its 100% owned mineral claims and leases, and on its Cameco and UNAD joint venture properties covering 2.7 million acres; and

- Evaluating its properties in Nunavut, Ontario and British Columbia for all forms of economic mineral development, including uranium, diamonds, precious metals and copper.

4. Highlights

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.

On September 22, 2006, the Company and Cameco Corporation established a JTC to facilitate consultations between the companies with respect to technical work programs. The JTC is comprised of four members with two senior exploration personnel from both companies. The JTC duties are to review and recommend exploration plans and budgets for UNOR.

On October 23, 2006, the Company announced that it has entered into an option agreement with Cameco Corporation on uranium mineral claims held by Cameco covering 521,500 acres in western Nunavut (the “Property”) which adjoins the northwest corner of UNOR’s wholly owned Coppermine River claim block. The Option Agreement is subject to the following terms and conditions:

- To earn a 60% interest in the Property, UNOR must incur exploration and development expenditures of $3.0 million by March 31, 2010, of which a minimum of $2.0 million must be incurred on or before June 30, 2008.

- UNOR is the operator subject to the guidance of a joint UNOR/Cameco Technical Committee and the Strategic Alliance Agreement between the parties.

- The parties will establish a joint venture on the date UNOR has exercised its earn-in rights of 60%.

- Cameco has the right within 90 days after the joint venture has either operated for two years or incurred $3.0 million of expenditures on the Property to earn back 15% by investing an additional $3.0 million to increase its interest to 55% and reduce UNOR’s interest in the Property to 45%.

On February 5, 2007 the Company entered into a joint venture agreement with Cameco Corporation to explore for uranium on 27 Prospecting Permits currently held by Cameco covering 1,588,000 acres on Baffin Island, Nunavut, Canada. The joint venture agreement includes the following provisions:

- The formation of a management committee comprised of two representatives from each party.

- UNOR will be the operator of the joint venture.

- The operator will be subject to the general control and direction of the JTC established pursuant to the Strategic Alliance Agreement dated June 19, 2006 between the parties.

On October 4, 2007 the Company issued 4,285,714 flow-through units at a price of $0.35 per unit for total gross proceeds of $1,500,000. Each unit consists of one flow-through share and one-half of a common share purchase warrant. UNOR has paid a finder's fee of 7.0% of the gross proceeds received and has issued compensation options equal to 10.0% of the number of units sold, which compensation options will entitle the holders to purchase (non flow-through) common shares of Unor for a period of 24 months from the closing date at a price of $0.35 per share. Cameco Corporation exercised its right of participation to maintain its 19.5% ownership of UNOR. Therefore, the company issued by private placement 1,038,154 non flow-through units at a price of $0.30 per unit to Cameco for net proceeds of $311,446. Each unit consists of one non flow-through share and one-half of a common share purchase warrant.

On December 28, 2007, the Company issued 8,600,000 units at $0.25 per unit pursuant to a non-brokered private placement to raise gross proceeds of $2,150,000. Each unit consists of one (1) flow-through common share and one half (1/2) common share purchase warrant. Each common share purchase warrant entitles the holders to purchase one common share at $0.35 per share for two years.

Pursuant to the terms of the UNOR/Cameco Strategic Alliance Agreement and pursuant to the private placement completed by the Company on December 28, 2007, Cameco, on February 29, 2007 subscribed for 2,083,230 units at $0.205 per unit for gross proceeds of $427,062. Each unit consists of one (1) common share and one half (1/2) common share purchase warrant. Each whole common share purchase warrant will entitle the holders to purchase one common share at $0.35 per share for two years.

5. Exploration Properties

Summary

The Company's exploration program is focused on the discovery of economic uranium deposits on its large land holdings south of Kugluktuk in western Nunavut. The high grade unconformity model of uranium deposition (Cameco's McArthur River deposit) remained the primary target. However, increasing emphasis is being placed on structurally controlled, basement hosted mineralization (Cameco's Eagle Point deposit) and also on the disseminated, sandstone hosted model (Triex's Mountain Lake deposit) where the target is in the upper sequences of the basin sediments. The acquisition of additional lands in 2006 under the UNAD Joint Venture with Adriana Resources and the option of Cameco's claims west of the Coppermine River (Lac Rouviere project) substantially expanded the Company's land holdings within the Hornby Bay Basin and have enhanced the potential for a significant discovery.

A new joint venture project with Cameco on Baffin Island in eastern Nunavut was initiated in 2007 to explore 27 exploration permits covering large portions of the Borden and Fury-Hecla Proterozoic sandstone basins. The area is remote and historical exploration for uranium has been far less intensive than in the other major Canadian basins to the south. The 2007 program included data compilation and a three-week helicopter assisted field evaluation of the area during August.

The 2007 field work on the western Nunavut properties commenced on April 1st with the mobilization of the geophysical crew to Kugluktuk to conduct detailed magnetometer surveying of selected kimberlite targets on the company's Asiak project and concluded on September 25th with the demobilization of the drill from the last hole at the Bog zone on the company's Coppermine project. The ground geophysical program and drill campaign commenced on April 20th and continued for the remainder of the season except for a two week suspension in June to allow for break up of the ice in the area. After break up, a team of geologists was added to the project to conduct mapping and prospecting programs on the Lac Rouviere project and a second helicopter was brought in to assist in crew mobilization and drill moves.

The allocated budget for 2007 for Nunavut was $7.0 million. The initial plan to drill targets on the Asiak project before moving to the Coppermine project had to be changed due to very difficult weather conditions from mid-April until mid-May. Delays caused by weather also forced the postponement until July 2008 of the planned fixed-wing airborne gamma ray/ magnetometer survey of the Lac Rouviere project by Fugro Airborne Surveys.

The Company continues with the policy of hiring local Inuit to complement the field crews and preferentially purchasing supplies and services from Kugluktuk. The contribution to the ecological surveys being conducted by the Nunavut Wildlife Department continued in 2007 and was expanded to include assistance for a new initiative by the Wildlife Officer to study the local vegetation. The Company's participation in these surveys will be of great significance when the necessity for baseline environmental data becomes a requirement.

Statistics for field work completed during the 2007 season include the following:

- 18 drill holes (uranium) for a total of 5,585.7 meters on the Coppermine project
- 4 drill holes (diamonds) for a total of 776 meters on the Coppermine project
- 419 drill core samples submitted for assay from the Coppermine project
- 544 surface rock samples collected for assay
- 262 surface rock samples collected for mineralogical studies
- 825.5 kilometers of ground geophysics on the Coppermine project
- 93.3 kilometers of ground geophysics on the Lac Rouviere project
- 82.6 kilometers of ground geophysics on the UNAD project
- 35.7 kilometers of ground geophysics on the Asiak project
- Two new claims covering 2,350 hectares staked under the UNAD project
- Two additional exploration permits acquired in the Fury-Hecla basin

Please note that the above ground geophysics statistics include 274.4 kilometers of deep penetrating electromagnetic surveys and 16 kilometers of IP/ Resistivity surveying.

Major highlights of the 2007 field program on the Coppermine project include:

- Intersection (HB-07-42) of uranium within the Leroux sandstone on the Hot Creek structure. First known intersection of mineralization in the lower Dismal Lakes stratigraphy outside of the immediate area of the Mountain Lake deposit
- Discovery of a new uranium showing (Beep) in the Leroux sandstone on claim CM 78
- Confirmation of a basement conductor (CM 90, LB 73 and LB 74 grids) coincident with the surface alteration zone northeast of Bluto Lake and continuing to the southeast of the Bog mineralized zone
- Significant vertical off set of the unconformity in the fault zone associated with the Contact East conductor
- Multiple, narrow, high grade pitchblende veins intersected during the continued drilling of the Bog zone

Major highlights of the 2007 field program on the Lac Rouviere project include:

- Fourteen new radioactive occurrences discovered on the Lac Rouviere property including a one kilometer long series of hot spots in conglomeratic sandstones to the southwest of the Mountain Lake deposit
- Two sub-rounded radioactive (10,000 cps) Leroux sandstone boulders discovered on the Lac Rouviere property near the eastern border of Triex Mineral's Dismal Lakes property

The major highlight of the field program on the 2007 Baffin Island project includes:

- Discovery of a zone of greater than 5000 cps radioactivity in a hot granite located in the central part of the Robertson River block of exploration permits. Anomalous uranium was detected in two of the streams draining the area.

2008 Nunavut Planned Program

The 2008 Nunavut uranium exploration budget is $4.0 million to be funded out of cash flow. The 2008 fuel haul was completed on May 10th and the Mouse Lake camp will be reopened on July 4th. The major expenditures will be for 4,000 metres of drilling on the northern Coppermine property uranium targets. Drilling will concentrate on targets relatively close to the Mouse Lake camp and, other than a deep hole to test the CM 53A anomaly, will consist of a series of short holes to test targets within the LeRoux sandstone. In July, a 20,000 kilometre Fugro airborne gamma ray/magnetometer survey at 150 metre spacing over the Cameco Joint-Venture Lac Rouviere property is scheduled. Ground geophysics will include IP/Resistivity surveys over multiple structural targets in the LeRoux sandstone, continuing Fixed Loop surveys over the two major Coppermine conductive zones and two lines of Transient Audio Magnetotelluric surveying over deep structural targets on the Coppermine property. Prospecting will be concentrated on the Lac Rouviere/UNAD properties and specifically on targets generated by the airborne gamma ray survey. There will be limited work on the company's Asiak property and on the Cameco Joint-Venture Baffin Island properties

2007 UNOR Coppermine Project:

A total of 6361.7 meters of drilling was completed in 22 drill holes. Four of the holes were abandoned due to technical problems.

Initial drilling concentrated on the Hot Creek structure located south of the Mouse Lake camp. The structure is considered to be the western boundary fault of the Mouse River graben and is marked by a distinct off-set in the Dismal Lakes/ Hornby Bay contact. A significant number of large sandstone blocks were discovered on the western side of the fault that carried anomalous uranium and copper values similar to the mineralization at the Mountain Lake deposit.

Seven holes to test the Hot Creek structure were completed and an eighth hole was abandoned after the rods broke and froze in the hole. The drilling indicates a vertical displacement of approximately 30 meters across the fault. Uranium mineralization occurs in syndepositional debris flows within the lower portion of the Leroux sandstone. A 6.8 meter intersection in hole HB-07-42 gave readings of up to 2000 cps on the down-hole gamma ray probe (best assay 115 ppm U) over the interval 59.2 – 66.0 meters. In the surface showing the uranium is associated with hematite indicating deposition under oxidizing conditions, whereas in the case of the drill intersection the uranium is associated with pyrite, indicating deposition under reducing conditions. An east – west line of Induced Polarization/Resistivity was completed over the zone in late August to define drill targets for the 2008 season.

Two holes were drilled to test the most westerly of three basement conductors that define the northern extension of the Contact East zone. Both holes encountered technical problems and did not reach final target depth. They were, however, successful in proving that the vertical fault off set of the unconformity in the target zone exceeds 100 meters and that there is extensive leaching within the sandstone overlying the conductor. A larger drill will be required to adequately test the target.

Three short holes (one abandoned) were drilled to test the best magnetic bulls-eye kimberlite targets. Anomalies BN-1 and BN-2 south of the Kendall River and BN- 4 to the north of Contact Lake proved to be caused by magnetite bearing syenite, trachyte and biotite-garnet gneiss respectfully.

Four holes were drilled to test the Bog zone for an extension to the southwest and for continuity down dip to the southeast encountered uranium mineralization in the basement granitoid. The intersections were generally narrow pitchblende veins associated with quartz/carbonate/jasperoid. Highlights included the following mineralized intercepts:

Hole No.	Interval (m)	Width (m)	U %
HB-07-50A	55.60 - 56.30	0.70	0.50
HB-07-51A	173.20 - 173.60	0.40	0.32
HB-07-55A	171.20 – 171.60	0.40	0.84
HB-07-56B	69.50 - 69.90	0.40	0.45
	178.10 – 178.60	0.50	0.10

A new moving loop time domain electromagnetic array termed StepWise (SWMLTDEM) was deployed in 2007 as a first pass method to detect deep conductors. The conductors are then better defined by Fixed Loop time domain electromagnetic (FLTDEM) surveys prior to drill testing. The crew worked extensively on the major MEGATEM conductor to the north of Sickle Lake that extends for about 20 kilometers under the central part of the basin. At least two of the stronger portions of the conductor (CM 52A and CM 53A) will be drill tested in 2008. The CM 53A basement conductor was confirmed by a line of transient audio magnetotelluric surveying that also indicated an alteration zone in the sandstone immediately above and to the east of the target.

The approximately five kilometer long MEGATEM anomaly located on claims CM 90, LB 73 and LB 74 to the south of the Bog zone was confirmed by fixed loop time domain electromagnetic surveys. Hole HB-07-53 was drilled to test the conductor on claim CM 90 beneath the area of surface silica-clay alteration to the northeast of Bluto Lake. The hole had to be stopped in altered sandstone short of the unconformity at a depth of 624 meters because the drill was incapable of advancing further with NQ rods. A second hole that had been planned for an additional test of the conductor about four kilometers to the northeast of HB-07-53, on claim LB 73, was postponed because it was considered likely that the target would be too deep for the drill. The completion of these two drill holes will be a priority for the 2008 season.

A crew from EMpulse Geophysics Ltd. completed lines of transient audio magnetotelluric (TAMT) surveys across the C2-32 alteration zone and the CM 53A conductor (see above). The system is designed to detect alteration as well as conductivity. The C2-32 survey showed a 300 – 500 meter wide zone of alteration in the sandstone coincident with the mapped silica-clay outcrop and related to the southeast bounding fault of the graben.

A three kilometer long horizontal loop electromagnetic (HLEM) conductor was detected on the DM 69 grid that is coincident with a magnetic anomaly defining a fault contact in the basement rocks west of Wolverine Lake. The anomaly was prospected but the conductor was not exposed.

An Induced Polarization/ Resistivity line with two flanking follow up lines were surveyed across the Beep radioactive occurrence that was recently discovered on the CM 78 claim to the north of Mouse River. Uranium mineralization is associated with pyrite in Leroux sandstone similar to that at Hot Creek. The sandstone dips at 4 degrees to the west under glacial cover. The survey detected a 500-700 meter wide zone of high resistivity coincident with the showing that is probably caused by silica alteration in the Leroux and underlying Lady Nye sandstone. There is also a broad zone of low resistivity/ high chargeability located about 1200 meters west of the showing that appears to relate to the overlying Fort Confidence shales. It is hypothesized that the Leroux mineralization may be associated with anomalously high graphite content in the hanging wall shales. Both targets will be drill tested in 2008.

A Queen’s University graduate student under the supervision of Dr. Kurt Kyser has systematically sampled the lower Hornby Bay sandstone drill core and will study fluid flow, porosity and alteration as a means to vector towards the more favorable sites for uranium deposition at the unconformity.

The 3M3 and 3M4 claims within the East block were surveyed and will be converted to mining leases. This concludes the surveying of the core Coppermine Block and East Block claims and both properties have been converted to mining leases.

2007 UNOR Asiak Project:

Fourteen of the magnetic anomalies were further defined by detailed magnetometer surveying. Two of the anomalies could be classified as moderate and three as weak kimberlite targets.

The planned drilling of the Little Grey Owl Lake and Tara West uranium showings along with potential kimberlite targets has been deferred due to the higher priority of testing targets on the Coppermine property.

Sixteen mineral claims covering the known uranium showings on the property were surveyed and will be converted to mining leases.

2007 Cameco Lac Rouviere Joint Venture Project:

The interpretations of the GEOTEM survey has been completed by both Fugro Airborne Surveys and Condor Consulting Ltd. and are being reviewed for potential ground follow up targets. Ground work was completed on a large HLEM/ magnetometer grid covering the Hanbury GEOTEM anomaly in the western portion of the property. There were no significant anomalies on the grid.

A single large loop was surveyed by FLTDEM over the Kendall South grid on claim K01614 as follow up to an isolated conductor identified by the GEOTEM survey. The survey did not locate the conductor. The same area will be covered in 2008 with a different line orientation in the hope that the coupling with the conductor will be better.

Seventeen new radioactive occurrences were discovered on the property during the mapping and prospecting program. Many of the fifty-two historical occurrences discovered by previous operators were relocated and sampled. Probably the most significant of the new occurrences is a one kilometer long zone of radioactivity in a conglomeratic unit above the unconformity about 12 kilometers southwest of the Mountain Lake deposit. In addition, four sub-rounded boulders of mineralized LeRoux sandstone were discovered near the eastern boundary of Triex Mineral’s Dismal Lake property. The largest boulder (70 cm diameter) assayed 0.11% uranium.

The geological mapping has identified several areas of intense silicification in the sandstone units that will be followed up by prospecting and geophysics in 2008. The largest zone is in the northwest corner of the property in an area of extensive glacial cover.

The contract for completing a fixed-wing airborne gamma ray/ magnetometer survey at 150 meter line spacing over the entire property was awarded to Fugro Airborne Surveys but their systems were delayed by bad weather in the Yukon and the survey will be flown in July 2008.

2007 UNAD Joint Venture Project:

Two additional claims were staked north of the Mountain Lake deposit to cover sheeted quartz/copper veins that outcrop along the Herb Dixon fault and may be indicators of deep seated uranium mineralization. Prospecting of the claims proceeded in conjunction with the work on the Lac Rouviere project.

A magnetometer/HLEM grid was surveyed over a GEOTEM anomaly north of the Kendall River. A strong east-west magnetic anomaly was detected but the corresponding HLEM response was weak which indicates that the source is a geological contact in the basement.

One short drill hole was completed to the north of CD 25, near Drill Lake (BP nomenclature), by Adriana. The hole was sited to test beneath a radioactive occurrence in the sandstone between two diabase dykes. Although the detailed log has not been received, it appears that the hole did not encounter significant mineralization.

The fixed-wing airborne gamma ray/magnetometer survey mentioned above will be extended to cover the UNAD claims when it is flown in 2008.

2007 Cameco Baffin Island Joint Venture Project:

A three week evaluation of the exploration permits was completed by two Cameco and two UNOR geologists using two Long Ranger helicopters. The study concentrated on evaluating the alteration and porosity within the basinal sandstones and the nature of the unconformable contact with the basement rocks. During the trip, a zone of radioactivity running about 5000 cps was discovered in porphyritic granite in the central part of the Robertson River block. Several of the historical showings associated with the hot granites within the Fury-Hecla block were sampled.

Other UNOR Properties:

The Company has ensured that its Ontario gold and British Columbia copper properties remained in good standing.

<u>Ontario Gold Properties:</u>

In April 2005, the Company granted Laurion Mineral Exploration Inc. (“Laurion”) the option to acquire a 50% interest in UNOR’s East Clavos 20 gold claims 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 totalling $100,000 to UNOR over a three year period. Laurion has renamed the property Lydian and refers to it as such in its press releases.

In a press release dated April 1, 2008, Laurion announced that "two diamond drill holes (LY-08-01 and LY-08-02) will test a chargeability zone located along strike with known gold mineralization associated with the Pipestone fault." There has been no subsequent press release detailing the results of the proposed drilling.

Also, the Company owns a gold claim in the Dryden area of northern Ontario.

British Columbia Copper Properties:

The Company has two assets in southern British Columbia that are of renewed interest due to the increase in the price of copper.

UNOR has a 5% net smelter royalty interest on 4,000 acres at the Similkameen copper porphyry mine located at Copper Mountain about 30 kilometers south of Princeton. The mine was a 22,000 ton/day operation that was closed by Princeton Mining in 1996 due to low copper prices. In December, 2006 the property was acquired by Copper Mountain Corporation and today, the property is under development.

Also, the Company owns four mineral Crown Grants located in the Princeton area that were formerly part of the Camsell property. The Crown Grants cover the historical Independence Mine workings that exploited high grade copper in a breccia pipe. The pipe is part of a much larger porphyry copper-gold deposit that has not been explored at depth. The surface mineralization is generally low grade and the few holes drilled in the past were targeted on specific structures and did not test depths greater than 400 feet.

Exploration and Development Costs Summary

	Balance March 31, 2008	Additions During Period	**Balance March 31, 2007**
Property	**$**	$	**$**
Asiak River, Nunavut			
Airborne Geophysics	**587,575**	-	**587,575**
Assaying	**443,613**	29,943	**413,670**
Camp Operations & Support	**1,385,053**	85,808	**1,299,245**
Drilling	**374,025**	-	**374,025**
Geology	**553,496**	44,203	**509,293**
Ground Geophysics	**903,095**	77,190	**825,905**
Lease Rental Payments	**41,716**	41,716	**-**
Program Planning & Reports	**269,824**	2,455	**267,369**
Recording fees	**72,165**	1,433	**70,732**
Sampling	**612,142**	-	**612,142**
Surveying	**273,686**	273,686	**-**
Total Asiak	**5,516,390**	556,434	**4,959,956**
Coppermine River, Nunavut			
Airborne Geophysics	**1,785,438**	10,086	**1,775,352**
Assaying	**262,527**	26,379	**236,148**
Camp Operations & Support	**2,868,652**	737,734	**2,130,918**
Drilling	**7,997,005**	2,482,187	**5,514,818**
Geology	**1,226,612**	366,312	**860,300**
Ground Geophysics	**3,530,146**	1,270,941	**2,259,205**
Lease Rental Payments	**273,289**	-	**273,289**
Program Planning & Reports	**631,885**	16,730	**615,155**

Recording fees	**133,027**	27,770	**105,257**
Sampling	**426,321**	-	**426,321**
Surveying	**885,460**	-	**885,460**
Total Coppermine	**20,020,362**	4,938,139	**15,082,223**
East Block, Nunavut			
Airborne Geophysics	**103,595**	-	**103,595**
Assaying	**16,619**	-	**16,619**
Camp Operations & Support	**229,010**	-	**229,010**
Geology	**83,802**	-	**83,802**
Ground Geophysics	**46,892**	-	**46,892**
Lease Rental Payments	**850**	850	**-**
Program Planning & Reports	**61,672**	-	**61,672**
Recording fees	**16,632**	50	**16,582**
Sampling	**44,924**	-	**44,924**
Total East Block	**603,996**	900	**603,096**
Unad JV, Nunavut			
Airborne Geophysics	**66,812**	19,700	**47,112**
Camp Operations & Support	**91,879**	36,775	**55,104**
Geology	**77,243**	42,640	**34,603**
Ground Geophysics	**166,285**	109,802	**56,483**
Program Planning & Reports	**15,108**	649	**14,459**
Recording fees	**13,430**	5,395	**8,035**
Staking	**47,456**	9,554	**37,902**
Total Unad JV	**478,213**	224,515	**253,698**
Lac Rouviere Property, Nunavut			
Airborne Geophysics	**60,522**	60,522	**-**
Assaying	**23,149**	23,149	**-**
Camp Operations & Support	**367,749**	367,749	**-**
Geology	**746,202**	746,202	**-**
Ground Geophysics	**199,021**	199,021	**-**
Program Planning & Reports	**34,336**	25,730	**8,606**
Total Lac Rouviere	**1,430,979**	1,422,373	**8,606**
Baffin Island Project			
Assaying	**1,736**	1,736	**-**
Fuel Costs	**191,624**	191,624	**-**
Geology	**49,450**	49,450	**-**
Helicopters	**167,753**	167,753	**-**
Program Planning & Reports	**1,953**	1,953	**-**
Travel and Accomodations	**35,013**	35,013	**-**
Operators fee	**(22,096)**	(22,096)	**-**
Cameco share of costs	**(220,961)**	(220,961)	**-**
Total Baffin Island	**204,472**	204,472	**-**
Total Nunavut	**28,254,412**	**7,346,833**	**20,907,579**
Ontario Gold Properties	**145,084**	(21,841)	**166,925**
B.C. Properties	**32,514**	104	**32,410**
Ace Claim, Manitoba	**-**	(1,321)	**1,321**
	28,432,010	7,323,775	**21,108,235**

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.

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.

At March 31, 2008, the Company's working capital totalled $3,967,142 compared to $7,147,395 at March 31, 2007. Cash balances were $4,017,083 compared with $6,491,389 at March 31, 2007. These decreases are primarily due to exploration costs of $7,323,775 and an operating loss of $955,820 less financings of $4,144,953 and refunds of government deposits of $669,853. The Company's cash resources will fund the Company's planned activities until 2009.

Selected Annual Information

		Year ending March 31,	
	2008	2007	2006
	$	$	$
Total revenues	143,105	218,641	65,833
Net Income (loss)	(116,120)	(614,934)	(1,036,748)
Basic net Income (loss) per share	(0.00)	(0.01)	(0.01)
Diluted net Income (loss) per share	(0.00)	(0.01)	(0.01)
Total assets	32,933,222	29,531,960	18,560,769

7. Results of Operations

During the year ended March 31, 2008, the Company recorded an operating loss before Stock Option Compensation of $763,428 compared to $547,146 for the year ended March 31, 2007. This increase is primarily due to a decrease in interest income of $75,536, an increase in travel and promotion expenses of $88,795 and a charge to interest expense for the tax on flow-through funds raised in the prior calendar year and not spent by February 28 of the current calendar year of $70,473.

Summary of Quarterly Results

	Fiscal 2008			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
		$	$	$
Total Revenues	33,986	19,689	33,030	56,400
Net loss (income)	328,196	(472,459)	78,793	181,590
Basic net loss (income) per share	-	-	-	-
Diluted net loss (income) per share	-	-	-	-
	Fiscal 2007			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
		$	$	$
Total Revenues	65,727	56,692	72,778	23,444
Net loss (income)	356,616	(88,115)	108,526	237,907
Basic net loss (income) per share	0.01	-	-	-
Diluted net loss (income) per share	0.01	-	-	-

8. Outstanding Share Data

As of June 18, 2008, the Company has issued one class of common shares and a total of 139,782,405 shares are outstanding. The Company has 9,421,120 share purchase warrants outstanding. Each warrant entitles the holder to purchase one common share at prices of $0.25 to $0.45 per share until March 1, 2010. Stock options outstanding as of June 18, 2008 total 7,890,447 and are exercisable for common shares at prices ranging from $0.22 per share to $ 0.67 per share

9. Commitments

(a) The Company is party to certain management contracts. Minimum management contract commitments remaining under the agreements are approximately $163,000, all payable within one year.

(b) The Company is committed to minimum rentals under a long-term lease for premises, which expires May 31, 2012. Minimum rental commitments remaining under this lease approximate $142,000 including $34,000 due within one year. Minimum rental commitments for successive years approximate:

Year	Amount
	$
2009	34,000
2010	34,000
2011	34,000
2012	34,000
2013	6,000
	142,000

10. Changes in Accounting Policies

a) Effective April 1, 2007, the company adopted the Canadian Institute of Chartered Accountants (“CICA”) section 3855, “Financial Instruments – Recognition and Measurement,” section 3865, “Hedges,” section 1530, “Comprehensive Income”. These standards have been adopted prospectively with no restatement of prior periods.

i) Financial Instruments

Under the new standards, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

ii) Hedging

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the year ended March 31, 2008, the Company had no hedges.

iii) Comprehensive income

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

The application of these new standards has had no impact on the Company's financial statements as at and for the year ended March 31, 2008, and as such, a statement of comprehensive income has not been included in these financial statements.

b) Effective April 1, 2007, the Company adopted the revised CICA section 1506, "Accounting Changes." Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect of financial statement line items.

c) On January 1, 2008, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards become effective for the Company on April 1, 2008.

The Company has determined that the adoptions of these new policies had no material impact on its financial statements and determined that no adjustments are required for the year ended March 31, 2008.

11. 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 cash and equivalents, refundable deposits, GST receivable and accounts payable and accruals on the balance sheet approximate fair value because of the limited term of the instruments.

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

12. Litigation

The Company is not involved in any outstanding litigation.

13. Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

14. Related Party Transactions

The Company had no related party transactions except in the normal course of operations that were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Cameco currently holds a 19.5% interest in the Company. Under the terms of a strategic alliance agreement dated June 19, 2006, Cameco has the right to maintain this interest through future participation in cash and non-cash share offerings of the Company as well as share issuances on the conversion of convertible instruments. Cameco can exercise this right as long as at the time of the offering it holds a minimum of 16% of the issued and outstanding shares of the Company. Cameco is also entitled to nominate one individual for election to the board of directors of the Company as long as it holds not less than 10% of the issued and outstanding shares of the Company.

15. Directors and Officers Compensation

During the year ended March 31, 2008 the Company paid $60,000 to directors of the Company and $475,000 to officers of the Company as remuneration for services provided.

16. Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

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

The Company has established and is maintaining internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Generally Accepted Accounting Practices.

No changes in the Company's internal control over financial reporting has occurred that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

17. 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, Health and Safety

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.

CERTIFICATION OF ANNUAL FILINGS

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

1. I have reviewed the annual financial statements and MD&A (together the annual filings) of Unor Inc. (the issuer) for the financial year ending March, 2008;

2. Based on my knowledge, having exercised reasonable diligence, the annual 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, for the period covered by the annual filings; and

3. Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual 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 annual filings.

Date: June 18, 2008

(Signed) "*George P. Bell*"
President and CEO

NOTE TO READER

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) Controls and other procedures designed to provide reasonable assurances that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process 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.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CERTIFICATION OF ANNUAL FILINGS

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

1. I have reviewed the annual financial statements and MD&A (together the annual filings) of Unor Inc. (the issuer) for the financial year ending March, 2008;

2. Based on my knowledge, having exercised reasonable diligence, the annual 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, for the period covered by the annual filings; and

3. Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual 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 annual filings.

Date: June 18, 2008

(Signed) "*Ian Shaw*"
Vice President and CFO

NOTE TO READER

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) Controls and other procedures designed to provide reasonable assurances that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process 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.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

UNOR INC.
(A Development Stage Company)

Consolidated Financial Statements

March 31, 2008 and 2007

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Unor Inc.
(A Development Stage Company)

We have audited the consolidated balance sheets of Unor Inc. (A Development Stage Company) as at March 31, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for each of the years in the two-year period ended March 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2008 in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 13, 2008

2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, Canada, M2J 5B4
Telephone: (416) 496-1234 – Fax: (416) 496-0125 – E-Mail: info@mhc-ca.com – Website: www.mhc-ca.com

UNOR INC.
(A Development Stage Company)
Consolidated Balance Sheets
as at March 31,

	2008	2007
	$	$
Assets		
Current		
Cash and cash equivalents	**4,017,083**	6,491,389
Refundable deposits	**-**	669,853
GST receivable	**35,148**	46,505
Prepaid expenses	**8,000**	13,000
	4,060,231	7,220,747
Equipment (Note 6)	**59,981**	32,168
Prepaid Mineral Exploration Expenditures	**381,000**	1,170,810
Interest in Mineral Properties (Note 7)	**28,432,010**	21,108,235
	32,933,222	29,531,960
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accruals	**93,089**	73,352
Future Income Tax Liability (Note 10(b))	**3,353,500**	3,134,700
	3,446,589	3,208,052
Shareholders' Equity		
Capital stock (Note 8)	**34,414,534**	31,966,098
Contributed surplus (Note 9)	**3,643,428**	2,813,019
Deficit	**(8,571,329)**	(8,455,209)
	29,486,633	26,323,908
	32,933,222	29,531,960

Commitments (Note 11)

APPROVED ON BEHALF OF THE BOARD:

Signed “RONALD BARNES”, Director

Signed “JAMES BOVAIRD”, Director

See accompanying notes to the consolidated financial statements.

UNOR INC.
(A Development Stage Company)
Consolidated Statements of Operations and Deficit
for the years ended March 31,

	2008	2007
	$	$
Revenue		
Interest	**143,105**	218,641
Expenditures		
Professional and management fees	**235,161**	272,899
Stock option compensation (Notes 8 and 9)	**192,392**	314,988
Salaries and benefits	**149,192**	132,181
Travel and promotion	**141,935**	53,140
Office and general	**107,834**	108,627
Shareholders information	**78,432**	79,832
Interest and bank charges	**72,951**	2,510
Directors fees	**60,000**	62,500
Insurance	**36,615**	40,299
Ontario capital taxes	**12,492**	3,299
Write-down of interest in mineral properties	**1,321**	-
Depreciation	**10,600**	10,500
	1,098,925	1,080,775
Loss before income taxes	**(955,820)**	(862,134)
Future income tax recovery (Note 10(a))	**839,700**	247,200
Net loss for the year	**(116,120)**	(614,934)
Deficit, beginning of year	**(8,455,209)**	(7,840,275)
Deficit, end of year	**(8,571,329)**	(8,455,209)
Loss per share – basic and diluted	**(0.00)**	(0.01)
Weighted average number of common shares outstanding	**128,572,511**	114,454,244

See accompanying notes to the consolidated financial statements.

UNOR INC.

(A Development Stage Company)
Consolidated Statements of Cash Flows
for the years ended March 31,

	2008	2007
	$	$
Cash flows from		
Operating		
Loss from operations	(116,120)	(614,934)
Less: Operating items not involving cash		
Depreciation	10,600	10,500
Stock option compensation	192,392	314,988
Future income tax recovery	(839,700)	(247,200)
Change in non cash working capital		
Decrease in refundable deposits	669,853	289,455
Decrease in GST receivable	11,357	3,417
Decrease in prepaid expenses	5,000	3,457
Increase (decrease) in accounts payable and accruals	42,941	(143,097)
	(23,677)	(383,414)
Financing activities		
Issuance of common shares and warrants	4,144,953	12,040,654
Investing activities		
Purchase of equipment	(38,413)	(12,665)
Prepaid mineral exploration expenditures	789,810	(664,398)
Interest in mineral properties	(7,346,979)	(7,065,373)
	(6,595,582)	(7,742,436)
(Decrease) increase in cash and cash equivalents	(2,474,306)	3,914,804
Cash and cash equivalents, beginning of year	6,491,389	2,576,585
Cash and cash equivalents, end of year	4,017,083	6,491,389
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	33,680	1,126
Income taxes paid	-	-
Change in accrued mineral property expenditures	(23,204)	(379,220)
Common shares issued for share issue costs	43,860	-
Warrants issued for share issue costs	136,552	-

CASH AND CASH EQUIVALENTS ARE COMPOSED OF THE FOLLOWING:	As at March 31, 2008	As at March 31, 2007
	$	$
Cash	366,301	44,324
Cash equivalents	3,650,782	6,447,065
	4,017,083	6,491,389

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS

Unor Inc. (the "Company") is a development stage company as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11 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 government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

The Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing year as they fall due and to fund current planned exploration programs as discussed in Note 7. The Company has a working capital balance of $3,967,142 as at March 31, 2008.

2. CHANGES IN ACCOUNTING POLICIES

a) Effective April 1, 2007, the Company adopted CICA handbook section 3855, "Financial Instruments – Recognition and Measurement," section 3865, "Hedges," and section 1530, "Comprehensive Income". These standards have been adopted prospectively with no restatement of prior periods.

i) Financial Instruments

Under the new standards, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as "held for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

ii) Hedging

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the year ended March 31, 2008, the Company had no hedges.

Continued...

2. CHANGES IN ACCOUNTING POLICIES (Continued)

iii) Comprehensive income
Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

The Company did not have comprehensive income or loss for the year ended March 31, 2008, and as such, a statement of comprehensive income has not been included in these consolidated financial statements.

b) Effective April 1, 2007, the Company adopted the revised CICA handbook section 1506, “Accounting Changes.” Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of generally accepted accounting principles (“GAAP”) and the detailed effect of financial statement line items.

The Company has determined that the adoptions of these new policies had no material impact on its consolidated financial statements and determined that no adjustments are required for the year ended March 31, 2008.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year except as described in Note 2. Outlined below are those policies considered particularly significant:

Principles of Consolidation:
These consolidated financial statements include the accounts of the Company, its 100% owned subsidiary Hornby Hydrocarbons Inc. and its proportionate share of the accounts of joint ventures in which the Company has an interest.

Equipment and Amortization:
Equipment is stated at acquisition cost. Amortization is provided on the diminishing- balance basis at the following annual rates:

Furniture and fixtures	20%
Computer equipment	30%

Continued...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases:

Leases have been classified as either capital or operating. A lease which transfers substantially all of the benefits and risks incidental to the ownership of property is accounted for as if it were an acquisition of an asset and the incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are charged to operations as incurred.

Interest in Mineral Properties:

The cost of mineral properties and related exploration expenditures are deferred until the properties to which they relate are placed into production, sold or allowed to lapse. These costs will be amortized over the estimated useful life of the properties following commencement of production or written off if the properties are sold or allowed to lapse. The Company does not accrue future costs to keep the properties in good standing. Administrative expenditures are charged to operations as incurred.

The Company reviews capitalized costs on its property interests on a periodic basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Asset Retirement Obligations:

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mineral exploration properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral properties and deferred exploration expenditures and is amortized over the useful life of the property. Management is not aware of any asset retirement obligations.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the related reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and affect the valuation of asset retirement obligations, stock based compensation, warrants and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

Loss Per Share:

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Continued...

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents:

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less and cashable guaranteed investment certificates (GICs). The Company invests cash in term deposits maintained in high credit quality institutions. All of the GICs are cashable before maturity and have been treated as cash equivalents.

Marketable Securities:

Marketable securities are classified as “held-for-trading” and are carried at fair market value.

Stock-Based Compensation:

The Company records compensation cost based on the fair value method of accounting for stock based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to capital stock.

Flow-Through Financing:

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to interest in mineral properties.

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce capital stock.

Income Taxes:

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

4. FUTURE ACCOUNTING PRONOUNCEMENTS

On December 1, 2006, the CICA issued three new accounting standards: section 1535, “Capital Disclosures”, section 3862, “Financial Instruments – Disclosures”, and section 3863, “Financial Instruments – Presentation”. These standards are effective for interim and annual consolidated financial statements for the Company's reporting periods beginning on April 1, 2008.

Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Continued...

4. FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

Financial Instruments – Disclosures and Presentation

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks.

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("ACSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with IFRS by the end of 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

5. 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 cash and cash equivalents, refundable deposits, GST receivable and accounts payable and accruals on the balance sheet approximate fair value because of the limited term of the instruments.

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

6. EQUIPMENT

	Cost	Accumulated Amortization	Net March 31, 2008	Net March 31,2007
	$	$	$	$
Furniture and fixtures	43,225	29,658	13,567	16,968
Computer equipment	77,598	31,184	46,414	15,200
	120,823	60,842	59,981	32,168

Continued…

7. INTEREST IN MINERAL PROPERTIES

	Balance March 31, 2008	Additions (Recoveries) During Period	Balance March 31, 2007
Property	**$**	$	$
Asiak River, Nunavut (a)	**5,516,390**	556,434	4,959,956
Coppermine River, Nunavut (b)	**20,020,362**	4,938,139	15,082,223
East Block, Nunavut (c)	**603,996**	900	603,096
Unad JV, Nunavut (d)	**478,213**	224,515	253,698
Lac Rouviere, Nunavut (e)	**1,430,979**	1,422,373	8,606
Baffin Island, Nunavut (f)	**204,472**	204,472	-
Ontario Gold Properties (g)	**145,084**	(21,841)	166,925
B.C. Properties (h)	**32,514**	104	32,410
Ace 1 Claim, Manitoba (i)	**-**	(1,321)	1,321
	28,432,010	7,323,775	21,108,235

	Balance March 31, 2007	Additions (Recoveries) During Period	Balance March 31, 2006
Property	**$**	$	**$**
Asiak River, Nunavut (a)	4,959,956	1,259,867	3,700,089
Coppermine River, Nunavut (b)	15,082,223	5,012,496	10,069,727
East Block, Nunavut (c)	603,096	170,384	432,712
Unad JV, Nunavut (d)	253,698	253,698	-
Lac Rouviere, Nunavut (e)	8,606	8,606	-
Ontario Gold Properties (g)	166,925	(19,003)	185,928
B.C. Properties (h)	32,410	105	32,305
Ace 1 Claim, Manitoba (i)	1,321	-	1,321
	21,108,235	6,686,153	14,422,082

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

The Company holds a 100% interest in various mineral claims and leases in Nunavut. Due to the uncertainty of the status of these claims, the Company, during fiscal 2002 and 2003 wrote down their value by $3,877,148 to $2. During the 2004 fiscal year the Company re-evaluated these claims and made refundable deposits of $2,375,030 with the Government of Canada to bring these claims into good standing. Since that time the Company has completed exploration work totaling approximately $26 million on these properties. Certain of these claims and leases are subject to a 1% net smelter royalty and/or a 1% gross diamond royalty subject to a combined maximum of $10,000,000.

(d) **UNAD JV, NUNAVUT**

Pursuant to agreements dated September 30, 2006 the Company holds a 50% interest in 42 mineral claims in the Coppermine River area of Nunavut. (See Note 13).

Continued…

7. INTEREST IN MINERAL PROPERTIES (Continued)

(e) **LAC ROUVIERE PROPERTY, NUNAVUT**

On October 23, 2006 the Company entered into an option agreement with Cameco Corporation ("Cameco") (see Note 12) on 206 uranium mineral claims held by Cameco in western Nunavut which adjoin the northwest corner of the Company's wholly owned Coppermine River claim block.

In order to earn a 60% interest in the property, the Company must incur exploration and development expenditures of $3.0 million by March 31, 2010, of which a minimum of $2.0 million must be incurred on or before June 30, 2008. The parties will establish a joint venture on the date the Company has exercised its earn-in right of 60%.

The Company will be the operator of the joint venture.

Cameco has the right within 90 days after the joint venture has either operated for two years or incurred $3.0 million of expenditures on the property to earn back 15% by investing an additional $3.0 million to increase its interest to 55% and reduce the Company's interest to 45%.

(f) **BAFFIN ISLAND, NUNAVUT**

On February 5, 2007, the Company entered into a joint venture agreement with Cameco to explore for uranium on 27 prospecting permits held by Cameco on Baffin Island, Nunavut, Canada. (See Notes 12 and 13).

The Company is the operator of the joint venture.

The initial participating interest of the parties will be Cameco - 51% and the Company - 49%. Cameco has the right, exercisable within 90 days after the joint venture has either operated for four years or incurred $6.0 million of expenditures on the property, to increase its interest in the joint venture to 65% and reduce the Company's interest to 35% by committing to incur an additional $6.0 million on exploration and development of the property during a two-year period following the date on which Cameco makes such an election.

(g) **ONTARIO GOLD PROPERTIES**

The Company holds a 100% interest in five mineral properties located in Ontario.

On April 21, 2005 the Company entered into an agreement with Laurion Mineral Exploration Inc. (formerly "Laurion Gold Inc.") ("Laurion") whereby Laurion would have the right to earn a 50% interest in the Company'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 (360,000 received as at March 31, 2008 valued at a nominal amount and an additional 120,000 received subsequent to year end and valued at a nominal amount based on management's assessment of fair value) and by making cash payments totaling $100,000 ($75,000 received as at March 31, 2008 and an additional $25,000 received subsequent to year end) to the Company over a three year period.

Continued…

7. INTEREST IN MINERAL PROPERTIES (Continued)

(h) B.C. PROPERTIES

The Company holds a 100% interest in four 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.

(i) ACE 1 CLAIM, MANITOBA

This claim block expired on December 31, 2007 and the net cost to the Company of $1,321 was written off.

8. CAPITAL STOCK

(i) Common Shares

Authorized
Unlimited number of common shares
Unlimited number of preference shares

Issued

139,782,405 common shares	**March 31, 2008**		March 31, 2007	
	Number of Shares	**Amount**	Number of Shares	Amount
		$		$
Balance, beginning of year	**123,517,307**	**31,328,081**	94,514,432	20,752,027
Issued by private placements	**16,007,098**	**3,742,614**	28,952,875	12,306,666
Issued for share issue costs	**258,000**	**43,860**	-	-
Less: Share issue costs	**-**	**(284,166)**	-	(283,512)
Exercise of options-cash proceeds	**-**	**-**	50,000	17,500
Exercise of options-valuation allocation	**-**	**-**	-	10,000
Renunciation of flow-through expenditures	**-**	**(1,058,500)**	-	(1,474,600)
Balance, end of year	**139,782,405**	**33,771,889**	123,517,307	31,328,081

Issued

9,421,120 warrants	**March 31, 2008**		March 31, 2007	
	Number of Warrants	**Amount**	Number of Warrants	Amount
		$		$
Balance, beginning of year	**4,094,008**	**638,017**	10,193,557	1,154,031
Expired	**(4,094,008)**	**(638,017)**	(6,099,549)	(516,014)
Issued by private placements	**8,003,549**	**645,894**	-	-
Issued for share issue costs	**1,417,571**	**136,552**	-	-
Issue costs	**-**	**(139,801)**	-	-
Balance, end of year	**9,421,120**	**642,645**	4,094,008	638,017
		34,414,534		31,966,098

Continued…

8. CAPITAL STOCK (Continued)

On June 19, 2006 the Company issued 22,906,912 common shares at $0.40 per share to Cameco Corporation pursuant to a non-brokered private placement for aggregate gross proceeds of $9,162,766. (See Note 12)

On November 29, 2006 the Company issued 6,045,963 flow-through common shares at $0.52 per share pursuant to a brokered private placement to raise gross proceeds of $3,143,900.

On October 4, 2007, the Company issued 4,285,714 units at $0.35 per unit pursuant to a non-brokered private placement to raise gross proceeds of $1,500,000. Each unit consists of one (1) flow-through common share and one half (1/2) common share purchase warrant. Cameco, pursuant to the terms of the UNOR/Cameco strategic alliance agreement (Note 12), subscribed for 1,038,154 units at $0.30 per unit for gross proceeds of $311,446. Each unit consists of one (1) common share and one half (1/2) common share purchase warrant. Each common share purchase warrant entitles the holders to purchase one common share at $0.45 per share for two years. In connection with this private placement, the Company issued 428,571 common share purchase warrants exercisable at $0.35 per share for two years as a finders fee.

On December 28, 2007, the Company issued 8,600,000 units at $0.25 per unit pursuant to a non-brokered private placement to raise gross proceeds of $2,150,000. Each unit consists of one (1) flow-through common share and one half (1/2) common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at $0.35 per share for two years. In connection with this private placement, the Company issued 258,000 units with the same terms as the private placement and 860,000 common share purchase warrants exercisable at $0.25 per share for two years as a finders fee.

Pursuant to the terms of the UNOR/Cameco strategic alliance agreement (Note 12) and pursuant to the private placement completed by the Company on December 28, 2007, Cameco, on February 29, 2007 subscribed for 2,083,230 units at $0.205 per unit for gross proceeds of $427,062. Each unit consists of one (1) common share and one half (1/2) common share purchase warrant. Each whole common share purchase warrant entitles the holders to purchase one common share at $0.35 per share for two years.

(ii) **Warrants**

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

	2008
Average risk-free interest rate	2.8%
Expected life	2 years
Expected volatility	89 – 91%
Expected dividends	Nil

Continued…

8. CAPITAL STOCK (Continued)

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Date	Book value
#	$		$
2,661,934	0.45	05-Oct-09	230,845
428,571	0.35	05-Oct-09	55,712
4,300,000	0.35	28-Dec-09	223,167
860,000	0.25	28-Dec-09	60,200
129,000	0.35	28-Dec-09	20,640
1,041,615	0.35	28-Dec-09	52,081
9,421,120			642,645

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

Share purchase warrant transactions for the respective years ended March 31 were as follows:

	2008		2007	
	Number	Weighted average exercise price per share	Number	Weighted average exercise price per share
	#	$	#	$
Balance, beginning of the year	4,094,008	0.56	10,193,557	0.66
Granted	9,421,120	0.37	-	-
Expired	(4,094,008)	0.56	(6,099,549)	0.72
Balance, end of the year	9,421,120	0.37	4,094,008	0.56

(iii) **Options**

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 TSX Venture Exchange on the trading day immediately preceding the date the 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 and outstanding common shares.

Continued…

8. CAPITAL STOCK (Continued)

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

	2008		2007	
	Number	Weighted average exercise price per share	Number	Weighted average exercise price per share
	#	$	#	$
Balance, beginning of the year	6,720,447	0.48	5,795,447	0.46
Granted	1,220,000	0.22	975,000	0.57
Expired	(50,000)	0.35	-	-
Exercised	-	-	(50,000)	0.35
Balance, end of the year	7,890,447	0.44	6,720,447	0.48
Options exercisable, end of the year	7,315,447		6,306,447	

The weighted average grant date fair value of options granted during the year ended March 31, 2008 is $0.12 (2007 - $0.39). 802,000 options granted during the year ended March 31, 2008 vested immediately, 209,000 vest in one year and 209,000 vest in two years. 661,000 options granted during the year ended March 31, 2007 vested immediately, 157,000 vested in one year and 157,000 vest in two years.

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

	2008	2007
Average risk-free interest rate	3.2%	4%
Expected life	5 years	5 years
Expected volatility	102%	85%
Expected dividends	Nil	Nil

Continued…

8. CAPITAL STOCK (Continued)

Options to purchase common shares outstanding at March 31, 2008 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
1,300,000	1,300,000	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	150,000	0.55	26-Oct-09
350,000	350,000	0.55	21-Apr-10
150,000	150,000	0.60	13-Jul-10
1,100,000	1,100,000	0.38	05-Jan-11
975,000	818,000	0.57	06-Mar-12
1,220,000	802,000	0.22	19-Feb-13
7,890,447	7,315,447		

9. CONTRIBUTED SURPLUS

Contributed surplus transactions for the respective years ended March 31 were as follows:

	2008	2007
	$	$
Balance, beginning of year	**2,813,019**	1,992,017
Stock options exercised	**-**	(10,000)
Employee stock-based compensation	**162,954**	304,019
Non employee stock-based compensation	**29,438**	10,969
Expiry of warrants	**638,017**	516,014
Balance, end of year	**3,643,428**	2,813,019

Continued…

10. INCOME TAXES

(a) **Provision for Income Taxes**
Major items causing the Company's income tax rate to differ from the Canadian statutory rate of 35% (2007 – 36%) were as follows:

	2008 $	2007 $
Loss before income taxes	(955,820)	(862,134)
Expected income tax recovery	(338,400)	(310,400)
Adjustments to benefit resulting from:		
Stock option compensation	68,100	113,400
Share issue costs	(70,500)	(101,900)
Expiring non-capital losses	62,000	51,700
Change in tax rates	(560,900)	-
Future income tax recovery	(839,700)	(247,200)

(b) The future income tax assets and liabilities consist of the following temporary differences:

	2008 $	2007 $
Equipment	17,700	18,200
Non-capital loss carry-forwards	222,100	280,100
Resource properties	(3,779,500)	(3,695,500)
Share issue costs	186,200	262,500
Total future income tax liability	(3,353,500)	(3,134,700)

(c) As at March 31, 2008, the Company has accumulated losses for income tax purposes of approximately $765,000 that are available to be carried-forward to reduce taxable income of future years. These losses expire as follows:

Year	Amount $
2009	160,000
2010	5,000
2014	69,000
2015	95,000
2026	169,000
2027	66,000
2028	201,000
	765,000

The Company has approximately $815,000 and $14,448,000 Canadian development expenses and Canadian exploration expenditures respectively, as at March 31, 2008 which, under certain circumstances, may be utilized to reduce taxable income of future years.

Continued…

11. COMMITMENTS

(a) The Company is party to certain management contracts. Minimum management contract commitments remaining under the agreements are approximately $163,000, all payable within one year.

(b) The Company has a bonus program in which participants will receive a cash payment of 0.6% of their 2008 annual salary or fee for every 1% increase in the Company's average 2008 share transaction price, compared to the Company's 2007 share transaction price, to a maximum of 60% of their salary or fee. There were no amounts payable at March 31, 2008.

(c) Pursuant to the issuance of 12,885,714 flow-through shares in October and December 2007 the Company renounced $3,650,000 of qualified exploration expenditures with an effective date of December 31, 2007. As of March 31, 2008, the Company has expended $520,383 related to these flow through funds and is required to expend the balance of $3,129,617 by December 31, 2008.

(d) Pursuant to the issuance of 6,045,963 flow-through shares in November 2006 the Company renounced $3,143,900 of qualified exploration expenditures with an effective date of December 31, 2006. As of March 31, 2007, the Company had expended $1,077,663 related to these flow through funds and was required to expend the balance of $2,066,237 by December 31, 2007. The Company has met this expenditure requirement.

(d) The Company is committed to minimum rentals under a long-term lease for premises, which expires May 31, 2012. Minimum rental commitments remaining under this lease approximate $142,000 including $34,000 due within one year. Minimum rental commitments for successive years approximate:

Year	Amount
	$
2009	34,000
2010	34,000
2011	34,000
2012	34,000
2013	6,000
	142,000

Continued…

12. RELATED PARTY TRANSACTIONS

Cameco currently holds a 19.5% interest in the Company (See Notes 7(e) and (f) and 8(i)). Under the terms of a strategic alliance agreement dated June 19, 2006, Cameco has the right to maintain this interest through future participation in cash and non-cash share offerings of the Company as well as share issuances on the conversion of convertible instruments. Cameco can exercise this right as long as at the time of the offering it holds a minimum of 16% of the issued and outstanding shares of the Company. Cameco is also entitled to nominate one individual for election to the board of directors of the Company as long as it holds not less than 10% of the issued and outstanding shares of the Company.

13. INTERESTS IN JOINT VENTURES

The Company's proportionate share of the assets, liabilities and cash flows of its joint ventures as described in Notes 7(d) and (f) included in these consolidated financial statements are as follows:

	2008 $	2007 $
Current assets	-	-
Interest in mineral properties	682,685	253,698
Current liabilities	-	-
Revenues	-	-
Expenses	-	-
Cash flows from operating activities	-	-
Cash flows from financing activities	-	-
Cash flows from investing activities	(428,987)	(253,698)