

NOTICE TO SHAREHOLDERS

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)
QUARTERLY FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2005

Responsibility for Financial Statements

The accompanying financial statements for Ursa Major Minerals Incorporated have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the January 31, 2005 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditor involvement

The auditor of Ursa Major Minerals Incorporated has not performed a review of the unaudited financial statements for the three and nine months ended October 31, 2005 and October 31, 2004.

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)

BALANCE SHEETS
AS AT

	October 31, 2005 (Unaudited) \$	January 31, 2005 (Audited) \$
ASSETS		
CURRENT		
Cash and cash equivalents (Note 11(a))	1,354,469	3,674,049
Restricted cash (Note 3)	167,100	-
Marketable securities, at cost	-	8,940
Amounts receivable	262,818	97,791
Prepaid expenses	<u>23,203</u>	<u>9,711</u>
	1,807,590	3,790,491
Due from related company (Note 4)	35,901	35,901
Equipment - net	25,545	28,850
Long-term investment (Note 5)	1,159,230	402,294
Exploration properties and deferred exploration expenditures (Note 6)	<u>6,264,375</u>	<u>4,652,700</u>
	<u><u>9,292,641</u></u>	<u><u>8,910,236</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	731,656	161,981
Asset retirement obligation (Note 7)	75,493	-
Future income tax liability	<u>156,000</u>	<u>156,000</u>
	<u>963,149</u>	<u>317,981</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 8(b))	10,098,754	10,409,234
Share purchase warrants (Note 8(d))	13,289	1,864,716
Contributed surplus (Note 9)	2,426,747	591,090
Deficit	<u>(4,209,298)</u>	<u>(4,272,785)</u>
	<u>8,329,492</u>	<u>8,592,255</u>
	<u><u>9,292,641</u></u>	<u><u>8,910,236</u></u>

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)

STATEMENTS OF OPERATIONS AND DEFICIT

(UNAUDITED)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2005 \$	2004 \$	2005 \$	2004 \$
INTEREST INCOME	<u>16,768</u>	<u>-</u>	<u>45,221</u>	<u>-</u>
EXPENSES				
Office and general	34,466	50,074	101,833	137,742
Professional fees	58,348	24,688	89,974	63,072
Management fees	30,500	22,875	85,500	41,875
Business Development	24,358	-	58,516	134,198
Shareholder information	38,005	277	52,700	11,649
Salaries and benefits	11,253	-	40,327	-
Travel and promotion	7,411	30,602	24,855	49,705
Stock exchange and transfer agent fees	1,078	8,558	11,074	22,989
Foreign exchange	1,402	14,876	7,570	12,685
Stock option compensation	-	223,650	-	387,150
Write down of marketable securities	-	-	-	3,273
Gain on sale of marketable securities	-	-	(1,080)	-
Amortization	<u>1,822</u>	<u>1,680</u>	<u>5,465</u>	<u>4,591</u>
	<u>208,643</u>	<u>377,280</u>	<u>476,734</u>	<u>868,929</u>
Loss before undernoted	(191,875)	(377,280)	(431,513)	(868,929)
Future income tax recovery	-	-	495,000	-
NET INCOME (LOSS) FOR THE PERIOD	(191,875)	(377,280)	63,487	(868,929)
DEFICIT, beginning of period	(4,017,423)	(3,662,523)	(4,272,785)	(3,040,174)
Change in accounting policy	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,700)</u>
DEFICIT, end of period	<u>(4,209,298)</u>	<u>(4,039,803)</u>	<u>(4,209,298)</u>	<u>(4,039,803)</u>
Net Income (loss) per common share basic and diluted	<u>(0.01)</u>	<u>(0.02)</u>	<u>-</u>	<u>(0.04)</u>
Weighted average number of shares outstanding	<u>21,464,119</u>	<u>20,683,786</u>	<u>21,284,452</u>	<u>19,708,999</u>

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2005 \$	2004 \$	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	(191,875)	(377,280)	63,487	(868,929)
Items not involving cash:				
Amortization	1,822	1,680	5,465	4,591
Write down of marketable securities	-	-	-	3,273
Gain on sale of marketable securities	-	-	(1,080)	-
Future income tax recovery	-	-	(495,000)	-
Stock option compensation	-	223,650	-	387,150
	<u>(190,053)</u>	<u>(151,950)</u>	<u>(427,128)</u>	<u>(473,915)</u>
Changes in non-cash working capital balances:				
Amounts receivable	(95,634)	1,717	(165,027)	(48,753)
Prepaid expenses	(294)	8,784	(13,492)	10,341
Accounts payable and accrued liabilities	<u>454,080</u>	<u>(335,607)</u>	<u>569,675</u>	<u>(132,556)</u>
	<u>358,152</u>	<u>(325,106)</u>	<u>391,156</u>	<u>(170,968)</u>
	<u>168,099</u>	<u>(477,056)</u>	<u>(35,972)</u>	<u>(644,883)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in exploration properties and deferred exploration costs.	102,712	(270,864)	(1,388,183)	(1,478,824)
Due from related company	-	(2,985)	-	-
Proceeds on sale of marketable securities	-	-	10,020	-
Increase in long-term investment	-	-	(756,936)	-
Purchase of equipment	-	(1,998)	(2,159)	(11,661)
	<u>102,712</u>	<u>(275,847)</u>	<u>(2,137,258)</u>	<u>(1,490,485)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares for cash	-	42,486	-	216,381
Issuance of flow through common shares	-	261,250	-	1,306,050
Warrants exercised	-	385	-	253,579
Stock options exercised	-	-	20,750	-
Common shares to be issued	-	-	-	5,833
	<u>-</u>	<u>304,121</u>	<u>20,750</u>	<u>1,781,843</u>
Increase (decrease) in cash and cash equivalents	270,811	(448,782)	(2,152,480)	(353,525)
Cash and cash equivalents, beginning of period	<u>1,250,758</u>	<u>4,673,078</u>	<u>3,674,049</u>	<u>4,577,821</u>
Cash and cash equivalents, end of period	<u>1,521,569</u>	<u>4,224,296</u>	<u>1,521,569</u>	<u>4,224,296</u>
Supplemental Information				
Common shares issued for interests in exploration properties	121,000	-	148,000	98,600

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS (A Development Stage Company)

OCTOBER 31, 2005

(UNAUDITED)

1. NATURE OF OPERATIONS

The exploration activities of Ursa Major Minerals Incorporated (the "Company") are directed towards the search, evaluation and development of mineral properties in Canada and the United States. The Shakespeare Township property is at a preliminary feasibility study level with a full feasibility study in progress and as such a potential economic ore reserve has been defined. There has been no determination whether the Company's interests in its other exploration properties contain ore reserves which are economically recoverable. The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted. Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to mineral properties is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition. Management reviews the carrying value of the Company's interest in each property and where necessary, exploration properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, any provision for impairment in the carrying value of exploration properties and related assets.

Although the Company has taken steps to verify title to exploration properties 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 or transfers or native land claims, and title may be affected by undetected defects.

2. ACCOUNTING POLICIES

Management of Ursa Major Minerals Incorporated (the "Company") have prepared these interim financial statements in accordance with generally accepted accounting principles in Canada. These statements should be read in conjunction with the January 31, 2005 audited financial statements.

The disclosure in these interim financial statements may not conform in all respects to Canadian generally accepted accounting principles for annual financial statements.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the nine months ended October 31, 2005 may not be indicative of the results that may be expected for the full year ending January 31, 2006.

These interim financial statements follow the same methods and policies used in the audited financial statements for the year ended January 31, 2005, except for the following:

3. RESTRICTED CASH

The Company has issued an irrevocable letter of credit in the amount of 167,100 as a guarantee in connection with Shakespeare Project to the Ministry of Northern Development and Mines as part of the Shakespeare Advanced Exploration Closure Plan.

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

OCTOBER 31, 2005

(UNAUDITED)

4. DUE FROM RELATED COMPANY

The amount due from related company is unsecured, non-interest bearing with no fixed terms of repayment. Two directors of the Company are also directors of the related company.

5. LONG-TERM INVESTMENT

The Company owns approximately 9.3% of Patricia Mining Corp. ("Patricia") a public company that trades on the TSX Venture Exchange ("TSXV"). The president and a director of the Company are also directors of Patricia.

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	January 31, 2005 \$	Expenditures \$	Option Payments \$	October 31, 2005 \$
Canada - Sudbury Ontario				
Shakespeare Township (i)	2,721,256	2,338,791	(1,500,000)	3,560,047
D & H Option	101,287	37,375	-	138,662
Stumpy Bay	545,267	91,005	-	636,272
Agnew Lake	837,060	224,204	-	1,061,264
Porter Option	98,500	3,525	-	102,025
Shining Tree (ii)	-	336,150	-	336,150
U.S.A - Wyoming				
Carbon and Albany Counties	349,330	5,132	-	354,462
Asset retirement costs	-	75,493	-	75,493
	4,652,700	3,111,675	(1,500,000)	6,264,375

(i) Pursuant to an agreement dated July 20, 2005 and ratified by shareholders on September 29, 2005, the Company granted an option to Lac Des Iles Mines Ltd (LDI) a wholly-owned subsidiary of North American Palladium to acquire an undivided 60% interest in the the Company's interest in the Shakespeare Property. Consideration for the option is cash payments totaling \$1,500,000 (received). Should LDI elect to exercise their option they are responsible to arrange all project financing to bring the project into commercial production. On arranging project financing LDI will become the operator of the project.

(ii) The Company signed an option agreement to acquire a 100% interest in 40 claims located near Shining Tree, Ontario. The Company can earn the 100% interest by making total cash payments of \$180,000 (\$60,000 paid), and issuing 660,000 (220,000 issued) common shares on or before August 11, 2007. The optionor has retained a 1% Net Smelter Royalty

All other property descriptions can be found in the January 31, 2005 audited financial statements.

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

OCTOBER 31, 2005

(UNAUDITED)

7. ASSET RETIREMENT OBLIGATION

The Company has issued a letter of credit to the Minister of Northern Development and Mines ("MNDN") in the amount of \$167,100. The letter of credit was issued by the Company to MNDN as financial assurance in respect of the Company's Shakespeare Project Closure Plan.

At October 31, 2005 the net present value of the total asset retirement obligation related to the Shakespeare Project (see Note 6) is estimated to be \$75,493 based on a total future liability of \$167,100 and an estimated adjusted risk-free rate of 7%.

8. CAPITAL STOCK

(a) **Authorized**

Unlimited number of Common shares

(b) **Common Shares issued**

	Number of Shares #	Amount \$
Balance, beginning of period	21,152,619	10,409,234
Shares issued for exploration properties	270,000	148,000
Stock options exercised	41,500	36,520
Tax effects of issuing flow-through common shares		(495,000)
Balance, end of period	21,464,119	10,098,754

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

OCTOBER 31, 2005

(UNAUDITED)

8. CAPITAL STOCK (Continued)

(c) Stock Options

The Company has options outstanding for the purchase of common shares to its directors, officers, employees and certain consultants. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth. These options are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the board of Directors at the time of grant.

A summary of changes in stock options during the period are as follows:

	Stock Options #	Weighted Average Exercise Price \$
Balance, beginning of period	1,047,000	0.79
Exercised	(41,500)	0.50
Expired	(280,000)	1.14
Balance, end of period	725,500	0.67

As at October 31, 2005, the Company had incentive stock options issued to directors, officers and consultants of the Company as follows:

Stock Options #	Exercise Price \$	Expiry Date
124,000	0.28	January 17, 2006
212,500	0.55	November 19, 2007
129,000	0.50	May 13 2008
50,000	1.45	March 1, 2009
210,000	0.95	September 7, 2009
725,500		

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

OCTOBER 31, 2005

(UNAUDITED)

8. CAPITAL STOCK (Continued)

(d) Share Purchase Warrants

A summary of changes in share purchase warrants during the period are as follows:

	Warrants #	Weighted Average Exercise Price \$
Balance, beginning of period	5,038,307	1.08
Expired	(5,008,907)	1.08
Balance, end of period	29,400	0.85

As at October 31, 2005, the following share purchase warrants are outstanding:

Warrants #	Exercise Price \$	Estimated Fair Value \$	Expiry Date
29,400	0.85	13,289	December 14, 2005

9. CONTRIBUTED SURPLUS

A summary of changes in contributed surplus during the period ended October 31, 2005 is as follows:

	\$
Balance, beginning of period	591,090
Stock options exercised	(15,770)
Share purchase warrants expired	1,851,427
Balance, end of period	2,426,747

10. RELATED PARTY TRANSACTION

During the period a Corporation associated with a director of the Company was paid a fee of \$8,927. The amount was in the normal course of operations and was measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

OCTOBER 31, 2005

(UNAUDITED)

11. SUBSEQUENT EVENTS

(a) Financing

Subsequent to the period end the Company completed a non-brokered private placement of 3,100,000 common shares at \$0.75 per share for gross proceeds of \$2,325,000. the private placement is subject to a finders fee of \$69,750 and the issuance 93,000 common shares valued at \$0.75 per share.

(b) Common Share Repurchase

Subsequent to the period end the Company has received regulatory approval to repurchase up to 1,950,000 common shares of the Company currently issued and outstanding. The Company will cancel all common shares that are repurchased.