

NOTICE TO SHAREHOLDERS

URSA MAJOR MINERALS INCORPORATED (A Development Stage Company) QUARTERLY FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JULY 31, 2007

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, 2007 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 six months ended July 31, 2007 and July 31, 2006.

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)

BALANCE SHEETS
AS AT

	July 31, 2007 (Unaudited) \$	January 31, 2007 (Audited) \$
ASSETS		
CURRENT		
Cash and cash equivalents	4,018,808	1,568,314
Amounts receivable	256,198	55,476
Prepaid expenses	34,260	57,947
Future income tax asset	-	<u>552,900</u>
	<u>4,309,266</u>	<u>2,234,637</u>
RESTRICTED CASH (Note 3)	594,179	259,095
DUE FROM RELATED COMPANY (Note 4)	39,235	39,235
EQUIPMENT - net	37,960	42,321
LONG-TERM INVESTMENT (Note 5)	2,784,108	1,034,108
EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 6)	<u>12,477,845</u>	<u>8,932,634</u>
	<u>20,242,593</u>	<u>12,542,030</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	833,028	480,773
FUTURE INCOME TAX LIABILITY	1,531,422	-
ASSET RETIREMENT OBLIGATION (Note 7)	<u>314,061</u>	<u>135,502</u>
	<u>2,678,511</u>	<u>616,275</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 8(b))	16,851,776	14,051,778
Share purchase warrants (Note 8(d))	657,532	38,921
Contributed surplus (Note 9)	2,978,026	2,799,726
Deficit	<u>(2,923,252)</u>	<u>(4,964,670)</u>
	<u>17,564,082</u>	<u>(1,676,023)</u>
	<u>20,242,593</u>	<u>(1,059,748)</u>

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)

STATEMENTS OF OPERATIONS AND DEFICIT

(UNAUDITED)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2007	2006	2007	2006
	\$	\$	\$	\$
INTEREST INCOME	<u>27,747</u>	<u>18,027</u>	<u>48,688</u>	<u>31,219</u>
EXPENSES				
Stock based compensation (Note 8 (c))	-	-	240,000	287,000
Business Development	29,218	26,054	119,677	69,693
Management fees	19,500	28,500	124,000	55,000
Office and general	48,304	35,529	92,717	68,319
Professional fees	40,835	24,869	61,614	30,345
Salaries and benefits	33,072	8,905	47,455	18,627
Travel and promotion	14,347	16,102	29,903	34,274
Shareholder information	21,105	11,531	21,105	11,531
Stock exchange and transfer agent fees	9,162	7,095	19,928	14,035
Foreign exchange	2,800	-	5,960	-
General Exploration	85	490	2,779	3,303
Gain on sale of marketable securities	-	-	-	-
Gain on sale of long term investment	-	(167,238)	-	(173,401)
Amortization	<u>3,321</u>	<u>2,441</u>	<u>6,509</u>	<u>4,883</u>
	<u>221,749</u>	<u>(5,722)</u>	<u>771,647</u>	<u>423,609</u>
Income (Loss) before undernoted	(194,002)	23,749	(722,959)	(392,390)
Gain on sale of exploration property	-	-	4,128,699	-
Income taxes	-	-	(1,364,322)	-
NET INCOME (LOSS) FOR THE PERIOD	(194,002)	23,749	2,041,418	(392,390)
DEFICIT, beginning of period	<u>(2,729,250)</u>	<u>(4,955,296)</u>	<u>(4,964,670)</u>	<u>(4,539,157)</u>
DEFICIT, end of period	<u>(2,923,252)</u>	<u>(4,931,547)</u>	<u>(2,923,252)</u>	<u>(4,931,547)</u>
Net Income (loss) per common share basic and diluted	<u>(0.01)</u>	<u>0.00</u>	<u>0.07</u>	<u>(0.02)</u>
Weighted average number of shares outstanding	<u>28,558,803</u>	<u>24,306,429</u>	<u>28,183,515</u>	<u>24,354,762</u>

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2007 \$	2006 \$	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	(194,002)	23,749	2,041,418	(392,390)
Items not involving cash:				
Amortization	3,321	2,441	6,509	4,883
Gain on sale of long-term investment	-	(167,238)	-	(173,401)
Gain on sale of exploration property	-	-	(4,128,699)	-
Income tax expense	-	-	1,364,322	-
Stock-based compensation	-	-	240,000	287,000
	<u>(190,681)</u>	<u>(141,048)</u>	<u>(476,450)</u>	<u>(273,908)</u>
Changes in non-cash working capital balances:				
Amounts receivable	(150,493)	323,837	(200,722)	293,058
Prepaid expenses	(3,079)	(1,276)	23,687	6,232
Accounts payable and accrued liabilities	<u>307,516</u>	<u>121,701</u>	<u>352,255</u>	<u>(15,344)</u>
	<u>153,944</u>	<u>444,262</u>	<u>175,220</u>	<u>283,946</u>
	<u>(36,737)</u>	<u>303,214</u>	<u>(301,230)</u>	<u>10,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in exploration properties and deferred exploration costs	(2,144,607)	(398,289)	(3,487,952)	(718,979)
Proceeds on sale of long-term investment	-	285,545	-	297,113
Proceeds on sale of exploration property	-	-	2,500,000	-
Increase in restricted cash	(316,494)	-	(335,084)	-
Purchase of equipment	<u>(1,788)</u>	<u>-</u>	<u>(2,149)</u>	<u>(1,830)</u>
	<u>(2,462,889)</u>	<u>(112,744)</u>	<u>(1,325,185)</u>	<u>(423,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares	2,670,000	-	2,670,000	-
Issuance of flow-through common shares	1,150,000	1,000,000	1,150,000	1,000,000
Issuance of warrants	480,000	-	480,000	-
Stock options exercised	67,125	-	123,125	26,000
Share issue costs	(346,216)	(80,310)	(346,216)	(80,310)
Common shares repurchased	<u>-</u>	<u>(120,507)</u>	<u>-</u>	<u>(129,809)</u>
	<u>4,020,909</u>	<u>949,183</u>	<u>4,076,909</u>	<u>815,881</u>
Increase in cash and cash equivalents	1,521,283	1,139,653	2,450,494	402,223
Cash and cash equivalents, beginning of period	<u>2,497,525</u>	<u>1,108,779</u>	<u>1,568,314</u>	<u>1,696,209</u>
Cash and cash equivalents, end of period	<u>4,018,808</u>	<u>2,248,432</u>	<u>4,018,808</u>	<u>2,098,432</u>
Supplemental Information				
Common shares issued for interests in exploration properties	-	-	-	22,500

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS (A Development Stage Company)

JULY 31, 2007

(UNAUDITED)

1. NATURE OF OPERATIONS

Ursa Major Minerals Incorporated (the "Company") is a development stage enterprise in the process of exploring and developing its interests in resource properties. The exploration activities of 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 feasibility study level 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, 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 other licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory requirements.

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, 2007 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 six months ended July 31, 2007 may not be indicative of the results that may be expected for the full year ending January 31, 2008.

Continued...

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

JULY 31, 2007

(UNAUDITED)

2 ACCOUNTING POLICIES (continued)

These interim financial statements follow the same methods and policies used in the audited financial statements for the year ended January 31, 2007, except for the following:

New accounting pronouncements

On February 1, 2007, the company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments - Recognition and Measurement; Section 3861, Financial Instruments - Disclosure and Presentation; and Section 3865, Hedges. These new standards resulted in no changes to amounts previously reported.

(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-for-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest 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) 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 unrealised gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net 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.

(iii) Hedging

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the six month period ended July 31, 2007, the company had no hedges.

The application of these standards has had no impact on the company's financial statements as at and for the six month period ended July 31, 2007, and as such, a statement of comprehensive income has not been included in these financial statements.

Continued...

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

JULY 31, 2007

(UNAUDITED)

3. RESTRICTED CASH

The Company has guaranteed by pledge of a GIC an irrevocable standby letter of credit for \$594,179 to the Ministry of Northern Development and Mines ('MNDN') as a financial assurance guarantee in connection with the Closure Plan on the Shakespeare Project.

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 6.1% of Patricia Mining Corp. ("Patricia") a public company that trades on the TSX Venture Exchange ("TSXV"). The president of the Company is also a director of Patricia, and the companies have a common officer. This investment had a market value of approximately \$1,318,460 as at July 31, 2007.

The Company owns 5,000,000 common shares of Nyah Resources Inc. (Nyah), a privately owned company. The President of the Company is also a director of Nyah.

As at July 31, 2007 the book value of these investments are as follows:

	\$
Patricia	1,034,108
Nyah	1,750,000
	2,784,108

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	January 31, 2007 \$	(Receipts) Expenditures \$	July 31, 2007 \$
Canada - Ontario			
Shakespeare Township Area			
Shakespeare Township	5,948,070	3,267,503	9,215,573
Stumpy Bay	668,263	30,000	698,263
Porter - Baldwin	1,095,703	24,001	1,119,704
Porter Option	179,392	-	179,392
Agnew Lake Uranium (i)	121,301	(121,301)	-
Other			
Shining Tree	884,305	7,954	892,259
Worthington Bell Option	15,600	336,570	352,170
U.S.A - Wyoming			
Carbon and Albany Counties	20,000	484	20,484
	8,932,634	3,545,211	12,477,845

(i) Agnew Lake Uranium

During the period the Company sold its 100% interest in the Agnew Lake Uranium property to Nyah Resources Inc. (Nyah), a privately owned company, for cash consideration of \$2,500,000 and 5,000,000 common shares of Nyah valued at \$1,750,000. The Company has retained a 1.5% net smelter return (NSR) royalty. Nyah has the option to purchase 50% of the NSR from the Company for \$2,000,000.

Continued...

All property descriptions can be found in the January 31, 2007 financial statements.

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

JULY 31, 2007

(UNAUDITED)

7. ASSET RETIREMENT OBLIGATION

The Company has provided a letter of credit in the amount of \$594,179 to the Ministry of Northern Development and Mines ("MNDN") under the terms of the Advanced Exploration Closure Plan on the Shakespeare Project.

As at July 31, 2007 the net present value of the total asset retirement obligation related to the Shakespeare Project Advanced Exploration Closure Plan is estimated to be \$314,061 based on a total future liability of \$594,179 and an estimated adjusted risk-free rate of 7%. The settlement of the obligation is estimated to take place in 2017.

The following is an analysis of the asset retirement obligation:

	\$
Opening balance beginning of period	135,502
Additions	167,939
Accretion incurred in the current period	10,620
Balance, end of period	314,061

8. CAPITAL STOCK

(a) **Authorized**

Unlimited number of Common shares

(b) **Common Shares issued**

	Number of Shares #	Amount \$
Balance, beginning of period	26,741,561	14,051,778
Stock options exercised	227,500	184,825
Common shares issued	3,000,000	2,670,000
Flow-through common shares issued	884,613	1,150,000
Share Issue costs		(484,827)
Tax effects of issuing flow-through common shares		(720,000)
Balance, end of period	30,853,674	16,851,776

(i) During the period the Company closed a private placement of 3,000,000 units at a price of \$1.05 per unit, and 500,000 flow-through common shares at a price of \$1.30 per share, for aggregate gross proceeds of \$3,800,000. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share on or before December 14, 2008 at a price of \$1.40 per share. The warrants were valued at \$480,000. An additional 210,000 warrants were issued as compensation related to this private placement. These warrants were valued at \$129,150 (Note 8 (d)).

(ii) During the period the Company closed a private placement of \$500,000 through the sale of 384,615 flow-through common shares. An additional 23,076 warrants were issued as compensation related to this private placement. These warrants were valued at \$9,461 (Note 8 (d)).

Continued...

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

JULY 31, 2007

(UNAUDITED)

8. CAPITAL STOCK (Continued)

(c) Stock Options (Continued)

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	1,556,500	0.77
Granted	600,000	0.91
Exercised	(227,500)	0.54
Cancelled	(60,000)	0.85
Balance, end of period	1,869,000	0.84

As at July 31, 2007, the Company had incentive stock options issued to directors, officers and consultants of the Company as follows:

Stock Options #	Exercise Price \$	Expiry Date
145,000	0.55	November 19, 2007
69,000	0.50	May 13 2008
50,000	1.45	March 1, 2009
210,000	0.95	September 7, 2009
155,000	0.65	November 7, 2010
640,000	0.85	March 31, 2011
150,000	0.91	(i) April 9, 2009
450,000	0.91	(i) April 9, 2012
1,869,000		

Continued...

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

JULY 31, 2007

(UNAUDITED)

8. CAPITAL STOCK (Continued)

(c) Stock Options

- (i) The estimated fair value of the options granted during the period ended July 31, 2007 was \$240,000. This was calculated using the Black Scholes valuation model with the following weighted average assumptions: expected dividend yield 0%, expected volatility 66%, risk free interest rate 2.88% and an expected life of 2.75 years. Employees, directors and officers received 450,000 of the options granted. The Black Scholes option pricing model was developed for use in estimating the value of traded options that have no vesting restrictions and are fully transferable. Because the Company's stock based compensation options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the estimate, in management's opinion, amounts estimated using the Black Scholes option pricing model may differ materially to the actual fair value of the Company's stock based compensation options.

(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	138,157	0.79
Granted	1,733,076	1.34
Balance, end of period	1,871,233	1.30

As at July 31, 2007 the following share purchase warrants are outstanding:

Warrants #	Exercise Price \$	Estimated Fair Value \$	Expiry Date
75,000	0.65	22,500	July 13, 2008
63,157	0.95	16,421	December 28, 2007
1,500,000	1.40	480,000	December 14, 2008
210,000	1.05	129,150	December 14, 2008
23,076	1.05	9,461	December 14, 2008
1,871,233		657,532	

Continued...

URSA MAJOR MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(A Development Stage Company)

JULY 31, 2007

(UNAUDITED)

9. CONTRIBUTED SURPLUS

A summary of changes in contributed surplus during the period ended July 31, 2007 is as follows:

	\$
Balance, beginning of period	2,799,726
Stock based compensation	240,000
Stock options exercised	(61,700)
Balance, end of period	2,978,026

10. FINANCIAL INSTRUMENTS

Fair Value

The carrying amounts for cash and cash equivalents, sundry receivable, and accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of these instruments. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument.

Commodity Price Risk

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