



Management's Discussion and Analysis of Financial Results For the nine months ended October 31, 2007

The following is Management's Discussion and Analysis intended to help the reader to understand the history, business environment, strategy, risks and the financial condition of the Company. Management's Discussion and Analysis has been prepared as of December 5, 2007 and is issued in conjunction with the unaudited financial statements for the nine months ended October 31, 2007. The Management's Discussion and Analysis should be read in conjunction with the audited financial statements for the year ended January 31, 2007, and the related annual Management's Discussion and Analysis. These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the Canadian dollar as the reporting currency.

The reader is encouraged to review additional information relating to the Company on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com or from the office of the company.

Overview and Strategic Activities

URSA Major Minerals Incorporated (URSA Major) is a Canadian public company with a focus on exploration and development of nickel, copper and precious metal deposits. URSA Major has a variety of projects ranging from development stage with defined mineral reserves at the feasibility level through to early stage exploration. URSA Major's strategy for growth is to build sustained shareholder value by advancing high quality exploration projects through strong technical management.

URSA Major's main property is the Shakespeare nickel project located 70 km west of Sudbury, Ontario. At the Shakespeare project, during the quarter, the company mined and hauled a 50,000 tonne bulk ore sample for processing at Xstrata Nickel's Strathcona mill. The bulk sample provided an evaluation of metallurgical characteristics, metals recovery and concentrate characteristics at a production scale from the Shakespeare deposit.

Since making a significant near-surface nickel, copper and precious metals discovery at the Shakespeare property in 2002, the Company has defined a substantial near-surface mineral reserve and has completed a positive feasibility study on a 4,500 tonne/day open pit mining operation and on-site processing plant. The project has a diluted Probable Reserve of 11,226,000 tonnes grading 0.33% nickel, 0.35% copper, 0.02% cobalt, 0.33 g/t platinum, 0.37 g/t palladium and 0.19 g/t gold. URSA Major is in the process of permitting an open-pit mine and 4,500 tonne per day concentrator at Shakespeare. URSA Major is particularly encouraged by recent strong base metal prices which continue to improve the economic fundamentals for the project.

URSA Major has a 100% interest in the Shining Tree nickel-copper deposit located 110 km north of Sudbury. At Shining Tree, URSA Major has defined an Indicated Resource of 1.02 million tonnes

grading 0.71 % nickel, 0.36 % copper plus an Inferred Resource of 1.49 million tonnes grading 0.67 % nickel and 0.36 % copper. Based on a preliminary economic study that evaluated an open-pit mine at Shining Tree with truck haulage and processing at the proposed Shakespeare mill, URSA Major has identified an in-pit diluted resource of approximately 398,000 tonnes at a grade of 0.68% nickel and 0.33% copper.

URSA Major has a large 37,000 acre exploration property known as the Porter Baldwin property that covers a prospective 15 km strike length extending from the Shakespeare deposit towards the Sudbury intrusive complex. This property contains exploration targets for magmatic sulphide nickel-copper deposits similar to Shakespeare. Exploration since 2004 has demonstrated the presence of Shakespeare-type mineralization on the property. In 2006, URSA Major optioned the Worthington-Bell property located 40 km west of the Sudbury on the prospective Worthington offset dyke. The Company currently has an active exploration program for nickel-copper mineralization on the property.

In addition to exploration projects, URSA Major has a 6.1% interest in Patricia Mining Corp. (TSX-V: PAT), an Ontario-based gold exploration company that has a 45% interest in the Island Gold project located near Wawa, Ontario. The Island Gold project is currently producing gold. URSA Major also has 5,000,000 shares of Nyah Resources Ltd. resulting from the sale of the Agnew Lake Uranium property.

URSA Major has a strategic alliance with Korea Resources Corporation (KORES), a state owned Korean Corporation, to identify and acquire significant advanced base metal exploration projects for exploration and development.

Results of Exploration and Development Activities

Shakespeare Nickel Project – The Shakespeare nickel project is located 70 km west of Sudbury, Ontario. In October 2007, URSA Major completed the trucking of a 50,000 tonne bulk sample from the Shakespeare West Deposit and batch processing of the sample at Xstrata Nickel's Strathcona mill was initiated on October 15, 2007. Based on preliminary daily mill balances, over 45,500 tonnes of ore with a head grade of 0.40% nickel and 0.46% copper was processed. Overall nickel and copper recoveries into concentrates were 76.2% and 89.4% respectively.

URSA Major completed the Shakespeare project feasibility study in January 2006. Micon International Limited (Micon) evaluated the base case of an open pit mine and 4,500 tonne/day on-site concentrator. In Micon's opinion "Shakespeare project contains an economic mineral reserve and is worthy of continued development through detailed engineering and construction to produce 4,500 t/d of ore mining and subsequent concentrate for sale."

At very conservative metal prices including nickel at an average of US\$5.48/lb, the project produces an after tax internal rate of return (IRR) of 14.5% (20.0% pre-tax IRR) on an initial total capital cost of C\$118,473,000. Net revenue (NSR) is \$44.10/tonne and totals C\$495,088,000 for the project. Total operating cost is C\$22.55/tonne milled. The undiscounted total annual cash flow (NPV) is C\$84,192,000 and the NPV discounted at 10% is C\$16,218,000. Nickel, copper, precious metals and cobalt respectively contribute 58.7%, 18.5%, 15.3% and 7.5% of gross revenue. The project has a

6.8 year mine production life and is estimated to employ a total of 152 persons. The economic analysis makes the conservative assumption of a reversion of metal prices to their 10-year historical median Canadian dollar prices, expressed in 2005 terms. Current price levels are assumed to regress exponentially toward the median, with a 'decay' half-life of five years. The resulting average prices over the life of the project, expressed in 2005 dollars, are nickel US\$5.48/lb, copper US\$1.34/lb, cobalt US\$20.05/lb, platinum US\$805.30/ounce, palladium US\$225.20/ounce, gold US\$438.30/ounce. The base exchange rate for the economic analysis is taken from the average of over 11 months of 2005.

Assuming 2005 average metal prices for the Shakespeare project mine life, including nickel at US\$6.59/lb, copper at US\$1.65/lb and platinum at US\$897/oz, IRR after tax increases to 22.9% and NPV discounted at 10% increases to \$50.7 million after tax from the feasibility base case. Current metal prices are substantially higher, and although partially offset by a stronger Canadian dollar, there is considerable further upside to the economic potential of the project.

The feasibility study defined a diluted Probable Reserve of 11,226,000 tonnes grading 0.33% nickel, 0.35% copper, 0.02% cobalt, 0.33 g/t platinum, 0.37 g/t palladium and 0.19 g/t gold. The mineral reserve is to a maximum depth of 250 metres below surface and was determined by applying a C\$11.75/tonne NSR internal cut-off value which is the sum of the mill processing and G&A costs. The reserve is based on an Indicated Resource (undiluted) of 12,430,000 tonnes grading 0.35% nickel, 0.37% copper, 0.02% cobalt, 0.35 g/t platinum and 0.39 g/t palladium and 0.20 g/t gold. This Indicated Resource is contained within an optimized pit shell with an NSR cut off above C\$24.23. An additional Indicated Resource of 1,830,000 tonnes grading 0.37% nickel, 0.41% copper, 0.03 % cobalt, 0.36 g/t platinum, 0.39 g/t palladium and 0.22 g/t gold at an NSR cut off of CDN\$50/tonne is located outside of the pit shell. The majority of the Indicated Resource is down plunge to the east of the pit shell. Mr. T. Hennessey, P.Geol, of Micon is the qualified person for the resource estimate and Mr. Ian Ward, P.Eng. of Micon is the qualified person for the feasibility study.

URSA Major engaged Golder Associates Ltd. in early 2006, to manage environmental baseline studies and permitting activities. Subsequent to the quarter, the Company announced that it had received permits from the Ontario Ministry of the Environment including a Permit to Take Water, Certificate of Approval for noise and air emissions, and a Certificate of Approval for the Shakespeare Mine and Mill co-disposal facility and sedimentation pond for water treatment. The Company also announced the acceptance of a certified Closure Plan for the Shakespeare Mine and Mill Project from the Ontario Ministry of Northern Development and Mines (MNDM) on September 12, 2007.

The Company continues to carry out surface and groundwater sampling, weather monitoring, and stream flow monitoring as part of on-going site monitoring activities. The Company also has received a permit from the Ontario Ministry of Natural Resources for the operation of a gravel pit located approximately 3 km north of the Shakespeare nickel-copper project, in the Sudbury area of Ontario. The 290 acre (120 ha) gravel pit will be used as an aggregate source for site improvements and construction at the Shakespeare project.

Xstrata Nickel and URSA Major are considering the custom milling of further ore from the Shakespeare deposit. In addition, URSA Major has an agreement with Xstrata that provides terms

for the smelting of URSA Major's concentrates for a period of seven years. In the first half of 2007, the Company completed significant upgrades of the access road into the Shakespeare deposit to an all weather gravel road that allows for trucking access and future mining operations. This road will facilitate the bulk sample and further development of the property. The Company has also completed a number of site improvements including building a crusher pad and truck loading area, building an access road to the Shakespeare West pit area, and road building, stripping and grubbing in preparation for construction of a sedimentation pond for mine water management. This work has been ongoing.

URSA Major currently has an 86% beneficial interest in the Shakespeare property. Exploration on the property is proceeding on the basis of a joint venture between URSA Major and Xstrata Nickel (previously Falconbridge Limited) with URSA Major as the project operator. As a result of current expenditures during the bulk sample program, URSA Major has given notice to Xstrata that its interest in the property has increased to over 90% and that URSA Major owns 100% of the property and that Xstrata's interest has reverted to a 1.5% NSR.

Porter Baldwin Property (including the Porter Option) - URSA Major's 100%-owned Porter Baldwin property (formerly referred to as the Agnew Lake property) now comprises over 947 claim units (37,880 acres) that cover a 15 km strike length extending from the Shakespeare deposit towards the Sudbury intrusive complex. During 2004, URSA conducted geological mapping, geophysical surveys including a MEGATEM airborne electromagnetic (EM) survey and diamond drilling on the Porter Baldwin property. This exploration demonstrated that rocks with similar characteristics and style of mineralization to the Shakespeare deposit are present on the property. Drilling in early 2005 intersected minor sulphide mineralization on the property at the same stratigraphic position as the Shakespeare deposit. The results provide evidence of a magmatic sulphide target of regional extent. The company is continuing to map and prospect the property to develop new drill targets.

Shining Tree Nickel project –URSA Major has a 100% interest in a nickel-copper deposit located near Shining Tree, Ontario. The Shining Tree property is located in Fawcett Township, 110 km north of Sudbury, Ontario and consists of 40 staked mining claims covering an area of approximately 1,600 acres. In early 2006, URSA Major reported the results of a resource estimate on the Shining Tree deposit. Drilling to December 2005 has resulted in an Indicated Resource of 1.02 million tonnes grading 0.71 % nickel, 0.36 % copper plus an Inferred Resource of 1.49 million tonnes grading 0.67 % nickel and 0.36 % copper at a cut off value of 0.30% nickel equivalent. Mr. Rob Carter, P.Eng., of Wardrop Engineering Inc. supervised the resource estimate, and is the Qualified Person under National Instrument 43-101.

In 2006, URSA Major engaged Micon to provide a preliminary technical and economic analysis of mining at the Shining Tree nickel deposit. Micon evaluated a 1,000 tonne/day open pit operation at Shining Tree with truck haulage to the proposed Shakespeare mill. Based on operating the Shining Tree project as a satellite to the Shakespeare project, and using metal price assumptions from the Shakespeare feasibility study, Micon identified an in-pit diluted resource of approximately 398,000 tonnes at a grade of 0.68% nickel and 0.33% copper. Preliminary metallurgical testwork on the Shining Tree mineralization by SGS Lakefield Research Limited has demonstrated that the mineralization is amenable to processing using the proposed Shakespeare mill floatation circuit.

URSA Major has engaged Golder Associates Ltd. to conduct environmental baseline studies and develop a closure plan to permit development of the deposit. During 2007 the Company continued environmental baseline studies at Shining Tree.

Worthington Bell Property – In late 2006, URSA Major signed an option agreement to acquire a 100% interest in a nickel-copper exploration property on the Worthington Offset Dike, located in Lorne Township, 40 km west of Sudbury, Ontario. URSA Major's Worthington Bell option covers 1.2 kilometers of strike length of the Worthington Offset Dike. This dike extends for approximately 12 kilometers from the Sudbury Igneous Complex and is the host to several nickel-copper mines and deposits. Most notably, the Totten Mine Extension, owned by CVRD-Inco is located approximately 6 kilometers northeast of URSA's property on the Worthington offset dike. The Totten Mine Extension contains approximately 10 million tonnes of 1.50% nickel, 2.0% copper and 4.8 grams per tonne of palladium and platinum.

The Worthington Bell property is located in an area of excellent infrastructure and is accessible from paved roads. The Worthington Bell property was previously known as the Mystery Offset Dike. The central portion of the dike is an inclusion-bearing quartz diorite that is similar to other mineralized offset dikes in the Sudbury district. Continuous zones of pyrrhotite, chalcopyrite and pentlandite mineralization are present on URSA Major's Worthington offset dike property. On the property, shallow drilling by previous operators returned several mineralized intersections including a 2.62 meter intersection grading 1.26% Nickel, 0.45% Copper and 13.43 g/t platinum group metals plus gold. URSA Major is planning an exploration program that will test the mineralization with drilling down dip and utilize down-hole geophysics to guide further drilling. The approximately 102 ha (250 acre) patented mining property is being optioned for payments totaling \$150,000 and 60,000 shares over a two year period, with a final payment of \$187,500. URSA Major is required to complete a \$500,000 exploration program within 2 years. The property is subject to a 2% NSR which is held by third parties.

At Worthington Bell, as announced on October 5, 2007, URSA Major completed 2 diamond drill holes to depths of 977 metres and 725 metres respectively. Both holes intersected the highly favourable rock fragment-bearing quartz diorite phase of the offset dike with disseminated sulphide mineralization and localized sulphide veins. The 2 holes completed by URSA Major, as well as holes drilled by previous operators, were probed with Lamontagne Geophysics Ltd.'s down hole UTEM system. This survey identified an EM conductor at a depth of approximately 500 meters which will be tested in the current drilling program.

Agnew Lake Uranium Property - In 2002, the Company staked the past-producing Agnew Lake Uranium Mine, located 40 km west of Sudbury. This mine operated between 1977 and 1983 and produced a total of 1.1 million lbs (0.5 million kg) of U₃O₈ from approximately 3.1 million tons (2.8 million tonnes) of ore. In January 2007, URSA Major announced, and on March 5, 2007 closed an agreement to vend its 100% interest in this property to Nyah Resources Inc. (Nyah) for cash consideration of \$2,500,000 (received) and 5,000,000 shares (received) of Nyah. URSA Major has the right to participate in future financings for a period of 24 months and retained a 1.5% net smelter return royalty (NSR). At any time Nyah has the option to purchase 50% of the NSR from URSA Major by making a further cash payment of \$2,000,000 to URSA Major.

KORES Alliance - URSA Major has a strategic alliance with Korea Resources Corporation (KORES) to identify and acquire significant advanced base metal exploration projects for exploration and development. KORES is a state owned South Korean public corporation which is dedicated to advancing Korean domestic mineral resource development efforts and at the same time securing required mineral resources from abroad.

URSA MAJOR MINERALS INCORPORATED - RESERVES AND RESOURCES

Shakespeare Nickel Copper Deposit Reserve and Resource Estimates

Shakespeare Nickel Copper Deposit Reserves

Reserve category	Tonnes	%Ni	%Cu	%Co	g/t Au	g/t Pt	g/t Pd
Probable Reserve	11,226,000	0.33	0.35	0.02	0.19	0.33	0.37

Additional Shakespeare Nickel Copper Deposit Resources outside of pit shell

Resource category	Tonnes	% Ni	% Cu	% Co	g/t Au	g/t Pt	g/t Pd
Indicated							
East	1,763,000	0.37	0.41	0.03	0.219	0.363	0.388
West	69,000	0.35	0.43	0.02	0.176	0.327	0.361
Total	1,832,000	0.37	0.41	0.03	0.218	0.361	0.387
Inferred							
East	716,000	0.38	0.39	0.03	0.181	0.317	0.334
West	20,000	0.31	0.35	0.02	0.157	0.283	0.317
Total	736,000	0.37	0.39	0.03	0.180	0.316	0.333

The reserve is based on an Indicated Resource (undiluted) of 12,430,000 tonnes grading 0.35% nickel, 0.37% copper, 0.02% cobalt, 0.35 g/t platinum and 0.39 g/t palladium and 0.20 g/t gold contained within an optimized pit shell with an NSR cut off above C\$24.23. The Probable Reserve, which is diluted for mining, is to a maximum depth of 250 metres below surface and was determined by applying a C\$11.75/tonne NSR internal cut-off value which is the sum of the mill processing and G&A costs. The feasibility economic analysis which defines the reserve makes the conservative assumption of a reversion of metal prices to their 10-year historical median Canadian dollar prices, expressed in 2005 terms. Current price levels are assumed to regress exponentially toward the median, with a 'decay' half-life of five years. The resulting average prices over the life of the project, expressed in 2005 dollars, are nickel US\$5.48/lb, copper US\$1.34/lb, cobalt US\$20.05/lb, platinum US\$805.30/ounce, palladium US\$225.20/ounce, gold US\$438.30/ounce. The base exchange rate for the economic analysis is taken from the average of over 11 months of 2005, for a US\$/Cdn\$ rate of 0.8224. The NSR model uses estimates of current industry rates for smelting and refining costs in the Sudbury area. Mr. T. Hennessey, P.Geo, of Micon and Mr. E. Puritch of P&E Engineering are the qualified persons for the resource and reserve estimates and Mr. Ian Ward, P.Eng. of Micon is the qualified person under National Instrument 43-101 for the feasibility study.

Shining Tree Nickel-Copper Deposit, Mineral Resource Estimate

Resource Category	Tonnes	% Ni	% Cu	% Co
Indicated	1,020,000	0.71	0.36	0.02
Inferred	1,490,000	0.67	0.36	0.03

The resource estimate was performed by Wardrop Engineering Inc. (Wardrop) and is based on eight NQ holes (total length of 976m) that were drilled by URSA Major and 16 holes by previous operators. In estimating the mineral resource, a mineralization envelope of greater than 0.30% nickel equivalent (NIEQ, where NIEQ = Ni% + Cu%/4) was

interpreted. Capping was required for 5 assays at a value of 2.50% for nickel and 1.56% copper and 4 assays of cobalt at 0.08%. The Indicated resource was classified based on ranges defined by variography using a minimum of two drill holes. The remaining mineralization was classified as Inferred. Mr. Rob Carter, P.Eng., of Wardrop supervised the resource estimate, is the Qualified Person under National Instrument 43-101.

Results of Operations

The Company reported no operating revenue for the three month period ended October 31, 2007. However a substantial inventory of metals was created as a result of test mining and processing a 50,000 tonne bulk sample in the quarter. Cash flow from the sale of metals will be realized in the Company's first quarter financial statements. The proceeds on these sales will be recorded as a deduction from development costs.

During the three month period ended October 31, 2007, the Company incurred \$175,016 in net administrative and general expenses compared to \$121,581 for the same period in the previous year. The major differences are an increase in Professional fees and Stock exchange and transfer agent fees. Professional fees increased by \$32,233 as a result of increased legal work related to agreements and permitting at the Shakespeare project. Stock exchange and transfer agent fees were \$39,321 for the quarter with approximately \$36,000 of this amount paid to the TSX on successfully completing the Company's listing application. During the quarter, URSA Major commenced trading on the Toronto Stock Exchange ("TSX") under the symbol UMJ. Salaries and benefits increased by \$24,461 mostly as a result of hiring an additional staff member in the head office.

All other administrative expenses remained materially unchanged for the same period in the prior year.

For the three month period ended October 31, 2007, \$2,266,406 was spent on exploration expenditures and exploration property acquisitions. This compares with \$590,748 spent on exploration properties in the comparative period of the previous year.

During the quarter the Company spent \$2,011,699 on the Shakespeare Project compared to \$351,652 in the comparative period of the previous year. Major expenditures included \$1,827,568 (2006; nil) spent on extracting, crushing and hauling the bulk sample ore and on site preparation and improvements. Additional expenditures included ongoing environmental monitoring and permitting of \$54,364 (2006:\$171,184) and feasibility related work of \$59,003 (2006; \$1,884).

At the Worthington Bell property the Company spent \$80,685 during the quarter (2006; nil). The major expenditure incurred was diamond drilling of \$58,226 and geophysics of \$11,200 and assays of \$4,083.

The Company issued 220,000 common shares valued at \$176,000 and made a cash payment of \$60,000 in satisfaction of the final option payment on the Shining Tree property. This property is now 100% owned by the Company subject to an underlying 1% net smelter returns royalty.

A total of \$21,714 was spent in the quarter on the Company's other exploration properties.

Liquidity and Capital Resources

As at October 31, 2007 the Company had cash and cash equivalents in the amount of \$726,160 and a further \$2,784,108 in long-term investments. This compares to \$1,568,314 in cash and \$1,034,108 in long-term investments as at January 31, 2007. At October 31, 2007 the Company had working capital of \$835,083 compared to working capital of \$1,753,864 as at January 31, 2007. The decrease in working capital was a result of cash exploration and development expenditures of \$5,924,810, an increase in restricted cash of \$342,884, net cash operating expenses of \$648,144 and a reduction in future income tax assets of \$552,900. This decrease was offset by the proceeds on the sale of the Agnew Lake Uranium property of \$2,500,000 and the completion of two private placements with net cash proceeds of approximately \$3,900,000. The Company expects to increase its cash and cash equivalents balance and overall working capital in the first quarter of 2008 by realizing the cash proceeds from the bulk sample.

At this time, the Company has no operating revenues. The Company has raised funds in the past through equity financings and the exercise of options and warrants to finance its operations.

On June 14, 2007 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. Coremark Securities Inc. acted as the sole agent in this private placement. Each Unit was 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 for a period of eighteen months following the closing at a price of \$1.40 per share.

On June 15, 2007 the Company closed a private placement of \$500,000 through the sale of 384,615 flow-through common shares to the MineralFields Group. Limited Market Dealer Inc. acted as sole agent in this private placement.

During the three month period ended October 31, 2007, no cash was realized from financing activities. No financing activities were completed in the same period of the previous year.

During the quarter the Company issued a promissory note in the amount of \$800,000. Interest is at 8% per annum, compounded monthly. The promissory note and interest are due the earlier of five business days after the closing of a Rights Offering to be completed by the payee and January 15, 2008. In connection with this Rights Offering, Ursa Major has agreed to act as a guarantor for the Rights Offering. Ursa Major is committed to subscribe for and purchase up to a maximum of \$800,000 worth of units that are not otherwise subscribed for under the rights offering. The Rights Offering closes on December 28, 2007. These transactions are with a related company that has a common officer and a common director.

The Company does not have sufficient cash to meet its short-term working capital and exploration requirements and will seek new funding for future exploration and development.

Subsequent to the quarter end the Company completed a short term non brokered private placement debenture which resulted in gross proceeds of \$1,960,000. The face value of the debenture is

\$2,000,000; it yields interest at 7% per annum and is due on March 31, 2008. The proceeds of this financing are being used to fund metals inventory created as a result of test mining and processing a 50,000 tonne bulk sample. The debenture will be repaid using some of the cash flow generated from the sale of metals inventory.

The Company has a lease commitment for premises which expires February 29, 2008. Minimum rental commitments over the life of the lease approximate \$15,000.

Shares Issued and Outstanding

As at December 5, 2007, the issued and outstanding common shares of the Company totalled 31,208,674. In addition, 1,724,000 stock options and 1,871,233 warrants have been granted to purchase a total of 3,595,233 common shares of the Company.

Proposed Transactions

While the Company continues to seek and evaluate mines, mineral deposits, exploration stage projects and financing opportunities to advance the Company, there are no transactions currently pending.

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, marketable securities, amounts receivable and accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of these instruments.

Risks and Uncertainties

Mining Industry

The exploration for, development and mining of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the

deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Shakespeare Project is subject to most of the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

The Company's activities are directed towards the search, evaluation, development and mining of mineral deposits. Several of the mineral properties in which the Company has an interest contain no known body of commercial ore and any exploration programs thereon are exploratory searches for ore, other properties in which the Company has an interest are subject to preliminary stages of exploration and development programs only, while other properties in which the Company holds an interest are in the pre-production stage. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore.

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

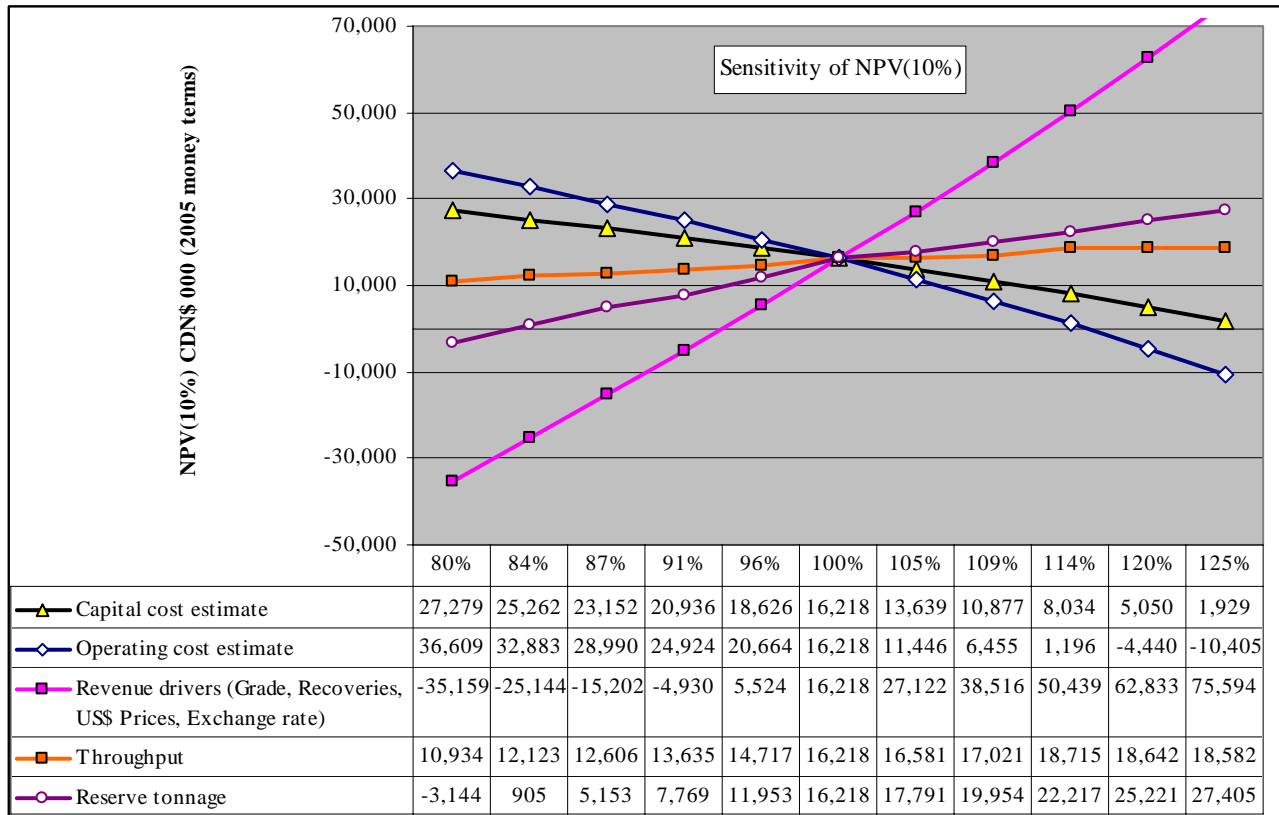
Uncertainty of Reserve and Resource Estimates

URSA Major is a development stage enterprise in the process of exploring and developing its interests in resource properties. The figures for reserves and resources presented herein are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the expected level of recovery will be realized. Such figures have been determined based upon assumed metal prices and operating costs. Future production could differ dramatically from reserve estimates for, among other reasons:

- mineralization or formations could be different from those predicted by drilling, sampling and similar examinations;
- increases in operating mining costs and processing costs could adversely affect resources and reserves;
- the grade of the resources and reserves may vary significantly from time to time and there is no assurance that any particular level of metals may be recovered from the ore; and
- declines in the market price of the metals may render the mining of some or all of the reserves uneconomic.

Any of these factors may require the Company to reduce its resource or reserves estimates or increase its costs. Short-term factors, such as the need for the additional development of a deposit or the processing of new different grades, may impair the Company's profitability. Should the market price of the metals fall, the Company could be required to materially write down its investment in mining properties or delay or discontinue production or development of new projects.

The Net Present Value (NPV) of the Shakespeare project as determined in the 2006 feasibility study by Micon is most sensitive to improvements in revenue drivers (metal prices, recovery, grades, NSR terms), moderately sensitive to operating costs and reserve tonnage, less sensitive to capital and throughput. The graph and table below provide the sensitivity analysis from the feasibility study for a NPV discounted at 10%.



The Shakespeare feasibility study was based on average metal prices as follows: nickel US\$5.48/lb, copper US\$1.34/lb, cobalt US\$20.05/lb, platinum US\$805.30/ounce, palladium US\$225.20/ounce, gold US\$438.30/ounce. The exchange rate for the economic analysis is a US\$/Cdn\$ rate of 0.8224.

Government Regulation

The exploration and development activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration and development activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing

operations and activities of exploration and development, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Government approvals and permits are currently, and may in the future be, required in connection with Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Permits and Licenses

Mineral exploration and mining activities may only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. No guarantee can be given that the necessary exploration and mining permits and licenses will be issued to the Company or, if they are issued, that they will be renewed, or that the Company will be in a position to comply with all conditions that are imposed. Nearly all mining projects require government approval. There can be no certainty that these approvals will be granted to the Company in a timely manner, or at all.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Production at mineral properties may involve the use of dangerous and hazardous substances. While all steps will be taken to prevent discharges of pollutants into the ground water and the environment, the Company may become subject to liability for hazards that cannot be insured against.

Commodity Prices

The future profitability of the Company will be directly related to the market price of nickel, copper and other metals. Metal prices fluctuate considerably and are affected by numerous factors beyond the Company's control, such as industrial demand, inflation and expectations with respect to the rate of inflation, the strength of the U.S. dollar and of other currencies, interest rates, forward sales by

producers, production and cost levels and changes in investment trends. Nickel and copper prices are sometimes subject to rapid short-term changes because of speculative activities. If these prices were to decline significantly or for an extended period of time, the Company might be unable to continue its operations, develop its properties or fulfill its obligations under its agreements with its partners or under its permits and licenses. As a result, the Company might lose its interest in, or be forced to sell, some of its properties. In the event of a sustained, significant drop in Nickel and Copper prices, the Company may be required to re-evaluate its assets, resulting in reduced estimates of reserves and resources and in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges. Furthermore, since nickel and copper prices are established in US dollars, a significant increase in the value of the Canadian dollar relative to the US dollar coupled with stable or declining nickel and copper prices could adversely affect the Company's results with respect to development of and eventual sale of these metals.

Uninsured Risks

The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which the Company cannot insure or against which it elects not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or significant shareholders of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors to be in a position of conflict. In the event that a director or executive officer has a material interest in any transaction being considered by the Company, any such conflict will be subject to and governed by procedures prescribed by the Business Corporations Act (Ontario) (the "OBCA") which require a director or officer of a corporation experiencing such a conflict to disclose his interest and refrain from voting on any such matter unless otherwise permitted by the OBCA. In addition, Section 134 of the OBCA provides that every director must act honestly and in good faith with a view to the best interests of the Company. Section 134 is a formalization of the fundamental fiduciary duty that a director has to the corporation and encompasses, among other obligations, a duty of loyalty and a duty of confidentiality. As a fiduciary, a director may not interfere with, or take advantage of, any opportunities that rightfully belong to the Company. That a director may represent a specific shareholder of the Company does not relieve the director from fulfilling his fiduciary duty to the Company. If such director was to take any action which preferred the interests of a third party to the interests of the Company, such director would be liable to the company for a breach of his fiduciary duty, regardless of any legal duties which such director may have to the third party.

Land Title

Although title to the Company's mineral properties has been reviewed by or on behalf of the Company and title opinions were delivered to the Company, no assurances can be given that there are no title defects affecting the properties. Title insurance generally is not available for mining claims in Canada, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of all the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. Accordingly, the properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may

be affected by, among other things, undetected defects. In addition, the Company may be unable to operate the properties as permitted or to enforce its rights with respect to its properties.

Requirement of Additional Financing

The continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing or the joint venturing of projects or other means. No assurance can be given that the Company will be successful in obtaining the required financing on acceptable terms, if at all.

Dependence on Personnel

The Company's ability to manage growth effectively will require the Company to continue to implement and improve the Company's management systems and to recruit and train new employees. Although the Company has done so in the past, the Company cannot assure that it will be successful in attracting and retraining skilled and experienced personnel.

Outlook

The Company's main focus is the development of the Shakespeare project. With the completion of the bulk sample program, the Xstrata Nickel and the Company are now evaluating milling of further ore from the Shakespeare deposit at the Strathcona mill.

As a result of the processing of the bulk sample in October and smelting of concentrates in November 2007, the Company has a significant inventory of metals awaiting settlement. Base metals will be paid in March 2008 based on the average February 2008 prices for nickel and copper on the London Metals Exchange. Precious metal payments will be made in May and June 2008.

Concurrent with updating the results of the feasibility study and obtaining results from bulk sample, URSA Major will seek financing for the mine and mill. Once URSA Major has commissioned a mill to produce nickel and copper concentrates, the agreement with Xstrata provides terms for the smelting of URSA Major's concentrates for a period of seven years.

At the Shining Tree project, the Company has completed preliminary economic studies to evaluate the development of an open pit mine. Based on the results of preliminary economic studies, and recent drilling and trenching activities, URSA Major has initiated base line environmental and permitting activities to allow the extraction of a bulk sample from the Shining Tree deposit. Production from Shining Tree is being evaluated as a satellite operation to the Shakespeare project.

URSA Major continues to carry out an active exploration program. URSA Major has initiated a diamond drilling program on the down plunge extension of the Shakespeare East deposit.

The Company continues to evaluate potential base metal acquisitions with KORES.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer

and Chief Financial Officer, on a timely basis so that appropriate decisions can be made to facilitate full and timely disclosure to the public.

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was conducted January 31, 2007, by and under the supervision of management, including the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time periods specified in those rules.

Special Note Regarding Forward-Looking Statements

This Report contains forward-looking statements that are based on beliefs of its management as well as assumptions made by and information currently available to management of the Company. When used in this Report, the words “estimate”, “believe”, “anticipate”, “intend”, “expect”, “plan”, “may”, “should”, “will”, and the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in those statements.

Such risk factors include those set forth under “Risks and Uncertainties” above. The statements contained in this Report speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

December 5, 2007



Richard H. Sutcliffe, Ph.D., P.Geo.
President and Chief Executive Officer



Christopher R. Chadder, CA
Chief Financial Officer