



Management's Discussion and Analysis of Financial Results For the three months ended July 31, 2008

The following Management's Discussion and Analysis is 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 September 5, 2008 and is issued in conjunction with the unaudited financial statements for the three months ended July 31, 2008. The Management's Discussion and Analysis should be read in conjunction with the audited financial statements for the year ended January 31, 2008, and the related annual Management's Discussion and Analysis. These 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 TSX-listed Canadian public company with a focus on development and exploration of nickel, copper and precious metal deposits. URSA Major has a variety of projects ranging from pre-production mining 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. The Shakespeare Nickel Project is in a pre-production mining stage and during the second quarter, the company resumed the mining and haulage of ore at a rate of approximately 500 tonnes per day to Xstrata Nickel's ("Xstrata's") Strathcona mill. In the first half of 2008, the Company has shipped a total of 63,115 tonnes of ore and Xstrata completed the processing of 44,490 tonnes.

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 11,828,000 tonnes grading 0.33% nickel, 0.35% copper, 0.02% cobalt, 0.33 g/t platinum, 0.36 g/t palladium and 0.18 g/t gold. URSA Major has received all of the major permits required to proceed with an open-pit mine and 4,500 tonne per day concentrator at Shakespeare.

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 in Lorne Township, 40 km west of Sudbury, on the prospective Worthington Offset dyke. During the quarter, the Company completed drilling and down hole EM surveys on the property.

During the quarter ended April 30, 2008, URSA Major entered into an option agreement with United Reef Ltd. whereby URSA Major can earn a 70% interest in United Reef's 100% owned past-producing Nickel Offsets Mine, located in Foy Township, 40 km northwest of Sudbury, Ontario. The Nickel Offsets Property consists of twelve contiguous patented mining claims and five unpatented mining claims covering 358 ha (884 acres). The property hosts the past-producing Nickel Offsets (Ross) Mine which between 1943 and 1957 produced 208,551 tons of nickel and copper ore with reported recoveries of 4.56 million lbs of nickel and 3.32 million lbs of copper.

In addition to exploration projects, URSA Major owns 5,932,315 common shares of 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 owns 4,851,500 shares of Nyah Resources Inc. (TSX-V:NRU) 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 Pre-Production Mining, Exploration and Development Activities

Shakespeare Nickel Project – The Shakespeare nickel project is located 70 km west of Sudbury, Ontario, is currently in a pre-production mining stage of development.

During the period ended July 31, 2008, URSA Major resumed the mining and haulage of ore from the Shakespeare West Deposit and the ore is stockpiled at Xstrata's Strathcona mill for processing. Xstrata began processing a stockpile of ore that had previously been

delivered in March, 2008. URSA Major has contracted drilling, blasting, mucking, crushing and haulage operations.

In July of the second quarter, URSA Major resumed ore shipments and shipped a total of 6,756 tonnes of ore to Xstrata for a total of 63,115 tonnes for the six months ended July 31. Xstrata completed the processing of 44,490 dry tonnes of ore during the quarter which is also the total for the six months to July 31. For the six months ended July 31, 2008 ore grades have averaged 0.38% nickel, 0.40% copper, 0.03% cobalt and over 1 gram/tonne precious metals and have been consistently higher than block model projections.

During the second quarter, URSA Major received pre-production cash proceeds of CDN\$1,315,060 for metals produced from ore processed in October 2007, and ore processed in the second quarter of 2008. The Company has received a total of \$5,534,314 for the six months ended July 31, 2008. Since the project is in a pre-production phase, this revenue has been applied against investment in the property in accordance with Canadian generally accepted accounting standards. At the end of the second quarter, URSA Major has metal units from processed ore awaiting settlement valued at approximately US\$1.3 million based on current metal prices and had an additional inventory of 18,625 tonnes of crushed ore at Xstrata awaiting treatment.

In the second quarter, the Company completed work on a number of site improvements at Shakespeare. Significant developments included the construction of a sedimentation pond for mine water management, truck weight scales and various site access roads. The Company also commissioned equipment to automatically separate a representative sample of the -1" crushed ore prior to blending.

During the second quarter, the Company announced assay results from mineralized intersections from holes U-03-112, U-03-113, and U-03-114 from the Shakespeare East deposit. Featured highlighted intersections were 25.9 meters grading 0.34% Ni, 0.42% Cu, 0.02% Co and 0.95 g/t precious metals, including 3.0 meters grading 0.91% Ni, 0.32% Cu, 0.07% Co and 0.84 g/t precious metals from diamond drill hole U-03-112. The drill holes were located down plunge from the current resource and the Company plans to continue drilling this extension of the deposit.

In early 2008, Micon International Limited ("Micon") completed an update to the Shakespeare project feasibility study to take into account changes in metal price outlook, marketing of separate nickel and copper concentrates, a treatment and refining contract, and escalation of capital and operating costs since the original feasibility study was published in January 2006. Micon evaluated the base case of an open pit mine and a 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 projected metal prices including nickel at an average of US\$9.37/lb, the project is projected to yield an after tax internal rate of return (IRR) of 22.6% (29.1% pre-tax IRR) on

an initial total capital cost of C\$148,193,000. Net revenue (NSR) is \$58.89/tonne and totals C\$696,331,000 for the project. Total operating cost is C\$26.64/tonne milled. The undiscounted total annual cash flow (NPV) is C\$169,581,000 and the NPV discounted at 8% is C\$73,297,000. The project has a 7.2 year mine production life. The economic analysis makes the assumption of a reversion of metal prices from current levels to their 10-year historical median Canadian dollar prices, expressed in 2007 terms. Current price levels are assumed to regress exponentially toward the median, with a 'decay' half-life of three years. The resulting average prices over the life of the project, expressed in 2007 dollars, are nickel US\$9.37/lb, copper US\$2.11/lb, cobalt US\$27.57/lb, platinum US\$995.52/ounce, palladium US\$342.49/ounce, gold US\$563.27/ounce. The base exchange rate for the economic analysis is taken from the average of over 9 months of 2007, for a rate of C\$1 = US\$0.9052.

The feasibility study has defined a diluted Probable Reserve of 11,828,000 tonnes grading 0.33% nickel, 0.35% copper, 0.02% cobalt, 0.33 g/t platinum, 0.36 g/t palladium and 0.18 g/t gold. The mineral reserve is to a maximum depth of 250 metres below surface and was determined by applying a C\$12.84/tonne NSR internal cut-off value which is derived from the sum of the milling 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. Terrence Hennessey, P.Geo, of Micon is the qualified person for the resource estimate. Mr. Eugene Puritch, P.Eng. of P&E Engineering is the qualified person for the reserve estimate. Mr. Ian Ward, P.Eng. of Micon is the qualified person for the feasibility study.

In December 2007, the Company signed an agreement with Xstrata that provides for the treatment of ore from the Shakespeare nickel deposit at Xstrata's Strathcona Mill. Xstrata has agreed to treat Shakespeare ore at the Strathcona Mill on a blended basis. The initial target blending rate is 500 tonnes/day and this may be increased. Xstrata will treat the blended ore for a period of at least 12 months from April 1, 2008 with Xstrata, giving 4 months notice prior to cancellation of treatment.

In November 2007, 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 (MNR)

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.

In addition to custom milling of Shakespeare ore at the Strathcona Mill, URSA Major has an agreement with Xstrata that provides terms for the smelting of URSA Major's concentrates for a period of seven years.

URSA Major currently has a 100% beneficial interest in the Shakespeare project area which contains all of the Shakespeare reserves and resources and is subject to a 1.5% royalty in favour of Xstrata. The Shakespeare project area is partially surrounded by an exploration property that is the basis of a joint venture between URSA Major and Xstrata with URSA Major as the project operator. URSA Major has an approximately 80% beneficial interest in the joint venture area.

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 Major 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 2008 the Company has 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. 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 and a potential EM conductor near below the deepest hole. The first conductor was drill tested and did not yield significant mineralization. During the second quarter, the Company extended a drill hole and completed down hole EM surveying to test the deeper anomaly. The results are being evaluated.

Nickel Offsets Property –URSA Major entered into an option agreement with United Reef Limited ("United Reef")(TSX-V:URP) whereby URSA Major can earn a 70% interest in United Reef's 100% owned Nickel Offsets property, located 40 km northwest of Sudbury,

Ontario. The Nickel Offsets Property is located in Foy Township, Ontario and consists of twelve contiguous patented mining claims and five unpatented mining claims covering 358 ha (884 acres). The property hosts the past-producing Nickel Offsets (Ross) Mine which between 1943 and 1957 produced 208,551 tons of nickel and copper ore with reported recoveries of 4.56 million lbs of nickel and 3.32 million lbs of copper. The past-producing mine has two shafts and was developed to a maximum depth of 1,599 ft (487 m). The property covers a 2.25 km strike length of the Foy Offset Dike which is part of the Sudbury basin. Sulphide mineralization on the property consists of pods, lenses and veins of massive and semi-massive pyrrhotite, pentlandite and chalcopyrite. Subsequent to the historical production, the property was explored by United Reef Petroleum Limited (1987-1988), Inco Limited (1990) with 8,680 meters of drilling in 10 holes, and United Reef Limited – International CHS Resources Corporation (2004-2005) with 1,830 meters in 9 holes.

URSA Major can earn a 70% interest in the Nickel Offsets property by making cash payments totalling \$75,000 (\$25,000 paid) and completing exploration expenditures on the property totalling \$1.25 million over a period of three years from the date of the formal option and joint venture agreement. URSA Major will complete a minimum expenditure of \$250,000 during the first year of the option. Upon URSA Major making the required payments and incurring \$1.25 million in expenditures, the parties will form a joint venture for the further exploration and development of the property. URSA Major will have a 70% interest and be the operator with United Reef having a 30% interest in the joint venture. In the event that URSA Major fails to incur the cash payments and \$1.25 million of expenditures on or before the third anniversary, URSA Major's option will terminate and the property will revert to United Reef. Once a joint venture is formed, United Reef may elect to fund its 30% interest in the joint venture or convert its interest to a 2% net smelter royalty and allow URSA Major to vest a 100% interest in the property. Should United Reef elect to convert its interest to a net smelter royalty, URSA Major would have the right to purchase 1% of the royalty from United Reef for a consideration of \$1 million at any time. The transaction is subject to negotiation and execution of formal option and joint venture agreements and to obtaining all required regulatory or governmental approvals or consents.

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 (As of June 30, 2007)*

Reserve category	Tonnes	%Ni	%Cu	%Co	g/t Au	g/t Pt	g/t Pd
Probable Reserve	11,828,000	0.33	0.35	0.02	0.18	0.33	0.36

*These reserves have been depleted by pre-production mining of approximately 120,000 tonnes to July 31, 2008.

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\$12.84/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 2007 terms. Current price levels are assumed to regress exponentially toward the median, with a 'decay' half-life of three years. The resulting average prices over the life of the project, expressed in 2007 dollars, are nickel US\$9.37/lb, copper US\$2.11/lb, cobalt US\$27.57/lb, platinum US\$995.52/ounce, palladium US\$342.49/ounce, gold US\$563.27/ounce. The base exchange rate for the economic analysis is taken from the average of over 9 months of 2007, for a US\$/Cdn\$ rate of 0.9052. The NSR model uses smelting and refining costs in URSA Major's agreement with Xstrata Nickel. Mr. T. Hennessey, P.Geol., 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

During the second quarter, the Company received \$1,315,060 in proceeds from base and precious metals from ore processed in October 2007 and ore processed in the second quarter of 2008. Since the Company has not declared commercial production, this revenue was applied against the investment in the Shakespeare property in accordance with Canadian generally accepted accounting standards.

As a result of these accounting standards, the Company reported no operating revenue for the three month period ended July 31, 2008. Net loss for the quarter was \$181,292 or a loss of \$0.01 per share compared to net loss of \$194,002 for the quarter ended July 31, 2007.

During the quarter the Company incurred \$258,600 in administrative and general expenses, a slight increase over administrative and general costs of \$221,749 for the quarter ended July 31, 2007. The slight increase in administrative costs is largely a result of a \$24,671 write down of an exploration property in the quarter. Additionally a loss of \$15,996 was recorded on the sale of long term investments. All other administrative expenses remained materially unchanged from the same period in the prior year.

For the quarter ended July 31, 2008, \$1,755,923 was incurred on expenditures related to exploration, development and acquisitions of interests in mineral properties. This compares with \$2,314,990 incurred on exploration properties in the comparative quarter. The majority of the current quarter's expenditures \$1,555,562 (2007; \$2,011,699) relate to the development of the Shakespeare project and include the costs of mining and haulage in the quarter.

Major expenditures at the Shakespeare project included \$1,073,740 (2007; nil) spent on the test mining program. Other major expenditures included site infrastructure and improvements of \$259,230 (2007; \$1,544,298) and feasibility related costs of \$122,792 (2007; \$24,357)

The Company incurred \$183,992 at the Worthington Bell Property during the quarter. The major expenditure incurred was diamond drilling of \$178,537 (2007; \$272,355).

The Company spent an additional \$16,369 (2007; 16,721) on its other exploration properties during the quarter.

During the quarter, the Company entered into an option agreement to earn up to a 70% interest in 12 contiguous patented claims and 5 unpatented mining claims known as the Nickel Offsets Mine property. Considerations for the option are cash payments of \$75,000 (\$25,000 paid) and an exploration expenditure commitment of \$1,250,000 over a period of three years.

Liquidity and Capital Resources

As at July 31, 2009, the Company had cash and cash equivalents in the amount of \$227,326 and a further \$2,111,827 in long-term investments. This compares to \$514,171 in cash and cash equivalents and \$3,449,713 in long-term investments as at January 31, 2008. At July 31, 2008, the Company had a working capital deficit of \$1,977,712 compared to working capital deficit of \$1,807,373 as at January 31, 2008. The working capital deficit has increased as a result of an increased accounts payable balance at quarter end. Accounts payable has increased as a result of ramping up operations at the Shakespeare project while the resultant revenues generated from this activity will not be recognized as a receivable until a future accounting period.

The Company realized cash receipts of \$1,315,060 in the second quarter of fiscal 2009 from the sale of metals derived from test mining. In addition to the realized cash receipts received during the quarter, further payments of \$1.3M are anticipated from ore in process and 18,625 tonnes of ore await treatment. None of this anticipated revenue has been recognized in the second quarter financial statements.

On March 31, 2008, a debenture was issued to provide working capital to fund further test mining. As at July 31, 2008, \$1,650,000 had been drawn down on this \$2,000,000 debenture. See Note 9 to the unaudited financial statements for the six months ended July 31, 2008 for further details on this loan facility. This debenture will be repaid from proceeds derived from ore currently awaiting treatment at Xstrata.

During the quarter under the share buyback program in effect as of April 11, 2008, the Company repurchased for cancellation 111,026 of its common shares at a cost of \$53,959.

The Company is also currently investigating funding opportunities for a 4,500 tpd mine and mill development and may also seek new funding for future development and exploration.

The Company has a lease commitment for premises, which expires February 28, 2013. Minimum rental commitments over the life of the lease approximate \$282,000.

Summary of Quarterly Results

	(3 month periods)			
	July 31, 2008 \$	April 30, 2008 \$	Jan. 31, 2008 \$	Oct. 31, 2007 \$
Revenue	12,308	9,437	24,209	39,219
Net (loss) for the period	(181,292)	(170,115)	(151,993)	(175,016)
Net (loss) per share ¹	(0.01)	(0.01)	(0.00)	(0.01)
Total assets	20,099,927	20,350,330	21,671,725	20,537,979

	(3 month periods)			
	July 31, 2007 \$	Apr. 30, 2007 \$	Jan. 31, 2007 \$	Oct. 31, 2006 \$
Revenue	27,747	20,941	11,047	16,044
Net income (loss) for the period	(194,002)	2,235,420	88,458	(121,581)
Net income (loss) per share ¹	(0.01)	0.08	0.00	(0.00)
Total assets	20,526,945	17,013,217	12,542,030	11,074,758

¹ Income (loss) per share remains the same on a fully diluted basis

Related Party Transactions

The Company subleases its premises from a corporation that has a common officer and a common director. During the six month period the Company paid rent of \$14,918 (2007; \$26,610) to this corporation. Included in amounts receivable at July 31, 2008 is \$155,068 (2007; \$36,906) receivable from one of these companies.

During the six month period, a corporation associated with a director of the Company was paid fees of \$3,854 (2007; \$460). During the six month period a corporation controlled by an officer of the Company was paid legal fees of \$5,094 (2007; \$1,191).

Subsequent to the quarter end certain mineral claims in Carbon and Albany Counties, Wyoming USA were vended to a corporation in exchange for a 2.0% Net Smelter Royalty. A director and major shareholder of the corporation is also a director of the Company.

Related party transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Shares Issued and Outstanding

As at September 5, 2008, the issued and outstanding common shares of the Company totalled 32,065,107. In addition, 1,310,000 stock options and 1,818,792 warrants are outstanding to purchase a total of 3,128,792 common shares of the Company.

Proposed Transactions

Subsequent to the end of the quarter regulatory approval was received to issue 6,070,804 shares of URSA Major from treasury subject to completion of a pending transaction.

Off Balance Sheet Items

There are no off balance sheet items.

Critical Accounting Estimates

In preparing financial statements management has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. The most significant accounting estimates are the policy of capitalizing exploration costs on its mineral properties and the valuation of such properties, asset retirement obligations and stock-based compensation.

The Company reviews its portfolio of mineral properties on a periodic basis to determine whether a write-down of the capitalized cost of any property is required. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent on the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet its obligations under various agreements.

Estimates of asset retirement obligations are the costs associated with the Shakespeare Nickel Project closure plan. These amounts are estimates of expenditures that are not due until future years.

The Company uses a Black-Scholes option-pricing model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses historical price data and comparables in the estimate of future volatilities.

Accounting Policies

Changes in Accounting Policies

The Canadian Institute of Chartered Accountants ("CICA") has issued several new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments - Disclosures, and Handbook Section 3863, Financial Instruments - Presentation. These standards are effective for interim and annual financial statements for the Company's reporting periods beginning on February 1, 2008.

i) 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. The Company has included disclosures recommended by the new handbook section in Note 11 to the interim unaudited financial statements.

ii) 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. The Company has included disclosures recommended by the new handbook section in Note 18 to the interim unaudited financial statements.

iii) 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 International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canada GAAP and IFRS.

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

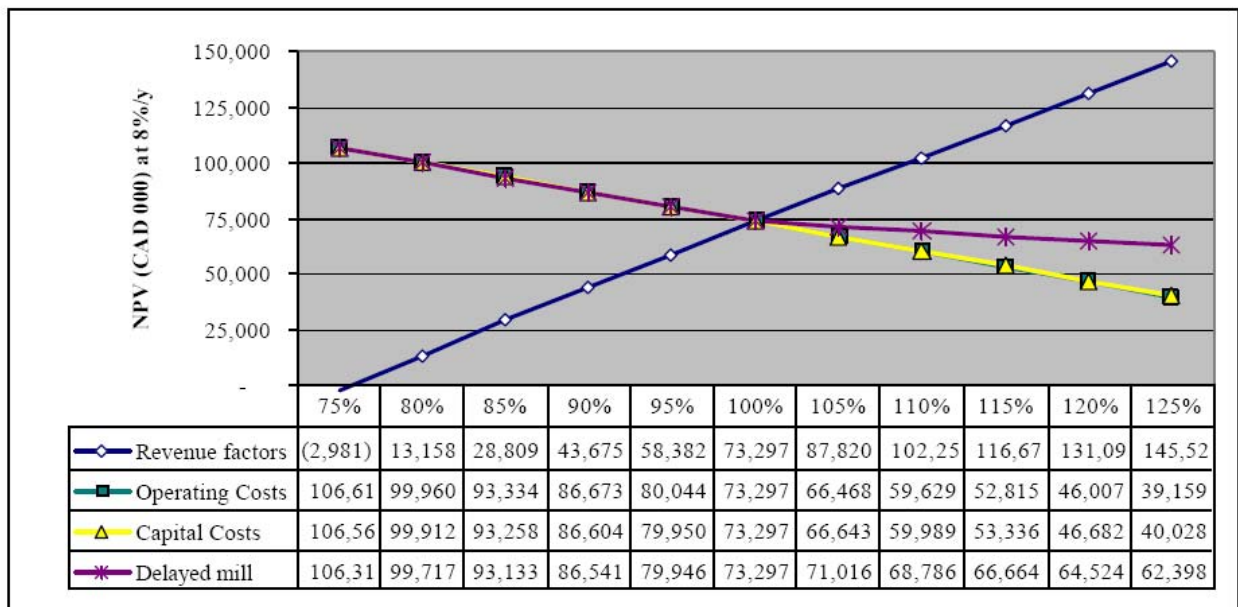
URSA Major is a development stage enterprise in the process of exploring and developing its interests in resource properties. The figures for reserves and resources presented herein are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the expected 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 2008 feasibility study addendum 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 8%.



The Shakespeare feasibility study was based on average metal prices as follows: nickel US\$9.37/lb, copper US\$2.11/lb, cobalt US\$27.57/lb, platinum US\$995.52/ounce, palladium US\$342.49/ounce, gold US\$563.27/ounce. The exchange rate for the economic analysis is C\$1 = US\$0.9052.

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 re-training skilled and experienced personnel.

Outlook

URSA Major's main focus is the development of the Shakespeare project. The Company is proceeding with on-going ore shipments to the Strathcona mill at a minimum rate of 500 tonnes per day. Xstrata will treat the blended ore for a period of at least 12 months from April 1, 2008 with Xstrata giving 4 months notice of cancellation of treatment. The Company anticipates that it will process a minimum of 185,000 tonnes of ore in 2008.

Based on the 2007 program results, it is expected that ore processed in 2008 should produce contained metals in concentrate of approximately 1,000,000 lbs of nickel, 1,500,000 lbs of copper, 50,000 lbs of cobalt and 3,200 ounces of precious metals. The recovered and contained metals in concentrate are subject to smelter recoveries and to further smelter deductions.

Concurrent with the planned mining program, URSA Major will seek financing alternatives to develop 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. The company is currently evaluating EM surveying results that tested a deeper anomaly at the Worthington-Bell property. At the recently acquired Nickel Offsets property, the high-grade nickel exploration targets that this property hosts will be tested with bore hole electromagnetic methods and follow up drilling in selected areas, particularly down-plunge from previously mined ore shoots.

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.

The Chief Executive Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with the issuer's GAAP as of July 31, 2008 have not identified any changes to the Company's internal control over financial reporting which would materially affect, or is reasonably likely to materially affect the Company's internal control over financial reporting.

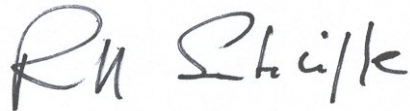
Special Note Regarding Forward-Looking Statements

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.

September 5, 2008

Handwritten signature of Richard H. Sutcliffe in black ink.

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

Handwritten signature of Christopher R. Chadder in black ink.

Christopher R. Chadder, CA
Chief Financial Officer