URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)

QUARTERLY FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2008
(Unaudited)

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NOTICE TO SHAREHOLDERS

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)

QUARTERLY FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2008

Responsibility for Financial Statements

The accompanying financial statements for URSA Major Minerals Incorporated have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the January 31, 2008 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditor Involvement

The auditor of URSA Major Minerals Incorporated has not performed a review of the unaudited financial statements for the nine months ended October 31, 2008 and October 31, 2007.

BALANCE SHEETS

	October 31, 2008 $ (Unaudited)	January 31, 2008 $ (Audited)
ASSETS		
CURRENT		
Cash and cash equivalents	46,509	514,171
Amounts receivable	313,766	343,045
Debenture receivable (Note 3)	500,000	-
Prepaid expenses	23,748	40,257
	884,023	897,473
RESTRICTED CASH EQUIVALENTS (Note 4)	701,979	601,979
DUE FROM RELATED COMPANY (Note 5)	143,184	44,619
EQUIPMENT (Note 6)	167,793	32,864
INVESTMENTS (Note 7)	2,723,271	3,449,713
EXPLORATION AND DEVELOPMENT PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 8)	16,638,534	16,645,077
	21,258,784	21,671,725

(A Development Stage Company)

BALANCE SHEETS

	October 31, 2008 $ (Unaudited)	January 31, 2008 $ (Audited)
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	2,684,192	731,513
Debentures payable (Note 9)	1,813,000	1,973,333
	4,497,192	2,704,846
ASSET RETIREMENT OBLIGATION (Note 10)	346,230	328,960
FUTURE INCOME TAX LIABILITY	755,583	941,300
	5,599,005	3,975,106
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 12(b))	19,424,971	18,201,574
SHARE PURCHASE WARRANTS (Note 13)	386,121	408,621
CONTRIBUTED SURPLUS (Note 14)	3,017,670	2,981,195
ACCUMULATED OTHER COMPREHENSIVE LOSS	(2,699,793)	(644,510)
DEFICIT	(4,469,190)	(3,250,261)
	15,659,779	17,696,619
	21,258,784	21,671,725

COMMITMENTS AND CONTINGENCIES (Notes 1, 4, 8, 10,17 and 19)

See accompanying notes to the unaudited financial statements

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)
STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
(Unaudited)

	Three Months Ended October 31		Nine Months Ended October 31	
	2008	2007	2008	2007
	$	$	$	$
INTEREST INCOME	11,860	39,219	33,605	87,907
EXPENSES				
Management fees and directors compensation	35,077	22,000	150,423	146,000
Professional fees	9,646	37,769	83,455	99,383
Business development	18,463	39,912	77,535	159,589
Office and general	10,290	275	65,881	55,520
Salaries and benefits	15,061	32,919	48,440	80,374
Travel and promotion	9,984	17,931	44,830	47,834
Stock exchange and transfer agent fees	8,158	39,321	36,173	59,249
Rent	14,863	11,421	29,781	38,031
Bank charges and interest	6,868	1,816	28,051	12,678
Shareholder information	783	995	23,880	22,100
Stock based compensation	-	-	-	240,000
General exploration	232	2,208	982	4,987
Foreign exchange	37,161	4,346	36,771	10,306
Loss on sale of long term investment	38,553	-	54,549	-
Amortization	8,332	3,322	16,201	9,831
	213,471	214,235	696,952	985,882
Loss before undernoted	(201,611)	(175,016)	(663,347)	(897,975)
Write down of exploration property and deferred exploration expenditures	710,911	-	735,582	-
Gain on sale of exploration property	-	-	-	4,128,699
(Loss) income before income taxes	(912,522)	(175,016)	(1,398,929)	3,230,724
Future income tax recovery (expense)	45,000	-	180,000	(1,364,322)
NET (LOSS) INCOME FOR THE PERIOD	(867,522)	(175,016)	(1,218,929)	1,866,402
Net (loss) income per common share basic and diluted	(0.03)	(0.01)	(0.04)	0.06
Weighted average number of shares outstanding - basic and diluted	34,150,787	30,927,004	32,869,844	29,098,010
COMPREHENSIVE (LOSS) INCOME				
Net (loss) income for the period	(867,522)	(175,016)	(1,218,929)	1,866,402
Realized gain (loss) on available-for-sale investments included in income	54,510	-	29,265	-
Unrealized gain (loss) on available-for-sale investments	(713,623)	(219,744)	(2,084,548)	(285,666)
Comprehensive (loss) income	(1,526,635)	(394,760)	(3,274,212)	1,580,736

See accompanying notes to the unaudited financial statements

URSA MAJOR MINERALS INCORPORATED
(A Development Stage Company)
STATEMENTS OF DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended October 31 2008 $	Three Months Ended October 31 2007 $	Nine Months Ended October 31 2008 $	Nine Months Ended October 31 2007 $
DEFICIT				
Deficit, beginning of period	(3,601,668)	(2,923,252)	(3,250,261)	(4,964,670)
Net (loss) income for the period	(867,522)	(175,016)	(1,218,929)	1,866,402
Deficit, end of period	(4,469,190)	(3,098,268)	(4,469,190)	(3,098,268)
ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME				
Balance, beginning of period	(2,040,680)	284,352	(644,510)	570,018
Change in unrealized loss on available-for-sale investments	(659,113)	(219,744)	(2,055,283)	(505,410)
Balance, end of period	(2,699,793)	64,608	(2,699,793)	64,608

URSA MAJOR MINERALS INCORPORATED

(A Development Stage Company)

STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended October 31		Nine Months Ended October 31	
	2008 $	2007 $	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	(867,522)	(175,016)	(1,218,929)	1,866,402
Items not involving cash:				
Amortization	8,332	3,322	16,201	9,831
Loss on sale of long-term investment	38,553	-	54,549	-
Gain on sale of exploration property	-	-	-	(4,128,699)
Write down of exploration property	710,911	-	735,582	-
Income tax (recovery) expense	(50,717)	-	(185,717)	1,364,322
Stock-based compensation	-	-	-	240,000
	(160,443)	(171,694)	(598,314)	(648,144)
Changes in non-cash working capital balances:				
Amounts receivable	26,390	(95,575)	29,279	(296,297)
Prepaid expenses	(4,540)	5,198	16,509	28,885
Amounts due from related company	(86,565)	(5,384)	(98,565)	(5,384)
Debenture receivable	-	(800,000)	(500,000)	(800,000)
Accounts payable and accrued liabilities	1,256,636	238,884	1,952,677	591,139
	1,191,921	(656,877)	1,399,900	(481,657)
	1,031,478	(828,571)	801,586	(1,129,801)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in exploration properties and deferred exploration costs	(1,275,921)	(2,436,858)	(652,102)	(5,924,810)
(Increase) in long-term investment	(5,681)	-	(79,961)	-
Proceeds on sale of exploration property	-	-	-	2,500,000
Increase in restricted cash	-	(7,800)	(100,000)	(342,884)
Increase (decrease) in debentures payable	163,000	-	(220,000)	-
Purchase of equipment	(87,948)	(810)	(151,129)	(2,959)
	(1,206,550)	(2,445,468)	(1,203,192)	(3,770,653)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares	-	-	-	2,670,000
Issuance of flow-through common shares	-	-	-	1,150,000
Issuance of warrants	-	-	-	480,000
Stock options exercised	17,000	-	34,500	123,125
Share issue costs	-	-	-	(346,216)
Common shares repurchased	(22,755)	(18,609)	(100,556)	(18,609)
	(5,755)	(18,609)	(66,056)	4,058,300
Increase in cash and cash equivalents	(180,827)	(3,292,648)	(467,662)	(842,154)
Cash and cash equivalents, beginning of period	227,336	4,018,808	514,171	1,568,314
Cash and cash equivalents, end of period	46,509	726,160	46,509	726,160
Supplemental Information;				
Cash, end of period	26,509	330,640	26,509	330,640
Cash equivalents, end of period	20,000	395,520	20,000	395,520
Interest paid	65,000	-	99,520	-
Shares issued for interests in exploration. properties	-	176,000	-	176,000

See accompanying notes to the unaudited financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

URSA Major Minerals Incorporated (the "Company") is a development stage enterprise, as defined by the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 11, in the process of exploring and developing its interests in resource properties. The exploration activities of the Company are directed towards the search, evaluation and development of mineral properties in Canada. The Shakespeare Project is at a feasibility study level and as such a potential economic ore reserve has been defined. There has been no determination whether the Company's interests in its other exploration properties contain ore reserves which are economically recoverable.

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted.

Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to mineral properties is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Although the Company has taken steps to verify title to exploration properties in which it has an interest in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to other licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory requirements.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

The accompanying financial statements do not include any adjustments relating to the carrying values and classification of assets or liabilities that might be necessary should the Company be unable to continue as a going concern.

Continued...

2. ACCOUNTING POLICIES

Management of the Company has prepared these interim financial statements in accordance with generally accepted accounting principles in Canada. These statements should be read in conjunction with the January 31, 2008 audited financial statements.

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

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the nine months ended October 31, 2008 may not be indicative of the results that may be expected for the full year ending January 31, 2009.

These interim financial statements follow the same methods and policies used in the audited financial statements for the year ended January 31, 2008, except for the following:

CHANGE IN ACCOUNTING POLICY

(a) Capital Disclosures and Financial Instruments

On December 1, 2006, the CICA issued three 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 period beginning on February 1, 2008.

Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new handbook section in note 11 to these interim unaudited financial statements.

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 these interim unaudited financial statements.

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2. ACCOUNTING POLICIES (continued)

(b) 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 Canadian GAAP and IFRS.

3. DEBENTURE RECEIVABLE

On March 31, 2008, the Company purchased a $500,000 convertible debenture from Patricia Mining Corp. ("Patricia"). The debenture bears interest at 9% per annum and is due March 31, 2009. At the option of the holder and, after six months, the debenture becomes convertible into common shares at $0.52 per share. The President of the Company is also a director of Patricia, and the companies also have a common officer. Included in accounts receivable at October 31, 2008 is $26,250 of accrued interest on the debenture.

4. RESTRICTED CASH EQUIVALENTS

The Company has guaranteed by pledge of a guaranteed investment certificates ("GIC") irrevocable standby letters of credit for $701,979. The Ministry of Northern Development and Mines ("MNDN") has a financial assurance guarantee of $601,979 in connection with the Closure Plan on the Shakespeare Project for stage one mining and the City of Sudbury $100,000 for a road maintenance guarantee.

5. DUE FROM RELATED COMPANY

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

6. EQUIPMENT

	Cost	Accumulated Amortization	Net
	$	$	$
Computer Equipment	11,132	4,800	6,332
Vehicles	47,929	25,663	22,266
Office furniture and equipment	1,723	242	1,481
Equipment	167,604	29,890	137,714
	228,388	60,595	167,793

Continued...

7. LONG-TERM INVESTMENT

The Company owns 12,237,119 common shares, representing approximately 28% of Patricia Mining Corp. ("Patricia"), a public company that trades on the TSX Venture Exchange. The Company also owns 1,702,517, warrants to purchase shares of Patricia. Pursuant to a plan of arrangement between Patricia and Richmont Mines Inc. ("Richmont") a TSX listed company, the Company will receive in exchange for all of its shares in Patricia, 673,041 common shares of Richmont and cash of $1,835,568. This transaction is expected to close on December 16, 2008 and as a result of this transaction the warrants will be cancelled. The President of the Company is also a director of Patricia, and the companies also have a common officer. During the nine months ended October 31, 2008, the Company purchased 6,304,804 Patricia common shares at a cost of $1,329,807.

The Company owns 4,614,500 common shares, representing approximately 9.1% of Nyah Resources Corp. ("Nyah"), a public company that trades on the TSX Venture Exchange. The President of the Company is also a director of Nyah. During the third quarter, the Company sold 277,000 Nyah common shares for proceeds of $26,140.

		Quoted market value at Oct. 31, 2008	Quoted market value at Jan. 31, 2008
		$	$
Patricia	- common shares	2,630,981	2,628,125
	- warrants	-	71,588
Nyah	- common shares	92,290	750,000
		2,723,271	3,449,713

8. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

2008	January 31, Opening	Expenditures	(Receipts) (Write Downs	October 31, Closing
	$	$	$	$
CANADA - Sudbury, Ontario				
Shakespeare Township (i)	12,946,348	7,700,245	(7,332,471)	13,314,122
Stumpy Bay Option	698,263	30,000	-	728,263
Porter Baldwin	1,146,617	55,798	-	1,202,415
Porter Option	203,392	-	-	203,392
Nickel Offsets Option	-	34,084	-	34,084
Shining Tree	1,148,160	8,098	-	1,156,258
Worthington Bell Option	477,793	233,118	(710,911)	-
	16,620,573	8,061,343	(8,043,382)	16,638,534
USA - Wyoming				
Carbon and Albany Counties	24,504	167	(24,671)	-
	16,645,077	8,061,510	(8,068,053)	16,638,534

(i) During the nine month period, the Company received pre-production cash proceeds of $7.33 million for metals produced to October 2008. The Company anticipates further net cash payments for metals produced but not yet receivable that are not included in these financial statements. Since the project is in a pre-production phase, this pre-production revenue has been applied against the investment in the property in accordance with generally accepted accounting standards. The test mining program was suspended in October 2008 as a result of depressed base metal prices.

Continued...

8. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Shakespeare Township

The Company has earned a 100% interest in the Shakespeare Project pursuant to an option and joint venture agreement with Xstrata Nickel ("Xstrata") (formerly Falconbridge Limited). The Shakespeare property contains a nickel, copper, platinum group metal potential, economic ore reserve located in Shakespeare Township, 60 kilometres west of Sudbury, Ontario. The property consists of 61 leased and patented claims plus additional staked claims. Xstrata has retained a 1.5% Net Returns Royalty and certain mineral processing rights.

Stumpy Bay Option

The Company has earned a 100% interest in certain claims known as the Stumpy Bay Property, located in Shakespeare and Baldwin Townships. The optionor has retained a 2% Net Returns Royalty. Advance royalty payments of $30,000 per year commenced March 21, 2006. The Company has the right to purchase one-half of the royalty for $750,000. Xstrata has elected to include this property as part of the Shakespeare agreement and accordingly holds a 25% interest in the Company's interest in the Stumpy Bay Property.

Porter-Baldwin

The Company has staked approximately 832 claim units in the Agnew Lake area that are contiguous with the Shakespeare property noted above and are 100% owned by the Company.

Porter Option

The Company has earned a 100% interest in certain mineral claims known as the Porter Option, located in Shakespeare, Dunlop and Porter Townships. The optionor has retained a 2% Net Returns Royalty. Advance royalty payments of $24,000 per year commenced January 15, 2007. The Company has the right to purchase one-half of the royalty for $1,000,000.

Nickel Offsets Option

The Company entered into an option agreement to earn up to a 70% interest in certain claims known as the Nickel Offsets Mine property. Consideration for the option consist of cash payments of $75,000 ($25,000 paid) and an exploration expenditure commitment of $1,250,000 over a period of three years from the date of the formal agreement.

Shining Tree

The Company has earned a 100% interest in certain mineral claims known as the Shining Tree claims, located in Fawcett Township. The optionor has retained a 1% Net Returns Royalty. The Company has the right to purchase one-half of the royalty for $500,000.

Worthington Bell Option

The Company entered into an option agreement dated November 27, 2006 to acquire two parcels of land on the Worthington offset dike located in Lorne township west of Sudbury, Ontario. Consideration for this option was total cash payments of $337,500 prior to November 27th, 2009 ($50,000 paid) and the issuance of 60,000 (20,000 issued) Common shares prior to November 27th, 2009.

The November 27, 2007 1st anniversary cash payment and issuance of common shares was postponed by mutual agreement until further work could be conducted by making a cash payments of $31,666.

Subsequent to the quarter end, the option agreement was terminated and all amounts relating to this option have been written off.

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8. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (continued)

Carbon and Albany Counties

The Company has a 100% interest in certain claims in Carbon and Albany Counties. This exploration property is a platinum group metal prospect. During the quarter, these claims 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.

9. DEBENTURES PAYABLE

On March 31, 2008, the Company completed a $2,000,000 non-brokered private placement debenture financing with a private individual. The debenture was issued at 98% of face value, bears interest at 7.5% and was due on October 31, 2008. As at October 31, 2008, $1,650,000 of the debenture has been drawn down resulting in proceeds of $1,617,000 to the Company. The Company was not permitted to grant other security or higher-ranking debt instruments without prior consent of the holder of the debenture. As at October 31, 2008 accretion expense of $33,000 and interest expense has been recorded. The debenture and all accrued interest was retired by the issuance of a new debenture with a a face value of $1,750,000 as noted below.

On October 31, 2008, the Company completed a $1,750,000 non-brokered private placement debenture financing with a private individual. The debenture was issued at 98% of face value being $1,715,000, bears interest at 8% and is due on December 31, 2008. The Company is not permitted to grant other security or higher-ranking debt instruments without prior consent of the holder of the debenture. All proceeds of this new debenture were used to retire the March 31, 2008 $2,000,000 debenture that came due on October 31, 2008.

On October 31, 2008, the Company completed a $400,000 non-brokered private placement debenture financing with a private individual. The debenture was issued at 98% of face value, bears interest at 8% and is due on April 30, 2009. As at October 31, 2008, $100,000 of the debenture has been drawn down resulting in proceeds of $98,000 to the Company. The Company is not permitted to grant other security or higher-ranking debt instruments without prior consent of the holder of the debenture.

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	Value at Oct. 31, 2008	Value at Jan. 31, 2008
	$	$
Debenture $2 million	-	1,973,333
Debenture $1.75 million	1,715,000	-
Debenture $400,000	98,000	-
	1,813,000	1,973,333

Continued...

10. ASSET RETIREMENT OBLIGATION

The Company has provided a letter of credit in the amount of $601,979 to the Ministry of Northern Development and Mines ("MNDN") under the terms of Closure Plan on the Shakespeare Project for stage one mining (See note 4).

As at October 31, 2008, the net present value of the total asset retirement obligation related to the Shakespeare Project Closure Plan is estimated to be $346,230 based on an estimated future liability of $601,979 and an estimated credit adjusted risk-free rate of 7%. The settlement of the obligation is estimated to take place in 2017.

The following is an analysis of the asset retirement obligation:

	Amount $
Balance, beginning of period	328,960
Accretion incurred in the current period	17,270
Balance, end of period	346,230

11. MANAGING CAPITAL

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order that it can provide future returns for shareholders and benefits for other stakeholders. Management intends to accomplish this objective with the least dilution to shareholders. Management believes that the use of debt to equity ratio or similar capital management tools would be inappropriate for the Company's current objectives, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended October 31, 2008.

12. CAPITAL STOCK

(a) **Authorized**
Unlimited number of Common shares

(b) **Common Shares issued**

	Shares #	Amount $
Balance, beginning of period	32,205,280	18,201,574
Common shares issued (i)	6,206,804	1,303,429
Stock options exercised	69,000	60,720
Shares held for cancellation (ii)	(246,933)	(140,752)
Balance, end of period	38,234,151	19,424,971

(i) During the period the Company completed private agreements with five individuals to issue 6,206,804 common shares of the Company in exchange for 6,206,804 common shares of Patricia Mining Corp (see note 7). The shares were valued at $1,303,429.

(ii) During the nine month period, the Company repurchased 246,933 common shares. Total consideration paid for these shares was $100,556. This resulted in a decrease to common shares of $140,752 and an increase in contributed surplus of $40,196.

Continued...

12. CAPITAL STOCK (Continued)

(c) Stock Options

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

	Stock Options	Weighted Average Exercise Price
	#	$
Balance, beginning of period	1,699,000	0.87
Exercised	(69,000)	0.50
Cancelled/expired	(320,000)	0.88
Balance, end of period	1,310,000	0.88

As at October 31, 2008, the Company had incentive stock options issued to employees, directors, officers and consultants of the Company as follows:

Stock Options	Exercise Price	Expiry Date
#	$	
50,000	1.45	March 1, 2009
125,000	0.91	April 9, 2009
210,000	0.95	September 7, 2009
155,000	0.65	November 7, 2010
495,000	0.85	March 30, 2011
275,000	0.91	April 9, 2012
1,310,000		

13. SHARE PURCHASE WARRANTS

As at October 31, 2008, the following share purchase warrants are outstanding:

Warrants	Exercise Price	Estimated Fair Value	Expiry Date
#	$	$	
1,500,000	1.40	285,000	December 14, 2008
210,000 *	1.05	73,500	December 14, 2008
23,076	1.05	9,461	December 14, 2008
85,716	0.85	18,160	December 31, 2008
1,818,792		386,121	

* Exercisable into units. Each unit consist of one common share and one half of one share purchase warrant. Each whole warrant is exercisable into one common share on or before December 14, 2008 at a price of 1.40.

A summary of changes in share purchase warrants during the period ended October 31, 2008 is as follows:

	Warrants	Weighted Average Exercise Price
	#	$
Balance, begining of period	1,893,792	1.30
Warrants expired	75,000	0.65
Balance, end of period	1,818,792	1.33

Continued...

14. CONTRIBUTED SURPLUS

A summary of changes in contributed surplus during the period ended October 31, 2008 is as follows:

	Amount $
Balance, beginning of period	2,981,195
Share purchase warrants expired	22,500
Stock options exercised	(26,221)
Shares repurchased (note 12(b)(i))	40,196
Balance, end of period	3,017,670

15. RELATED PARTY TRANSACTIONS

The Company subleases its premises from a corporation that has a common officer and a common director (see Note 17(a)). During the period, the Company paid rent of $29,781 (2007; $38,031) to this corporation. Included in amounts receivable at October 31, 2008 is $228,300 (2007; $60,373) receivable from one of these companies.

During the period, a corporation associated with a director of the Company was paid fees of $5,664 (2007; $1,109).

During the period, a corporation controlled by an officer of the Company was paid legal fees of $5,234 (2007; $4,047).

See Notes 3, 5, 7 and 8.

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.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with presentation adopted in the current year.

17. COMMITMENTS

The Company is committed to minimum rentals under a long-term lease for premises which expires February 28, 2013. Minimum rental commitments remaining under this lease approximate $267,000 including $60,000 due within one year. The Company shares its premises with a related corporation and is reimbursed for their share of the rentals. Minimum rental commitments for the successive fiscal years approximate:

	Amount $
Fiscal 2009 (Remaining)	15,000
Fiscal 2010	61,000
Fiscal 2011	61,000
Fiscal 2012	62,000
Fiscal 2013	63,000
Fiscal 2014	5,000
	267,000

Continued...

18. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
The Company's credit risk is primarily attributable to cash equivalents, amounts receivable and restricted cash. Restricted cash consist of guaranteed investment certificate ("GIC") which have been invested with a reputable financial institution. The Company does not hold any non-bank asset backed commercial paper. Management believes the risk of loss is remote. Financial instruments included in amounts receivable consist of goods and services tax due from the Federal Government of Canada, and receivables from related and unrelated companies. The Company has a significant concentration of credit risk arising from test mining as all metal sales proceeds are receivable from one entity. The debenture receivable is from a related company, and is convertible. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2008, the Company did not have sufficient cash and cash equivalents to settle current liabilities of $4,497,192. Management believes that pursuant to a plan of arrangement between Patricia and Richmont closing as expected, as described in Note 7, the Company will be able to use the cash portion of the sale proceeds to retire all outstanding debentures, and collect the debenture and accounts receivable owing by Patricia which will then be used to help discharge current liabilities.

Interest rate risk
The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Currently, the Company does not hedge against interest rate risk.

Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Test mining proceeds are received in US dollars and immediately converted to Canadian dollars to reduce exchange risk. Management believes the foreign exchange risk derived from currency conversions at this time are small and therefore, does not hedge its foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to commodity prices, specifically nickel and copper. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future mining operations will be significantly affected by changes in the market price of nickel and copper. Nickel and copper prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand of these metals, the level of interest rates and the rate of inflation can all cause significant fluctuations in these metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Continued...

18. FINANCIAL RISK FACTORS (continued)

Sensitivity analysis

The Company has designated its cash and cash equivalents as held-for-trading, measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Restricted cash is classified as held-for-maturity and measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. Short and long term debt is classified as held-to-maturity and measured at amortized cost.

As at October 31, 2008, the carrying and fair value amounts of the Company's financial instruments are the same.

The Company carries short-term debt on which interest is payable on a fixed rate which is not sensitive to fluctuations in the prime rate.

The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

19. CONTINGENCIES

A vendor of the Company has filed a statement of claim of $57,750 against the Company for the outstanding amount in relation to a contract between the vendor and the Company. The Company maintains that the vendor did not fulfil its contractual obligations. As a consequence, the Company has filed a statement of defence and a counter claim of $151,047 representing additional expenses and costs incurred by the Company in fulfilling the vendor's contractual obligation. The Company intends to vigorously defend the statement of claim filed, and pursue the recovery of the additional expenses and costs incurred. No amounts have been included in these financial statements.