

**URSA MAJOR MINERALS INCORPORATED**  
**(A Development Stage Company)**

**QUARTERLY FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED APRIL 30, 2009**  
**(Unaudited)**

**URSA MAJOR MINERALS INCORPORATED**  
**(A Development Stage Company)**

**QUARTERLY FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED APRIL 30, 2009**  
**(Unaudited)**

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**NOTICE TO SHAREHOLDERS**

**URSA MAJOR MINERALS INCORPORATED  
(A Development Stage Company)**

**QUARTERLY FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED APRIL 30, 2009**

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, 2009 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditor Involvement

The auditor of Ursa Major Minerals Incorporated has not performed a review of the unaudited financial statements for the three months ended April 30, 2009 and April 30, 2008.

(A Development Stage Company)

**BALANCE SHEETS**

	April 30, <u>2009</u> \$ (Unaudited)	January 31, <u>2009</u> \$ (Audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	386,470	1,382,887
Amounts receivable	-	43,955
Prepaid expenses	<u>39,210</u>	<u>50,267</u>
	425,680	1,477,109
<b>RESTRICTED CASH EQUIVALENTS</b> (Note 3)	601,979	601,979
<b>DUE FROM RELATED COMPANY</b> (Note 4)	146,243	143,184
<b>EQUIPMENT</b> (Note 5)	137,716	144,469
<b>INVESTMENTS</b> (Note 6)	161,508	528,408
<b>EXPLORATION AND DEVELOPMENT PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES</b> (Note 7)	<u>16,848,278</u>	<u>16,951,445</u>
	<u>18,321,404</u>	<u>19,846,594</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 8)	745,891	2,111,447
<b>ASSET RETIREMENT OBLIGATION</b> (Note 9)	358,147	351,987
<b>FUTURE INCOME TAX LIABILITY</b>	<u>1,174,300</u>	<u>1,189,400</u>
	<u>2,278,338</u>	<u>3,652,834</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b> (Note 11(b))	18,994,200	18,994,200
<b>SHARE PURCHASE WARRANTS</b> (Note 12)	12,295	12,295
<b>CONTRIBUTED SURPLUS</b> (Note 13)	3,403,791	3,403,791
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS DEFICIT</b>	(992,118)	(944,631)
	<u>(5,375,102)</u>	<u>(5,271,895)</u>
	<u>16,043,066</u>	<u>16,193,760</u>
	<u>18,321,404</u>	<u>19,846,594</u>

**Commitments and Contingencies** (Notes 1, 3, 7, 9, 16 and 17)

See accompanying notes to the unaudited financial statements.

(A Development Stage Company)

**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

FOR THE THREE MONTHS ENDED MARCH 30, 2009

	<u>2009</u> (Unaudited) \$	<u>2008</u> (Unaudited) \$
<b>INTEREST INCOME</b>	<u>3,436</u>	<u>9,437</u>
<b>EXPENSES</b>		
Management and directors' compensation	47,577	86,423
Office and general	41,684	41,659
Professional fees	25,768	18,701
Salaries and benefits	19,790	16,497
Stock exchange and transfer agent fees	18,434	24,631
Business development	16,045	27,292
Bank charges and interest	13,919	10,354
Travel	7,501	19,617
General exploration	7,128	750
Shareholder information	2,502	-
Foreign exchange	(12,867)	95
Amortization	<u>7,276</u>	<u>3,533</u>
	<u>194,757</u>	<u>249,552</u>
Loss before undernoted	(191,321)	(240,115)
Gain on sale of available-for-sale investments	<u>73,014</u>	<u>-</u>
(Loss) before income taxes	(118,307)	(240,115)
Future Income tax recovery	<u>15,100</u>	<u>70,000</u>
<b>NET (LOSS) FOR THE PERIOD</b>	<u>(103,207)</u>	<u>(170,115)</u>
Net (loss) per common share - basic and diluted	<u>-</u>	<u>(0.01)</u>
Weighted average number of shares outstanding - basic and diluted	<u>44,088,776</u>	<u>32,228,610</u>
<b>COMPREHENSIVE (LOSS)</b>		
Net (loss) for the period	(103,207)	(170,115)
Unrealized (loss) on available-for-sale investments	<u>(47,487)</u>	<u>(836,414)</u>
Comprehensive (loss)	<u>(150,694)</u>	<u>(1,006,529)</u>

See accompanying notes to the unaudited financial statements.

(A Development Stage Company)

**STATEMENTS OF DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE LOSS**

FOR THE THREE MONTHS ENDED MARCH 30, 2009

	<u>2009</u> (Unaudited) \$	<u>2008</u> (Unaudited) \$
<b>DEFICIT</b>		
Deficit, beginning of period	(5,271,895)	(4,964,670)
Net (loss) for the period	<u>(103,207)</u>	<u>(170,115)</u>
Deficit, end of period	<u>(5,375,102)</u>	<u>(5,134,785)</u>
<b>ACCUMULATED OTHER COMPREHENSIVE (LOSS)</b>		
Balance, beginning of period	(944,631)	570,018
Realized gain included in net (loss)	(47,487)	-
Unrealized (loss) on available-for-sale investments	<u>-</u>	<u>(836,414)</u>
Balance, end of period	<u>(992,118)</u>	<u>(266,396)</u>

See accompanying notes to the unaudited financial statements.

URSA MAJOR MINERALS INCORPORATED  
(A Development Stage Company)  
**STATEMENTS OF CASH FLOWS**  
FOR THE THREE MONTHS ENDED MARCH 30, 2009

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	<u>2009</u>	<u>2008</u>
	\$	\$
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) for the period	(103,207)	(170,115)
Items not involving cash:		
Amortization	7,276	3,533
deferred exploration expenditure	(73,014)	-
Income tax (recovery) expense	(15,100)	(70,000)
	<u>(184,045)</u>	<u>(236,582)</u>
Changes in non-cash working capital balances:		
Decrease in amounts receivable	43,955	25,969
Decrease in prepaid expenses	11,057	7,394
Increase in amounts due from related company	(3,059)	(10,000)
Increase in debenture receivable	-	(500,000)
(Decrease) increase in accounts payable and accrued liabilities	(1,365,556)	248,423
	<u>(1,313,603)</u>	<u>(228,214)</u>
	<u>(1,497,648)</u>	<u>(464,796)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease in exploration properties and deferred exploration costs	109,327	1,044,949
Increase in restricted cash	-	(100,000)
Purchase of equipment	(524)	(47,693)
Decrease in debentures payable	-	(579,000)
Purchase of investments	-	(48,128)
Proceeds on sale of investments	392,428	-
	<u>501,231</u>	<u>270,128</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Stock options exercised	-	17,500
Common shares repurchased	-	(23,842)
	<u>-</u>	<u>(6,342)</u>
(Decrease) in cash and cash equivalents	(996,417)	(201,010)
Cash and cash equivalents, beginning of period	1,382,887	514,171
Cash and cash equivalents, end of period	<u>386,470</u>	<u>313,161</u>
<b>Supplemental Information:</b>		
Cash, end of period	366,470	293,161
Cash equivalents, end of period	20,000	20,000
Cash and cash equivalents, end of period	<u>386,470</u>	<u>313,161</u>
Interest paid	13,601	34,520
Taxes paid	-	-

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 pre-production mining stage with a completed feasibility study 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. Such adjustments could be material.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

APRIL 30, 2008

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**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, 2009 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 three months ended April 30, 2009 may not be indicative of the results that may be expected for the full year ending January 31, 2010.

These interim financial statements follow the same methods and policies used in the audited financial statements for the year ended January 31, 2009, except for the following:

**ACCOUNTING POLICY CHANGES***Goodwill and Intangible Assets*

The CICA issued Handbook Section 3064 "Goodwill and Intangible Assets", which will replace the existing Goodwill and Intangible Asset standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The Company adopted this standard on February 1, 2009.

*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company is continually evaluating its counterparties and their credit risks.

*Mining Exploration Costs*

On March 27, 2009 the EIC issued EIC-174. In this EIC the Committee reached a consensus that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company has adopted EIC-174.

**FUTURE ACCOUNTING CHANGES***Business Combinations*

CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company will adopt this standard on January 1, 2011.

Continued...

(A Development Stage Company)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

APRIL 30, 2008

**2. ACCOUNTING POLICIES** (continued)*Consolidations and Non-Controlling Interests*

CICA Handbook Sections 1601 "Consolidations" and Section 1602 "Non-Controlling Interests" replace Section 1600 "Consolidated Financial Statements". Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - "Consolidated and Separate Financial Statements", for non-controlling interests. The Company will adopt this standard on January 1, 2011.

*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. RESTRICTED CASH EQUIVALENTS**

The Company has guaranteed by pledge of a guaranteed investment certificate ("GIC") an irrevocable standby letter of credit for \$601,979 to the Ministry of Northern Development and Mines ("MNDN") as a financial assurance guarantee in connection with the Shakespeare Project closure plan for stage one mining.

**4. DUE FROM RELATED COMPANY**

The amount due from related company is unsecured, non-interest bearing with no fixed terms of repayment. A director of the Company is also a director of the related company.

**5. EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
	\$	\$	\$
Computer Equipment	11,132	5,595	5,537
Vehicles	47,929	28,494	19,435
Office furniture and equipment	2,247	525	1,722
Equipment	<u>159,372</u>	<u>48,350</u>	<u>111,022</u>
	<u>220,680</u>	<u>82,964</u>	<u>137,716</u>

**6. INVESTMENTS**

The Company owns 4,614,500 common shares 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.

	Quoted market value at <u>Apr 30, 2009</u>	Quoted market value at <u>Jan 31, 2008</u>
	\$	\$
Nyah - common shares	<u>161,508</u>	<u>161,508</u>

Continued...

(A Development Stage Company)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

APRIL 30, 2008

**7. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

<b><u>2009</u></b>	January 31, <u>Opening</u> \$	<u>Expenditures</u> \$	(Test Mining) <u>(Receipts)</u> \$	April 30, <u>Closing</u> \$
<b>CANADA - Sudbury, Ontario</b>				
Shakespeare Township (i)	13,545,103	404,832	(576,718)	13,373,217
Stumpy Bay Option	730,866	-	-	730,866
Porter Baldwin	1,218,402	12,800	-	1,231,202
Porter Option	227,730	-	-	227,730
Nickel Offsets Option	52,656	32,619	-	85,275
Shining Tree	1,157,338	-	-	1,157,338
Other	19,350	23,300	-	42,650
	<u>16,951,445</u>	<u>473,551</u>	<u>(576,718)</u>	<u>16,848,278</u>

(i) During the quarter, the Company received pre-production revenue of \$576,718 for metals produced from pre production mining in the fall of 2008. 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.

**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"). 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 28 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.

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**7. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES** (continued)

**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 located in Foy township northwest of Sudbury, Ontario. Consideration for the option consist of cash payments of \$75,000 (\$50,000 paid) and an exploration expenditure commitment of \$1,250,000 over a period of three years from the date of the formal agreement, March 4, 2008.

**Shining Tree**

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

**8. ACCOUNTS PAYABLE**

Per discussions with certain suppliers, the Company has negotiated the option to settle certain outstanding payables aggregating \$440,073 in cash or common shares of the Company. These amounts are due on or before December 15, 2009.

**9. 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 3).

As at April 30, 2009 the net present value of the total asset retirement obligation related to the Shakespeare Project Closure Plan is estimated to be \$358,147 based on an estimated total future liability of \$601,979 and an estimated adjusted risk-free rate of 7%. The settlement of the obligation is estimated to take place in 2017.

The following is an analysis of the asset retirement obligation:

	\$
Balance, beginning of period	351,987
Accretion incurred in the current period	<u>6,160</u>
Balance, end of period	<u><u>358,147</u></u>

**10. 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.

The capital structure of the company consists of equity comprised of capital stock, warrants and contributed surplus.

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 three months ended April 30, 2009.

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(A Development Stage Company)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

APRIL 30, 2008

**11. CAPITAL STOCK****(a) Authorized:**

Unlimited number of common shares

**(b) Common shares issued:**

	<u>Shares</u>	<u>Amount</u>
	#	\$
Balance, beginning and end of period	<u>44,088,779</u>	<u>18,994,200</u>

**(c) Stock Options:**

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

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

	<u>Stock</u> <u>Options</u>	<u>Weighted Average</u> <u>Exercise Price</u>
	#	\$
Balance, beginning of period	1,310,000	0.88
Expired	<u>(625,000)</u>	0.94
Balance, end of period	<u>685,000</u>	0.84

As at April 30, 2009, the Company had incentive stock options issued to employees, directors, officers and consultants of the Company as follows:

<u>Stock Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
#	\$	
110,000	0.95	September 7, 2009
155,000	0.65	November 7, 2010
245,000	0.85	March 30, 2011
<u>175,000</u>	0.91	April 9, 2012
<u>685,000</u>		

Continued...

(A Development Stage Company)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

APRIL 30, 2008

**12. SHARE PURCHASE WARRANTS**

As at April 30, 2009 the following share purchase warrants are outstanding:

<u>Warrants</u>	<u>Exercise Price</u>	<u>Grant Date</u> <u>Estimated Fair Value</u>	<u>Expiry Date</u>
#	\$	\$	
409,822	0.07	12,295	June 30, 2010

A summary of changes in share purchase warrants during the period ended April 30, 2009 is as follows:

	<u>Warrants</u>	<u>Weighted Average</u> <u>Exercise Price</u>
	#	\$
Balance, beginning and end of period	<u>409,822</u>	0.07

**13. CONTRIBUTED SURPLUS**

A summary of changes in contributed surplus during the period ended April 30, 2009 is as follows:

	<u>Amount</u>
	\$
Balance, beginning and end of period	<u>3,403,791</u>

**14. RELATED PARTY TRANSACTIONS**

See Notes 4 and 6

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.

**15. COMPARATIVE FIGURES**

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

Continued...

(A Development Stage Company)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

APRIL 30, 2008

**16. COMMITMENTS**

- (a) 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 \$474,000. Minimum rental commitments for future fiscal years approximate:

	<u>Amount</u>
	\$
Fiscal 2010 (Remaining)	91,000
Fiscal 2011	123,000
Fiscal 2012	124,000
Fiscal 2013	126,000
Fiscal 2014	<u>10,000</u>
	<u>474,000</u>

- (b) The Company is committed to spending approximately \$400,000 on exploration costs by December 31, 2009 as part of the flow-through funding agreement that was completed during fiscal 2008.

**17. 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, due from related party and restricted cash. Restricted cash consists of a guaranteed investment certificate ("GIC") which have been invested with a reputable Canadian 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 unrelated companies. The Company has a significant concentration of credit risk arising from its test mining program as all metal sales proceeds are receivable from one entity. Management believes that the risk of a material loss 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 April 30, 2009, the Company did not have sufficient cash and cash equivalents to settle current liabilities of \$755,891. The Company will require additional financing to fund working capital requirements and ongoing exploration and development activities.

**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.

Continued...

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

APRIL 30, 2008

**17 FINANCIAL RISK FACTORS (continued)****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.

**Financial Instruments**

The Company has designated its cash and cash equivalents as held-for-trading, measured at fair value. Amounts receivable and due from related company are classified as loans and receivables, which are measured at amortized cost. Investments are designated as available-for-sale, measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of cash equivalents, amounts receivable, restricted cash equivalents and accounts payable and accrued liabilities reflected in the balance sheet approximate fair value because of the limited term of these instruments.

The carrying values of Investments approximate their fair values as the investments have been adjusted to current market value.

The fair value of amounts due from a related company cannot be determined as no comparable market information exists.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

- (i) The Company's investments are subject to fair value fluctuations. As at April 30, 2009, if the fair value of the investments had decreased/increased by 25% with all other variables held constant, comprehensive loss for the quarter ended April 30, 2009 would have been approximately \$40,000 higher/lower.

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

**18. CONTINGENCY**

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.

Continued...

**19. SUBSEQUENT EVENT**

Subsequent to the end of the quarter the Company entered into a letter of intent to complete a business combination with Canadian Arrow Mines Limited (Canadian Arrow), a TSX-V listed company. The Proposed Transaction will proceed on the basis of an exchange of Canadian Arrow common shares (an "Arrow Share") for common shares of the Company (an "URSA Share"). The Company shall issue 1 URSA Share for each 1.5 Arrow Share submitted for exchange subject to a price adjustment clause exercisable by URSA should certain conditions not be met. All options and warrants of Canadian Arrow will be exchanged for options and warrants in the combined company at the same exchange ratio as described above. The Company's warrants and options will remain outstanding in accordance with their terms.

The Proposed Transaction is subject to a number of conditions, including but not limited to satisfactory due diligence and the negotiation of definitive transaction documents. The proposal is also conditional upon both parties entering into support agreements to include, among other things, the unanimous favourable recommendation of the transaction, a reciprocal break fee provision in the amount of C\$400,000; and notification by each party of the receipt of alternative proposals from third parties. Each party has agreed not to solicit other proposals, subject to the exercise of each board's fiduciary duties. The transaction is subject to customary closing conditions, including required shareholder and regulatory approvals and the absence of material adverse changes. No definitive agreements have been reached, other than the letter of intent. There can be no assurances that any transaction will result, or as to the terms thereof.