# URSA Major Minerals Incorporated

Press Release

UMJ – TSX Venture Exchange

**November 1, 2004**

## URSA Major Minerals receives positive pre-feasibility study for open-pit nickel mine at Shakespeare Project from Micon International

URSA Major Minerals Incorporated (URSA Major) is pleased to announce the completion of a positive pre-feasibility study at the company's Shakespeare nickel, copper, platinum group metal deposit, located 70 kilometers west of Sudbury, Ontario. The study was conducted by Micon International Limited (Micon) of Toronto. In Micon's opinion, the technical feasibility of producing nickel, copper, cobalt, gold, platinum, and palladium from the Shakespeare deposit has been demonstrated.

Micon evaluated a base case scenario of a 2,900 tonne/day open-pit operation at Shakespeare with truck haulage to the Strathcona mill at the preliminary feasibility level of accuracy, using estimates of current industry rates for processing, smelting and refining in the Sudbury area. This was chosen as the base case as it represents the most rapid development scenario for the project. The 2,900 tonne/day open pit operation has an after tax internal rate of return (IRR) of 28%. An expanded 3,500 tonne/day production rate with truck haulage was also evaluated and yields the highest IRR at 46%. Both the 2,900 and 3,500 tonne/day models have rapid payback of less than 2 years. An alternative case of constructing a processing plant on the Shakespeare property and transporting concentrate to a third party for further treatment was evaluated at a scoping study level. This latter case has the highest net present value (NPV) but is associated with a higher capital cost of CDN$47.6 million.

Project cash flow parameters and results for the 2,900 tonne/day and 3,500 tonne/day truck haulage options and a 3,500 tonne/day option with mill are presented in the following table.

| | **2,900 tonne/day with truck haulage to mill** | **3,500 tonne/day with truck haulage to mill** | **3,500 tonne/day with Shakespeare mill*** |
|---|---|---|---|
| Ore tonnes mined (diluted) | 7,301,000 | 7,556,000 | 11,025,000 |
| Ore grade (diluted) | .37% Ni, .39% Cu, .024% Co, .37 g/t Pt, .40 g/t Pd, .20 g/t Au | .37% Ni, .38% Cu, .024% Co, .37 g/t Pt, .40 g/t Pd, .20 g/t Au | .34% Ni, .36% Cu, .023% Co, .34 g/t Pt, .38 g/t Pd, .19 g/t Au |
| Average strip ratio | 4.5:1 | 4.7:1 | 4.3:1 |
| Mine Life | 7.2 years | 6.2 years | 9 years |
| Gross revenue per tonne mined | $58.78 | $58.41 | $54.55 |
| On & off site cost per tonne mined | $48.19 | $46.12 | $37.97 |
| Capital cost | $15,038,000 (1) | $15,038,000 (2) | $47,630,000 (3) |
| Cash flow, after tax, undiscounted, after capital | $35,947,000 | $45,304,000 | $71,027,000 |
| NPV after tax at 10% discount | $15,472,000 | $24,881,000 | $29,604,000 |
| IRR after tax | 27.7% | 45.9% | 26.7% |

Financial models are based on metal prices of US$5.00/lb nickel, US$0.95/lb copper, US$15/lb cobalt, US$800/oz platinum, US$225/oz palladium, US$375/oz gold, CDN$1.00 equal US$0.76. Mill recoveries are 75% nickel, 94% copper, 71% cobalt, 65% platinum, 40% palladium, 34% gold. CDN$ unless otherwise noted. Operating costs include equipment leases which are excluded from capital costs. *Standalone mill option evaluated at a scoping study level. (1), (2), (3) capital cost excludes $4.1M, $4.4M and $5.0M, respectively, in working capital in 1st operational year.

The pre-feasibility study outlines a schedule for permitting and recommends a definitive full, independent, bankable feasibility study, including a bulk sampling program. Negotiation of final terms under which the mineralization will be processed, smelted and refined should be carried out concurrently with the bulk sampling. Subject to a positive bankable feasibility study and obtaining permits, production could be achieved at the Shakespeare project in 2006. Concurrent with a bankable feasibility study and permitting, Micon recommends that URSA Major should carry out a more detailed study on the option of a stand-alone processing plant.

The pre-feasibility study defines a diluted Probable Reserve of 7,301,000 tonnes grading 0.37% nickel, 0.39% copper, 0.024 cobalt, 0.37 g/t platinum, 0.40 palladium, 0.20 g/t gold. The reserve is based on an internal C$31.94 NSR cut-off and is to a maximum depth of approximately 200 meters below surface. The pre-feasibility study was based on an Indicated Resource of 12.0 million tonnes grading 0.35% nickel, 0.36% copper, 0.02% cobalt, 0.19 g/t gold, 0.34 g/t platinum and 0.38 g/t palladium determined by Mr. E. Puritch, P. Eng., and Mr. T. Hennessey, P.Geo. for Micon in April 2004.

SGS Lakefield Research Limited carried out the metallurgical test work to evaluate the concentrate grade and recoveries that would result from a variety of processing options, including processing Shakespeare mineralization at Falconbridge Strathcona mill, located in Onaping, Ontario. The pre-feasibility study includes collection and analysis of geotechnical data by Mr. D. West, P.Eng. of Wardrop Engineering Sudbury. Mr. E. Puritch, P. Eng., developed the pit optimization and design. Mr. C. Lattanzi, P. Eng. and Mr. M. Buck, P. Eng. of Micon are qualified persons as defined by NI43-101 for the pre-feasibility study. The full technical report for the current pre-feasibility study will be posted on SEDAR in 30 days.

NAR Environmental Limited (NAR) of Sudbury contributed to the environmental aspects of the pre-feasibility study. In addition, NAR has initiated environmental baseline studies for the Shakespeare project and has been retained to proceed with permitting activities and preparation of a Closure Plan. The Closure Plan will be required to proceed with bulk sampling in 2005. NAR is also permitting a 6 km access road to the Shakespeare project from Porter Township to the northeast of the deposit.

Exploration on the Shakespeare property is currently proceeding on the basis of a joint venture between URSA Major and Falconbridge Limited (Falconbridge) with URSA Major as the project operator. URSA Major has a 75% interest in the Shakespeare property, which will increase to approximately 80% at the end of the current program. URSA Major is the sponsor of this study and Falconbridge has not reviewed the results or provided input into its conclusions at the time of this release. At this time there is no agreement in place with Falconbridge to receive ore from Shakespeare at the grades and tonnages evaluated in this pre-feasibility study.

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