

URSA Major Minerals Incorporated

Press Release

UMJ – TSX Venture Exchange



September 20, 2005

URSA Major Minerals urges shareholders to vote in favour of proposed option and joint venture agreement with North American Palladium Ltd.

Management of URSA Major Minerals Incorporated (URSA Major) is issuing this press release in response to the dissident Proxy Circular prepared and mailed to shareholders by Northern Financial Corporation (Northern). Northern, a publicly owned brokerage firm, as part of a group of investors owning 10% of URSA Major, is opposing the option and joint venture agreement that has been negotiated with North American Palladium Ltd. (NAP) through its wholly owned subsidiary Lac Des Iles Mines Ltd. (LDI) to develop the Shakespeare nickel, copper and platinum metal deposit near Sudbury, Ontario.

Shareholders are urged to carefully consider the facts and arguments presented by URSA's management and board of directors and asked to vote in favour of the proposed option and joint venture agreement with NAP/LDI. URSA's dedicated team has diligently and successfully advanced the Shakespeare project from discovery, through resource definition and feasibility studies for an expenditure of \$3.2 million to April 30, 2005. This is a significant achievement in mineral exploration and we have maintained shareholder dilution to a minimum in that process. With the proposed NAP/LDI agreement, we have put in place a development plan for the Shakespeare project that will continue to build on that success.

Numerous statements made in the Northern dissident proxy circular vary significantly from actuality, are misleading, and in some cases are taken out of context. Despite Northern's opposition to the NAP option and joint venture, Northern has never put forth a *bona fide* alternative development proposal for the Shakespeare project. We believe that the approach presented by Northern will potentially destroy the shareholder value that we have created and continue to build on.

Northern's own mining analyst, Mr. Ron Wortel, MBA, P.Eng., has strongly endorsed the NAP/LDI agreement. On May 26, 2005 after the announcement of the NAP/LDI agreement, Mr. Wortel reported "We believe this is a positive situation for URSA Major and its shareholders." Mr. Wortel recognized the value of the financing and stated "Under the terms of the agreement NAP is responsible for arranging this financing, thus URSA Major does not need to raise any more capital to become a producer." Furthermore he recognized "...that the project will advance to production rapidly with the backing of this major Canadian mining company.", and that "...the project will benefit from the production experience gained by NAP on its existing open-pit and planned underground mining operations." Mr. Wortel rated URSA Major a "strong buy".

URSA Major's board of directors consider the NAP/LDI option and joint venture agreement to be a very positive transaction, primarily because if the option is exercised, URSA Major will have financing arranged through to production with a 40% interest in the operating joint venture. We are currently completing a full bankable feasibility study on an open pit mine and a 4,500 tonne per day mill at the Shakespeare deposit. We anticipate that the capital cost of this development will be in excess of \$50 million. For URSA Major to finance this amount we would be required to raise significant capital through further equity issuances. Our estimates indicate that the NAP deal is probably less dilutive to current shareholders than if URSA Major was to raise the capital. Northern has failed to recognize the value of the financing and experience that NAP brings to this project. Northern has erroneously stated that NAP is not required to arrange loans on commercial terms if the option is exercised. This is simply not correct and misrepresents the agreement. The agreement states that in order to exercise the option, LDI must arrange project financing of up to 50% from third party commercial lenders and deliver signed loan documents for the project financing. Conventional commercial lenders customarily will not consider financing more than 50% of the construction and development costs of a mining project; however, the agreement allows for an increased percentage of the project financing in excess of 50% of the costs, if it is available on commercially reasonable terms. LDI has the option to provide the project financing, which would otherwise be loaned to the project by third party lenders, provided that LDI accords such project financing on commercially reasonable terms.

URSA Major's board of directors carefully reviewed the transaction and evaluated development options for the Shakespeare deposit, after having being turned down by other mining companies. The terms of the NAP/LDI agreement were carefully analyzed by URSA Major's management, board of directors and consultants based on cash flow models for the Shakespeare deposit and experience in structuring several previous joint venture agreements. The Shakespeare project cash flow models are being developed as part of feasibility studies and show that the project is very sensitive to nickel price and to capital cost. Management and the board had a clear understanding of the project economics and of the importance of advancing the project while metal prices are high. Delays in advancing the project would add significantly to metal price risk particularly since current prices are higher than long term averages. As you are aware, the NAP deal was negotiated after Falconbridge Limited declined to participate in the feasibility study.

NAP is an experienced operating company listed on the TSX and AMEX and an ideal partner to develop the Shakespeare deposit with URSA Major. In particular NAP has a strong background in low-cost open-pit mining operations in Ontario. NAP's management provides experienced, proven development and operational background and has taken several projects through feasibility to production. NAP raised US\$90 million in project financing and C\$235 million in equity in 2000 and a further C\$35 million credit facility in 2004 for its expansion projects. NAP retired the US\$90 million credit facility 6 months prior to its maturity. Contrary to Northern's inaccurate representation of management changes, NAP is strengthening its board and management team. The former CEO has taken the role of Chairman and remains as CEO until a replacement is named. Furthermore the former Chairman has remained on the board of directors. Northern emphasizes NAP's losses in 2004 but fails to report that 2004 losses are due to non-cash charges and in particular due in large part to a write down of mining assets as a result of low palladium prices that are beyond the control of management. NAP's results for 2004 also included an insurance recovery of \$7.1 million and a foreign exchange loss of \$0.3 million. After adjusting for the impairment charge, the insurance recovery and foreign exchange, the adjusted net income was \$7.3 million or \$0.14 per share for the year ended December 31, 2004. As at June 30, 2005, NAP had cash and cash equivalents of \$63.3 million. With its current emphasis on palladium, NAP is highly motivated to expand its production profile to include nickel, copper and other precious metals.

The potential value ascribed to a proposed business combination with Blue Note Metals Inc. (Blue Note) in the Northern proxy circular is highly misleading since Blue Note is not a publicly traded company and has not closed the proposed financing. At the present time there is no assurance that there will ever be a public market for the common shares of Blue Note. Even if Blue Note closes its proposed \$2 million financing, such funds are completely insufficient to carry out a significant mining development such as that proposed at URSA Major's Shakespeare deposit. A business combination of Blue Note with URSA Major would result in significant incumbent dilution to the shareholders of URSA Major even before an attempt is made to fund mining development. Since Blue Note is not a public company, information about the company, its management, share structure, financial status and material agreements is incomplete or unavailable. Blue Note has no operating history. We are unable to discern if Blue Note's management has had any experience at raising capital for mining projects and leading the development of a major mining project from the feasibility level. Their approach seems to neglect the "fund to production" necessity in the NAP/LDI agreement.

URSA Major has never received a *bona fide* formal offer on a specific business combination with Blue Note or any other *bona fide* offer from Northern. On September 9, 2005, after URSA Major mailed its management information circular and proxy, Blue Note did provide URSA Major's independent board committee with an indicative term sheet for discussion which was conditional on URSA Major canceling the transaction with NAP. URSA Major responded that it was not able to meet this condition and no further discussion took place. Despite statements made in Northern's circular, after signing the agreement with NAP, URSA Major's management has always represented to Northern that URSA Major was not prepared to cancel the transaction with NAP and would not solicit other offers, but if a *bona fide* offer was presented to URSA Major then the offer would be put before shareholders.

The Northern circular states that in the future Northern will requisition a shareholders' meeting to attempt to replace the current board of directors of URSA Major with two directors from Northern and two directors from Blue Note. In our opinion, Northern's financial record suggests that Northern's directors are not careful stewards of shareholder value. Northern, a brokerage firm, has had a protracted history of losing money and diluting shareholders. In the last two fiscal years, ended March 31, 2005, Northern has lost a total of over \$4.0 million dollars. Shares outstanding have increased from approximately 398 million in 2003 to 857 million in 2005. On September 16, 2005 Northern shares (NFC.T) closed on the TSX at a 52 week low of \$0.015/share (one and one half cents per share). Despite this record, Mr. Vic Alboini, Northern's CEO received seven figure total compensation for each of the last two fiscal years, yet he has repeatedly stated to URSA Major that "it is all about creating shareholder value." In management's opinion, Northern is engaging in much needed merger and acquisition activity to generate revenue for Northern. Northern should disclose the terms of its agreement to provide mergers and acquisition services to Blue Note and the conditions of the 'bought deal' financing with Blue Note.

Northern is attempting to force URSA Major to sell its share position in Patricia Mining Corp. (Patricia) (PAT.V). URSA Major has had a significant position in Patricia since URSA Major became a public company in 2000. In April 2005, based on a decision by independent board members, URSA Major acquired 1,700,000 shares of Patricia at \$0.44/share to increase its position to 9.6% of the outstanding shares of Patricia. Patricia's shares closed on September 16, 2005 at \$0.79 on the TSX.V for a gain of 80%. This has been a good investment for URSA Major and in management's opinion there is good potential for further share price appreciation given the mine development program at the Island Gold Deposit that is being funded by Richmond Mines Inc. On September 15, 2005 Northern announced it had acquired over 10% of Patricia's outstanding common shares. In our opinion, Northern is attempting to force URSA Major to sell its shares in Patricia in order to gain control of Patricia as part of Northern's own self-serving agenda.

Northern has threatened URSA Major's board of directors with a \$36 million oppression claim. URSA Major's directors strongly consider that the threatened lawsuit is without merit and frivolous, a view that is supported by our counsel, Cassels Brock & Blackwell LLP. In our opinion the threatened lawsuit is an abusive and blatant attempt to coerce directors into withdrawing from the NAP/LDI option and joint venture agreement. Northern is considering a derivative action pursuant to which they will attempt to use the company treasury to fund a frivolous action against current management and the board of URSA Major. Faced with this potential liability your board of directors is STILL prepared to support the NAP/LDI option and joint venture.

Northern is attempting to further challenge and further delay the shareholder approval process for the NAP/LDI agreement. Northern's statement that the transaction requires the approval of two-thirds of the votes cast at the meeting is entirely without merit. Approving the NAP/LDI agreement only requires the approval of the majority of votes cast at the meeting. Shareholders should be aware that the NAP/LDI transaction was approved by the TSX Venture Exchange on July 22, 2005.

Directors of URSA Major have at all times acted with a high level of integrity and deliberation on the NAP/LDI transaction. Potential conflicts of interest related to cross directorships were dealt with prior to negotiations. Richard Sutcliffe and the boards operated according to applicable laws and appropriate corporate governance practices. The facts concerning directorships and resignations were previously communicated to Northern in writing on July 11, 2005, however, Northern has continued to refer to alleged conflicts of interest. Richard Sutcliffe was a director of NAP until May 25, 2005, however, he did not participate in any discussions or in any voting at NAP in regard to this transaction. Prior to entering into any negotiation with NAP on a possible transaction regarding Shakespeare, Dr. Sutcliffe notified the boards of directors of NAP and URSA Major on March 16, 2005 and March 21, 2005, respectively, of the potential conflict of interest and he declared that he would not stand for nomination at the NAP annual meeting scheduled on May 25, 2005. George Faught resigned as a director of URSA Major on March 23, 2005 and did not participate in any discussions at URSA Major with regard to the transaction with NAP.

We need to put closure on the self serving actions of Northern and stay focused on our core business of exploration and project development. Despite the distractions created by the dissident shareholder group, URSA Major's management has continued to expand the scale of the Shakespeare project. Once the agreement is in place to develop the Shakespeare Deposit, your company will focus efforts on exploration for new deposits in the Sudbury area and elsewhere in North America. We plan to start drilling the Shining Tree nickel project in the autumn of 2005. This property has potential to be advanced as a satellite operation to Shakespeare or as a standalone development. We believe that we will continue to build shareholder value by advancing high quality exploration projects through strong technical management and partnerships with operating companies. **There is only one choice, vote YES to the NAP/LDI agreement.**

YOUR VOTE IS IMPORTANT

THE BOARD OF URSA MAJOR UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE NAP/LDI OPTION AND JOINT VENTURE AGREEMENT. VOTE THE MANAGEMENT PROXY.

If you have already voted in favour of the resolution approving the NAP/LDI option and joint venture agreement, then we thank you for your vote and no further action is required on your part.

If you have not previously voted, please act quickly for your vote to count. Send your proxy by fax to Equity Transfer Services Inc. at 416-361-0470 or deliver to Equity Transfer Services Inc., Suite 420, 120 Adelaide Street West, Toronto, Ontario, M5H 4C3. Proxies must be received by Equity Transfer Services Inc. before 4:30 pm on Tuesday, September 27, 2005.

A dissident proxy circular has been prepared by Northern Financial Corporation to solicit proxies against the NAP/LDI option and joint venture agreement. **IF YOU SUPPORT MANAGEMENT, DO NOT USE THE BLUE NORTHERN PROXY.** Please use the **GREEN MANAGEMENT PROXY** to **VOTE FOR** the proposed transaction with NAP/LDI even if you have previously voted against the proposed transaction.

If you have any questions regarding voting or the NAP/LDI option and joint venture agreement please contact URSA Major Minerals Incorporated at 416-864-0615 or phone toll free 877-864-0615.

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This release was prepared by management of the Company who takes full responsibility for its contents. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

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