

PROBE MINES LIMITED
BALANCE SHEET
AS AT

	July 31, 2002 \$	April 30, 2002 \$
ASSETS		
CURRENT		
Cash	170	5,129
Sundry receivable	<u>1,133</u>	<u>785</u>
	1,303	5,914
INTEREST IN MINERAL PROPERTIES	<u>1</u>	<u>1</u>
	<u><u>1,304</u></u>	<u><u>5,915</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	5,525	9,354
ADVANCES FROM SHAREHOLDERS	<u>19,770</u>	<u>16,666</u>
	<u>25,295</u>	<u>26,020</u>
CAPITAL STOCK AND DEFICIT		
CAPITAL STOCK (Note 3)	1,251,939	1,251,939
CONTRIBUTED SURPLUS	598,108	598,108
(DEFICIT)	<u>(1,874,038)</u>	<u>(1,870,152)</u>
	<u>(23,991)</u>	<u>(20,105)</u>
	<u><u>1,304</u></u>	<u><u>5,915</u></u>

APPROVED ON BEHALF OF THE BOARD:

Sgd. "Harry J. Hodge" _____, Director

Sgd. "Dennis H. Peterson" _____, Director

UNAUDITED

PROBE MINES LIMITED
STATEMENT OF OPERATIONS AND DEFICIT
 FOR THE THREE MONTHS ENDED JULY 31

	2002 \$	2001 \$
OPERATING EXPENSES		
Transfer agent and filing fees	3,386	1,587
Professional fees	500	-
Shareholder information	<u>-</u>	<u>48</u>
NET LOSS for the period	3,886	1,635
DEFICIT , beginning of period	<u>1,870,152</u>	<u>1,841,714</u>
DEFICIT , end of period	<u>1,874,038</u>	<u>1,843,349</u>
NET LOSS PER SHARE - Basic	<u>0.000</u>	<u>0.001</u>
WEIGHTED AVERAGE NUMBER OF SHARES	<u>8,732,189</u>	<u>4,539,889</u>

STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS ENDED JULY 31

	2002 \$	2001 \$
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Net (loss) for the period	(3,886)	(1,635)
Changes in non-cash working capital balances:		
(Increase) decrease in sundry receivable	(348)	6
(Decrease) in accounts payable and accrued liabilities	<u>(3,829)</u>	<u>-</u>
Cash flows (used in) operating activities	<u>(8,063)</u>	<u>(1,629)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from shareholder	3,104	-
Advances from affiliated corporation	<u>-</u>	<u>2,000</u>
Cash flows from financing activities	<u>3,104</u>	<u>2,000</u>
(Decrease) increase in cash	(4,959)	371
Cash, beginning of period	<u>5,129</u>	<u>719</u>
Cash, end of period	<u>170</u>	<u>1,090</u>

UNAUDITED

1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the information and disclosures required by Canadian GAAP 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 period ended July 31, 2002 are not necessarily indicative of the results that may be expected for the full year ended April 30, 2003. For further information, see the Company's financial statements including the notes thereto for the year ended April 30, 2002.

2. ACCOUNTING CHANGES

Stock-based compensation

Effective May 1, 2002, the Company adopted the new recommendations of CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These new recommendations require that compensation for all awards made to non-employees and certain awards made to employees be measured and recorded in the financial statements at fair value. This Section also sets out a fair value based method of accounting for stock options issued to employees and applies to awards granted on or after January 1, 2002.

The Company, as permitted by Section 3870, has chosen to continue its existing policy of recording no compensation cost on the grant of stock options to employees. Any consideration paid by employees on exercise of stock options is credited to capital stock.

3. CAPITAL STOCK

The capital stock is as follows:

- a) **Authorized:**
 Unlimited number of common shares
- b) **Issued:**
 8,732,189 common shares

Transactions during the year are as follows:

	Number of <u>Shares</u> #	<u>Amount</u> \$
Common shares		
Balance, April 30, 2001	4,539,889	832,709
Common shares issued for settlement of debt	<u>4,192,300</u>	<u>419,230</u>
Balance, April 30, 2002 and July 31, 2002	<u>8,732,189</u>	<u>1,251,939</u>

c) Stock options

The Company does not have a management stock option plan. As at July 31, 2002, there were no options issued and outstanding.

d) Share purchase warrants

As at July 31, 2002, the Company has no warrants issued and outstanding.

4. INCOME TAXES

The Company utilizes the asset and liability method of accounting for incomes taxes.

(a) **Provision for Income Taxes**

Major items causing the Company's income tax rate to differ from the federal statutory rate of 40% (April 30, 2002 – 40%) were as follows:

	July 31, <u>2002</u> \$	April 30, <u>2002</u> \$
(Loss) before taxes:	<u>(3,886)</u>	<u>(28,438)</u>
Expected income tax recovery based on statutory rate	(1,554)	(11,375)
Increase (decrease) resulting from:		
Non-deductible expenses:		
Write down of investments	-	208
Current year valuation allowance	<u>1,554</u>	<u>11,167</u>
	<u> -</u>	<u> -</u>

(b) **Future Tax Balances**

The tax effects of temporary differences that give rise to future income tax assets at July 31, 2002 are as follows:

	July 31, <u>2002</u> \$	April 30, <u>2002</u> \$
Future income tax assets:		
Non-capital loss carry forwards	40,500	38,900
Valuation allowance	<u>(40,500)</u>	<u>(38,900)</u>
	<u> -</u>	<u> -</u>

As at July 31, 2002, the Company had available for deduction against future taxable income, non-capital losses of approximately \$98,900 which, if unutilized, begin to expire in 2003. The potential income tax benefit of these losses has not been recognized in the accounts.