

NOTICE TO SHAREHOLDERS FOR THE THREE MONTHS ENDED JULY 31, 2004

PROBE MINES LIMITED

Responsibility for Financial Statements

The accompanying financial statements for Probe Mines Limited 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 April 30, 2004 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 Probe Mines Limited has not performed a review of the unaudited financial statements for the three months ended July 31, 2004 and July 31, 2003.

Probe Mines Limited

Balance Sheets (Prepared by Management - Unaudited)

	July 31, 2004 (Unaudited)	April 30, 2004 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 716,626	\$ 646,698
Subscriptions receivable	-	310,000
Sundry receivable and prepaid	68,587	26,372
	785,213	983,070
Equipment	4,946	5,347
Interest in mineral properties and deferred exploration expenditures (Note 2)	371,356	298,648
	\$ 1,161,515	\$ 1,287,065

Liabilities and Shareholders' Equity

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 31,658	\$ 124,605
Shareholders' equity:		
Share capital (Note 3)	2,560,408	2,560,408
Broker compensation warrants (Note 7)	53,500	53,500
Contributed surplus	690,508	690,508
Deficit	(2,174,559)	(2,141,956)
	1,129,857	1,162,460
	\$ 1,161,515	\$ 1,287,065

APPROVED ON BEHALF OF THE BOARD:

Sgd. "Harry J. Hodge" _____, Director

Sgd. "Dennis H. Peterson" _____, Director

Probe Mines Limited

Statements of Operations and Deficit

(Prepared by Management - Unaudited)

	For the Three Months Ended July 31,	
	2004	2003
Expenses		
Investor relations	\$ 18,218	\$ -
Professional fees	6,550	2,000
Transfer agent and filing fees	2,160	2,002
Shareholder information	530	-
Occupancy costs	3,962	-
Office and general	1,285	-
Amortization	401	-
	33,106	4,002
Net loss before undernoted	(33,106)	(4,002)
Interest income	(503)	-
Net loss for the period	(32,603)	(4,002)
DEFICIT, beginning of period	(2,141,956)	(1,894,517)
DEFICIT, end of period	\$ (2,174,559)	\$ (1,898,519)
Basic and diluted loss per share (Note 6)	\$ 0.00	\$ 0.00
Weighted average number of shares	15,030,794	8,732,189

Probe Mines Limited

Statements of Cash Flows (Prepared by Management - Unaudited)

	For the Three Months Ended July 31,	
	2004	2003
Cash provided by (used in):		
Operating activities:		
Net loss for the period	\$ (32,603)	\$ (4,002)
Items not involving cash:		
Amortization	401	-
Changes in non-cash working capital	174,838	3,977
	<hr/> 142,636	<hr/> (25)
Investing activities:		
Additions to interest in mineral properties and deferred exploration	<hr/> (72,708)	<hr/> -
Change in cash and cash equivalents	69,928	(25)
Cash and cash equivalents, beginning of period	<hr/> 646,698	<hr/> 46,898
Cash and cash equivalents, end of period	<hr/> \$ 716,626	<hr/> \$ 46,873

Probe Mines Limited

Notes to Financial Statements

(Prepared by Management - Unaudited)

Three Months Ended July 31, 2004

1. Accounting Policies

Management of Probe Mines Limited (the "Company" or "Probe") have prepared these interim financial statements in accordance with generally accepted accounting principles in Canada. These statements should be read in conjunction with the April 30, 2004 audited financial statements.

These unaudited statements follow the same accounting policies as the April 30, 2004 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 July 31, 2004 may not be indicative of the results that may be expected for the full year ending April 30, 2005.

2. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

As of July 31, 2004, accumulated costs with respect to the Company's interest in mineral properties owned, leased or under option, consisted of the following:

	Opening Balance April 30, 2004	Additions (Reductions)	Ending Balance July 31, 2004
Dubuisson Township (*)	\$ 1	\$ -	\$ 1
McFauld's Lake Property (*)	180,727	20,561	201,288
Bristol Township (*)	117,920	52,147	170,067
	<u>\$ 298,648</u>	<u>\$ 72,708</u>	<u>\$ 371,356</u>

(*) The descriptions of these properties can be found in the April 30, 2004 audited financial statements.

3. CAPITAL STOCK

Authorized
Unlimited common shares

Issued

	<u>Shares</u>	<u>Amount</u>
Balance, April 30, 2004 and July 31, 2004	<u>15,030,794</u>	<u>\$ 2,560,408</u>

Probe Mines Limited

Notes to Financial Statements

(Prepared by Management - Unaudited)

Three Months Ended July 31, 2004

4. Stock options

The following table reflects the continuity of stock options for the three months ended July 31, 2004:

	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE \$
Balance, April 30, 2004	1,120,000	0.11
Cancelled	(20,000)	0.75
Granted (*)	21,430	0.70
	1,121,430	0.11

The following table reflects the actual stock options outstanding as of July 31, 2004:

Expiry Date	Exercise Price (\$)	Options Outstanding	Black-Scholes Valuation (\$)
November 7, 2008	0.10	1,100,000	85,000
(*) June 10, 2006	0.70	21,430	-
		1,121,430	85,000

(*) The Company has engaged Ensign Corporate Communications ("Ensign") for investor relations and corporate communications services. Ensign is an arm's length consulting firm specializing in investor relations and corporate communications and is based in Toronto. Tim German of Ensign will assist Probe with its investor relations and corporate communications programs. Pursuant to an agreement with Ensign, Ensign will provide investor relations and corporate communications services for an initial period of 6 months expiring on November 30, 2004, with a right to renew for a further six months thereafter. Ensign will be paid a monthly fee of \$5,000 and will be entitled to receive an option of 21,430 shares. The options vest as to 25% every three months are exercisable at a price of \$0.70 per share for a period equal to the lesser of 2 years and 30 days after termination of the agreement.

The value of the 21,430 options will be expensed in the statements of operations and deficit as they vest.

5. Income Tax

The estimated taxable income tax for the period is \$nil. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time, if it is more likely than not that the Company will realize the benefits from future income taxes or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated temporary difference valuation allowance. The estimated difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some or all of the future tax assets or liabilities will be realized.

Probe Mines Limited

Notes to Financial Statements

(Prepared by Management - Unaudited)

Three Months Ended July 31, 2004

6. Basic and diluted loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of outstanding stock options and warrants, is the same as basic loss per share for the period ended. The conversion of stock options and warrants to calculate diluted loss per share was not done, because the conversion was anti-dilutive.

7. Warrants

As at July 31, 2004, the Company had the following broker compensation warrants and warrants outstanding:

BLACK-SCHOLES VALUATION (\$)	NUMBER OF BROKER COMPENSATION WARRANTS AND WARRANTS	EXERCISE PRICE (\$)	EXPIRY DATE
53,500	142,857	0.70	April 26, 2006
-	714,286	1.00	April 26, 2006
53,500	857,143		
