
PROBE MINES LIMITED
(A Development Stage Enterprise)

Unaudited Interim Financial Statements

Three Months Ended July 31, 2008

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Probe Mines Limited (A Development Stage Enterprise) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the April 30, 2008 audited financial statements. Only changes in accounting policies have been disclosed in these unaudited interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PROBE MINES LIMITED

(A Development Stage Enterprise)

INTERIM BALANCE SHEETS

(Unaudited - Expressed in Canadian Dollars)

	July 31, 2008	April 30, 2008
Assets		
Current assets		
Cash	\$ 763,523	\$ 1,086,673
Short-term investments	4,394,125	4,447,970
Sundry receivables and prepaid expenses (Note 9)	70,972	81,862
	5,228,620	5,616,505
Equipment (Note 5)	4,218	1,584
Long-term investments (Note 6)	108,250	130,250
Interest in mineral properties and deferred exploration expenditures (Note 7)	4,149,023	3,496,400
	\$ 9,490,111	\$ 9,244,739
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 566,354	\$ 279,595
Future income tax liability	220,628	227,300
Shareholders' Equity		
Capital stock (Note 8(b))	9,191,208	9,191,208
Share purchase warrants (Note 8(d))	1,226,169	1,226,169
Broker compensation warrants (Note 8(e))	188,262	188,262
Contributed surplus	2,441,181	2,412,502
Deficit	(4,319,373)	(4,271,309)
Accumulated other comprehensive loss	(24,318)	(8,988)
	8,703,129	8,737,844
	\$ 9,490,111	\$ 9,244,739

Nature and continuance of operations - (Note 1)

Contingencies - (Note 10)

Commitment - (Note 11)

Subsequent events - (Note 12)

See accompanying notes to interim financial statements

PROBE MINES LIMITED

(A Development Stage Enterprise)

INTERIM STATEMENTS OF OPERATIONS

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended July 31, 2008	Three Months Ended July 31, 2007	Cumulative Since Inception
Operating Expenses			
Stock-based compensation	\$ 28,679	\$ 24,822	\$ 1,102,566
Professional fees	38,745	7,945	395,112
Shareholder information	15,062	8,787	275,952
Transfer agent and filing fees	6,376	5,885	205,311
Office and general	9,684	5,625	112,803
Occupancy costs	3,622	4,214	86,472
Consulting fees	3,750	3,250	70,241
Advertising	382	-	29,316
Travel and promotion	232	65	15,893
Amortization	226	138	5,258
	106,758	60,731	2,298,924
Loss before the undernoted items	(106,758)	(60,731)	(2,298,924)
Foreign exchange gain	11,611	-	11,611
Interest income	47,083	-	110,503
Write down of interest in mineral properties and deferred exploration expenditures	-	-	(1,447,071)
Loss before income taxes	(48,064)	(60,731)	(3,623,881)
Future income tax recovery	-	-	1,022,718
Net loss	\$ (48,064)	\$ (60,731)	\$ (2,601,163)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	
Weighted average number of shares	33,516,472	23,914,973	

See accompanying notes to interim financial statements

PROBE MINES LIMITED

(A Development Stage Enterprise)

INTERIM STATEMENT OF COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended July 31, 2008	Three Months Ended July 31, 2007	Cumulative Since Inception
Comprehensive (loss) income			
Net loss	\$ (48,064)	\$ (60,731)	\$ (2,601,163)
Other comprehensive (loss) income			
Net unrealized gains (losses) on available-for-sale securities, net of tax	(15,330)	43,428	(35,790)
Total comprehensive loss	\$ (63,394)	\$ (17,303)	\$ (2,636,953)

See accompanying notes to interim financial statements

PROBE MINES LIMITED

(A Development Stage Enterprise)

INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Capital Stock	Share Purchase Warrants	Broker Compensation Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, April 30, 2003	\$ 1,344,725	\$ 11,987	\$ -	\$ 598,108	\$ (1,894,517)	\$ -	\$ 60,303
Net loss for the period	-	-	-	-	(247,439)	-	(247,439)
Shares issued for interest in mineral properties	97,100	-	-	-	-	-	97,100
Shares issued for services	11,500	-	-	-	-	-	11,500
Shares issued pursuant to private placement	1,120,000	-	-	-	-	-	1,120,000
Cost of issue	(144,771)	-	53,500	-	-	-	(91,271)
Exercise of warrants	131,854	(11,987)	-	-	-	-	119,867
Stock-based compensation	-	-	-	92,400	-	-	92,400
Balance, April 30, 2004	2,560,408	-	53,500	690,508	(2,141,956)	-	1,162,460
Net loss for the period	-	-	-	-	(201,174)	-	(201,174)
Shares issued pursuant to private placement	120,000	-	-	-	-	-	120,000
Warrants issued	(40,185)	40,185	-	-	-	-	-
Cost of issue	(17,232)	-	5,232	-	-	-	(12,000)
Renunciation of flow-through expenditures	(259,360)	-	-	-	-	-	(259,360)
Exercise of warrants	-	-	-	-	-	-	-
Exercise of options	77,015	-	-	(32,015)	-	-	45,000
Stock-based compensation	-	-	-	214,265	-	-	214,265
Balance, April 30, 2005	\$ 2,440,646	\$ 40,185	\$ 58,732	\$ 872,758	\$ (2,343,130)	\$ -	\$ 1,069,191

See accompanying notes to interim financial statements

PROBE MINES LIMITED

(A Development Stage Enterprise)

INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

(Unaudited - Expressed in Canadian Dollars)

	Capital Stock	Share Purchase Warrants	Broker Compensation Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, April 30, 2005	\$ 2,440,646	\$ 40,185	\$ 58,732	\$ 872,758	\$ (2,343,130)	\$ -	\$ 1,069,191
Net loss for the period	-	-	-	-	(307,812)	-	(307,812)
Shares issued pursuant to private placements	3,380,000	-	-	-	-	-	3,380,000
Warrants issued	(1,136,642)	1,136,642	-	-	-	-	-
Shares issued for interest in mineral properties	303,000	-	-	-	-	-	303,000
Cost of issue	(185,884)	-	26,021	-	-	-	(159,863)
Renunciation of flow-through expenditures	(660,700)	-	-	-	-	-	(660,700)
Exercise of warrants	268,279	(43,698)	-	-	-	-	224,581
Expiry of warrants	-	-	(53,500)	53,500	-	-	-
Exercise of options	65,000	-	-	(25,000)	-	-	40,000
Stock-based compensation	-	-	-	182,780	-	-	182,780
Balance, April 30, 2006	4,473,699	1,133,129	31,253	1,084,038	(2,650,942)	-	4,071,177
Net loss for the period	-	-	-	-	(1,353,775)	-	(1,353,775)
Shares issued pursuant to private placements	200,000	-	-	-	-	-	200,000
Shares issued for interest in mineral properties	18,000	-	-	-	-	-	18,000
Renunciation of flow- through expenditures	(465,900)	-	-	-	-	-	(465,900)
Expiry of warrants	-	(265,263)	(13,242)	278,505	-	-	-
Stock-based compensation	-	-	-	309,486	-	-	309,486
Balance, April 30, 2007	\$ 4,225,799	\$ 867,866	\$ 18,011	\$ 1,672,029	\$ (4,004,717)	\$ -	\$ 2,778,988

See accompanying notes to interim financial statements



PROBE MINES LIMITED

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INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

(Unaudited - Expressed in Canadian Dollars)

	Capital Stock	Share Purchase Warrants	Broker Compensation Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, April 30, 2007	\$ 4,225,799	\$ 867,866	\$ 18,011	\$ 1,672,029	\$ (4,004,717)	\$ -	\$ 2,778,988
Net loss for the period	-	-	-	-	(266,592)	-	(266,592)
Shares issued pursuant to private placements	5,500,250	-	-	-	-	-	5,500,250
Shares issued for services	79,000	-	-	-	-	-	79,000
Warrants issued	(1,226,169)	1,226,169	-	-	-	-	-
Cost of issue	(592,307)	-	188,262	-	-	-	(404,045)
Expiry of warrants	-	(867,866)	(18,011)	885,877	-	-	-
Exercise of options	1,204,635	-	-	(427,760)	-	-	776,875
Stock-based compensation	-	-	-	282,356	-	-	282,356
Transition adjustment, net of taxes	-	-	-	-	-	11,472	11,472
Unrealized loss on long-term investments, net of taxes	-	-	-	-	-	(20,460)	(20,460)
Balance, April 30, 2008	9,191,208	1,226,169	188,262	2,412,502	(4,271,309)	(8,988)	8,737,844
Net loss for the period	-	-	-	-	(48,064)	-	(48,064)
Stock-based compensation	-	-	-	28,679	-	-	28,679
Unrealized loss on long-term investments, net of taxes	-	-	-	-	-	(15,330)	(15,330)
Balance, July 31, 2008	\$ 9,191,208	\$ 1,226,169	\$ 188,262	\$ 2,441,181	\$ (4,319,373)	\$ (24,318)	\$ 8,703,129

PROBE MINES LIMITED

(A Development Stage Enterprise)

INTERIM STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended July 31, 2008	Three Months Ended July 31, 2007	Cumulative Since Inception
Cash provided by (used in):			
Operating Activities			
Net loss	\$ (48,064)	\$ (60,731)	\$ (2,601,163)
Items not affecting cash:			
Future income tax recovery	-	-	(1,019,458)
Amortization	226	138	5,258
Stock-based compensation	28,679	24,822	1,102,566
Write down of interest in mineral properties and deferred exploration expenditures	-	-	1,447,071
Net change in non-cash working capital:			
Sundry receivables and prepaid expenses	10,890	19,292	(25,894)
Exploration advance	-	-	(44,292)
Accounts payable and accrued liabilities	286,757	(11,048)	583,499
	278,488	(27,527)	(552,413)
Financing Activities			
Advances from shareholder	-	-	3,104
Exercise of options proceeds	-	-	846,875
Exercise of warrants proceeds	-	-	344,448
Private placement proceeds	-	-	10,096,766
Issuance of share purchase warrants	-	-	11,987
Subscriptions receivable	-	-	310,000
Share issue costs	-	-	(588,180)
	-	-	11,025,000
Investing and Mineral Activities			
Purchase of equipment	(2,860)	-	(9,475)
Redemption (purchase) of short-term investments	53,845	-	(4,394,125)
Interest in mineral properties and deferred exploration expenditures	(652,623)	4,282	(5,310,593)
	(601,638)	4,282	(9,714,193)
Net (decrease) increase in cash	(323,150)	(23,245)	758,394
Cash, beginning of period	1,086,673	257,182	5,129
Cash, end of period	\$ 763,523	\$ 233,937	\$ 763,523
Supplemental cash information			
Shares received as payment for mineral properties	\$ -	\$ -	\$ 96,500
Shares and warrants issued as shares issue costs	\$ -	\$ -	\$ 79,000
Common shares issued for mineral properties	\$ -	\$ -	\$ 18,000

See accompanying notes to interim financial statements

PROBE MINES LIMITED

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INTERIM STATEMENT OF INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

(Unaudited - Expressed in Canadian Dollars)

At July 31, 2008

	Cumulative Since Inception	Tamarack- McFauld's Lake Property	Bristol Township	Victory Property	McFauld's West Project	Total
Property Acquisition Costs						
Balance, April 30, 2008	\$ -	\$ 39,658	\$ (32,279)	\$ 36,849	\$ 5,830	\$ 50,058
Option payments	283,976	-	-	-	-	-
Staking claims	116,557	-	-	-	-	-
Written off	(350,475)	-	-	-	-	-
Balance, July 31, 2008	\$ 50,058	\$ 39,658	\$ (32,279)	\$ 36,849	\$ 5,830	\$ 50,058

Deferred Exploration Expenditures

Balance, April 30, 2008	\$ -	\$1,352,956	\$ 269,519	\$1,444,169	\$ 379,697	\$3,446,341
Geophysical	1,123,819	(51,846)	-	-	41,422	(10,424)
Assays, analysis	43,289	-	-	1,802	-	1,802
Geological	177,611	-	-	-	26,596	26,596
Geochemical	30,173	-	-	-	-	-
Drilling	2,866,430	-	-	424,278	15,404	439,682
Line cutting	31,023	-	-	-	-	-
Reports	37,470	-	-	-	-	-
Stock based compensation	7,400	-	-	-	-	-
Transportation	536,906	-	-	92,961	64,602	157,563
Travel	39,488	-	-	8,886	1,428	10,314
Consulting	233,381	-	-	16,500	-	16,500
Other	62,570	-	-	10,590	-	10,590
Advance	6,000	-	-	-	-	-
Written off	(1,096,596)	-	-	-	-	-
Balance, July 31, 2008	4,098,964	1,301,110	269,519	1,999,186	529,149	4,098,964
Total, active properties	\$4,149,022	\$1,340,768	\$ 237,240	\$2,036,035	\$ 534,979	\$4,149,022
Inactive properties	1					1
Total, July 31, 2008	\$ 4,149,023					\$4,149,023

See accompanying notes to interim financial statements

PROBE MINES LIMITED

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NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JULY 31, 2008

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Probe Mines Limited ("the Company" or "Probe") is in the process of exploring its resource properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The Company has not yet discovered any deposits, nor has it earned any income and it is therefore considered to be an enterprise in the development stage, in accordance with CICA Accounting Guideline 11. The recovery of the amounts shown for resource properties and related deferred expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

The unaudited interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. These unaudited interim financial statements do not include the adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended July 31, 2008 may not necessarily be indicative of the results that may be expected for the year ending April 30, 2009.

The balance sheet at April 30, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual financial statements. The unaudited interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited financial statements for the year ended April 30, 2008, except as noted below. For further information, refer to the audited financial statements and notes thereto for the year ended April 30, 2008.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on May 1, 2008.

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NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JULY 31, 2008

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in Note 3 to these unaudited interim financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in Note 4 to these unaudited interim financial statements.

Amendments To Section 1400 – General Standards of Financial Statement Presentation

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to include additional requirements to assess and disclose an entity's ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The adoption of this standard had no impact on the Company's operating results or financial position.

Future accounting changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of these new accounting standards on its financial statements.

Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of these new accounting standards on its financial statements.

PROBE MINES LIMITED

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NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JULY 31, 2008

(Unaudited - Expressed in Canadian Dollars)

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

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 July 31, 2008. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL RISK FACTORS

The Company's significant mineral properties are outlined below:

Tamarack-McFauld's Lake Property
Bristol Township
Victory Property
McFauld's West Project

(collectively called the "Properties")

Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the Properties. If no additional mineral properties are acquired by the Company, any adverse development affecting the Properties would have a material adverse effect on the Company's financial condition and results of operations.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

PROBE MINES LIMITED

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NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JULY 31, 2008

(Unaudited - Expressed in Canadian Dollars)

4. FINANCIAL RISK FACTORS (Continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investments, sundry receivables and long-term investments. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of bank-backed guaranteed investment certificates with expiry dates greater than ninety days. Cash and short-term investments are held with a reputable Canadian chartered bank which is closely monitored by management. Sundry receivables consist of sales tax receivable from government authorities in Canada and deposits held with service providers. Management believes that the credit risk concentration with respect to financial instruments included in cash, short term investments and sundry receivables is minimal.

Management does not believe that sundry receivables are impaired as of July 31, 2008.

The Company's long-term investments consist of common shares of two companies which are subject to fair value fluctuations. Management believes that the credit risk with respect to long-term investments is minimal.

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 July 31, 2008, the Company had cash of \$763,523 (April 30, 2008 - \$1,086,673) to settle current liabilities of \$566,354 (April 30, 2008 - \$279,595). All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company is also committed to spending approximately \$1,370,000 on eligible Canadian exploration expenditures to meet the Company's flow-through commitment. If the Company does not spend these funds in compliance with the government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill all flow-through commitments.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in bank-backed guaranteed investment certificates with major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. As of July 31, 2008, the Company had \$4,394,125 (April 30, 2008 - \$4,447,970) invested in bank-backed guaranteed investment certificates with a Canadian chartered bank.

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NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JULY 31, 2008

(Unaudited - Expressed in Canadian Dollars)

4. FINANCIAL RISK FACTORS (Continued)

Market risk (Continued)

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company also maintains a United States dollar bank account in Canada. The United States dollars were received in fiscal 2008 from US investors. The Company will convert the United States dollars when it becomes advantageous to convert the currency into Canadian dollars or liquidity concerns necessitate such conversion. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to base and precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Market risk

Sensitivity analysis

The Company, for accounting purposes, has designated its cash and short-term investments as held-for-trading, which are measured at fair value. Sundry receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair market value. Long-term investments are classified for accounting purposes as available-for-sale, which are measured at fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair market value.

As of July 31, 2008, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

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

(i) Short-term investments are subject to floating interest rates. As at July 31, 2008, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the three months ended July 31, 2008 would have been approximately \$11,000 higher/lower, as a result of lower/higher interest income from short-term investments. As at July 31, 2008, reported shareholders' equity would have been approximately \$11,000 lower/higher as a result of lower/higher interest income from short-term investments.

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NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JULY 31, 2008

(Unaudited - Expressed in Canadian Dollars)

4. FINANCIAL RISK FACTORS (Continued)

Market risk (Continued)

Sensitivity analysis (Continued)

(ii) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash that is denominated in United States dollars. As at July 31, 2008, had the United States dollar decreased/increased by 5% against the Canadian dollar with all other variables held constant, the Company's reported net loss for the three months ended July 31, 2008 would have been approximately \$800 higher/lower. As at July 31, 2008, reported shareholders' equity would have been \$800 lower/higher as a result of a 5% decrease/increase in the United States dollar.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of base and precious metals. Base and precious metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of base and precious metals may be produced in the future, a profitable market will exist for them. As of July 31, 2008, the Company is not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(iv) The Company's long-term investments are subject to fair value fluctuations. As at July 31, 2008, if the fair value of the long-term investments had decreased/increased by 10% with all other variables held constant, comprehensive loss for the three months ended July 31, 2008 would have been approximately \$11,000 higher/lower. Similarly, as at July 31, 2008, reported shareholders' equity would have been approximately \$11,000 lower/higher as a result of a 10% decrease/increase in the fair value of long-term investments.

5. EQUIPMENT

	Cost	Accumulated Amortization	July 31, 2008 Net	April 30, 2008 Net
Computer equipment	\$ 9,475	\$ 5,257	\$ 4,218	\$ 1,584

6. LONG-TERM INVESTMENTS

	July 31, 2008		April 30, 2008	
	Number	Value	Number	Value
West Timmins Mining Inc.	175,000	\$ 89,250	175,000	\$ 110,250
Mantis Mineral Corp.	100,000	19,000	100,000	20,000
		\$ 108,250		\$ 130,250

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7. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

For a description of the mineral properties owned by the Company, refer to Note 5 of the audited financial statements as at April 30, 2008.

On a quarterly basis, management of the Company review exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. Specific changes to mineral properties and deferred exploration that occurred from May 1, 2008 to July 31, 2008 are as follows:

The Company acquired six mineral claim licenses totaling 46 claim units in the McFauld's Lake area, which became part of the McFauld's West property. The claims were staked and recorded in the Company's name and are 100%-owned by Probe.

8. CAPITAL STOCK

(a) Authorized

Unlimited common shares

(b) Issued

33,516,472 common shares

	Number of shares	Amount
Outstanding, beginning and end of period	33,516,472	\$ 9,191,208

(c) Stock Options

A summary of changes in stock options is as follows:

	Number of options	Weighted Average Exercise Price
Outstanding, beginning and end of period	1,737,500	\$ 0.57

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8. CAPITAL STOCK (Continued)

(c) Stock Options (Continued)

As of July 31, 2008, the following stock options were outstanding:

Expiry Date	Exercise Price (\$)	Options Outstanding	Remaining Contractual Life (Yrs)	Options Exercisable	Remaining Contractual Life (Yrs)	Black-Scholes Valuation
September 20, 2009	0.90-1.35	250,000	1.14	187,500	1.14	\$ 131,509
January 5, 2010	0.40	300,000	1.43	300,000	1.43	75,000
September 19, 2010	0.45	500,000	2.13	500,000	2.13	126,925
January 23, 2011	0.75	287,500	2.48	287,500	2.48	163,769
November 28, 2011	0.20	200,000	3.33	200,000	3.33	27,800
November 15, 2012	0.74	200,000	4.29	100,000	4.29	92,788
		1,737,500	2.31	1,575,000	2.23	\$ 617,791

On September 20, 2007, the Company granted options to purchase 250,000 of its common shares to a consultant of the Company. 100,000 of the options are exercisable at \$0.90 per share, 75,000 at \$1.125 per share and 75,000 at \$1.35 per share. All of the options expire on September 20, 2009. The options will vest in tranches over two years. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 4.27%, volatility 124.50% and an expected life of 2 years. The fair value assigned to these options was \$135,150. For the three months ended July 31, 2008, \$14,702 (\$116,807 was expensed in prior periods) was expensed to the statement of operations with a corresponding amount allocated to contributed surplus. The remaining portion of \$3,641 will be expensed in the statement of operations as services are rendered by the consultant.

On November 15, 2007, the Company granted options to purchase 200,000 of its common shares to a director of the Company. All of the options are exercisable at \$0.74 per share and expire on November 15, 2012. The options will vest in tranches over 18 months. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 3.82%, volatility 108.20% and an expected life of 5 years. The fair value assigned to these options was \$117,605. For the three months ended July 31, 2008, \$13,977 (\$78,811 was expensed in prior periods) was expensed to the statement of operations with a corresponding amount allocated to contributed surplus. The remaining portion of \$24,817 will be expensed in the statement of operations as services are rendered by the director.

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8. CAPITAL STOCK (Continued)

(d) Share Purchase Warrants

A summary of changes in share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, beginning and end of period	3,666,833	\$ 1.18

As at July 31, 2008, the following warrants were outstanding:

Expiry Date	Exercise Price (\$)	Warrants Outstanding	Black-Scholes Valuation
November 6, 2009	1.00	2,333,500	\$ 819,119
February 7, 2010	1.50	1,333,333	407,050
		3,666,833	\$ 1,226,169

(e) Broker Compensation Warrants

A summary of changes in broker compensation warrants is as follows:

	Number of Compensation Warrants	Weighted Average Exercise Price
Balance, beginning and end of period	463,333	\$ 0.69

As at July 31, 2008, the following warrants were outstanding:

Expiry Date	Exercise Price (\$)	Warrants Outstanding	Black-Scholes Valuation
November 6, 2009	0.69	200,000	\$ 107,400
February 7, 2010	1.50	52,667	15,800
February 7, 2010	0.75	210,666	65,062
		463,333	\$ 188,262

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9. RELATED PARTY TRANSACTIONS

For the three months ended July 31, 2008, the Company paid consulting fees of \$37,500 (three months ended July 31, 2007 - \$13,000) to a company controlled by a director. The Company was also charged legal fees of \$5,250 (three months ended July 31, 2007 - \$nil) by a professional corporation controlled by a director of the Company. As at July 31, 2008, the professional corporation was owed \$nil (April 30, 2008 - \$11,066) and this amount is included in accounts payable and accrued liabilities. As at July 31, 2008, the Company accrued in sundry receivable \$13,913 (April 30, 2008 - \$10,364) for expenses paid on behalf of Canstar Resources Inc. ("Canstar"). The Chief Executive Officer of the Company acts in the same capacity with Canstar. In addition, both companies have two directors in common. This balance bears no interest and is due on demand.

The Chief Financial Officer is a partner in a firm providing corporate secretarial and accounting services to the Company. During the three months ended July 31, 2008, the Company expensed \$12,969 (three months ended July 31, 2007 - \$7,560) for services rendered by this firm. In addition, as at July 31, 2008, this firm was owed \$10,344 (April 30, 2008 - \$10,243) and this amount is included in accounts payable and accrued liabilities.

For the three months ended July 31, 2008, director fees of \$4,000 (three months ended July 31, 2007 - \$nil) were paid.

These transactions were in the normal course of operations and were measured at the exchange amount of consideration established by and agreed to by the related parties and did not differ from the arm's length equivalent value for these services.

10. CONTINGENCIES

(i) On December 3, 2007, the Company granted options to purchase 200,000 of its common shares to a director of the Company. All of the options are exercisable at \$0.74 per share and expire on December 3, 2012. The options will vest in tranches over 18 months. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 3.67%, volatility 108.80% and an expected life of 5 years. The fair value assigned to these options was \$82,200. This value will be expensed as stock-based compensation and credited to contributed surplus as the underlying options vest. The options granted to the director have not vested yet since they are subject to shareholder approval of an amendment to the ceiling of the Company's stock option plan.

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10. CONTINGENCIES (Continued)

(ii) On December 14, 2007, the Company granted options to purchase 75,000 of its common shares to consultants of the Company. All of the options are exercisable at \$0.74 per share and expire on December 14, 2012. The options will vest in tranches over 18 months. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 4.01%, volatility 109.30% and an expected life of 5 years. The fair value assigned to these options was \$37,650. This value will be expensed as stock-based compensation and credited to contributed surplus as the underlying options vest. The options granted to the consultants have not vested yet since they are subject to shareholder approval of an amendment to the ceiling of the Company's stock option plan.

(iii) On January 28, 2008, the Company granted options to purchase 150,000 of its common shares to an officer of the Company. All of the options are exercisable at \$0.61 per share and expire on January 28, 2013. The options will vest in tranches over 18 months. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 3.43%, volatility 111.1% and an expected life of 5 years. The fair value assigned to these options was \$78,900. This value will be expensed as stock-based compensation and credited to contributed surplus as the underlying options vest. The options granted to the officer have not vested yet since they are subject to shareholder approval of an amendment to the ceiling of the Company's stock option plan.

11. COMMITMENT

The Company is committed to spending approximately \$1,370,000 associated with the flow-through offering that was completed on February 7, 2008 (Refer to Note 6(b)(xi) of the annual audited financial statements for the year ended April 30, 2008). The Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the requirements of the Income Tax Act (Canada). It is possible that the Company may institute the look-back rule which will require the Company to spend the funds by December 31, 2009.

12. SUBSEQUENT EVENTS

(i) Subsequent to July 31, 2008, in accordance with the amended joint-venture agreement regarding Probe's 100% owned Bristol Project with West Timmins Mining Inc. ("West Timmins"), Probe received 75,000 West Timmins common shares.

(ii) Subsequent to July 31, 2008, in accordance with the agreement regarding Probe's 100% owned Tamarack-McFauld's Lake Project with Mantis Mineral Corp. ("Mantis"), Probe received 100,000 Mantis common shares.