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**PROBE MINES LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED**  
**JULY 31, 2011 AND 2010**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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# Management's Responsibility for Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Probe Mines Limited (the "Company" or "Probe") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34-Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed 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 condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed 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 condensed 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 condensed 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.

*(signed) "David Palmer"*  
David Palmer  
President and Chief Executive Officer

*(signed) "Carmelo Marrelli"*  
Carmelo Marrelli  
Chief Financial Officer

Toronto, Canada  
October 17, 2011

## Notice To Reader

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.



# Probe Mines Limited

## Condensed Interim Statements of Financial Position (Expressed in Canadian dollars) (Unaudited)

	As at July 31, 2011	As at April 30, 2011 (note 19)	As at May 1, 2010 (note 19)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash (note 7)	\$ 22,110,921	\$ 23,995,716	\$ 1,870,050
Short-term investments	1,257,500	1,253,979	1,751,522
Amounts receivable and other assets (note 8)	273,911	202,156	31,602
<b>Total current assets</b>	<b>23,642,332</b>	<b>25,451,851</b>	<b>3,653,174</b>
Long-term investments	6,326	6,606	182,295
Deposit on infrastructure	-	107,026	-
Property and equipment (note 9)	125,657	13,849	2,478
<b>Total assets</b>	<b>\$ 23,774,315</b>	<b>\$ 25,579,332</b>	<b>\$ 3,837,947</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities (note 10)	\$ 893,612	\$ 776,011	\$ 49,751
<b>Equity</b>			
Share capital (note 11)	30,188,387	30,008,020	10,777,507
Reserves	13,044,201	11,754,075	4,478,746
Accumulated deficit	(20,321,917)	(16,929,086)	(11,485,411)
Accumulated other comprehensive (loss) income	(29,968)	(29,688)	17,354
<b>Total equity</b>	<b>22,880,703</b>	<b>24,803,321</b>	<b>3,788,196</b>
<b>Total equity and liabilities</b>	<b>\$ 23,774,315</b>	<b>\$ 25,579,332</b>	<b>\$ 3,837,947</b>

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Subsequent events (note 20)

### Approved on behalf of the Board:

"David Palmer", Director

"Dennis H. Peterson", Director

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## Probe Mines Limited

Condensed Interim Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)  
(Unaudited)

Three Months Ended  
July 31,  
2011                      2010  
(note 19)

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### Operating expenses

Exploration and evaluation expenditures (note 15)	\$ 1,942,944	\$ 335,604
General and administrative (note 16)	1,498,542	74,242
	<b>(3,441,486)</b>	<b>(409,846)</b>
Interest income	48,655	1,930
<b>Net loss for the period</b>	<b>\$ (3,392,831)</b>	<b>\$ (407,916)</b>
<b>Other comprehensive loss</b>		
Unrealized loss on available-for-sale securities, net of tax	(280)	(7,570)
<b>Total comprehensive loss</b>	<b>\$ (3,393,111)</b>	<b>\$ (415,486)</b>
<b>Basic and diluted net loss per share (note 13)</b>	<b>\$ (0.06)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>56,532,574</b>	<b>35,742,300</b>

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## Probe Mines Limited

Condensed Interim Statements of Cash Flows  
(Expressed in Canadian dollars)  
(Unaudited)

Three Months Ended  
July 31,  
2011                      2010  
(note 19)

### Operating activities

Net loss for the period	\$ (3,392,831)	\$ (407,916)
Adjustments for:		
Share based payments (note 12)	1,321,577	7,944
Amortization	6,268	186
Interest income	(48,655)	(1,930)
Changes in non-cash working capital items:		
Amounts receivable and other assets	(71,755)	(41,429)
Amounts payable and other liabilities	117,601	12,297
<b>Net cash used in operating activities</b>	<b>(2,067,795)</b>	<b>(430,848)</b>

### Investing activities

Purchase of property and equipment	(11,050)	-
Interest income	45,134	-
<b>Net cash provided by investing activities</b>	<b>34,084</b>	<b>-</b>

### Financing activities

Issue of securities, net of costs	148,916	942,390
<b>Net cash provided by financing activities</b>	<b>148,916</b>	<b>942,390</b>
<b>Net change in cash</b>	<b>(1,884,795)</b>	<b>511,542</b>
<b>Cash, beginning of period</b>	<b>23,995,716</b>	<b>1,870,050</b>
<b>Cash, end of period</b>	<b>\$ 22,110,921</b>	<b>\$ 2,381,592</b>

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

## Probe Mines Limited

Condensed Interim Statements of Changes in Equity  
(Expressed in Canadian dollars)  
(Unaudited)

### Equity attributable to shareholders

	Reserves					Total
	Share capital	Equity settled share-based payments reserve	Warrants reserve	Accumulated deficit	Accumulated other comprehensive (loss) income	
<b>Balance, May 1, 2011</b>	<b>\$ 30,008,020</b>	<b>\$ 5,523,017</b>	<b>\$ 6,231,058</b>	<b>\$(16,929,086)</b>	<b>\$ (29,688)</b>	<b>\$ 24,803,321</b>
Exercise of stock options	3,479	(1,229)	-	-	-	2,250
Exercise of warrants	176,888	-	(48,000)	-	-	128,888
Issue of step-up warrants	-	-	17,778	-	-	17,778
Share based payments	-	1,321,577	-	-	-	1,321,577
Net loss and comprehensive loss for the period	-	-	-	(3,392,831)	(280)	(3,393,111)
<b>Balance, July 31, 2011</b>	<b>\$ 30,188,387</b>	<b>\$ 6,843,365</b>	<b>\$ 6,200,836</b>	<b>\$(20,321,917)</b>	<b>\$ (29,968)</b>	<b>\$ 22,880,703</b>
<b>Balance, May 1, 2010</b>	<b>\$ 10,777,507</b>	<b>\$ 4,347,246</b>	<b>\$ 131,500</b>	<b>\$(11,485,411)</b>	<b>\$ 17,354</b>	<b>\$ 3,788,196</b>
Issuance of common shares	1,000,000	-	-	-	-	1,000,000
Finder's fee	40,000	-	-	-	-	40,000
Share issue costs	(101,360)	-	-	-	-	(101,360)
Warrants issued	(320,266)	-	320,266	-	-	-
Exercise of options	5,800	(2,050)	-	-	-	3,750
Share based payments	-	7,944	-	-	-	7,944
Net loss and comprehensive loss for the period	-	-	-	(407,916)	(7,570)	(415,486)
<b>Balance, July 31, 2010</b>	<b>\$ 11,401,681</b>	<b>\$ 4,353,140</b>	<b>\$ 451,766</b>	<b>\$(11,893,327)</b>	<b>\$ 9,784</b>	<b>\$ 4,323,044</b>

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.



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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 1. Nature of operations and going concern

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 earned any income. The primary office of the Company is located at 2 Toronto Street, Suite 306, Toronto, Ontario, Canada, M5C 2B6.

While the Company has no source of revenue, it believes it has sufficient cash resources to meet its exploration and administrative overhead and maintain its mineral investments planned through October 2012. In order to meet future expenditures and cover administrative and exploration costs beyond that point, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company.

These condensed interim financial statements have been prepared on the going concern basis. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

### 2. Significant accounting policies

#### (a) Basis of preparation and adoption of International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim financial statements. In the financial statements, the term "Canadian GAAP" refers to GAAP before the adoption of IFRS.

These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Subject to certain transition elections disclosed in note 19, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at May 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 19 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended April 30, 2011.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of October 17, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending April 30, 2012 could result in restatement of these interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended April 30, 2011.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 2. Significant accounting policies (continued)

#### (b) Basis of presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as available-for-sale or at fair value through profit or loss ("FVTPL"). In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(o).

#### (c) Functional and reporting currency

The functional and reporting currency, as determined by management of the Company, is the Canadian dollar.

#### (d) Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Short-term investments	Loans and receivables
Long-term investments	FVTPL

  

Financial liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities

#### Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

#### FVTPL

Financial assets are classified as available-for-sale when so designated by management. Financial assets classified as available-for-sale are measured at fair value, with changes recognized in the other comprehensive income.

The Company's financial assets classified as available-for-sale include long-term investments.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 2. Significant accounting policies (continued)

#### (d) Financial instruments (continued)

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss and comprehensive loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the condensed interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 2. Significant accounting policies (continued)

#### (e) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

#### (f) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

#### (g) Property and equipment

Property and equipment ("PE") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

<b>Detail</b>	<b>Percentage</b>	<b>Method</b>
Computer equipment	30%	Declining balance
Software	100%	Declining balance
Site building	10%	Declining balance

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 2. Significant accounting policies (continued)

#### (h) *Flow-through shares*

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting income tax recovery when the entity renounces the tax differences and has made the appropriate expenditures.

#### (i) *Cash*

Cash in the statements of financial position comprise cash at banks and on hand.

#### (j) *Provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

#### (k) *Share based payment transactions*

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

#### (l) *Income taxes*

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

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## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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#### 2. Significant accounting policies (continued)

##### (l) *Income taxes (continued)*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Tax on income in interim periods accrued using the tax rate that would be applicable to expected total annual earnings.

##### (m) *Restoration, rehabilitation and environmental obligations*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as at July 31, 2011, April 30, 2011 and May 1, 2010 as the disturbance to date is minimal.

##### (n) *Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

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## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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#### 2. Significant accounting policies (continued)

##### (o) Significant accounting judgments and estimates

The preparation of these unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- All inputs used in the Black-Scholes model for determining the fair value of share based payment transactions in statement of loss and comprehensive loss;

##### Critical accounting judgments

- The Company's assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the period;
- The assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including future income tax rate and recoverability; and
- Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

##### (p) New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to Probe and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on Probe.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 2. Significant accounting policies (continued)

(p) *New accounting standards and interpretations (continued)*

(i) IFRS 9 – Financial instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

(ii) IFRS 10 – Consolidated financial statements (“IFRS 10”) was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity’s returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(iii) IFRS 11 – Joint arrangements (“IFRS 11”) was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) IFRS 12 – Disclosure of interests in other entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 2. Significant accounting policies (continued)

(p) *New accounting standards and interpretations (continued)*

(v) IFRS 13 – Fair value measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity’s net risk exposure;
- disclosure regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity’s valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) IAS 1 – Presentation of financial statements (“IAS 1”) was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

### 3. Exploration and evaluation expenditures on mineral properties

(a) Tamarack-McFauld's Lake Property

During fiscal 2004, the Company staked 332 claim units in the McFauld's Lake area of Ontario.

The Company entered into a joint-venture agreement on February 12, 2004 with Canstar Resources Inc. (“Canstar”) with respect to 32 of the above claim units. However, in February 2007, the companies ceased to operate the joint venture and the related claims were allowed to lapse.

On May 21, 2007, the Company signed an agreement with Mantis Mineral Corp. (“Mantis”) for the acquisition of a 51% interest in Probe’s Tamarack Project. The terms of the agreement were: a) Mantis must issue 400,000 shares over a 3-year term starting on the closing date of the agreement (100,000 common shares, valued at \$25,000, were issued to Probe on closing; and 100,000 common shares, valued at \$15,000, were issued on August 20, 2008) and b) Mantis must complete a \$500,000 work program over three years, of which \$100,000 was required within the initial year. The agreement also required Mantis to deliver a resource report to the standards required by National Instrument 43-101.

During the first quarter of fiscal 2010, Mantis terminated the agreement. As of July 31, 2011, Probe is continuing with an exploration program on the property.

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## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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#### 3. Exploration and evaluation expenditures on mineral properties (continued)

##### (b) Bristol Township

On December 8, 2003, the Company entered into an arm's length agreement to acquire a 100% interest in three mineral claims consisting of 27 claim units located in Bristol Township, Porcupine Mining Division in Ontario. The Company can earn this 100% interest (subject to 3% net smelter royalties ("NSR")) by issuing 100,000 shares (issued), making a cash payment of \$5,000 (paid) on the execution of the agreement and making a \$100,000 cash payment following completion of a positive feasibility study. The Company may purchase 2% of the NSR interest for \$1,500,000.

The Company also entered into an arm's length agreement on February 3, 2004 to acquire a 100% interest in eight mineral claims consisting of 25 claim units located in Bristol Township and one mineral claim consisting of eight claim units located in Godfrey Township, in the Porcupine Mining Division in Ontario. The Company can earn this 100% interest (subject to a 3% NSR) in the nine mineral claims by issuing 100,000 shares (issued), making a cash payment of \$6,000 (paid) on the execution of the agreement and making a \$100,000 cash payment following completion of a positive feasibility study. The Company may purchase 2% of the NSR interest for \$1,500,000.

On December 31, 2005, the Company signed a joint-venture agreement with West Timmins Mining Inc. ("West Timmins"), formerly Sydney Resource Corporation, with respect to the Company's right to the Bristol Township gold property.

On March 21, 2007, the Company amended the above noted December 31, 2005 joint-venture agreement with West Timmins. Under the amended agreement, West Timmins may earn an initial 55% interest in the Company's Bristol Project by making a cash payment of \$25,000 (paid), issuing 325,000 common shares over three years (100,000 common shares, valued at \$46,000, were issued on closing of the original agreement; 75,000 common shares, valued at \$71,500, were issued June 20, 2007; 75,000 common shares, valued at \$36,000, were issued on August 20, 2008; and 75,000 common shares, valued at \$129,000, were issued June 30, 2009). West Timmins must also complete \$1,000,000 in exploration expenditures on the property over a five year period, of which \$125,000 was spent as required by June 30, 2007, an additional \$250,000 was spent by June 30, 2008, an additional \$250,000 must be spent by June 30, 2009 and an additional \$375,000 must be spent by June 30, 2010.

Having earned the 55% joint venture interest, West Timmins may opt to increase its interest to 70% by making an additional cash payment of \$50,000 and issuing an additional 50,000 common shares within 60 days of earning the 55% interest and delivering a resource report to the standards required by National Instrument 43-101 on a resource developed within the bounds of the property within 2 years of having earning the 55% interest.

On June 30, 2009, Probe received 75,000 West Timmins common shares valued at \$129,000. In November 2009, Lake Shore Gold Corp. ("Lake Shore") acquired all the outstanding common shares of West Timmins and Probe's 75,000 West Timmins common shares were exchanged for 54,750 Lake Shore common shares.

On December 13, 2010, Probe announced that Lake Shore Gold Corp. had vested a 55 percent interest in the Timmins West Project. Probe will retain a 45 percent interest in the claims. A Joint Venture Management Committee has been formed with two representatives from each company.

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## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 3. Exploration and evaluation expenditures on mineral properties (continued)

#### (c) Victory Property

During fiscal 2005, the Company completed the 100% acquisition of 493 claims (7,888 hectares) within a new and previously unexplored greenstone belt in the James Bay Lowlands of Northern Ontario. 48 of these claims were allowed to lapse due to lack of activity. During the prior year, the Company commenced exploration through an airborne electromagnetic survey and systematic geophysical interpretation of the targets, with follow-up ground geophysical surveys and diamond drilling. During the year ended April 30, 2009, the Company completed high-resolution helicopter-borne geophysical surveys over the majority of the Victory property, which was followed by a nine-hole diamond drilling program in June 2008 totaling 1,371m. During September, 2008, a deep-penetrating airborne geophysical survey was completed over the eastern claim block where previous drilling had identified sulphide mineralized ultramafic rocks.

Drilling of targets identified in the latter geophysical program was expected to occur during fiscal 2011 but was postponed as resources were focussed on the Company's new Borden Lake gold discovery. Drilling of the Victory geophysical targets is on-hold until time and resources allow.

#### (d) McFauld's West Project

The McFauld's West Project is comprised of 87 claims covering 1,392 hectares in the McFauld's Lake area of Ontario's James Bay Lowlands. The properties are located to the west of the Company's Tamarack claims.

During fiscal 2009, 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.

During fiscal 2011, the Company received results from an airborne survey conducted over the property.

The data is now being evaluated for potential targets that would require drill testing.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

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### 3. Exploration and evaluation expenditures on mineral properties (continued)

#### (e) Noront Joint Venture

On May 19, 2009, a Joint Venture agreement was signed between the Company and Noront, comprising 87 claim units located in the "Ring of Fire" area of McFaulds Lake, northern Ontario. The Joint Venture does not include claims belonging to the Company's Tamarack or Victory properties, and excludes staked claims immediately north of the discovery area. The terms of the agreement resulted in the immediate formation of a 50-50 Joint Venture between Probe and Noront, under which Probe is the operator for the first two years, and alternate operatorship every two years thereafter, as long as equal ownership is maintained. If one company acquires more than 50% of the joint venture, full operatorship will be transferred to the larger property interest. A technical committee has been formed comprising members from both companies to approve exploration programs.

During the 2010 fiscal year the Company completed two drilling programs on one 16 unit claim of the JV project, which resulted in the discovery of significant chromite mineralization.

On August 9, 2010, the Board of Directors of Probe announced that Probe and Noront had come to an agreement to dissolve the current joint venture agreement in the Ring of Fire, James Bay Lowlands, and divide the joint venture claims between the two companies. As part of the agreement, Probe will acquire a 100% interest in the Black Creek chromite deposit and another claim along the chromite trend, while Noront will acquire a 100% interest in claims surrounding its Eagle's Nest nickel deposit and north of its Thunderbird vanadium deposit.

Under the terms of the agreement, Noront and Probe will each acquire a 100% undivided interest in their respective claims. No cash or share payments will be made as part of the agreement, which is a straight transfer of interests in the mineral properties.

In October 2010, the Company completed a third-phase diamond drilling program on the Black Creek chromite deposit and generated an updated NI 43-101 compliant resource estimate, which included these drill results.

#### (f) Cree Lake Gold Project

On March 30, 2010, the Company entered into an option agreement (the "Agreement") with Mantis to acquire the Cree Lake Gold Project. Pursuant to the Agreement, Probe has an option to acquire up to a 70% interest in nineteen mining claims covering 4,032 hectares comprising the Cree Lake Gold Property.

The project is located in Swayze Township, approximately 195 kilometres northwest of Sudbury, Ontario, and seven kilometres southwest of the past-producing Kenty gold mine.

Probe may earn a 51% undivided interest in the Cree Lake Gold Project by making an initial payment of 150,000 common shares of Probe within 10 days of the signing of the option agreement (issued and assigned a value of \$55,500); fund expenditures of \$1,000,000 by April 15, 2012, which includes an induced polarization survey and a diamond drill program; issue a total of 1,000,000 Consideration Shares in aggregate by April 15, 2012; and complete and fund an additional 5,000 metres of drilling by April 2013.

Upon completing all the payments mentioned above, Probe will have a second option to acquire an additional 9% undivided interest in the Cree Lake Gold Project by paying two million dollars (\$2,000,000) on or before April 15, 2014 to Mantis. Probe will have a third option to acquire a further undivided 10% interest in the property by paying three million dollars (\$3,000,000) on or before April 15, 2015 to Mantis.

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## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

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### 3. Exploration and evaluation expenditures on mineral properties (continued)

#### (f) Cree Lake Gold Project (continued)

Four of the claims comprising the Cree Lake Gold Project are subject to a 1.5% NSR in favour of previous vendors.

The Cree Lake property is host to a thick (15.5 metre), near surface, gold zone averaging 2.05 g/t Au discovered by Mantis in 2009 and the historical, high-grade, Flintrock gold showing.

In June 2010, the Company completed a first-phase drill program that returned numerous zones of gold mineralization including a five (5) metre section grading 2.3 g/t Au and individual assays of up to 24 g/t Au.

In January 2011, the Company commenced a second phase diamond drilling program on its Cree Lake Project. The five holes in the second phase program successfully identified the low-grade gold zone discovered by Mantis in 2009 and also extended the mineralization 50 metres to the northeast of the discovery hole.

#### (g) Borden Lake Gold Property

On March 31, 2010, Probe entered into an option agreement to acquire 100% of the Borden Lake Gold property in Cochrane Township near Chapleau, Ontario. The Borden Lake property represents a new gold discovery associated with Timiskaming-age sediments in an underexplored part of the Kapuskasing Structural Zone.

Probe has the right to earn a 100% interest in the property by making the following payments over a four year period:

i) Upon signing, issue 50,000 common shares of Probe (issued and assigned a value of \$18,250) and make a cash payment of \$10,000 (paid);

ii) Upon the first anniversary of signing, issue 50,000 common shares (issued and assigned a value of \$70,500) of Probe and make a cash payment of \$12,500 (paid);

iii) Upon the second anniversary of signing, issue 100,000 common shares of Probe and make a cash payment of \$15,000; and

iv) Upon the third anniversary of signing, issue 100,000 common shares of Probe and make a cash payment of \$17,500.

The vendors maintain a 2% Net Smelter Royalty (NSR) interest, while Probe retains an option to buy back 1% of the NSR for \$1,000,000.

The Company amended the Borden Lake agreement to include additional claims staked by the vendors surrounding the original property package. In consideration for the claims the Company issued an additional 50,000 shares (issued on August 25, 2010) (valued at \$31,000) to the vendors upon signing of the amended agreement. The agreement has also been amended to include an area of influence covering these new claims and all future acquisitions by the Optionor. All other terms and payments from the original agreement remain unchanged.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 3. Exploration and evaluation expenditures on mineral properties (continued)

#### (g) Borden Lake Gold Property (continued)

On October 22, 2010, the Company announced that it was acquiring a 100% interest in a four-unit claim as part of its Borden Lake Project. The terms of the acquisition include a cash payment of \$15,000 (paid in November 2010) and the issuance of 20,000 shares. The vendor will maintain a 0.5% NSR which can be purchased by the Company for \$500,000. The 20,000 shares were issued on November 17, 2010 (valued at \$26,600).

On January 6, 2011, the Company announced that it entered into an option agreement to acquire a 50% interest in the mineral rights of three patented mining claims adjacent to its Borden Lake project. The Company has the right to earn a 50% interest in the mineral rights of the property by making a cash payment of \$50,000 (paid) and issuing 75,000 shares (issued on January 13, 2011) (valued at \$116,100), upon signing, to the vendors, and by completing \$400,000 in exploration expenditures. During the earn-in period, the Company will also complete and deliver a preliminary assessment, as defined by the National Instrument 43-101, of any resource identified on the property.

On March 3, 2011, the Company announced that it has entered into an option agreement to acquire a 100% interest in the mineral rights of one patented mining claim adjacent to its Borden Lake project near Chapleau, Ontario. Probe has the right to earn a 100% interest in the mineral rights of the property by making cumulative cash payments totaling \$20,000 (\$5,000 paid) and issuing 45,000 shares (10,000 issued and valued at \$15,560) to the vendors over the three-year period of the option agreement. The vendors will also maintain a 1% NSR, of which 0.5% can be purchased back by the Company for \$500,000.

### 4. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. As discussed in note 1, the Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at July 31, 2011, totaled \$22,880,703 (April 30, 2011 - \$24,803,321 and May 1, 2010 - \$3,788,196).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company.

The Company is not subject to any capital requirements imposed by a lending institution.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

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### 5. Financial risk management

#### Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors.

#### (i) 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 and amounts receivable. Cash is held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of July 31, 2011. Management believes that the credit risk with respect to financial instruments included in amounts receivable is minimal.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at July 31, 2011, the Company had cash of \$22,110,921 (April 30, 2011 - \$23,995,716 and May 1, 2010 - \$1,870,050) to settle current liabilities of \$893,612 (April 30, 2011 - \$776,011 and May 1, 2010 - \$49,751). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed on note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

#### (iii) 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.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

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### 5. Financial risk management (continued)

#### (iii) Market risk (continued)

##### (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 high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

##### (b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

### Sensitivity analysis

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) Cash is subject to floating interest rates. The Company has no debt and receives low interest rates on its cash balances. As such, the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Sensitivity to a plus or minus 100% change in the closing bid price of the Company's investments in public companies with all other variables held constant would not affect comprehensive loss by a material amount.

### Fair Value Hierarchy

For all dates presented on the condensed interim statements of financial position, cash, short-term investments and long-term investments are considered as Level 1 within the fair value hierarchy.

## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

#### 6. Categories of financial instruments

	As at July 31, 2011	As at April 30, 2011	As at May 1, 2010
<b>Financial assets:</b>			
Loans and receivables			
Cash	\$ 22,110,921	\$ 23,995,716	\$ 1,870,050
Short-term investments	1,257,500	1,253,979	1,751,522
FVTPL			
Long-term investments	\$ 6,326	\$ 6,606	\$ 182,295
<b>Financial liabilities:</b>			
Other financial liabilities			
Amounts payable and other liabilities	\$ 893,612	\$ 776,011	\$ 49,751

As of July 31, 2011, April 30, 2011 and May 1, 2010, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

#### 7. Cash

	As at July 31, 2011	As at April 30, 2011	As at May 1, 2010
Cash	\$ 22,110,921	\$ 23,995,716	\$ 1,870,050

#### 8. Amounts receivable and other assets

	As at July 31, 2011	As at April 30, 2011	As at May 1, 2010
Sales tax receivable - (Canada)	\$ 257,343	\$ 180,639	\$ 7,924
Prepaid expenses	12,222	17,171	15,494
Amounts receivable	4,346	4,346	8,184
	\$ 273,911	\$ 202,156	\$ 31,602

# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

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(Unaudited)

### 9. Property and equipment

<b>Cost</b>	<b>Computer equipment and software</b>	<b>Site building</b>	<b>Total</b>
Balance, May 1, 2010	\$ 9,475	\$ -	\$ 9,475
Balance, July 31, 2010	9,475	-	9,475
Additions	19,770	-	19,770
Balance, April 30, 2011	29,245	-	29,245
Additions	11,050	107,026	118,076
Balance, July 31, 2011	\$ 40,295	\$ 107,026	\$ 147,321

<b>Accumulated Amortization</b>	<b>Computer equipment and software</b>	<b>Site building</b>	<b>Total</b>
Balance, May 1, 2010	\$ 6,997	\$ -	\$ 6,997
Amortization during the period	186	-	186
Balance, July 31, 2010	7,183	-	7,183
Amortization during the period	8,213	-	8,213
Balance, April 30, 2011	15,396	-	15,396
Amortization during the period	3,592	2,676	6,268
Balance, July 31, 2011	\$ 18,988	\$ 2,676	\$ 21,664

<b>Carrying value</b>	<b>Computer equipment and software</b>	<b>Site building</b>	<b>Total</b>
Balance, May 1, 2010	\$ 2,478	\$ -	\$ 2,478
Balance, July 31, 2010	2,292	-	2,292
Balance, April, 2011	13,849	-	13,849
Balance, July 31, 2011	\$ 21,307	\$ 104,350	\$ 125,657

### 10. Amounts payable and other liabilities

	<b>As at July 31, 2011</b>	<b>As at April 30, 2011</b>	<b>As at May 1, 2010</b>
Falling due within the year			
Trade payables	\$ 893,612	\$ 776,011	\$ 49,751

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## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

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#### 11. Share capital

##### a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

##### b) Common shares issued

As at July 31, 2011, the issued share capital amounted to \$30,188,387. Changes in issued share capital are as follow:

	Number of common shares	Amount
Balance, May 1, 2010	34,266,472	\$ 10,777,507
Issuance of common shares	2,222,221	1,000,000
Finder's fee	88,888	40,000
Share issue costs	-	(101,360)
Exercise of options	25,000	5,800
Warrants issued	-	(320,266)
Balance, July 31, 2010	36,602,581	\$ 11,401,681
Balance, May 1, 2011	56,333,415	\$ 30,008,020
Exercise of options	15,000	3,479
Exercise of warrants (i)	266,665	176,888
Balance, July 31, 2011	56,615,080	\$ 30,188,387

(i) On May 27, 2011, 177,777 broker compensation warrants with a value of \$30,222 and an expiry date of June 3, 2011 were exercised for cash proceeds of \$80,000. As a result of the exercise, 88,888 step-up warrants were issued and exercised for cash proceeds of \$66,666.

The grant date fair value of the 88,888 step up warrants was determined to be \$17,778 using a relative fair value method based on the estimated fair value of the step up warrants using the Black-Scholes option pricing formula with the following assumptions: expected dividend yield of 0%; expected volatility of 96%; risk free interest rate of 1.49% and expected life of 1 year.

## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

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#### 12. Stock options

The Company has a stock option plan for the purchase of common shares for its directors, senior officers, employees and certain consultants. The aggregate number of common shares reserved for issuance under the stock option plan is 10% of the issued and outstanding at the time of grant. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. The exercise price and vesting period of the options is fixed by the board of directors of the Company at the time of grant, subject to all applicable regulatory requirements.

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price (\$)
Balance, May 1, 2010	3,162,500	0.41
Exercised	(25,000)	0.15
Balance, July 31, 2010	3,137,500	0.41
Balance, May 1, 2011	3,331,666	0.75
Exercised	(15,000)	0.15
Granted (ii)(iii)	1,420,000	1.45
Balance, July 31, 2011	4,736,666	0.96

The following table reflects the actual stock options issued and outstanding as of July 31, 2011:

Exercise Expiry Date	Options Price (\$)	Remaining Contractual Outstanding	Remaining Options Life (Yrs)	Contractual Exercisable	Valuation (\$)
November 28, 2011	0.20	200,000	0.33	200,000	27,800
November 15, 2012	0.74	200,000	1.30	200,000	117,605
December 3, 2012	0.74	200,000	1.35	200,000	82,200
December 14, 2012	0.74	66,666	1.38	66,666	33,466
January 28, 2013	0.61	150,000	1.50	150,000	78,900
October 16, 2013	0.15	700,000	2.21	700,000	57,401
April 12, 2015	0.38	600,000	3.70	600,000	201,600
November 11, 2015	1.40	1,200,000	4.28	1,175,000	1,487,520
May 16, 2016	1.45	150,000	4.80	-	168,300
May 26, 2016	1.45	1,270,000	4.82	1,119,166	1,402,080
		4,736,666	3.52	4,410,832	3,656,872

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

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(Unaudited)

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### 12. Stock options (continued)

(i) During the three months ended July 31, 2011, the impact on expenses due to the vesting of previously issued options was \$9,040 (three months ended July 31, 2010 - \$7,944).

(ii) On May 16, 2011, Probe agreed to the issuance of 50,000 stock options of the Company to each of the three First Nations communities (Brunswick House, Chapleau Cree and Chapleau Ojibwe First Nations communities near Chapleau, Ontario) vesting over a period of 18 months, for an aggregate of 150,000 common shares at an exercise price of \$1.45 per share for a period of 5 years. Vesting of the stock options is as follows: 25% on the approval of the TSX Venture Exchange; 25% six months after May 16, 2011; 25% 12 months after May 16, 2011; and 25% 18 months after May 16, 2011. The grant date fair value of \$168,300 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 138%, risk-free rate of return of 2.20% and an expected maturity of 5 years. For the three months ended July 31, 2011, \$38,568 was expensed to general and administrative expenses (note 16).

(iii) On May 26, 2011, the Company has granted a total of 1,270,000 options to purchase common shares of Probe to directors, officers and consultants at an exercise price of \$1.45 per share for a period of 5 years. 1,050,000 of these stock options vest immediately. 50,000 of these stock options vest as to: 12,500 after three months, 12,500 after six months, 12,500 after nine months and 12,500 after twelve months. 170,000 of these stock options vest as to: 56,666 vest immediately, 56,667 after twelve months and 56,667 after twenty four months. The grant date fair value of \$1,402,080 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 138%, risk-free rate of return of 2.04% and an expected maturity of 5 years. For the three months ended July 31, 2011, \$1,273,969 was expensed to general and administrative expenses (note 16).

### 13. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended July 31, 2011 and 2010 was based on the loss attributable to common shareholders of \$3,392,831 (three months ended July 31, 2010 - \$407,916) and the weighted average number of common shares outstanding of 56,532,574 (three months ended July 31, 2010 - 35,742,300). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

### 14. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Grant date fair value (\$)
Balance, May 1, 2010	500,000	131,500
Issued	1,155,553	290,044
Balance, July 31, 2010	1,655,553	421,544

## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

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(Unaudited)

#### 14. Warrants (continued)

	Number of warrants	Grant date fair value (\$)
Balance, May 1, 2011	12,204,530	6,231,058
Exercised	(266,665)	(48,000)
Step up warrants issued (note 11(b)(i))	88,888	17,778
Balance, July 31, 2011	12,026,753	6,200,836

The following table reflects the actual warrants issued and outstanding as of July 31, 2011:

Expiry Date	Exercise Price (\$)	Warrants Outstanding	Grant date fair value (\$)
February 2, 2012	0.75	500,000	131,500
June 3, 2012	0.75	1,155,553	290,044
April 21, 2013	1.70	9,260,000	5,370,800
April 21, 2013	1.35	1,111,200	960,077
Warrant issue costs			(551,585)
		12,026,753	6,200,836

#### 15. Exploration and evaluation expenditures

	Three Months Ended July 31,	
	2011	2010
Borden property	\$ 1,922,409	\$ 140,511
Victory property	3,425	10,193
McFauld's West project	-	43,767
Black Creek	8,125	61,087
Cree Lake property	3,125	77,454
Tamarack-McFauld's Lake property	3,125	2,592
Other	2,735	-
<b>Exploration activities</b>	<b>\$ 1,942,944</b>	<b>\$ 335,604</b>

## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

#### 16. General and administrative

	Three Months Ended July 31,	
	2011	2010
Salaries and benefits (note 12)	\$ 1,355,723	\$ 7,944
Professional fees	57,654	23,634
Shareholder information	17,342	11,161
Transfer agent and filing fees	22,388	12,406
Administrative	14,322	6,905
Consulting fees	8,750	7,500
Occupancy costs	4,500	4,284
Travel and promotion	11,595	222
Amortization	6,268	186
	<b>\$ 1,498,542</b>	<b>\$ 74,242</b>

#### 17. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) Probe entered into the following transactions with related parties:

	Notes	Three Months Ended July 31,	
		2011	2010
Palmer and Associates	(i)	\$ 37,500	\$ 37,500
Peterson Law Professional Corporation	(ii)	14,164	19,286
Marrelli CFO Outsource Syndicate Inc.	(iii)	4,500	4,500
Marrelli Support Services Inc.	(iii)	5,785	7,975
John B. Gammon	(iv)	6,000	2,000
Patrick Reid	(iv)	7,500	2,000
DSA Corporate Services Inc. ("DSA")	(iii)	2,268	-

(i) Palmer & Associates is a company controlled by David A. S. Palmer, the Chief Executive Officer and a director of Probe. As at July 31, 2011, Palmer and Associates was owed \$nil (April 30, 2011 - \$28,250) and this amount was included in amounts payable and accrued liabilities.

(ii) Dennis H. Peterson, a director of Probe, controls Peterson Law Professional Corporation. As at July 31, 2011, Peterson Law Professional Corporation was owed \$nil (April 30, 2011 - \$94,488) and this amount was included in amounts payable and accrued liabilities.

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# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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### 17. Related party balances and transactions (continued)

(a) (continued) Probe entered into the following transactions with related parties:

(iii) Marrelli CFO Outsource Syndicate Inc. is a company controlled by Carmelo Marrelli, the Chief Financial Officer of Probe. Carmelo Marrelli is the president of Marrelli Support Services Inc., a firm providing accounting services, an officer of DSA Corporate Services Inc., a firm providing corporate secretarial services, and an officer of D & R Filing Corp., a firm providing regulatory filing services to Probe. As at July 31, 2011, these firms were owed \$11,283 (April 30, 2011 - \$11,437) and these amounts were included in amounts payable and accrued liabilities.

(iv) John B. Gammon and Patrick Reid are directors of Probe.

(v) As at July 31, 2011, the Company accrued in sundry receivables \$4,346 (April 30, 2011 - \$4,346) for expenses paid on behalf of Canstar Resources Inc. Canstar and Probe have two directors in common. This balance bears no interest and is due on demand.

(b) Remuneration of Directors and key management personnel, other than consulting fees, of the Company was as follows:

	Three Months Ended July 31,	
	2011	2010
Salaries and benefits	\$ 18,750	\$ -
Share based payments	\$ 1,209,800	\$ -

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The board of directors and certain officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

### 18. Segmented information

The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

### 19. Conversion to IFRS

(i) *Overview*

As stated in Significant Accounting Policies note 2, these are the Company's first unaudited condensed interim financial statements prepared in accordance with IFRS as issued by the IASB.

The policies set out in the Significant Accounting Policies section have been applied in preparing the condensed interim financial statements for the three months ended July 31, 2011 and in the preparation of an opening IFRS statement of financial position at May 1, 2010 (the Transition Date).

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## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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#### 19. Conversion to IFRS (continued)

##### (ii) *First-time adoption of IFRS*

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at May 1, 2010, the Transition Date.

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS unaudited statement of financial position is included as comparative information in the unaudited statements of financial position in these condensed interim financial statements.

##### (iii) *Changes to accounting policies*

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on April 30, 2011 (see note 2), the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

##### (a) Exploration and evaluation expenditures

On transition to IFRS, the Company adopted a policy to expense exploration and evaluation expenditures as incurred. Previously, the Company's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred. As a result of this adoption, all previously capitalized mineral property costs were written off against accumulated deficit, and to the extent relating to cost incurred in the current period, against the statement of loss and comprehensive loss.

Due to the adoption of a policy to expense exploration costs as incurred, all previously recognized deferred tax liabilities on temporary differences from the carrying amounts of assets and their tax bases were derecognized against accumulated deficit amounting to \$340,000, \$308,600 and \$105,600 as at May 1, 2010, July 31, 2010 and April 30, 2011, respectively.

# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

### 19. Conversion to IFRS (continued)

(iii) *Changes to accounting policies (continued)*

(a) Exploration and evaluation expenditures (continued)

#### Impact on Condensed Interim Statements of Financial Position

	As at April 30, 2011	As at July 31, 2010	As at May 1, 2010
Adjustment to mineral resource properties	\$ (7,122,261)	\$ (3,958,890)	\$ (3,623,286)
Adjustment to deferred income tax liability	(105,600)	(308,600)	(340,000)
Adjustment to accumulated deficit	\$ (7,016,661)	\$ (3,650,290)	\$ (3,283,286)

#### Impact on Condensed Interim Statements of Loss and Comprehensive Loss

	Year ended April 30, 2011	Three months ended July 31, 2010
Adjustment to exploration and evaluation expenditures	\$ 3,498,975	\$ 335,604
Reversal of future tax recovery	(484,400)	(31,400)
Adjustment to loss and comprehensive loss	\$ (3,983,375)	\$ (367,004)

#### Impact on Condensed Interim Statements of Cash Flows

	Year ended April 30, 2011	Three months ended July 31, 2010
Adjustment to loss and comprehensive loss	\$ (3,983,375)	\$ (367,004)
Reversal of future tax recovery	(484,400)	(31,400)
Common shares issued for mineral properties	259,760	-
Mineral resource properties and exploration and evaluation expenditures	\$ 3,239,215	\$ 335,604

(b) Flow-through shares

On transition to IFRS, the Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A flow through share liability is recognized for this difference and is extinguished by recognizing an income tax recovery when the entity renounces the tax deductions. Previously, the Company's Canadian GAAP policy was to adopt the recommendations of Emerging Issues Committee ("EIC") 146 with respect to the accounting for flow-through shares. This resulted in the Company reducing the net proceeds of the flow-through share issuance by the future tax liability of the Company resulting from the renunciation of the exploration and development expenditures in favour of the flow-through share subscribers.

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## Probe Mines Limited

### Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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#### 19. Conversion to IFRS (continued)

(iii) *Changes to accounting policies (continued)*

(b) Flow-through shares (continued)

The Company's accounting policies were changed to reflect this difference resulting in an increase in the deficit and decrease in share capital amounting to \$1,965,960, \$1,965,960 and \$2,215,960 as at May 1, 2010, July 31, 2010 and April 30, 2011, respectively.

#### Impact on Condensed Interim Statements of Financial Position

	As at April 30, 2011	As at July 31, 2010	As at May 1, 2010
Adjustment to share capital	\$ 2,215,960	\$ 1,965,960	\$ 1,965,960
Adjustment to accumulated deficit	\$ (2,215,960)	\$ (1,965,960)	\$ (1,965,960)

(iv) *Presentation*

Certain amounts in the unaudited condensed interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP*

The May 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	May 1, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 1,870,050	\$ -	\$ 1,870,050
Short-term investments	1,751,522	-	1,751,522
Amounts receivable and other assets	31,602	-	31,602
	3,653,174	-	3,653,174
Long-term investments	182,295	-	182,295
Mineral resource properties (note 19(iii)(a))	3,623,286	(3,623,286)	-
Property and equipment	2,478	-	2,478
	\$ 7,461,233	\$ (3,623,286)	\$ 3,837,947
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities	\$ 49,751	\$ -	\$ 49,751
Deferred income tax liability (note 19(iii)(a))	340,000	(340,000)	-
	389,751	(340,000)	49,751
<b>Equity</b>			
Share capital (note 19(iii)(b))	8,811,547	1,965,960	10,777,507
Reserves	4,478,746	-	4,478,746
Accumulated deficit (notes 19(iii)(a)(b))	(6,236,165)	(5,249,246)	(11,485,411)
Accumulated other comprehensive income	17,354	-	17,354
<b>Total equity</b>	<b>7,071,482</b>	<b>(3,283,286)</b>	<b>3,788,196</b>
<b>Total equity and liabilities</b>	<b>\$ 7,461,233</b>	<b>\$ (3,623,286)</b>	<b>\$ 3,837,947</b>

# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The July 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	<b>July 31, 2010</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 2,381,592	\$ -	\$ 2,381,592
Short-term investments	1,753,452	-	1,753,452
Amounts receivable and other assets	73,031	-	73,031
	<u>4,208,075</u>	<u>-</u>	<u>4,208,075</u>
Long-term investments	174,725	-	174,725
Interest in mineral properties and deferred exploration expenditures (note 19(iii)(a))	3,958,890	(3,958,890)	-
Property and equipment	2,292	-	2,292
	<u>\$ 8,343,982</u>	<u>\$ (3,958,890)</u>	<u>\$ 4,385,092</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities	\$ 62,048	\$ -	\$ 62,048
Deferred income tax liability (note 19(iii)(a))	308,600	(308,600)	-
	<u>370,648</u>	<u>(308,600)</u>	<u>62,048</u>
<b>Equity</b>			
Share capital (note 19(iii)(b))	9,435,721	1,965,960	11,401,681
Reserves	4,804,906	-	4,804,906
Accumulated deficit (notes 19(iii)(a)(b))	(6,277,077)	(5,616,250)	(11,893,327)
Accumulated other comprehensive income	9,784	-	9,784
<b>Total equity</b>	<u>7,973,334</u>	<u>(3,650,290)</u>	<u>4,323,044</u>
<b>Total equity and liabilities</b>	<u>\$ 8,343,982</u>	<u>\$ (3,958,890)</u>	<u>\$ 4,385,092</u>

# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The April 30, 2011 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	April 30, 2011		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 23,995,716	\$ -	\$ 23,995,716
Short-term investments	1,253,979	-	1,253,979
Amounts receivable and other assets	202,156	-	202,156
	25,451,851	-	25,451,851
Deposit on infrastructure	107,026	-	107,026
Interest in mineral properties and deferred exploration expenditures (note 19(iii)(a))	7,122,261	(7,122,261)	-
Long-term investments	6,606	-	6,606
Property and equipment	13,849	-	13,849
	\$ 32,701,593	\$ (7,122,261)	\$ 25,579,332
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts payable and other liabilities	\$ 776,011	\$ -	\$ 776,011
Deferred income tax liability (note 19(iii)(a))	105,600	(105,600)	-
	881,611	(105,600)	776,011
<b>Equity</b>			
Share capital (note 19(iii)(b))	27,792,060	2,215,960	30,008,020
Reserves	11,754,075	-	11,754,075
Accumulated deficit (notes 19(iii)(a)(b))	(7,696,465)	(9,232,621)	(16,929,086)
Accumulated other comprehensive loss	(29,688)	-	(29,688)
<b>Total equity</b>	31,819,982	(7,016,661)	24,803,321
<b>Total equity and liabilities</b>	\$ 32,701,593	\$ (7,122,261)	\$ 25,579,332

# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The Canadian GAAP interim statement of loss and comprehensive loss for the three month period ended July 31, 2010 has been reconciled to IFRS as follows:

	<b>Three months ended July 31, 2010</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>Operating expenses</b>			
Exploration and evaluation expenditures (note 19(iii)(a)) \$	-	\$ 335,604	\$ 335,604
General and administrative (note 16)	74,242	-	74,242
	(74,242)	(335,604)	(409,846)
Interest income	1,930	-	1,930
<b>Loss before income taxes</b>	<b>(72,312)</b>	<b>(335,604)</b>	<b>(407,916)</b>
Income tax recovery (note 19(iii)(a))	31,400	(31,400)	-
<b>Net loss and comprehensive loss for the period</b>	<b>(40,912)</b>	<b>(367,004)</b>	<b>(407,916)</b>
<b>Other comprehensive loss</b>			
Unrealized loss on available-for-sale securities, net of tax	(7,570)	-	(7,570)
<b>Total comprehensive loss</b>	<b>\$ (48,482)</b>	<b>\$ (367,004)</b>	<b>\$ (415,486)</b>

The Canadian GAAP statement of loss and comprehensive loss for the year ended April 30, 2011 has been reconciled to IFRS as follows:

	<b>Year ended April 30, 2011</b>		
	<b>Canadian GAAP</b>	<b>Effect of transition to IFRS</b>	<b>IFRS</b>
<b>Operating expenses</b>			
Exploration and evaluation expenditures (note 19(iii)(a)) \$	-	\$ 3,498,975	\$ 3,498,975
General and administrative	2,051,467	-	2,051,467
	(2,051,467)	(3,498,975)	(5,550,442)
Interest income	14,273	-	14,273
Gain on sale of marketable securities	92,494	-	92,494
<b>Loss before income tax</b>	<b>(1,944,700)</b>	<b>(3,498,975)</b>	<b>(5,443,675)</b>
Income tax recovery (note 19(iii)(a))	484,400	(484,400)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,460,300)</b>	<b>\$ (3,983,375)</b>	<b>\$ (5,443,675)</b>

# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The Canadian GAAP interim statement of cash flows for the three months ended July 31, 2010 has been reconciled to IFRS as follows:

	<u>Three months ended July 31, 2010</u>		
	<u>Canadian GAAP</u>	<u>Effect of transition to IFRS</u>	<u>IFRS</u>
<b>Operating Activities</b>			
<b>Net loss and comprehensive loss for the period</b>	\$ (40,912)	\$ (367,004)	\$ (407,916)
Amortization	186	-	186
Income tax recovery (note 19(iii)(a))	(31,400)	31,400	-
Share based payments	7,944	-	7,944
Interest income	(1,930)	-	(1,930)
Non-cash working capital items:			
Amounts receivable and other assets	(41,429)	-	(41,429)
Amounts payable and other liabilities	12,297	-	12,297
<b>Net cash used in operating activities</b>	(95,244)	(335,604)	(430,848)
<b>Investing activities</b>			
Mineral resource properties and exploration expenditures (note 19(iii)(a))	(335,604)	335,604	-
<b>Net cash provided by (used in) investing activities</b>	(335,604)	335,604	-
<b>Financing activities</b>			
Issue of securities, net of costs	942,390	-	942,390
<b>Net cash provided by financing activities</b>	942,390	-	942,390
<b>Net change in cash</b>	511,542	-	511,542
<b>Cash, beginning of period</b>	1,870,050	-	1,870,050
<b>Cash, end of period</b>	\$ 2,381,592	\$ -	\$ 2,381,592

# Probe Mines Limited

## Notes to Condensed Interim Financial Statements

July 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

### 19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP (continued)*

The Canadian GAAP statement of cash flows for the year ended April 30, 2011 has been reconciled to IFRS as follows:

	Year ended April 30, 2011		
	Canadian GAAP	Effect of transition to IFRS	IFRS
<b>Operating Activities</b>			
<b>Net loss and comprehensive loss for the year</b>	\$ (1,460,300)	\$ (3,983,375)	\$ (5,443,675)
Adjustment for:			
Amortization	8,399	-	8,399
Share based payments	1,489,919	-	1,489,919
Common shares issued for mineral properties	-	259,760	259,760
Future tax recovery (note 19(iii)(a))	(484,400)	484,400	-
Gain on sale of marketable securities	(92,494)	-	(92,494)
Non-cash working capital items:			
Amounts receivable and other assets	(170,554)	-	(170,554)
Amounts payable and other liabilities	726,260	-	726,260
<b>Net cash (used in) operating activities</b>	16,830	(3,239,215)	(3,222,385)
<b>Investing activities</b>			
Purchase of equipment	(19,770)	-	(19,770)
Deposit on building	(107,026)	-	(107,026)
Net purchase and sale of short-term investments	497,543	-	497,543
Proceeds on sale of long-term investments	221,140	-	221,140
Mineral resource properties and exploration expenditures (note 19(iii)(a))	(3,239,215)	3,239,215	-
<b>Net cash (used in) provided by investing activities</b>	(2,647,328)	3,239,215	591,887
<b>Financing activities</b>			
Issue of securities, net of costs	24,756,164	-	24,756,164
<b>Net cash provided by financing activities</b>	24,756,164	-	24,756,164
<b>Net change in cash</b>	22,125,666	-	22,125,666
<b>Cash, beginning of year</b>	1,870,050	-	1,870,050
<b>Cash, end of year</b>	\$ 23,995,716	\$ -	\$ 23,995,716

### 20. Subsequent events

On September 7, 2011, Probe announced that it has entered into a Memorandum of Understanding ("MOU") with the Brunswick House, Chapleau Cree and Chapleau Ojibwe First Nations communities near Chapleau, Ontario. The MOU establishes a commitment by Probe to develop an ongoing relationship with the three communities in the area of the Company's Borden Lake Gold Project and provides the communities with an opportunity to participate in the benefits of the project through training, ongoing communication and business development. An Elders Committee will be created to provide advice to the Company on traditional values and local cultural and environmental matters during the exploration phase. Probe has also agreed to negotiate an Impact Benefit Agreement with the communities should the project proceed to production.

