



Management Discussion and Analysis

(A Development Stage Enterprise)

For the three and six months ended October 31, 2008

This Management Discussion and Analysis ("MD&A") of Probe Mines Limited ("Probe" or the "Company") is dated December 19, 2008 and provides an analysis of the Company's performance and financial condition for the three and six months ended October 31, 2008, as well as an analysis of future prospects. This MD&A should be read in conjunction with the Company's unaudited interim financial statements and related notes for the three and six months ended October 31, 2008 and audited financial statements for the year ended April 30, 2008, including the related notes, which are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts referred to in this MD&A are in Canadian dollars unless otherwise specified. These documents, along with others published by the Company, are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of inferred mineral resources; future prices of base and precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in base and precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated,

estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Business and Corporate History

Probe is a junior resource company focused on the acquisition of and exploration for base and precious metals, with activities currently located in the Province of Ontario. The Company is a reporting issuer in Ontario, Quebec, British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol "PRB".

The Company has not generated operating revenue since incorporation in 1933. Management anticipates that the Company will incur net losses as a result of ongoing exploration and general corporate costs until such time as revenue generating activity is commenced.

Probe's goal is to deliver superior returns to shareholders by concentrating on the acquisition of properties that have the potential to contain base and precious metals. The Company plans to focus on certain properties, as set out below under "Overall Performance – Current Activities".

Overall Performance

(a) Trend analysis

There are significant uncertainties regarding the prices of base and precious metals and the availability of equity financing for the purposes of mineral exploration and development. The prices of base metals in particular have fallen substantially over the past several months and financial markets have deteriorated to the point where it has become extremely difficult for junior exploration companies to raise new capital. See "Risk Factors" and "Industry and economic factors affecting Probe", below.

(b) Current activities

The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain an economic mineral reserve. There are no known deposits of minerals on any of the Company's mineral exploration properties and any activities of the Company thereon will constitute exploratory searches for minerals. See "Risk Factors".

Technical Disclosure

All technical disclosure covering the Company's properties was prepared under the supervision of David A. S. Palmer, Ph.D., P. Geo., the Chief Executive Officer and a director of the Company and a "Qualified Person" within the meaning of National Instrument 43-101.

The McFaulds West Project

The McFaulds West Project comprises 87 claims covering 1,392 hectares in the McFaulds Lake area of Ontario's James Bay Lowlands. The properties are located to the west of the Company's Tamarack claims and were acquired by staking between January and March 2006.

The claims consist of four (4) individual blocks, two (2) of which lie less than 450m from a high-grade nickel discovery made by Noront Resources in August 2007. The remaining two (2) blocks are situated to the east of the discovery and along strike of the volcanic horizon associated with the nickel mineralization.

In addition, on February 29, 2008, the Company acquired six (6) mineral claim licenses totaling 46 claim units in the McFaulds Lake area, which became part of the McFaulds West property. The claims were staked and recorded in the Company's name and are 100%-owned by Probe.

Exploration Program and Results

During September 2007 a single soil geochemical profile was completed over one of two circular magnetic anomalies located on the westernmost claims. The samples were analyzed using the Mobile Metal Ion technique and results within the single profile showed significant anomalies in nickel, cobalt, copper, silver and gold.

During July and August 2008, eight (8) holes have been completed during first-phase drilling. Ultramafic intrusive rock was intersected in three (3) of the eight (8) holes, and represents three (3) unique bodies. Diamond drill holes MW-02 and MW-08 identified a thick (over 80 metres) peridotite intrusive body, which closely resembles the host peridotite of Noront's Eagle One nickel-copper discovery. The holes were designed to test a number of discrete geophysical anomalies identified through the ground program; however, the anomalies were not explained by the amount of sulphides observed in the core and further work is required. Drill hole MW-01 was collared to test the "mafic" dyke identified in outcrop during the winter geophysical program and intersected two separate ultramafic dykes at depth. The dykes were barren of sulphide at this location. Analytical results received from sampling of the peridotite and ultramafic dykes identified local enrichment in platinum, palladium and gold, over short intervals.

Owing to the presence of potential nickel-PGE host rocks and the lack of explanations for the geophysical and geochemical anomalies, the Company is now planning further geophysical programs over the property.

A VTEM survey was contracted to Geotech Ltd. The survey has now been completed and the Company is waiting for final results.

Future Programs

Depending on airborne survey results, a second phase of drilling is planned for the project. Currently, no exploration is being conducted on the property. However, airborne geophysical results are expected during December and the Company should be in a position to decide on second-phase drilling during the winter.

Project Expenditures

During the quarter the Company spent \$472,134 on the McFaulds West properties, the majority on diamond drilling (\$239,867), airborne geophysical surveys (\$77,092) and other costs related to these programs including transportation (\$101,914). The Company is on budget with respect to the next phase of exploration, which will focus on drilling of potential targets and is expected to cost between \$400,000 and \$500,000 in 2010.

The Tamarack-McFaulds Lake Property

The Tamarack-McFaulds Lake Property is located in the McFaulds Lake area of the James Bay Lowlands of Northern Ontario, approximately 300 kilometres north of the town of Nakina. It comprises 360 claim units covering approximately 4,800 hectares, and was acquired by staking from December 2003 to November 2005. The Company maintains 100% ownership of the claims, which are free of any encumbrances.

On May 21, 2007, the Company signed an agreement with Mantis Mineral Corp. ("Mantis") for the acquisition by Mantis of a 51% interest in Probe's Tamarack Project. The terms of the agreement are: a) Mantis must issue 400,000 shares over a three (3) - year term starting on closing of the agreement

(100,000 common shares, valued at \$25,000, were issued to Probe on closing); and b) Mantis must complete a \$500,000 work program over three years, of which \$100,000 is required to be spent within the initial year. The agreement also requires Mantis to deliver a resource report to the standards required by National Instrument 43-101.

On August 20, 2008, in accordance with the agreement with Mantis, Probe received another 100,000 Mantis common shares. The 100,000 Mantis common shares were valued at \$15,000.

Interest in the area covered by the Tamarack property was initiated by the discovery of at least eight (8) volcanogenic massive sulphide (VMS) deposits by Spider Resources Inc. starting in 2002. In 2005, Probe discovered a high-grade copper VMS occurrence during drilling on the Tamarack Project. More recently, Noront Resources has intersected high-grade nickel-copper mineralization in the belt.

Exploration Program and Results

When acquired, the project represented grass roots exploration, and no previous industry work had been completed within the claim boundaries. A first-phase program of exploration was completed on the project during the 2004 fiscal year, including airborne and ground geophysical surveys, as well as a five (5) - hole diamond drilling campaign. In April 2004, a ground geophysical survey was completed on the properties, comprising seven (7) grids of cut lines, while a drill program, totaling 940 metres of drilling, was concluded in September 2004. Owing to the success of the drilling program, a high-resolution VTEM airborne geophysical survey was flown over selected portions of the property in January 2005.

In September and October 2005, the Company completed a drill program to test two (2) of the geophysical targets identified in the January 2005 survey with two (2) drill holes. Drill hole M6 encountered massive sulphide mineralization at a vertical depth of 50 metres consisting of a 7.8 metre section of chalcopyrite mineralization grading 3.1% Cu. Drill Hole M7, collared 50 metres west and down dip of M6, intersected the zone at 97 metres vertical depth with an average grade of 2.4% Cu over six metres, including 3.4% Cu over 2.5m. Anomalous zinc and precious metal values were also present, including up to 800ppm zinc, 0.3g/t Au and 9 g/t Ag. In late 2005, the Company conducted a ground-based InfiniTEM geophysical survey on the project, centred over the A-zone.

In the 2006 winter drilling program, fifteen holes were drilled on the company's 100%-owned Tamarack Project, totaling 2334m, testing the recently discovered A-zone copper mineralization and two new conductors identified in the winter ground geophysical program. A-zone mineralization was intersected in four (4) of the seven (7) holes drilled on the target, over a minimum strike length of 100m, to the south and west of the initial discovery, while a new zone of massive sulphide mineralization was intersected 900m to the south of the A-zone and corresponds to one of the two new conductors.

Mantis is currently compiling and evaluating exploration results and has completed an airborne geophysical survey covering the entire western block of claims. The results are expected shortly and will be followed by diamond drilling, if warranted.

The Victory Project

In April 2005, the Company acquired a 100% interest, by staking, in 493 claims totaling 7,888 hectares covering at least 34 airborne electromagnetic (EM) conductors, within a new and previously unexplored greenstone belt in the James Bay Lowlands of Northern Ontario (the "Victory Project"). Sixteen (16) claim units were allowed to lapse, bringing the current total to 477 (7,744 ha). The Victory claim blocks are immediately adjacent to the McFaulds Lake volcanic belt, which is host to Spider Resources' important high-grade copper-zinc-gold-silver volcanogenic massive sulphide (VMS) discoveries and Noront Resources' high-grade nickel-copper deposit.

Exploration Program and Results

An airborne geophysical program was completed by Fugro Airborne Surveys in April 2005, which concluded that at least 34 conductors with volcanogenic massive sulphide potential exist within the property. The Company subsequently entered into a drilling contract with Norex Drilling of Porcupine, Ontario, in order to test the conductors. The drilling conducted in July and August 2005, represents the first program of its kind within the Victory volcanic belt and tested 13 of 34 priority conductors in thirteen (13) holes totaling 2,301 metres. Prior to commencing the diamond-drilling program, a ground geophysical survey was completed by Exsics Geophysics of Timmins, Ontario.

All 13 holes successfully intercepted sulphides, consisting of pyrrhotite and pyrite with minor chalcopyrite and sphalerite, in altered felsic to intermediate volcanic rocks, predominantly fragmental tuffs and breccias. The host rocks, alteration and sulphides in the project area are indicative of the type of Archean volcanic centres with which VMS deposits are associated and are markedly similar to the adjacent Spider/KWG deposits.

A second phase of exploration was initiated in September 2005, comprising a high-resolution, helicopter-borne geophysical AEROTEM survey and a second phase of diamond drilling. Six (6) drill holes were completed on the project, which targeted a number of AeroTEM airborne anomalies. Massive sulphides were intersected in four (4) of the six (6) holes, and are associated with coarse fragmental volcanic rocks representing a potentially productive volcanic horizon.

During June 2008, a total of nine (9) holes were completed with a thick (30m) horizon of coarse-grained, sulphide-mineralized ultramafic intrusive rock intersected in diamond drill hole V08-27. The sulphide mineralization in drill hole V08-27 is composed predominantly of pyrrhotite and chalcopyrite occurring as coarse interstitial grain and narrow (<1m) massive bands in the ultramafic unit. The presence of sulphide mineralized ultramafic intrusive is encouraging, as it represents a potential nickel-copper-PGE host. Core samples from hole V08-27 returned anomalous values of nickel, copper, platinum and palladium throughout the section. The ultramafic is situated at the end of an over 300 metre long airborne conductor and suggests the potential for higher-grade and thicker mineralization towards the middle zone. The remaining anomalies tested by this drilling program were explained by sulphide-rich horizons within the felsic volcanic package, and indicate an additional potential for volcanogenic massive sulphide (VMS) deposits. Owing to the drill results, a VTEM survey was completed over the area containing the mineralized horizon in advance of continued drilling and the Company is waiting for final results.

Future Programs

Owing to the encouraging results in phase-one drilling, a second program is being planned, dependent on airborne results. Because of the deeper overburden in this area, a ground geophysical survey is being contemplated; however, final airborne results will be needed to determine if ground surveys are required. A possible second phase program could commence during the winter or summer of 2009.

Project Expenditures

During the quarter the Company spent \$567,847 on the Victory properties, with the majority on diamond drilling (\$374,278) and transportation associated with the drilling program (\$92,961). The Company is on budget with respect to the next phase of exploration, which will focus on continued drilling of the ultramafic horizon and is expected to cost approximately \$400,000 in 2010.

The Bristol Township Project

The Bristol Township Project is located in the prolific gold-producing Timmins mining camp of Northern Ontario, approximately 15 kilometres southwest of the town of Timmins. It comprises 52 claim units (approximately 832 hectares) in two (2) claim blocks, which are situated between, and immediately adjacent to, the Lake Shore Gold Corp. property. Reinterpretation of historical work suggests that the property has the potential to host gold mineralization. The properties contain a significant strike length of

the gold-bearing structure that hosts the known mineralization to the west and east, and geophysical surveys confirmed the presence of numerous anomalies similar to those associated with gold-bearing sulphide mineralization.

The Bristol Township properties were acquired through two separate agreements. The first 27 claim units were purchased in consideration for 100,000 shares of the Company, a cash payment of \$5,000, making a \$100,000 cash payment (unpaid) following completion of a positive feasibility study and a grant to the vendors of a 3% Net Smelter Royalty (NSR), 2% of which can be bought by the Company for a payment of \$1,500,000. During the fourth quarter of 2004, the remaining 25 claim units were optioned from another vendor in consideration of 100,000 shares of the Company, a \$6,000 cash payment, a grant to the vendor of a 3% Net Smelter Royalty (NSR), 2% of which can be bought by the Company for a payment of \$1,500,000, and a \$100,000 cash payment if a positive feasibility study is produced for the property.

On November 8, 2005, the Company announced that it entered into an option and joint-venture agreement (the "Sydney Agreement") with Sydney Resource Company (TSX-V: SYR) ("Sydney"). Under the terms of the Sydney Agreement, Sydney may earn an initial 55% interest in Probe's right to the Bristol property by making cash payments totaling \$55,000, issuing 400,000 common shares over three years and completing \$2,000,000 in exploration expenditures on the Bristol property over a four (4) - year period. On September 14, 2006, Sydney Resources merged with Band Ore Resources to form West Timmins Mining "WTM", a TSX-listed company. Accordingly, all agreements are now with WTM. On March 21, 2007, it was mutually agreed upon to amend the option agreement with the following terms: WTM may earn an initial 55% interest in Probe's right to the Bristol property by making cash payments totaling \$25,000; issuing 325,000 common shares over three (3) years; and completing \$1,000,000 in exploration expenditures on the Bristol property over a four (4) - year period. WTM has committed to fund a minimum of \$125,000 in exploration during the first 12 months of the agreement. Share payments of 75,000 shares at the first and second anniversary dates are limited in value to \$150,000 based on the 10 day trading average of Sydney common shares preceding the date of issue. Having vested at a 55% interest in Probe's right to the Bristol property, Sydney may 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 vesting and delivering a resource report to the standards required by National Instrument 43-101 on a resource developed within the bounds of the properties within two (2) years of having vested.

Anniversary dates for the agreement are now: June 30, 2007; June 30, 2008; and June 30, 2009.

On August 20, 2008, in accordance with the amended joint-venture agreement, Probe received 75,000 WTM common shares. The 75,000 WTM common shares were valued at \$36,000.

All payments and expenditures have been made up to, and including, the second anniversary.

Exploration Programs and Results

Work on the Bristol Township Project commenced with a ground geophysical program covering seven (7) grids contracted to Exsics Geophysics of Timmins, Ontario, and was completed in July 2004. The program consisted of Induced Polarization (IP) and magnetic surveys to test for potential gold-bearing sulphide mineralization. Final results of the survey, interpreted by Exsics, identified numerous prospective IP anomalies on all grids surveyed and, based on these results, numerous conductors of high priority were selected for further evaluation.

A Mobile Metal Ion (MMI) geochemical sampling program was completed over selected grid lines containing geophysical anomalies, and was intended to independently evaluate the conductors for their gold potential. The MMI program was successful in delineating numerous gold anomalies in unconsolidated surficial material that indicate potential bedrock sources. Between October and November 2004 a drilling program comprising ten drill holes totaling approximately 1,100 metres tested ten IP anomalies throughout the seven grids. Geochemical results for diamond drill core analyses were

very encouraging with four (4) of the ten (10) holes containing highly anomalous gold intersections, and two (2) of these containing intervals of potential economic significance.

A second-phase drill program, comprising six (6) holes and totaling 770 metres of drilling, was carried out in January 2005 and was designed to define the two (2) new gold zones discovered in previous drilling in late 2004.

WTM is now conducting exploration on the property and a report of results is expected shortly.

The Goldex Mine Royalty

The Company maintains a 5% net smelter royalty (NSR) on 10 unpatented mining claims in Dubuisson Township, located approximately five (5) kilometers from Val d'Or, Quebec. The claims form part of the Goldex Mine property owned by Agnico-Eagle Mines Ltd. ("Agnico-Eagle"), which was originally discovered in the 1960s. As the Company maintains only a royalty interest in the 10 claims, the Company is not responsible for any exploration work that is carried out on the property.

Initial feasibility studies of the Goldex Mine were completed in 2004 and results from a recent bulk-sampling program have been announced by Agnico-Eagle. An 18,213 ton sample taken from three raises spanning 1,000 feet with a vertical distance of 650 feet returned a grade of 0.081 ounces of gold per ton, exceeding that of an earlier bulk sample taken in 1996, which returned 0.074 ounces per ton. In response to these results, Agnico-Eagle proceeded with a final feasibility study and announced on October 27, 2005, that a new mine would be built at Goldex. The Goldex Mine was approved for construction by Agnico's Board, with an expected production date in 2008, and an annual production rate of 170,000 ounces of gold at total cash costs of \$240 per ounce. Official production at the mine began in June 2008 processing ore from outside the royalty boundary.

As the 10 unpatented mining claims of the Goldex Mine Royalty only form part of the Goldex Mine project, and as the Company is not currently aware whether any part of these claims will be mined under the current mine plan, it is not possible to determine at the present time to what extent royalty payments, if any, might be received by the Company pursuant to the terms of the Goldex Mine Royalty. The Company will continue to watch for future developments regarding the Goldex Mine from Agnico-Eagle, as the royalty interest has the potential of generating revenues that will help finance exploration on existing and future projects of the Company.

(c) Industry and economic factors affecting Probe

The following factors may affect Probe's performance:

- Probe's future performance will be largely tied to the outcome of future drilling results and public markets relating to junior exploration companies;
- Any decrease in the prices of base and precious metals could have an adverse effect on the Company's business and financial results. The Company mitigates this risk by having no debt and its credit and interest rate risks are limited to the Company's bank-backed guaranteed investment certificates. Accounts payable and accrued liabilities are short-term and non-interest bearing;
- Current financial markets are likely to be volatile in Canada for the remainder of the calendar year and potentially into 2010-2011, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. As well, concern about global growth has led to sustained drops in the commodity markets. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Junior exploration companies worldwide have been hit particularly hard by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of base and precious metals exploration and development, particularly without excessively diluting the interests of present shareholders of the Company; and

- With continued market volatility and slower worldwide economic growth, the Company's strategy is to spend its funds in a prudent manner by scaling back on its exploration program to focus on priority projects until such time as the capital markets stabilize. The Company believes this focused strategy will enable it to meet the near-term challenges presented by the capital markets. The Company has a strong belief in the exploration potential of its properties and aims to emerge from the current economic situation in a solid financial position.

(d) Financial summary

As of October 31, 2008, the Company had cash and cash equivalents and short-term investments amounting to \$4,265,884 (April 30, 2008 - \$5,534,643).

The Company's operations are still in the exploration stage and the Company's only source of revenue is interest earned on its bank-backed guaranteed investment certificates. Such interest was \$69,472 for the six months ended October 31, 2008 (six months ended October 31, 2007 - \$nil). The primary source of funding for the Company has been and continues to be the issue of equity capital through private placements and the exercise of stock options and warrants. The funds on hand are adequate to meet the Company's working capital requirements and ongoing exploration program for the ensuing twelve months. However, the Company will require additional funds from equity sources to complete the development of its properties, if warranted (See "Results of Operations").

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). The Company is obligated to incur qualifying exploration expenditures in Canada ("CEE") within 12 months from the effective date of renunciation (expected to be December 31, 2008) as defined by the Income Tax Act (Canada). As at October 31, 2008, the Company's remaining commitment with respect to unspent resource expenditures under flow-through common share agreements was \$960,019. If the money is not spent by December 31, 2008, the Company will institute the look-back rule, which will give it until December 31, 2009, to make the required expenditures.

(e) Conclusion

As of October 31, 2008, and to the date of this MD&A, management is

- Completing its flow-through commitment;
- Searching for new flow-through financing; and
- Conserving cash.

There is no certainty that the Company will discover a viable mineral resource from the Company's projects.

Related Party Transactions

For the three and six months ended October 31, 2008, the Company paid consulting fees of \$37,500 and \$75,000 respectively (three and six months ended October 31, 2007 - \$19,500 and \$32,500 respectively) to a company ("Palmer & Associates") controlled by David A. S. Palmer, the Chief Executive Officer and a director of the Company. For the three and six months ended October 31, 2008, Probe was also charged legal fees of \$1,449 and \$6,699 respectively (three and six months ended October 31, 2007 - \$nil) by a professional corporation ("Peterson Law Professional Corporation") controlled by Dennis H. Peterson, a director of the Company. As at October 31, 2008, the professional corporation was owed \$nil (April 30, 2008 - \$11,066). As at October 31, 2008, the Company accrued in sundry receivable \$17,342 (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.

Carmelo Marrelli, the Chief Financial Officer (“CFO”), is a partner in a firm (“Marrelli & Drake Corporate Services”) providing corporate secretarial and accounting services to the Company. During the three and six months ended October 31, 2008, the Company expensed \$14,187 and \$27,156 respectively (three and six months ended October 31, 2007 - \$8,744 and \$16,304 respectively) for services rendered by this firm. In addition, as at October 31, 2008, this firm was owed \$3,231 (April 30, 2008 - \$10,243) and this amount is included in accounts payable and accrued liabilities.

For the three and six months ended October 31, 2008, director fees of \$4,000 and \$8,000 respectively (John B. Gammon - \$2,000 and \$4,000, respectively, and Patrick Reid - \$2,000 and \$4,000, respectively) (three and six months ended October 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.

Selected Quarterly Information (year end April 30)

Three Months Ended	Net Revenues \$	Net (Loss) Income	
		Total \$	Per Share \$
Oct. 31, 2008	-	(325,646) ⁽¹⁾	(0.01)
Jul. 31, 2008	-	(48,064) ⁽²⁾	(0.00)
Apr. 30, 2008	-	117,507 ⁽³⁾	0.00
Jan. 31, 2008	-	(197,932) ⁽⁴⁾	(0.01)
Oct. 31, 2007	-	(125,436) ⁽⁵⁾	(0.01)
Jul. 31, 2007	-	(60,731) ⁽⁶⁾	(0.00)
Apr. 30, 2007	-	(243,580) ⁽⁷⁾	(0.00)
Jan. 31, 2007	-	(859,186) ⁽⁸⁾	(0.04)

Notes:

- (1) Net loss of \$325,646 principally relates to stock-based compensation of \$260,312, professional fees of \$37,014, costs of preparing information for shareholders of \$35,874 and transfer agent and filing fees of \$21,493. Expenses for the three months ended October 31, 2008 were offset by interest income of \$22,389 and a foreign exchange gain of \$25,225. All other expenses relate to general working capital purposes.
- (2) Net loss of \$48,064 principally relates to stock-based compensation of \$28,679, professional fees of \$38,745 and costs of preparing information for shareholders of \$15,062. Expenses for the three months ended July 31, 2008, were offset by interest income of \$47,083 and a foreign exchange gain of \$11,611. All other expenses relate to general working capital purposes.
- (3) Net income of \$117,507 principally relates to future income tax recovery of \$258,200 and stock-based compensation of \$61,063. All other expenses relate to general working capital purposes.
- (4) Net loss of \$197,932 principally relates to stock-based compensation of \$142,302 and professional fees of \$34,705. All other expenses relate to general working capital purposes.
- (5) Net loss of \$125,436 principally relates to stock-based compensation of \$54,169 and legal and audit fees of \$10,679. All other expenses relate to general working capital purposes.
- (6) Net loss of \$60,731 principally relates to stock-based compensation of \$24,822. All other expenses relate to general working capital purposes.
- (7) Net loss of \$243,580 was principally due to stock-based compensation of \$82,344 and a write-off of the Freewest Joint Venture, Greenlaw Property and Norway Lake Property of an

aggregate amount of \$673,704. However, the fourth quarter net loss is reduced from a future income tax recovery of \$583,900. All other expenses relate to general working capital purposes.

- (8) Net loss of \$859,186 principally relates to stock-based compensation of \$82,149 and a write-off of the Double Eagle Property and Fancamp Property of an aggregate amount of \$723,345. All other expenses relate to general working capital purposes.

Results of operations

(a) Use of Proceeds from Past Financings

The Company raised \$3,500,000 on November 6, 2007, to fund the McFaulds Lake West and Victory projects. The following table summarizes the expected use of proceeds received on November 6, 2007, and the revised use of proceeds since that date.

Detail	Expected Use of Proceeds	Revised Use of Proceeds	October 31, 2008 Actual Remaining Proceeds
Working Capital	\$500,000 ⁽¹⁾	\$3,500,000 ⁽²⁾⁽³⁾	\$3,252,649 ⁽²⁾⁽³⁾
Victory Property	\$1,500,000 ⁽²⁾	\$nil ⁽³⁾	n/a
McFaulds West Project	\$1,500,000 ⁽²⁾	\$nil ⁽³⁾	n/a

- (1) Includes issue costs for \$3,500,000 financing;
 (2) Excludes flow-through commitment of \$960,019; and
 (3) The Company's expected use of proceeds received on November 6, 2007 was subsequently changed on February 7, 2008, when the Company completed a \$2,000,000 flow-through financing. The Company decided to revise its expected use of proceeds due to working capital requirements and the current weakening global economy. The Company has decided to conserve cash; in particular, the Company will scale down its exploration efforts to focus on priority projects (ie. the Victory Project and the McFaulds West Project) by using flow-through funds. The Company also intends to reduce monthly discretionary expenditures in a prudent manner in response to current market conditions. The Company will continue to monitor the global market situation and may re-adjust its exploration programs and discretionary expenditures, depending on future market conditions.

The following are the plans related to Probe's properties. Planned expenditures for fiscal 2009 and 2010 have been revised downwards primarily due to the current weakening global economy.

Project/Property Name	Plans for Project	Planned Expenditures for fiscal 2009 and 2010	Expenditures to Date	Remaining Commitment	Timing for Completion of Planned Activities
Tamarack-McFaulds Lake Property	Under Option	\$nil	\$nil	\$nil	n/a
Bristol Township	Under Option	\$nil	\$nil	\$nil	n/a
Victory Property	Second Phase Diamond Drilling	\$1,000,000	\$567,847	\$432,153	December 2009
McFaulds West Project	Second Phase Diamond Drilling	\$1,000,000	\$472,134	\$527,866	December 2009

The Company's remaining commitment from the \$2,000,000 flow-through financing that was completed on February 7, 2008 is \$960,019. All other expenditures for mineral exploration are discretionary in nature and subject to day-to-day management decisions.

(b) Business objectives and milestones

The Company's business objective is to discover a precious and base metals deposit on a property it has an interest in. Probe is in the process of exploring its mineral properties and has not yet determined whether these properties contain an economic precious and base metals deposit. The recoverability of the amounts shown for interest in mineral properties and deferred exploration expenditures is dependent upon: the selling price of precious and base metals at the time the Company intends to mine its properties; the existence of economically recoverable reserves; the ability of the Company to obtain the necessary financing to complete exploration and development; government policies and regulations; and future profitable production or proceeds from disposition of such properties.

Probe has not discovered an economic deposit at the date of this MD&A. While discovery of ore-bearing structures may result in substantial rewards, it should be noted that few properties that are explored are ultimately developed into producing mines.

Milestones for evaluating the Company's progress towards discovering an economic deposit are determined by: (a) raising flow-through funds; (b) spending flow-through funds on Canadian properties; and (c) complying with the government of Canada flow-through regulations.

Since the Company is scaling back on its exploration expenditures, it is unlikely the Company will meet its business objective in the foreseeable future. However, the Company is meeting its milestone of raising and spending flow-through funds in compliance with the government of Canada flow-through regulations.

There is no certainty that the expenditures made by the Company for the search and evaluation of precious and base metals will result in discoveries of commercial quantities of precious and base metals.

(c) Financial analysis

Six months ended October 31, 2008, compared with six months ended October 31, 2007

Probe's net loss totaled \$373,710 for the six months ended October 31, 2008, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$186,167 with basic and diluted loss per share of \$0.01 per share for the six months ended October 31, 2007. The increase of \$187,543 in net loss was principally because:

- Stock-based compensation expense increased by \$210,000 for the six months ended October 31, 2008, compared to the six months ended October 31, 2007. The timing of the expense for the Company depends on the date of issue and the vesting term of the options. Users of the financial statements should be cautious about the valuation of stock-based compensation because the assumptions used in its calculation are subjective and can affect net income or loss substantially.
- Professional fees increased by \$57,135 for the six months ended October 31, 2008, compared to the six months ended October 31, 2007. The increase can be attributed to the following:
 - (1) Included in professional fees are accounting and corporate secretarial expenses paid to Marrelli & Drake Corporate Services to maintain the Company's reporting issuer status (See "Related Party Transactions" for further information). Fees paid to Marrelli & Drake Corporate Services increased by \$9,000 pertaining to the CFO function performed by Carmelo Marrelli. Marrelli & Drake Corporate Services charges \$1,500 per month for the CFO function performed by Carmelo Marrelli;
 - (2) Fees paid to legal counsel increased by \$18,683 due to increased corporate activity that required legal assistance;
 - (3) Fees paid to the auditor increased by \$8,000 due to an under-accrual for audit fees in fiscal 2008 and a \$13,000 accrual for the fiscal 2009 audit; and
 - (4) Director fees of \$8,000 were paid or accrued for the six months ended October 31, 2008, compared to \$nil in the comparative period.
- Office and general expenses increased by \$7,501 for the six months ended October 31, 2008, compared to the six months ended October 31, 2007, and consisted of administrative costs such as telephone, insurance, postage, bank charges and office supplies. The increase in office and general expenses can be attributed to increased corporate activity.
- For the six months ended October 31, 2008, the above cost increases were offset by an increase in interest income of \$69,472. The company had a greater principal balance due to private placements that occurred during the year. As at October 31, 2008, the Company had a short-term investment balance of \$1,325,350 in bank-backed guaranteed investment certificates.
- In addition, for the six months ended October 31, 2008, the above cost increases were offset by a foreign exchange gain increase of \$36,836. The Company maintains a United States dollar bank account in Canada. The United States dollars were received in fiscal 2008 from U.S. investors. During the period, the Company converted all of its funds in United States dollars into Canadian dollars.
- All other expenses relate to general working capital purposes.

Three months ended October 31, 2008, compared with three months ended October 31, 2007

Probe's net loss totaled \$325,646 for the three months ended October 31, 2008, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$125,436 with basic and diluted loss per share

of \$0.01 per share for the three months ended October 31, 2007. The increase of \$200,210 in net loss was principally because:

- Stock-based compensation expense increased by \$206,143 for the three months ended October 31, 2008, compared to the three months ended October 31, 2007. The timing of the expense for the Company depends on the date of issue and the vesting term of the options. Users of the financial statements should be cautious about the valuation of stock-based compensation because the assumptions used in its calculation are subjective and can affect net income or loss substantially.
- Professional fees increased by \$26,335 for the three months ended October 31, 2008, compared to the three months ended October 31, 2007. The increase can be attributed to the following:
 - (1) Included in professional fees are accounting and corporate secretarial expenses paid to Marrelli & Drake Corporate Services to maintain the Company's reporting issuer status (See "Related Party Transactions" for further information). Fees paid to Marrelli & Drake Corporate Services increased by \$4,500 pertaining to the CFO function performed by Carmelo Marrelli. Marrelli & Drake Corporate Services charges \$1,500 per month for the CFO function performed by Carmelo Marrelli;
 - (2) Fees paid to legal counsel increased by \$4,899 due to increased corporate activity that required legal assistance;
 - (3) Director fees of \$4,000 were paid or accrued for the three months ended October 31, 2008, compared to \$nil in the comparative period; and
 - (4) Audit fees of \$13,000 were accrued for the three months ended October 31, 2008 compared to \$nil in the comparative period.
- Office and general expenses increased by \$3,442 for the three months ended October 31, 2008, compared to the three months ended October 31, 2007, and consisted of administrative costs such as telephone, insurance, postage, bank charges and office supplies. The increase in office and general can be attributed to increased corporate activity.
- For the three months ended October 31, 2008, the above cost increases were offset by an interest income increase of \$22,389. As at October 31, 2008, the Company had a short-term investment balance of \$1,325,350 in bank-backed guaranteed investment certificates.
- In addition, for the three months ended October 31, 2008, the above cost increases were offset by a foreign exchange gain increase of \$25,225. The Company maintains a United States dollar bank account in Canada. The United States dollars were received in fiscal 2008 from U.S. investors. During the period, the Company converted all of its funds in United States dollars into Canadian dollars.
- All other expenses relate to general working capital purposes.

Liquidity and Financial Position

The activities of the Company, principally the acquisition and exploration of properties that have the potential to contain base and precious metals, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. During the six months ended October 31, 2008, the Company did not have any equity transactions. There is no assurance that equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to the Company, if at all. See "Risk Factors".

As at October 31, 2008, Probe had \$2,940,534 in cash and cash equivalents (April 30, 2008 - \$1,086,673). Included in the cash and cash equivalents balance at October 31, 2008, is \$960,019 designated for Canadian exploration under the terms of the flow-through offering that was completed on February 7, 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 would require the Company to spend the funds by December 31, 2009.

The Company had working capital of \$4,261,646 as of October 31, 2008, compared to working capital of \$5,336,910 as of April 30, 2008. Working capital has decreased in the current period as a result of funds spent on the Company's mineral property portfolio in the amount of \$988,135 while maintaining the Company's day-to-day operations.

The Company's liabilities and obligations for the following five years as of October 31, 2008 are summarized below:

Liabilities and obligations	Total	1 – 3 years	4 years	5 years
Accounts payable and accrued liabilities	\$53,216	\$53,216	n/a	n/a
Employee Services agreement (b)	\$150,000 per year	\$450,000	\$150,000	\$150,000
Verbal agreement (c)	\$18,000 per year	\$54,000	\$18,000	\$18,000
Flow-through commitment (d)	\$960,019	\$960,019	n/a	n/a
Acquisition costs (e)	\$3,200,000	n/a	n/a	n/a
Corporate expenses (f)	\$750,000	\$450,000	\$150,000	\$150,000
Total		\$1,967,235	\$318,000	\$318,000

- (a) The Company has no contractual long-term debt other than optional acquisition costs and an employee services agreement with the Chief Executive Officer of the Company.
- (b) The Company has entered into an employee services agreement with its Chief Executive Officer that calls for monthly payments of \$12,500 plus GST (\$150,000 per year). The employee services agreement is for a full time position, and requires the employee to carry out the duties and responsibilities of President and Chief Executive Officer of the Company. (See "Related Party Transactions" for more details).
- (c) The Company has entered into a verbal agreement with the CFO for \$1,500 per month plus GST (\$18,000 per year) to perform the CFO function. (See "Related Party Transactions" for more details).
- (d) The Company is committed to spend \$960,019 by December 31, 2008, to comply with the government of Canada flow-through regulations, but it may institute the look-back rule in year two, which would give it until December 31, 2009, to fulfill its obligations.
- (e) The Company has optional acquisition costs on the Bristol Township property of \$3,200,000 if a mine goes into production, which management believes is unlikely within the next five years because more exploration work has to be done on the property and an economic ore deposit has not been discovered to date.
- (f) The Company plans to incur approximately \$750,000 in corporate expenses over the next five years. These expenditures are generally not committed and are discretionary in nature. The Company will continue to monitor the global market situation and may adjust its expenditures, depending on future market conditions.

Management believes that the Company's cash and cash equivalents, short-term investments and long-term investments in public companies are sufficient to meet Probe's committed and discretionary expenditures for the next five years.

Probe is a junior exploration company without operating revenues and therefore, the Company must utilize its current cash reserves, income from investments, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing exploration program, or to fund any further development activities. See "Risk Factors" of this MD&A.

It is unlikely that the Company will raise funds in the short-term (fiscal 2009) due to the weakening global economy. The Company believes that it will be able to raise funds in the long-term (fiscal 2010 and thereafter) after the global economy strengthens. There is no guarantee the timelines that management has presented to raise funds will be realized. Management will monitor the current market situation and make prudent business decisions as they are required.

The Company relies on external financings to generate capital. As a result, the Company continues to incur net losses.

As of October 31, 2008, the Company had 33,516,472 common shares issued and outstanding, 3,666,833 share purchase warrants outstanding which would raise \$4,333,500 if exercised in full, 463,333 broker compensation warrants outstanding which would raise \$375,000 if exercised in full and 3,162,500 options outstanding which would raise \$1,469,250 if exercised in full.

As of October 31, 2008, and to the date of this MD&A, the cash resources of Probe are held with the Royal Bank of Canada in bank-backed guaranteed investment certificates.

The Company has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company's liquidity risk with financial instruments is minimal as excess cash is invested in highly liquid bank-backed guaranteed investment certificates. In addition, sundry receivables consist mainly of sales tax receivable from government authorities in Canada and deposits held with service providers.

The funds on hand are adequate to meet the ongoing exploration program. However, the Company will require additional funds from equity sources to complete the development of its projects, if warranted. At the date of this MD&A, the Company will not require any additional funds to meet its current exploration commitments. The Company will complete its flow-through commitment of \$960,019 and attempt to raise future flow-through private placements for its existing projects. If the Company does not raise these flow-through funds, the Company's projects will be put on hold until such time as the funds are raised.

Liquidity costs have not negatively affected the Company's financial position because the market value of the Company's long-term investments as of October 31, 2008, was \$73,500. The Company can sell the long-term investments to access funds to settle its obligations as they arise. However, management intends to maintain the Company's long-term investments until it becomes advantageous to sell these shares or until liquidity concerns necessitate such sale.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions of a material nature being considered by Probe. However, Probe continues to evaluate properties that it may acquire in the future.

Critical accounting estimates

The preparation of the Company's unaudited interim financial statements requires management to make certain estimates that affect the amounts reported in the financial statements. The accounting estimates considered to be significant are the valuation of the Company's resource assets and stock-based compensation.

The policy of capitalizing exploration costs to date does not necessarily relate to the future economic value of the exploration properties. The valuation of mineral resource properties is dependent entirely upon the discovery of economic mineral deposits.

The Company uses the Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses historical price data and comparables in the estimate of future volatility.

Other items requiring estimates for the six months ended October 31, 2008, are sundry receivables, accounts payable and accrued liabilities and future income taxes. Changes in the accounting estimates in these items will not have a material impact on the financial position of Probe.

Change in accounting policies

During the three and six months ended October 31, 2008, the Company adopted the following new accounting policies:

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.

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.

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.

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 IFRS 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 this new accounting standard on its financial statements.

Financial instruments

GAAP requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

As at October 31, 2008, the Company's financial instruments consisted of cash and cash equivalents, short-term investments, sundry receivables, long-term investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company estimates that the fair value of these financial instruments approximates the carrying values.

Environmental contingency

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As at October 31, 2008, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Outlook

The Company will continue to explore its two active projects, McFaulds West and Victory, with future programs dependent on results from current and preceding programs. Current metal prices and turmoil in financial markets have had a negative effect on the mineral exploration industry and no time frame for an expected upturn can be forecasted accurately. As a result the Company has decided to implement cost-cutting measures that may affect budgets for future exploration programs.

The Company's outlook is good owing to its significant working capital. Management and directors are currently reviewing corporate and technical opportunities that have developed as a result of present market conditions and the Company's strong cash position.

IFRS implementation plan

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ending July 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of identifying the key accounting policy changes that may be required. Once the potential accounting policy changes have been identified, other elements of the plan will be addressed including the implication on information technology, internal controls, contractual arrangements and employee training.

Share capital

As at December 19, 2008, the Company had 33,516,472 issued and outstanding common shares.

Share purchase warrants outstanding for the Company at December 19, 2008, were as follows:

Warrants	Expiry Date	Exercise Price
2,333,500	November 6, 2009	\$1.00
1,333,333	February 7, 2010	\$1.50
3,666,833		

Broker compensation warrants outstanding for the Company at December 19, 2008, were as follows:

Warrants	Expiry Date	Exercise Price
200,000	November 6, 2009	\$0.69
52,667	February 7, 2010	\$1.50
210,666	February 7, 2010	\$0.75
463,333		

Stock options outstanding for the Company at December 19, 2008 were as follows:

Options	Expiry Date	Exercise Price
250,000	September 20, 2009	\$0.90 - \$1.35
300,000	January 5, 2010	\$0.40
500,000	September 19, 2010	\$0.45
287,500	January 23, 2011	\$0.75
200,000	November 28, 2011	\$0.20
200,000	November 15, 2012	\$0.74
200,000	December 3, 2012	\$0.74
75,000	December 14, 2012	\$0.74
150,000	January 28, 2013	\$0.61
1,000,000	October 16, 2013	\$0.15
3,162,500		

Risks Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

- *Development Stage Company and Exploration Risks*
The Company is a junior resource company focused primarily on the acquisition and exploration of mineral properties located in Canada. The properties of the Company have no established reserves. There is no assurance that any of the projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves that are sufficient to commercially mine some of the Company's properties and to construct, complete and install mining and processing facilities on those properties that are actually mined and developed.
- *No History of Profitability*
The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.
- *Government Regulations*
The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its mining activities, the Company's exploitation licences must be kept current. There is no guarantee that the Company's exploitation licences will be extended or that new exploitation licences will be granted. In addition, such exploitation licences could be changed and there can be no assurances that any application to renew any existing licences will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licences which may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.
- *Market Fluctuation and Commercial Quantities*
The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of

substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

- *Mining Risks and Insurance*

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator if its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse affect on the financial position of the Company.

- *Environmental Protection*

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing hereafter. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favourable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

- *Conflicts of Interest*

Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on, any matters in which such directors may have a conflict of interest.

Disclosure of Internal Controls

Management has established processes, which are in place, to provide them sufficient knowledge to support 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.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.