



PROBE MINES LIMITED
(A Development Stage Enterprise)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2009

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Probe Mines Limited ("Probe" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended October 31, 2009. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion dated December 11, 2009, should be read in conjunction with the audited annual financial statements of the Company for the year ended April 30, 2009, as well as the unaudited interim financial statements for the three and six months ended October 31, 2009, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial reporting and, accordingly, do not include all of the information and notes required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at December 11, 2009, unless otherwise indicated.

Further information about the Company and its operations can be obtained from the offices of the Company or from 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", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where 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. Forward-looking information is 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:

- The Company's expected exploration budget of \$215,000, and in particular, the availability of skilled labour, timing and the amount of the expected exploration budget (See "Liquidity and Financial Position", below);
- The Company's goal of creating shareholder value by concentrating on the acquisition of properties that have the potential to contain base and precious metals (See "Goal", below);
- Management's economic outlook regarding future trends (See "Trends", below);

- The Company's ability to meet its working capital needs at the current level in the short term. (See "Outlook and Overall Performance" and "Liquidity and Financial Position", below);
- The Company's positive financial outlook in terms of its significant working capital (See "Outlook and Overall Performance", below);
- The fact that there are no known deposits of minerals on any of the Company's exploration properties ("See "Mineral Exploration Properties", below);
- Expectations with respect to raising capital (See "Liquidity and Financial Position", below); and
- Governmental regulation and environmental liability (See "Environmental Contingency", below).

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, other factors could also cause materially different results. There can be no assurance that forward-looking 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.

Description of Business

Probe is a Canadian base and precious metal exploration company with approximately \$4.0 million in its treasury and a portfolio of highly prospective mineral properties. The Company is currently focused on the McFaulds Lake area, where it owns 931 claims covering almost 15,000 hectares, including joint venture properties with Noront Resources Ltd. ("Noront") covering 87 of these claims. Probe currently has an option-joint venture agreement with West Timmins Mining Inc. ("WTM") on its Bristol Township gold project. Probe also maintains a 5% net smelter royalty on a portion of Agnico-Eagle Mines Ltd.'s ("Agnico-Eagle") Goldex Mine near Val d'Or, Quebec, which began production in 2008. As of December 11, 2009, the Company has 33,516,472 shares issued and outstanding, which trade on the TSX Venture Exchange under the symbol PRB.

The Company has no revenues, so its ability to ensure continuing operations is dependent on its completing the acquisition of its mineral property interests, the discovery of economically recoverable reserves, confirmation of its interest in the underlying mineral claims, and its ability to obtain necessary financing to complete the exploration activities, development and future profitable production.

Probe is a development stage company, as defined by AcG 11 of the Canadian Institute of Chartered Accountants' Handbook.

Goal

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 "Mineral Exploration Properties".

Outlook and Overall Performance

While general economic conditions continue to improve and stability appears to be returning to financial and commodity markets, significant uncertainty concerning the short and medium term global economic outlook persists. The Board of Directors and management of Probe will continue to monitor these developments and their effect on Probe's business.

The Company expects to continue to explore its properties in a prudent manner. The Company spent \$496,246 during the six months ended October 31, 2009, on exploration activities on its mineral properties. As at October 31, 2009, the Company had mineral properties and deferred exploration expenditures valued at \$4,818,516, compared to \$4,451,270 at April 30, 2009.

At October 31, 2009, the Company had working capital of \$3,627,692, compared to \$4,287,651 at April 30, 2009. The Company had cash and short-term investments of \$3,745,770 at October 31, 2009, compared to \$4,308,438 at April 30, 2009, a decrease of about 13%. The decrease in cash and short-term investments during the six months ended October 31, 2009, is primarily due to expenditures incurred for the Company's exploration activities, discussed above, and operating expenses.

The Company has satisfied its \$2,000,000 flow-through commitment associated with the flow-through offering that was completed on February 7, 2008.

The Company has sufficient cash to fund its discretionary exploration and operating activities at the current level in the short term. A discretionary budget of approximately \$215,000 for the remainder of fiscal 2010 has been allocated to the Noront joint venture, the McFaulds West project and the Victory project. Management may increase or decrease the budget depending on exploration results and ongoing volatility in the economic environment. See "Liquidity and Capital Resources" below.

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

See "Mineral Exploration Properties" below.

Trends

The Company is a Canadian base and precious metal exploration company, focused on exploring its current property interests, and on acquisitions of other mineral exploration properties, should such acquisitions be consistent with its objectives and acquisition criteria. The Company's financial success will depend upon the extent to which it can make discoveries and on the economic viability of any such discoveries. The development of such assets may take years to complete and the resulting income, if any, is difficult to determine with any certainty. The Company lacks mineral resources and mineral reserves and to date has not produced any revenues. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the commodities produced.

Although economic conditions in Canada have improved since the beginning of the year, the Company remains cautious in case the economic factors that affect the mining industry deteriorate. These factors include uncertainty 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 and precious metals have been volatile in recent periods and financial markets have deteriorated to the point where it has become extremely difficult for companies, particularly junior exploration companies, to raise new capital, even though there are signs the financial markets are improving. The Company's future performance is largely tied to the development of its current mineral property interests and the overall financial markets. Current financial markets are likely to be volatile in Canada for the remainder of the calendar year and into 2010, reflecting ongoing concerns about the global economy. Companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties

raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders. With continued market volatility expected, the Company's current strategy is to continue exploring the Noront joint venture, the McFaulds West project and the Victory project. The Company believes this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining momentum on key initiatives. These trends may limit the Company's ability to develop and/or further explore the Noront joint venture, the McFaulds West project and the Victory project and/or other property interests that could be acquired in the future. Management regularly monitors economic conditions, estimates their impact on the Company's operations and incorporates these estimates in short term operating and longer term strategic decisions.

Mineral Exploration Properties

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 exploration properties and any activities of the Company thereon will constitute exploratory searches for minerals. See "Risks and Uncertainties" below.

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.

(a) Noront Joint Venture

The McFaulds West joint venture project comprises 87 claim units 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. On May 19, 2009, a joint venture agreement was signed between the Company and Noront. The terms of the agreement saw the immediate formation of a 50-50 joint venture between Probe and Noront, under which Probe will act as 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 was formed comprising members from both companies to approve exploration programs. Probe is entitled to a management fee for acting as the operator of the joint venture for the first two years.

Probe had an option on certain claims held by Noront in this area in 2006. The option was terminated by Probe in 2007 before the discovery of the Eagle One deposit by Noront. Both Probe and Noront expressed concerns about each of their respective property holdings in this area and their rights pursuant to the historical option agreement. The joint venture is viewed as the most practical arrangement to address and resolve all of these historical concerns.

The claims consist of four individual blocks, two of which lie less than 450 metres from the high-grade nickel discovery made by Noront in August 2007 and two of which are situated to the east of the discovery along the chromite horizon.

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 holes were completed during first-phase drilling. Ultramafic intrusive rock was intersected in three of the eight holes, and represents three 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. Analytical results received from sampling of the peridotite 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 exploration programs over the property.

During August 2008 a VTEM survey over all 87 claim units was contracted to Geotech Ltd.

During July 2009 a nine-hole diamond drill program totaling 2,228 metres was completed on claim 4208219 lying directly on-trend between chromite discoveries of Freewest Resources Canada Inc. and property held in a joint venture between Freewest Resources Canada Inc., KWG Resources Inc. and Spider Resources Inc. ("Spider"). The program resulted in the discovery of a new, high-grade, massive chromite body on the Probe-Noront joint venture ground named the Black Creek deposit. Selected highlights from the program include 62.4 metres of mineralization averaging 34.5% Cr₂O₃ and 34 metres averaging 41.4% chromite from DDH MJV09-06.

During September and October 2009 a Phase II diamond drilling program, comprising 11 holes, was completed on claim 4208219 and focused on the chromite discovery. All 11 holes successfully intersected the Black Creek chromite horizon, which has now been delineated over approximately 200 metres of strike length and to 200 metres vertical depth and remains open in all directions. Selected highlights from the program include 63.6m averaging 33.9% Cr₂O₃, including 34.7m averaging 41.4% Cr₂O₃ from DDH MJV09-13.

Future Programs

Owing to results from both the 2008 and 2009 drilling programs, follow-up work, comprising geophysics and drilling, is recommended for claims next to nickel sulphide mineralization found at Noront's Eagle One deposit, while further work, including a possible NI 43-101-compliant resource estimate, is warranted for the Black Creek chromite zone.

Project Expenditures

For the six months ended October 31, 2009, deferred exploration expenditures of \$448,216 were incurred by the Noront joint venture consisting of: geophysical - \$400; assays, analysis - \$32,095; drilling - \$325,466; transportation - \$42,122; travel - \$2,476; consulting - \$32,118; and other - \$13,539. Expenditures for the Noront joint venture were incurred by the Company on a discretionary basis.

It is expected that a minimum of \$300,000 (Probe's share - \$150,000) will be spent on diamond drilling on the Noront joint venture subject to approval by the Noront joint venture technical committee. Probe is also seeking approval by the committee to prepare a technical report compliant with National Instrument

43-101 of the Canadian securities administrators (the "43-101 report") at an estimated cost of \$60,000 (Probe's share - \$30,000).

(b) The McFaulds West Project

During February 2008, the Company staked 46 claim units covering 736 hectares along a geophysical contact directly north of the Eagle One discovery in the McFaulds Lake area of Ontario. The claims are 100%-owned by Probe and consist of six contiguous mineral licenses.

Exploration Program and Results

No exploration has been conducted on this property.

Future Programs

The Company is planning to perform certain surveys on the McFaulds West project prior to February 2010 at an estimated cost of \$20,000. The Company will also keep the property in good standing by paying the claim maintenance fees.

Project Expenditures

For the six months ended October 31, 2009, deferred exploration expenditures of \$1,130 were incurred on the McFaulds West project on a discretionary basis.

(c) 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-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 was required to be spent within the initial year. The agreement also requires Mantis to deliver a 43-101 report.

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.

On May 26, 2009, Mantis announced that it had terminated its interest in the Tamarack property.

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

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-hole diamond drilling campaign. In April 2004, a ground geophysical survey was completed on the properties, comprising seven grids of cut lines, while a drill program totaling 940 metres of drilling was concluded in September 2004. Because of 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 of the geophysical targets identified in the January 2005 survey with two 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, 15 holes were drilled on the company's 100%-owned Tamarack project, totaling 2,334 metres, 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 of the seven holes drilled on the target, over a minimum strike length of 100 metres, to the south and west of the initial discovery, while a new zone of massive sulphide mineralization was intersected 900 metres to the south of the A-zone and corresponds to one of the two new conductors.

Mantis compiled and evaluated exploration results and completed an airborne geophysical survey covering the entire western block of claims.

During the first quarter of fiscal 2010, Mantis terminated its interest in the agreement and Probe retained its ownership.

Future Programs

The Company will review the data provided by Mantis, the former optionor, in order to determine future programs.

Project Expenditures

For the six months ended October 31, 2009, deferred exploration expenditures of \$2,500 were incurred on the Tamarack-McFaulds Lake property on a discretionary basis.

(d) The Victory Project

In April 2005, the Company acquired a 100% interest, by staking, in 493 claim units 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"). Six additional claims were staked in 2005 and 47 claim units were allowed to lapse in 2007 and 2008, bringing the current total to 452 (7,232 hectares). The Victory claim blocks are immediately adjacent to the McFaulds Lake volcanic belt, which is host to Spider's important high-grade copper-zinc-gold-silver VMS discoveries and Noront's 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 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 drill holes were completed on the project that targeted a number of AeroTEM airborne anomalies. Massive sulphides were intersected in four of the six holes, and are associated with coarse fragmental volcanic rocks representing a potentially productive volcanic horizon.

During June 2008, a total of nine holes were completed with a thick (30 metre) 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 (<1 metre) 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 VMS deposits. Owing to the drill results, a VTEM survey was completed over the area containing the mineralized horizon in advance of continued drilling. A number of coincident magnetic and electromagnetic anomalies were identified in the northeastern portion of the property.

Future Programs

Because of the encouraging results obtained in previous drilling and airborne surveys, a follow-up program is warranted. A second phase program is being contemplated for 2010.

Project Expenditures

For the six months ended October 31, 2009, deferred exploration expenditures of \$44,400 were incurred at the Victory property consisting of: geophysical - \$1,200; assays, analysis - \$130; drilling - \$2,550; transportation - \$4,498; travel - \$2,383; consulting - \$31,845; and other - \$1,794. Expenditures for the Victory property were incurred by the Company on a discretionary basis.

The Company is currently evaluating both geological and geophysical results in order to determine future programs and has assigned a budget of \$15,000 for review of data.

(e) 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 claim blocks, which are situated immediately adjacent to the Lakeshore Gold Corp. property, which hosts the Timmins (West) Mine (1.2M ozs. Au) and the Lakeshore-West Timmins Mining joint venture ground from which an 83.4 metre intersection grading 12.75g/t Au was announced on June 24, 2009. 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 return 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 return for 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 with Sydney Resource Corp. ("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-year period. On September 14, 2006, Sydney merged with Band-Ore Resources Ltd. to form 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 to include 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 years; and completing \$1,000,000 in exploration expenditures on the Bristol property over a four-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 43-101 report on a resource developed within the bounds of the properties within two years of having vested.

Anniversary dates for the agreement were June 30, 2007, June 30, 2008 and June 30, 2009.

On August 20, 2008, in accordance with the amended option agreement, Probe received 75,000 WTM common shares. The 75,000 WTM common shares were valued at \$36,000. On July 5, 2009, in accordance with the amended option agreement, Probe received 75,000 WTM common shares. The 75,000 WTM shares were valued at 129,000.

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

Exploration Programs and Results

Work on the Bristol Township project commenced with a ground geophysical program covering seven grids contracted to Exsics Geophysics of Timmins, Ontario, which 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 indicates potential bedrock sources. Between October and November 2004 a drilling program comprising 10 drill holes totaling approximately 1,100 metres tested 10 IP anomalies throughout the seven grids. Geochemical results for diamond drill core analyses were very encouraging with four of the 10 holes containing highly anomalous gold intersections, and two of these containing intervals of potential economic significance.

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

WTM is now conducting exploration on the property. On September 15, 2009, the Company was notified by WTM that a drill program had commenced on the property. Results are still pending.

(f) The Goldex Mine Royalty

The Company maintains a 5% net smelter royalty on 10 unpatented mining claims in Dubuisson Township, located approximately five kilometres from Val d'Or, Quebec. The claims form part of the Goldex Mine property owned by Agnico-Eagle, which was originally discovered in the 1960s. As the Company maintains only a royalty interest in the 10 claims, it 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 and 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 does not know 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.

Overall objective

The Company's business objective is to discover a precious and base metal 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 metal 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.

To date, Probe has not discovered an economic deposit. 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.

The Company may also seek to acquire additional mineral resource properties. The Company notes that although the exploration of its existing projects is positive, mineral exploration in general is uncertain. As a result, the Company believes that by acquiring additional mineral properties, it is able to better minimize overall exploration risk. In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history of the properties, their location, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental risks; risks associated with land title; the competition faced by the Company; and the potential failure of the Company to generate adequate funding for any such acquisitions. See "Risks and Uncertainties" below.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

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. See "Overall Objective" above.

Selected Quarterly Information

A summary of selected information for each of the eight most recent quarters is as follows:

Three Months Ended	Net Revenues (\$)	Net (Loss) Income		Total Assets (\$)
		Total (\$)	Per Share (\$)	
2009-October 31	-	(119,184) ⁽¹⁾	(0.00)	9,021,368
2009-July 31	-	(52,583) ⁽²⁾	(0.00)	9,203,927
2009-April 30	-	(8,689) ⁽³⁾	(0.00)	8,798,261
2009-January 31	-	(83,896) ⁽⁴⁾	(0.00)	8,796,726
2008-October 31	-	(325,646) ⁽⁵⁾	(0.01)	8,825,889
2008-July 31	-	(48,064) ⁽⁶⁾	(0.00)	9,490,111
2008-April 30	-	117,507 ⁽⁷⁾	0.00	9,244,739
2008-January 31	-	(197,932) ⁽⁸⁾	(0.01)	7,246,501

Notes:

- (1) Net loss of \$119,184 principally relates to professional fees of \$24,266, costs of preparing information for shareholders of \$19,722 and transfer agent and filing fees of \$18,094. All other expenses related to general working capital purposes.
- (2) Net loss of \$52,583 principally relates to stock-based compensation of \$7,094, professional fees of \$25,269, costs of preparing information for shareholders of \$6,512 and transfer agent and filing fees of \$11,511. Expenses for the three months ended July 31, 2009, were offset by interest income of \$11,126 and a joint venture management fee of \$17,124 charged to Noront. All other expenses related to general working capital purposes.
- (3) Net loss of \$8,689 principally relates to stock-based compensation of \$15,238, professional fees of \$36,786, costs of preparing information for shareholders of \$6,220 and transfer agent and filing fees of \$7,307. Expenses for the three months ended April 30, 2009, were offset by interest income of \$2,290, gain on sale of long-term investments of \$17,150 and future income tax recovery of \$59,000. All other expenses related to general working capital purposes.
- (4) Net loss of \$83,896 principally relates to stock-based compensation of \$26,135, professional fees of \$30,595, costs of preparing information for shareholders of \$8,416 and transfer agent and filing fees of \$3,004. Expenses for the three months ended January 31, 2009, were offset by interest income of \$3,379. All other expenses related to general working capital purposes.
- (5) 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 related to general working capital purposes.
- (6) 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 related to general working capital purposes.

- (7) Net income of \$117,507 principally relates to future income tax recovery of \$258,200, offset in part by stock-based compensation of \$61,063. All other expenses related to general working capital purposes.
- (8) Net loss of \$197,932 principally relates to stock-based compensation of \$142,302 and professional fees of \$34,705. All other expenses related to general working capital purposes.

Results of operations

Six months ended October 31, 2009, compared with six months ended October 31, 2008

Probe's net loss totaled \$171,767 for the six months ended October 31, 2009, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$373,710 with basic and diluted loss per share of \$0.01 for the six months ended October 31, 2008. The decrease of \$201,943 in net loss was principally because:

- stock-based compensation expense decreased by \$281,468 for the six months ended October 31, 2009, compared to the six months ended October 31, 2008. The timing of the expense for the Company depends on the date of issue and the vesting terms of the options. The options issued vested in accordance with the stock option plan. Users of the financial statements should be cautious of the valuation of stock-based compensation since its calculation is subjective and can impact net income/loss significantly.
- professional fees decreased by \$26,224 for the six months ended October 31, 2009, compared to the six months ended October 31, 2008. The decrease can be attributed to the following:
 - (1) fees paid to legal counsel fell by \$13,542 due to decreased corporate activity requiring legal assistance; and
 - (2) audit fees of \$10,250 were accrued for the six months ended October 31, 2009, compared to \$21,000 in the comparative period.
- shareholder information expense decreased by \$24,702 for the six months ended October 31, 2009, compared to the six months ended October 31, 2008. The decrease in shareholder information expense can be attributed to decreased corporate activity with investor relation firms.
- office and general expenses increased by \$12,926 for the six months ended October 31, 2009, compared to the six months ended October 31, 2008, and consisted of administrative costs such as telephone, insurance, postage, bank charges and office supplies. The increase can be attributed to accrued Part XII.6 Tax for Probe's flow-through commitment in the amount of \$10,820.
- advertising expense increased by \$15,725 for the six months ended October 31, 2009, compared to the six months ended October 31, 2008. The increase in advertising expense can be attributed to greater use of advertising media to enhance Probe's investor profile.
- travel and promotion expense increased by \$5,767 for the six months ended October 31, 2009, compared to the six months ended October 31, 2008. The increase in travel and promotion

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expense can be attributed to greater travel costs incurred by the Chief Executive Officer of the Company to investigate potential business opportunities for Probe.

- for the six months ended October 31, 2009, the above cost increases/decreases were offset by an interest income decrease of \$70,024. As at October 31, 2009, the Company had a balance of \$3,078,502 in short-term investments that earned interest income.
- for the six months ended October 31, 2009, the above cost increases/decreases were offset by a decrease in foreign exchange gain of \$36,836. The Company had no foreign currency funds as at October 31, 2009, which resulted in the decrease.
- for the six months ended October 31, 2009, the above cost increases/decreases were offset by an increase in joint venture management fee of \$17,124. For the six months ended October 31, 2009, the Company charged Noront \$17,124 as a management fee for acting as operator of the Noront joint venture.
- all other expenses related to general working capital purposes.

Three months ended October 31, 2009, compared with three months ended October 31, 2008

Probe's net loss totaled \$119,184 for the three months ended October 31, 2009, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$325,646 with basic and diluted loss per share of \$0.01 for the three months ended October 31, 2008. The decrease of \$206,462 in net loss was principally because:

- stock-based compensation expense decreased by \$259,883 for the three months ended October 31, 2009, compared to the three months ended October 31, 2008. The timing of the expense for the Company depends on the date of issue and the vesting terms of the options. The options issued vested in accordance with the stock option plan. Users of the financial statements should be cautious of the valuation of stock-based compensation since its calculation is subjective and can impact net income/loss significantly.
- professional fees decreased by \$12,748 for the three months ended October 31, 2009, compared to the three months ended October 31, 2008. The decrease can be attributed to the following:
 - (1) fees paid to legal counsel fell by \$4,054 due to decreased corporate activity requiring legal assistance; and
 - (2) audit fees of \$6,000 were accrued for the three months ended October 31, 2009, compared to \$13,000 in the comparative period.
- shareholder information expense decreased by \$16,152 for the three months ended October 31, 2009, compared to the three months ended October 31, 2008. The decrease in shareholder information expense can be attributed to decreased corporate activity with investor relation firms.
- office and general expenses increased by \$3,426 for the three months ended October 31, 2009, compared to the three months ended October 31, 2008, and consisted of administrative costs such as telephone, insurance, postage, bank charges and office supplies.

- advertising expense increased by \$13,143 for the three months ended October 31, 2009, compared to the three months ended October 31, 2008. The increase in advertising expense can be attributed to greater use of advertising media to enhance Probe's investor profile.
- travel and promotion expense increased by \$5,999 for the three months ended October 31, 2009, compared to the three months ended October 31, 2008. The increase in travel and promotion expense can be attributed to greater travel costs incurred by the Chief Executive Officer of the Company to investigate potential business opportunities for Probe.
- for the three months ended October 31, 2009, the above cost increases/decreases were offset by an interest income decrease of \$34,067. As at October 31, 2009, the Company had a balance of \$3,078,502 in short-term investments that earned interest income.
- for the three months ended October 31, 2009, the above cost increases/decreases were offset by a decrease in foreign exchange gain of \$25,225. The Company had no foreign currency funds as at October 31, 2009, which resulted in the decrease.
- all other expenses related 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, 2009, 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 "Risks and Uncertainties" below.

Cash used in operating activities was \$66,422 for the period ended October 31, 2009. The most significant item not affecting cash is stock-based compensation of \$7,523. Operating activities were also affected by the net change in non-cash working capital balances of \$97,291 because of an increase in the amount due from joint venture partner, sundry receivables and prepaid expenses and accounts payable and accrued liabilities over the prior year.

Cash provided by financing activities was \$nil for the six months ended October 31, 2009.

Cash provided by investing activities was \$267,439 for the six months ended October 31, 2009, which relates to \$496,246 in mineral exploration and development expenditures and net purchase and sale of short-term investments of \$763,685.

At October 31, 2009, Probe had \$3,745,770 in cash and short-term investments (April 30, 2009 - \$4,308,438).

The Company had working capital of \$3,627,692 as of October 31, 2009, compared to working capital of \$4,287,651 as of April 30, 2009. The decrease in working capital during the six months ended October 31, 2009, is primarily due to expenditures incurred on the Company's mineral property portfolio of \$496,246 and operating expenses.

Accounts payable and accrued liabilities increased to \$377,651 at October 31, 2009, compared to \$43,800 at April 30, 2009, primarily due to accruals for exploration expenditures. The Company's cash,

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short-term investments and long-term investment balances as at October 31, 2009, are sufficient to pay these liabilities.

Following are the plans related to Probe's significant properties:

Project/Property Name	Plans for Project	Planned Expenditures for fiscal 2010 (000's)	Expenditures from May 1, 2009 to October 31, 2009 (000's)	Remaining Commitment	Timing for Completion of Planned Activities
Noront Joint Venture	Drilling of potential targets on the Black Creek Chromite Horizon	\$448,000 ⁽¹⁾⁽²⁾	\$448,000	\$nil	Completed
	Diamond drilling	\$150,000 ⁽¹⁾⁽³⁾	\$nil	\$150,000	Date to be determined
	43-101 Report	\$30,000 ⁽¹⁾⁽³⁾	\$nil	\$30,000	Date to be determined
McFaulds West Project	Claim maintenance and surveys	\$20,000 ⁽¹⁾	\$nil ⁽⁶⁾	\$20,000	February 2010
Tamarack-McFaulds Lake Property	Review of data	\$nil	\$nil ⁽⁵⁾	\$nil	n/a
Victory Property	Evaluating geological and geophysical data	\$59,000 ⁽¹⁾⁽⁴⁾	\$44,000	\$15,000	December 2009
Bristol Township	Under Option	\$nil	\$nil	\$nil	n/a

- (1) All expenditures for mineral exploration are discretionary in nature and subject to day-to-day management decisions;
(2) Readjusted to \$448,000 from \$479,000 based on cost saving initiatives by management;
(3) Subject to approval by the Noront joint venture technical committee;

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- (4) Readjusted to \$59,000 from \$44,000 due to increased management time spent on the Victory project;
- (5) Does not include expenditures incurred of \$2,500 which relate to other Tamarack-McFaulds Lake Property costs; and
- (6) Does not include expenditures incurred of \$1,130 which relate to other McFaulds West Project costs.

The Company has no operating revenues and therefore must utilize its income from short-term investments, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing exploration and operating activities.

As of October 31, 2009, 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 \$335,500 if exercised in full and 2,912,500 options outstanding which would raise \$1,193,625 if exercised in full. This is not anticipated until financial markets recover. See "Trends" above.

As of October 31, 2009, and to the date of this MD&A, the cash resources of Probe are held with the Royal Bank of Canada.

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.

The market value of the Company's investment in public companies as of October 31, 2009, was \$194,500. The Company can sell the securities to access funds to settle its obligations as they arise. However, management intends to maintain the Company's investment in public companies until it becomes advantageous to sell these shares or liquidity concerns necessitate such sale.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities. Those investing activities include the cash components of the cost of acquiring and exploring its mineral claims. To October 31, 2009, the Company's operating expenses are averaging approximately \$30,000 per month for recurring operating costs. The Company also plans to incur \$180,000 on the Noront joint venture, \$20,000 on the McFaulds West project and \$15,000 on the Victory project. The expected project costs of \$180,000 on the Noront joint venture are subject to approval by the Noront joint venture technical committee.

Assuming that management is successful in developing a substantial base and precious metals deposit in Ontario, Canada, future work plans to develop the deposit will depend upon the Company's assessment of prior results, the condition of the Company financially and the then prevailing economic climate in general.

Regardless of whether or not the Company discovers a significant base or precious metals deposit, its working capital of \$3,627,692 as at October 31, 2009, is anticipated to be adequate for it to continue operations at the current level in the short term. However, to meet long-term business plans, developing a significant base and precious metals deposit in Ontario is an important component of the Company's financial success.

Related Party Transactions

The related party transactions during the three and six months ended October 31, 2009, are as follows:

	Three Months Ended October 31, 2009 (\$)	Six Months Ended October 31, 2009 (\$)
Palmer and Associates (i)		
• capitalized to mineral properties	30,000	63,750
• expensed to consulting fees	7,500	11,250
Peterson Law Professional Corporation (ii)		
• expensed to professional fees	nil	3,825
Marrelli CFO Syndicate Inc. (iii)		
• expensed to professional fees	4,500	9,000
Marrelli Support Services Inc. (iii)		
• expensed to professional fees	6,026	11,614
John B. Gammon (iv)		
• expensed to professional fees	2,000	4,000
Patrick Reid (iv)		
• expensed to professional fees	2,000	4,000
Total	52,026	107,439

	Three Months Ended October 31, 2008 (\$)	Six Months Ended October 31, 2008 (\$)
Palmer and Associates (i)		
• capitalized to mineral properties	33,750	67,500
• expensed to consulting fees	3,750	7,500
Peterson Law Professional Corporation (ii)		
• expensed to professional fees	1,449	6,699
Marrelli CFO Syndicate Inc. (iii)		
• expensed to professional fees	4,500	9,000
Marrelli Support Services Inc. (iii)		
• expensed to professional fees	5,187	18,156
John B. Gammon (iv)		
• expensed to professional fees	2,000	4,000
Patrick Reid (iv)		
• expensed to professional fees	2,000	4,000

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Total	52,636	116,855
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- (i) Palmer & Associates is a company controlled by David A. S. Palmer, the Chief Executive Officer and a director of Probe.
- (ii) Peterson Law Professional Corporation is controlled by Dennis H. Peterson, a director of Probe.
- (iii) Marrelli CFO Outsource Syndicate Inc. is a company controlled by Carmelo Marrelli, the Chief Financial Officer of Probe. Carmelo Marrelli is also the president of a firm providing accounting services to Probe. As at October 31, 2009, his firm was owed \$1,980 (April 30, 2009 - \$8,936) and this amount was included in accounts payable and accrued liabilities.
- (iv) John B. Gammon and Patrick Reid are directors of Probe.
- (v) As at October 31, 2009, the Company accrued in sundry receivables \$4,346 (April 30, 2009 - \$4,346) for expenses paid on behalf of Canstar Resources Inc. ("Canstar"). Both Canstar and Probe have two directors in common. This balance bears no interest and is due on demand.

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.

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, 2009, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate 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, 2009, are sundry receivables, accounts payable and accrued liabilities and future income taxes. Changes in the accounting estimates in these items may have a material impact on the financial position of Probe.

Change in Accounting Policies

During the six months ended October 31, 2009, the Company adopted the following new accounting policy:

Goodwill and Intangible Assets

Effective May 1, 2009, the Company adopted CICA Section 3064 "Goodwill and Intangible Assets", which replaced CICA Handbook sections 3062, "Goodwill and Other Intangible Assets" and 3450, "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Preoperating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition and; 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the new standard relating to goodwill remain unchanged. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at October 31, 2009.

Future accounting changes

IFRS

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 (with comparatives) in accordance with IFRS beginning with the quarter ended July 31, 2011.

The Company has developed an IFRS implementation plan to prepare for this transition. To date, the Company has engaged third party advisers to assist with the transition and has completed an assessment of the key areas where changes to current accounting policies may be required. Analysis will be required for all current accounting policies; however, the initial key areas of assessment include:

- Exploration and development expenditures;
- Stock-based compensation;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies

and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required	Completed in Q1 (2009)
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Throughout fiscal 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Throughout fiscal 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q4 (April 30, 2010) – Q1 (July 31, 2010)
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 (April 30, 2010) – Q2 (October 31, 2010)
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout fiscal 2010

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Sections 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Financial Instruments

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

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(a) 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 the Company's 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 and interest income earned on its short-term investments. The Company has cash and short-term investments of \$3,745,770 (April 30, 2009 - \$4,308,438) to settle current liabilities of \$377,651 (April 30, 2009 - \$43,800). Interest-bearing instruments included in short-term investments are held by the Royal Bank of Canada. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(b) Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity prices. In the normal course of business, the Company is exposed to market risks as a result of its investment in publicly traded companies. During periods of significant broader market volatility or volatility experienced by the resource/commodity markets, the value of the Company's investment portfolio can be vulnerable to market fluctuations. 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 affect comprehensive loss by approximately \$195,000.

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional 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. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the normal course of business, the Company is exposed to interest rate fluctuations as a result of short-term investments being invested in interest-bearing instruments. Short-term investments include guaranteed investment certificates at call, which have variable interest rates. Sensitivity to a plus or minus 1% change in interest rates would affect net loss by approximately \$15,000.

(c) 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 short-term investments and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Short-term investments

are held with the Royal Bank of Canada, from which management believes the risk of loss to be minimal. Sundry receivables consist of goods and services tax due from the Government of Canada and a receivable from a related party (See "Related Party Transactions", above). Management believes that the credit risk concentration with respect to sundry receivables is minimal. Sundry receivables are in good standing as of October 31, 2009.

(d) Fair value

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

As at October 31, 2009, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. The Company considers its capital to be equity, which is made up of capital stock, share purchase warrants, broker compensation warrants, contributed surplus, deficit and accumulated other comprehensive income (loss), which at October 31, 2009, totaled \$7,888,460 (April 30, 2009 - \$8,006,961).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) attempting to maintain a liquidity cushion in order to address any potential disruptions or industry downturns;
- (ii) minimizing discretionary disbursements;
- (iii) reducing or eliminating exploration expenditures that are of limited strategic value; and
- (iv) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient potential and if it has adequate financial resources to do so.

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Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is not subject to any capital requirements imposed by a regulator or lending institution. The Company expects that its current capital resources will be sufficient to discharge its liabilities as at October 31, 2009.

Share Capital

As at December 11, 2009, the Company had 33,516,472 issued and outstanding common shares.

Share purchase warrants outstanding for the Company at December 11, 2009, were as follows:

Warrants	Expiry Date	Exercise Price
1,333,333	February 7, 2010	\$1.50
1,333,333		

Broker compensation warrants outstanding for the Company at December 11, 2009, were as follows:

Warrants	Expiry Date	Exercise Price
52,667	February 7, 2010	\$0.75
210,666	February 7, 2010	\$0.75
263,333		

Stock options outstanding for the Company at December 11, 2009, were as follows:

Options	Expiry Date	Exercise Price
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
2,912,500		

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment 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 that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's management's discussion and analysis for the fiscal year ended April 30, 2009, available on SEDAR at www.sedar.com. There have been no significant changes to such risk factors since the date thereof.

Disclosure of Internal Controls

Management has established processes 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 flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate 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 NI 52-109. In particular, the certifying officers filing this 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 issuer'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 the 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 NI 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.

Mineral Properties and Deferred Exploration Expenditures

	Cumulative Since Inception	Tamarack- McFaulds Lake Property	Bristol Township	Victory Property	McFaulds West Project	Noront Joint Venture	Total
Property Acquisition Costs							
Balance, April 30, 2009	\$ -	\$ 24,658	\$ (68,279)	\$ 36,849	\$ 5,830	\$ -	\$ (942)
Option payments	103,976	-	(129,000)	-	-	-	(129,000)
Staking claims	116,557	-	-	-	-	-	-
Written off	(350,475)	-	-	-	-	-	-
Balance, October 31, 2009	\$ (129,942)	\$ 24,658	\$ (197,279)	\$ 36,849	\$ 5,830	\$ -	\$ (129,942)
Deferred Exploration Expenditures							
Balance, April 30, 2009	\$ -	\$ 1,352,956	\$ 269,519	\$ 2,059,092	\$ -	\$ 770,644	\$ 4,452,211
Geophysical	1,166,329	-	-	1,200	-	400	1,600
Assays, analysis	75,514	-	-	130	-	32,095	32,225
Geological	246,359	-	-	-	-	-	-
Geochemical	67,668	-	-	-	-	-	-
Drilling	3,368,909	-	-	2,550	-	325,466	328,016
Line cutting	31,023	-	-	-	-	-	-
Reports	37,470	-	-	-	-	-	-
Stock-based compensation	7,400	-	-	-	-	-	-
Transportation	637,460	-	-	4,498	-	42,122	46,620
Travel	46,882	-	-	2,383	-	2,476	4,859
Consulting	371,536	2,500	-	31,845	-	32,118	66,463
Other	83,689	-	-	1,794	1,130	13,539	16,463
Advance	6,000	-	-	-	-	-	-
Recovery of costs	(101,186)	-	-	-	-	-	-
Written off	(1,096,596)	-	-	-	-	-	-
Balance, October 31, 2009	\$ 4,948,457	\$ 1,355,456	\$ 269,519	\$ 2,103,492	\$ 1,130	\$ 1,218,860	\$ 4,948,457
Total, active properties	\$ 4,818,515	\$ 1,380,114	\$ 72,240	\$ 2,140,341	\$ 6,960	\$ 1,218,860	\$ 4,818,515
Inactive properties	1						1
Total, October 31, 2009	\$ 4,818,516						\$ 4,818,516