



PROBE MINES LIMITED
(A Development Stage Enterprise)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2010

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of 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, 2010. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited interim financial statements of the Company for the three and six months ended October 31, 2010, as well as the audited financial statements for the year ended April 30, 2010, 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 ("Canadian GAAP") for financial reporting and, accordingly, do not include all of the information and notes required by Canadian GAAP for annual financial statements. The results for the three and six months presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at December 17, 2010, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Probe common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

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

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of Probe's properties to contain economic precious and base metal deposits; the Company's ability to meet its working capital needs for the twelve-month period ending October 31, 2011; the plans, costs, timing and capital for future exploration and development of Probe's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; prices and price volatility for precious and base metals; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Probe's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, precious and base metal deposits, price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to the Company's properties, the possibility that future exploration results will not be consistent with Probe's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the precious and base metal and development industry, as well as those risk factors listed in the "Risks and Uncertainties" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for Probe's exploration and development activities; operating and exploration costs; the Company's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Probe's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Probe is a Canadian base and precious metal exploration company with approximately \$3.7 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 875 claims covering approximately 14,000 hectares, including a 100% interest in the Black Creek chromite deposit. In addition, the Company has two gold properties, Cree Lake and Borden Lake. Probe currently has an option-joint venture agreement with Lake Shore Gold Corp. on its Bristol Township gold project. Probe also maintains a 5% net smelter royalty on a portion of Agnico-Eagle Mines Ltd.'s Goldex Mine near Val d'Or, Quebec, which began production in 2008. As of December 17, 2010, the Company has 37,380,915 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

The Company's immediate focus is on its key properties, with a view to advancing its most prospective projects and maintaining its ownership interests (which require minimum expenditures). Exploration activities are focused on the Borden Lake project in Chapleau, Ontario, where the Company has commenced a second-phase drill program comprising 5,000 metres; and the Black Creek chromite project, where an updated resource estimate is being completed by Micon International. See "Mineral Exploration Properties" and "Liquidity and Capital Resources", below.

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.

For the three and six months ended October 31, 2010, Probe personnel evaluated a number of new business opportunities. These business opportunities have resulted in the amendment to the Borden Lake gold property agreement, the acquisition of a 100% interest in a four-unit claim as part of its Borden Lake project and the dissolution of the joint venture agreement on the Black Creek project. The Company continues to search for additional business opportunities.

The Company expects to continue to explore its properties in a prudent manner. The Company spent \$1,085,207 during the six months ended October 31, 2010 (six months ended October 31, 2009 - \$496,246) on exploration activities on its mineral properties. At October 31, 2010, the Company had mineral properties and deferred exploration expenditures valued at \$4,739,493, compared to \$3,623,286 at April 30, 2010.

At October 31, 2010, the Company had working capital of \$3,280,307 (April 30, 2010 - \$3,603,423; and October 31, 2009 - \$3,627,692). The Company had cash and short-term investments of \$3,708,663 (April 30, 2010 - \$3,621,572; and October 31, 2009 - \$3,745,770). Working capital and cash and short-term investments remained relatively constant primarily due to proceeds from the private placement of \$1,000,000, which was offset by the expenditures incurred for the Company's exploration activities, discussed above, and operating expenses.

The Company completed its \$1,000,000 exploration commitment associated with its flow-through offering completed on June 3, 2010.

The Company has sufficient cash to fund its discretionary exploration and operating activities for the twelve-month period ending October 31, 2011. A discretionary budget of approximately \$2.1 million (approximately \$1.1 million spent) has been allocated to the Tamarack project, the Black Creek project, the McFaulds West project, the Victory project, the Cree Lake gold project, the Timmins West gold project and the Borden Lake gold property. 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 is well positioned, 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.

Trends

The Company anticipates that it will continue to experience net losses as a result of ongoing exploration and development activities on its mineral properties and operating costs until such time as revenue-generating activity is commenced. The Company's future financial performance is dependent on many external factors. Both the price of, and the market for, base and precious metals are volatile, difficult to predict, and subject to changes in domestic and international political, social, and economic environments. Circumstances and events such as current economic conditions and ongoing volatility in the capital markets could materially affect the future financial performance of the Company. For a summary of other factors and risks that have affected, and which in future may affect, the Company and its financial position, please refer to the sections entitled "Trends" and "Risks and Uncertainties" in the Company's management's discussion and analysis for the fiscal year ended April 30, 2010, available on SEDAR at www.sedar.com.

Mineral Exploration Properties

- (a) In addition to the mineral properties that it owns, the Company enters into exploration (option) and joint venture agreements with other companies whereby Probe may earn an interest in other mineral properties by issuing common shares, making cash payments and/or incurring expenditures in varying amounts by varying dates, all of which are at Probe's discretion. Failure by Probe to issue any such shares, make any such payments or incur any such expenditure when due will result in a reduction or loss of the Company's ability to earn or maintain an ownership interest. As at October 31, 2010, the Company had total mineral properties and related expenditures of \$4,739,493, an increase of \$1,116,207 compared to \$3,623,286 as at April 30, 2010.

Statement of Exploration Activities to Date

Project	Year	Description
Black Creek	2007	Soil geochemical program identifies base metal anomaly
Black Creek	2008	8-hole diamond drilling program, ultramafic rocks identified
Black Creek	2008	Airborne VTEM survey coverage over all claims
Black Creek	2009	20-hole diamond drilling program, discovery of Black Creek chromite deposit
Black Creek	2010	NI 43-101-compliant initial mineral resource estimate completed; 10-hole drilling program completed; update of 43-101 resource estimate pending
Tamarack	2004	Ground geophysics, 5-hole diamond drill program
Tamarack	2005	Airborne VTEM survey, 3-hole drill program, Cu-rich VMS discovery
Tamarack	2006	Ground geophysics, 15-hole diamond drill program
Victory	2005	Airborne GEOTEM airborne survey, full project coverage

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Victory	2005	Phase I 13-hole diamond drill program, Phase II 6-hole drill program
Victory	2008	Phase III 9-hole drill program, ultramafic identified
McFaulds West	2010	Airborne VTEM survey completed
Bristol (Timmins West)	2004	Ground geophysics, ground geochemistry
Bristol (Timmins West)	2004	10-hole drill program, four gold-anomalous zones identified
Bristol (Timmins West)	2005	6-hole drill program targeting previous gold discoveries
Bristol (Timmins West)	2010	Lake Shore Gold vests 55% interest in project, joint venture formed; drilling planned for Q3-Q4 2011
Borden Lake	2010	Airborne VTEM survey completed, ground geophysical program completed; eight-hole diamond drilling program completed; results of drilling indicate significant potential on property; 5,000m Phase II drilling program commenced in December
Cree Lake	2010	Six hole diamond drill program completed

(b) Borden Lake Project

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

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

(c) Update for Borden Lake Project

Highlights:

- 91m intersection averaging 2.0 g/t Au in Hole BL10-02, hole ended in mineralization
- At least two higher grade zones within a broad envelope of lower grade gold, with samples returning values up to 15.5 g/t Au in higher grade zones
- Gold mineralization intersected from surface
- All holes drilled in the discovery zone ended in mineralization, total width of zone unknown
- Zone is still open in all three directions, length, depth and width
- Airborne geophysics indicates zone continues for over one kilometre
- Only one kilometre from major highway, close to well-developed local infrastructure

On November 2, 2010, Probe announced assay results from its first-phase drilling program on the Borden Lake project near Chapleau Ontario. A total of eight holes were drilled testing a surface gold showing on the property. Thick zones of continuous gold mineralization were intersected in

holes BL10-02 to BL10-07 and represent 250 metres of potential strike length along the gold zone. All six holes ended in mineralization and the true width of the mineralization is still unknown. Hole BL10-02 intersected 91 metres averaging 2 g/t Au, while Hole BL10-04 was collared at the same setup as BL10-02 but drilled in the opposite direction to BL10-02 and returned a 78 metre interval averaging 0.7 g/t Au. This fanned setup has identified continuous gold mineralization and failed to pierce the hanging-wall (upper) or foot-wall (lower) contacts of the gold zone. Sixty metres to the southeast, Hole BL10-05 returned an 86 metre intercept grading 1 g/t Au and BL10-06 contained a 78 metre interval averaging 0.9 g/t Au. Within all of these broad mineralized intercepts, at least two significant higher-grade zones were identified with intervals returning up to 5.3 g/t Au over 5 metres including samples of up to 15.5 g/t Au over one metre.

Gold mineralization in the discovery area appears to be associated with a broad zone of disseminated sulphide, and is characterized by a lack of quartz veining. The horizon can be traced from airborne geophysics over approximately 1.2 kilometres within Probe's property and has been identified from surface to a vertical depth of 117 metres. The zone remains open in both directions along strike and at depth, and there is excellent potential for expanding the zone in every direction.

The following table presents the highlights from the drilling program:

Borden Lake - Selected drill-hole assay intervals

DDH	From (m)	To (m)	Width (m)	Au (g/t)
BL10-02	4	23	19.0	0.4
BL10-02	37	128	91.0	2.0
Including:				
BL10-02	73	84	11.0	3.5
also including:				
BL10-02	91	112	21.0	3.2
Including:				
BL10-02	106	111	5.0	5.3
BL10-03	5.2	32.7	27.5	0.4
BL10-03	46	52.2	6.2	0.7
BL10-03	60.2	69.8	9.6	0.6
BL10-03	83	92	9.0	0.4
BL10-04	5	83	78.0	0.7
including:				
BL10-04	19	54.6	35.6	1.1
BL10-05	11	97	86.0	1.0
including:				
BL10-05	23	57	34.0	1.7

including:				
BL10-05	44	49	5.0	4.4
BL10-06	26	31	5.0	0.8
BL10-06	58.6	134.4	75.8	0.9
including:				
BL10-06	58.6	80	21.4	1.4
BL10-07	34	57	23.0	1.2
BL10-07	92.1	101	8.9	0.7
including:				
BL10-07	92.1	97	4.9	1.0

The Company has commenced a second-phase drill program comprising 5,000 metres. The current program is designed to evaluate the full thickness of the zone as well as evaluating the zone further along strike and at depth. As an initial evaluation, holes will be drilled on setups spaced approximately 100 metres apart, with each setup comprising two holes to test the width of the zone at different depths. Depending on the results of the 100m-spaced holes, infill drilling on 50m-spacing will commence in order to provide better confidence in the continuity of the zone along strike and at depth. In addition to drilling, the Company is also planning further airborne and ground geophysical surveys on the rest of the property, with an initial focus on untested airborne targets already identified from the first VTEM program. Drill testing of satellite targets will begin once ground geophysical results have been received. See "Liquidity and Capital Resources" below.

(d) Black Creek Project

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

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

(e) Initial Resource Estimate for the Black Creek Chromite Deposit

On August 23, 2010, the Board of Directors of Probe announced that the Company had received the initial mineral resource estimate for its 100%-owned Black Creek chromite deposit from Micon International Limited ("Micon").

The resource estimate, which meets the guidelines for reporting mineral exploration programs set out in National Instrument 43-101, was based on an initial 15 diamond drill holes that tested the chromite horizon along approximately 200 metres (m) of strike length and to a vertical depth of

approximately 175 m at a spacing of approximately 50 m by 50 m. Mineralization at Black Creek is dominated by three massive chromite layers, with subordinate amounts of banded, semi-massive and disseminated chromite found between and below the massive layers. The cumulative thickness of the mineralized zone averages approximately 65 m.

The following table summarizes the Black Creek chromite mineral resource estimate at a cut-off grade of 30% Cr₂O₃:

Summary of Black Creek Chromite Resources

Category	Tonnes	Avg. Cr ₂ O ₃ (%)	Cr:Fe Ratio
Measured (M)	3,729,000	39.90	1.8
Indicated (I)	1,985,000	40.06	1.8
Total M & I	5,714,000	40.00	1.8
Inferred	2,726,000	40.99	1.9

Mineral resources do not have demonstrated economic viability. The estimate of mineral resources may also be materially affected by other relevant factors or issues. There is no guarantee that the project will be placed into production. Micon completed the NI 43-101 technical report supporting the estimate and the technical report was filed on SEDAR on October 7, 2010.

The mineralized material was classified into the measured, indicated or inferred mineral resource category on the basis of a combination of the following factors: (a) confidence in the geological and mineralization continuity, (b) position of blocks in relation to the range of influence as defined by the variographic analysis, and (c) the search ellipse ranges.

The Black Creek deposit's measured and indicated resources have been categorized taking into account the search parameters in relation to variographic results, and the observed geological and mineralization continuity based on sectional interpretation. The inferred resource down to a vertical depth of about 360 m is based on drilling intercepts recorded at this depth at the adjacent Big Daddy deposit. The known mineralization in the entire McFaulds Lake area has been considered in the process of resource categorization.

The cut-off grade of 30% Cr₂O₃ is based on consideration of chromite operations in South Africa, Zimbabwe and Finland. The lack of infrastructure in the McFaulds Lake area demands an above-average grade deposit to ensure reasonable prospects for economic extraction.

(f) Update for Black Creek Chromite Deposit

On November 9, 2010, Probe announced that the Company has received assay results for its recently completed third-phase diamond drill program on the 100%-owned Black Creek chromite deposit in the Ring of Fire area, James Bay Lowlands, Ontario. Six holes of the 10-hole program successfully intersected the chromite horizon, returning long intercepts of high-grade chromite

mineralization all containing significant intervals of greater than 40% Cr₂O₃. Highlights from the drill program include:

DDH	From (m)	To (m)	Interval (m)	Cr ₂ O ₃ (%)
BC10-21	349.2	385.2	36	36.4
including	352	373	21	42.1
BC10-23	388.4	426	37.6	36.2
including	388.4	415	26.6	43.5
BC10-26	9	30	21	38.6
including	9	20.1	11.1	43.5
BC10-27	44.6	67	22.4	35.4
including	44.6	59	14.4	41.2
BC10-28	273.3	317.4	44.1	31.6
including	273.3	293.4	20.1	43.4
also including	309.4	317.4	8	36.7
BC10-30	44.1	67.5	23.4	36.1
including	44.1	60	15.9	40.4

The assay results and drill information have been sent to Micon and will be used to update the previous NI 43-101-compliant preliminary chromite resource estimate on Black Creek. The drilling program successfully extended the chromite zone approximately 115 metres along strike and to a vertical depth of approximately 320 metres. Black Creek is a high-grade chromite deposit strategically located between the Black Thor and Big Daddy chromite deposits and represents a key segment of the chromite horizon.

The chromite mineralization appears very similar to that observed in previous programs, ranging in width (not true width) from 21 to 44.1 metres, and consists predominantly of massive chromite with minor inter-layers of semi-massive and disseminated chromite. Importantly, the third-phase drilling indicates that the chromite zone is found at surface and is near-vertically dipping at depth. One hole intersected the chromite horizon under less than 4 metres of overburden, confirming that the horizon does project to the bedrock surface and would be a likely candidate for open-pit extraction.

Of the ten holes drilled, six successfully intersected the Black Creek horizon, three holes were lost due to poor ground conditions and one hole failed to intersect chromite mineralization. The latter hole was drilled to re-test the chromite zone at depth in the area where two holes were lost.

(g) Timmins West Project

On December 13, 2010, Probe announced that Lake Shore Gold Corp. had vested a 55% interest in the Timmins West project. Probe will retain a 45 percent interest in the claims. A Joint Venture Management Committee (the "Committee") has been formed with two representatives from each company. The Committee is currently planning a diamond drill program to test a prospective target approximately 800 metres east from both the Timmins Mine and the Rusk-Porphyry Zone discoveries on Lake Shore Gold's wholly owned Thunder Creek property. The target is distinguished by a coincident magnetic-induced polarization anomaly in the vicinity of a single drill hole completed by Probe in 2004, which intersected alteration in the sediments similar to that found near the mineralized zones on Thunder Creek. The drill program will consist of approximately 500 metres and be completed in the first quarter of 2011.

The Bristol Township property consists of 52 claim units surrounding Lake Shore Gold's Timmins Mine property to the north, east and southeast. The Timmins Mine deposit has probable reserves of 812,000 ounces and is currently undergoing underground development prior to production. The Porphyry Zone discovery at Thunder Creek is located approximately 800m west of the joint venture property and contains drill intersections of up to 83.4 metres averaging 12.75g/t Au and 99.6 metres grading 4.91 g/t Au.

- (h) Probe's mineral properties in Ontario and related expenditures are outlined under "Additional Disclosure for Venture Corporation", below.

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.

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 of October 31, 2010, 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, stock-based compensation and warrants.

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 option-pricing model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation and warrants 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 three and six months ended October 31, 2010, 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.

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		Total Assets (\$)
		Total (\$)	Per Share (\$)	
2010-October 31	-	(84,943) ⁽¹⁾	(0.00)	8,761,938
2010-July 31	-	(40,912) ⁽²⁾	(0.00)	8,343,982
2010-April 30	-	(1,295,756) ⁽³⁾	(0.03)	7,461,233
2010-January 31	-	(31,038) ⁽⁴⁾	(0.00)	8,641,611
2009-October 31	-	(119,184) ⁽⁵⁾	(0.01)	9,021,368
2009-July 31	-	(52,583) ⁽⁶⁾	(0.00)	9,203,927
2009-April 30	-	(8,689) ⁽⁷⁾	(0.00)	8,798,261
2009-January 31	-	(83,896) ⁽⁸⁾	(0.00)	8,796,726

Notes:

- (1) Net loss of \$84,943 principally relates to professional fees of \$44,205, transfer agent and filing fees of \$29,157 and costs of preparing information for shareholders of \$29,047. All other expenses related to general working capital purposes.
- (2) Net loss of \$40,912 principally relates to professional fees of \$23,634, transfer agent and filing fees of \$12,406 and costs of preparing information for shareholders of \$11,161. All other expenses related to general working capital purposes.
- (3) Net loss of \$1,295,756 principally relates to stock-based compensation of \$186,526, professional fees of \$30,321, consulting fees of \$67,500 and write-down of interest in mineral properties and deferred exploration expenditures of \$1,358,956. All other expenses related to general working capital purposes.
- (4) Net loss of \$31,038 principally relates to professional fees of \$27,002, costs of preparing information for shareholders of \$7,635 and consulting fees of \$7,500. All other expenses related to general working capital purposes.
- (5) 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.
- (6) 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.
- (7) 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.

- (8) 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.

Results of operations

Six months ended October 31, 2010, compared with six months ended October 31, 2009

Probe's net loss totaled \$125,855 for the six months ended October 31, 2010, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$171,767 with basic and diluted loss per share of \$0.01 for the six months ended October 31, 2009. The decrease of \$45,912 in net loss was principally because:

- Consulting fees increased by \$nil for the six months ended October 31, 2010, compared to the six months ended October 31, 2009. Consulting fees were charged by the Chief Executive Officer of the Company.
- Shareholder information expense increased by \$13,974 for the six months ended October 31, 2010, compared to the six months ended October 31, 2009. The increase in shareholder information expense can be attributed to increased corporate activity with investor relations firms.
- Transfer agent and filing fees expense increased by \$11,958 for the six months ended October 31, 2010, compared to the six months ended October 31, 2009. The increase in transfer agent and filing fees expense can be attributed to increased corporate activity.
- Office and general expenses decreased by \$15,500 for the six months ended October 31, 2010, compared to the six months ended October 31, 2009, and consisted of administrative costs such as telephone, insurance, postage, bank charges and office supplies. The decrease is mainly attributable to Part XII.6 tax for Probe's flow-through commitment of \$nil for the six months ended October 31, 2010, while \$10,820 was charged for the six months ended October 31, 2009.
- Professional fees increased by \$18,304 for the six months ended October 31, 2010, compared to the six months ended October 31, 2009. This increase can be attributed to increased corporate activity requiring legal assistance.
- Future income tax recovery increased by \$66,899 for the six months ended October 31, 2010, compared to the six months ended October 31, 2009, as there was \$nil future income tax recovery for the 2009 comparative period. The increase resulted from variations in the underlying Canadian tax pools.
- Advertising expense decreased by \$17,087 for the six months ended October 31, 2010, compared to the six months ended October 31, 2009. The decrease in advertising expense can be attributed to less marketing efforts during the 2010 period.
- Joint venture management fee decreased by \$17,124 for the six months ended October 31, 2010, compared to the six months ended October 31, 2009. The decrease resulted from the Company charging Noront \$17,124 as a management fee for acting as operator of the Noront joint venture

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during the six months ended October 31, 2009, while in the comparable 2010 period, no management fee was charged.

- For the six months ended October 31, 2010, the above cost increases/decreases were offset by an interest income increase of \$6,413. As at October 31, 2010, the Company had a balance of \$1,757,384 in short-term investments that earned interest income.
- All other expenses related to general working capital purposes.

Three months ended October 31, 2010, compared with three months ended October 31, 2009

Probe's net loss totaled \$84,943 for the three months ended October 31, 2010, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$119,184 with basic and diluted loss per share of \$0.00 for the three months ended October 31, 2009. The decrease of \$34,241 in net loss was principally because:

- Consulting fees decreased by \$3,750 for the three months ended October 31, 2010, compared to the three months ended October 31, 2009. Consulting fees were charged by the Chief Executive Officer of the Company.
- Professional fees increased by \$19,939 for the three months ended October 31, 2010, compared to the three months ended October 31, 2009. This increase can be attributed to increased corporate activity requiring legal assistance.
- Shareholder information expense increased by \$9,325 for the three months ended October 31, 2010, compared to the three months ended October 31, 2009. The increase in shareholder information expense can be attributed to increased corporate activity with investor relations firms.
- Office and general expenses decreased by \$3,221 for the three months ended October 31, 2010, compared to the three months ended October 31, 2009, and consisted of administrative costs such as telephone, insurance, postage, bank charges and office supplies. The decrease in office and general expenses can be attributed to reduced spending on overhead costs.
- Advertising expense decreased by \$14,123 for the three months ended October 31, 2010, compared to the three months ended October 31, 2009. The decrease in advertising expense can be attributed to less marketing efforts during the 2010 period.
- Transfer agent and filing fees expense increased by \$11,063 for the three months ended October 31, 2010, compared to the three months ended October 31, 2009. The increase in transfer agent and filing fees expense can be attributed to increased corporate activity.
- Future income tax recovery increased by \$35,499 for the three months ended October 31, 2010, compared to the three months ended October 31, 2009, as there was \$nil future income tax recovery for the 2009 comparative period. The increase resulted from variations in the underlying Canadian tax pools.
- For the three months ended October 31, 2010, the above cost increases/decreases were offset by an interest income increase of \$15,609. As at October 31, 2010, the Company had a balance of \$1,757,384 in short-term investments that earned interest income.

- 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, 2010, 25,000 stock options with an exercise price of \$0.15 were exercised for gross proceeds of \$3,750 and a private placement financing consisting of 2,222,221 flow-through shares was completed for gross proceeds of \$1,000,000. There is no assurance that equity capital will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. See "Risks and Uncertainties" below.

Cash used in operating activities was \$229,908 for the six months ended October 31, 2010. The most significant item not affecting cash was stock-based compensation of \$12,083. Operating activities were also affected by the net change in non-cash working capital balances of \$410,207 because of an increase in sundry receivables and prepaid expenses and an increase in accounts payable and accrued liabilities over the prior period.

Cash provided by financing activities was \$942,390 for the six months ended October 31, 2010.

Cash used in investing activities was \$1,091,069 for the six months ended October 31, 2010, which relates to \$1,085,207 in mineral exploration and development expenditures and net purchase and sale of short-term investments of \$5,862.

At October 31, 2010, Probe had \$3,708,663 in cash and short-term investments (April 30, 2010 - \$3,621,572).

The Company had working capital of \$3,280,307 as of October 31, 2010, compared to working capital of \$3,603,423 as of April 30, 2010. Working capital remained relatively constant primarily due to proceeds from the private placement of \$1,000,000, which was offset by the expenditures incurred for the Company's exploration activities and operating expenses.

Accounts payable and accrued liabilities increased to \$546,966 at October 31, 2010, compared to \$49,751 at April 30, 2010, primarily due to increased corporate and exploration payables due at October 31, 2010, compared to April 30, 2010. The Company's cash, short-term investments and long-term investment balances as at October 31, 2010, are sufficient to pay these liabilities.

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, 2010, the Company had 36,652,581 common shares issued and outstanding, 1,655,553 share purchase warrants outstanding that would raise \$1,241,665 if exercised in full, 177,777 broker compensation warrants outstanding that would raise \$80,000 if exercised in full and 3,137,500 options outstanding that would raise \$1,290,375 if exercised in full. The Company does not know when these securities will be exercised. See "Trends" above.

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As of October 31, 2010, and to the date of this MD&A, the cash resources of Probe are held with the Royal Bank of Canada.

Following are the plans related to Probe's properties:

Project / Property Name	Brief Description	Plans for Project	Planned Expenditures for fiscal 2011 (approx.)	Spent (approx.)
Black Creek <i>(formerly part of Noront Joint Venture)</i>	28 claim units 100%-owned by Probe <i>(formerly under a 50-50 joint venture between Probe and Noront)</i>	Drilling and updated 43-101 report	\$720,000 ⁽¹⁾	\$700,000
McFaulds West Project	46 claim units. The claims are 100%-owned by Probe and consist of six contiguous mineral licenses	Evaluation of airborne survey results	\$10,000 ⁽¹⁾	\$44,000
Tamarack Property	360 claim units. The Company maintains 100% ownership of the claims, which are free of any encumbrances.	Ground geochemistry	\$14,000 ⁽¹⁾	\$6,300
Victory Property	446 claim units. The Company maintains 100% ownership of the claims, which are free of any encumbrances.	Ground geochemistry	\$19,800 ⁽¹⁾	\$14,000
Bristol Township	52 claim units (approximately 832 hectares) in two claim blocks	Diamond drilling (JV with Lake Shore Gold)	\$54,000	\$nil
Cree Lake Property	Option to acquire up to a 70% interest in nineteen mining claims covering 4,032 hectares	Evaluation of drilling results	\$129,000 ⁽¹⁾	\$99,000
Borden Property	Right to earn a 100% interest	Evaluation of drilling results, follow-up drilling	\$1.2 million ⁽¹⁾	\$203,000

⁽¹⁾ All expenditures for mineral exploration are discretionary in nature and subject to day-to-day management decisions; and

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, 2010, was \$193,066. 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 April 30, 2011, the Company's expected operating expenses are estimated to be \$30,000 per month for recurring operating costs, after interest income is taken into account, excluding future tax considerations. The Company also plans to incur approximately \$2.1 million (approximately \$1.1 million spent) on its property interests to advance the projects. See "Mineral Exploration Properties" above and the table under "Liquidity and Financial Position", also above.

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 \$3,280,307 at October 31, 2010, is anticipated to be adequate for it to continue operations for the twelve-month period ending October 31, 2011. 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.

Change in Accounting Policies

During the six months ended October 31, 2010, the Company did not adopt any new accounting policies.

Related Party Transactions

The related party transactions during the three months ended October 31, 2010, are as follows:

	Three months Ended October 31, 2010 (\$)	Three months Ended October 31, 2009 (\$)	Six months Ended October 31, 2010 (\$)	Six months Ended October 31, 2009 (\$)
Palmer and Associates (i) <ul style="list-style-type: none"> capitalized to mineral properties expensed to consulting fees 	33,750 3,750	30,000 7,500	63,750 11,250	63,750 11,250
Peterson Law Professional Corporation (ii) <ul style="list-style-type: none"> expensed to professional fees 	1,832	nil	21,118	3,825
Marrelli CFO Syndicate Inc. (iii) <ul style="list-style-type: none"> expensed to professional fees 	4,500	4,500	9,000	9,000
Marrelli Support Services Inc.; DSA Corporate Services Inc. and D & R Filing Corp. (iii) <ul style="list-style-type: none"> expensed to professional fees 	10,404	9,924	18,379	16,824
John B. Gammon (iv) <ul style="list-style-type: none"> expensed to professional fees 	2,000	2,000	4,000	4,000
Patrick Reid (iv) <ul style="list-style-type: none"> expensed to professional fees 	2,000	2,000	4,000	4,000
Total	58,236	55,924	131,497	112,649

- (i) Palmer & Associates is a company controlled by David A. S. Palmer, the Chief Executive Officer and a director of Probe.
- (ii) Dennis H. Peterson, a director of Probe, controls Peterson Law Professional Corporation.
- (iii) Marrelli CFO Outsource Syndicate Inc. is a company controlled by Carmelo Marrelli, the Chief Financial Officer of Probe. Carmelo Marrelli is the president of Marrelli Support Services Inc., a firm providing accounting services, an officer of DSA Corporate Services Inc., a firm providing corporate secretarial services, and an officer of D & R Filing Corp., a firm providing regulatory filing services to Probe. As at October 31, 2010, these firms were owed \$3,228 (April 30, 2010 - \$10,479) and these amounts were included in accounts payable and accrued liabilities.

- (iv) John B. Gammon and Patrick Reid are directors of Probe.
- (v) As at October 31, 2010, the Company accrued in sundry receivables \$4,346 (April 30, 2010 - \$4,346) for expenses paid on behalf of Canstar Resources Inc. Canstar and Probe have two directors in common. This balance bears no interest and is due on demand.

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.

Future accounting changes

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including the Company, 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 ended July 31, 2011. The Company's 2011 interim and annual financial statements will include comparative 2010 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan

The Company has established a comprehensive IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.	Complete
Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards.	Complete
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	In progress, completion expected during Q4 2011
Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.	In progress, completion expected during Q4 2011

Quantification of the financial statement impact of changes in accounting policies.	Throughout 2011
Management and employee education and training.	Throughout the transition process

Impact of Adopting IFRS on the Company's Business

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff and advisers involved in the preparation of the financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies. Employees of the Company who will be affected by a change to business processes as a result of the conversion to IFRS will also be trained as necessary.

The Board of Directors and the Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has identified the following optional exemptions that it expects apply in its preparation of an opening IFRS statement of financial position as at May 1, 2010, its transition date:

- To apply IFRS 2 *Share-based Payments* only to equity instruments issued after November 7, 2002, and that had not vested by the transition date.
- To apply IFRS 3 *Business Combinations* prospectively from the transition date, therefore not restating business combinations that took place prior to the transition date.
- To apply the transition provisions of IFRIC 4 *Determining whether an Arrangement Contains a Lease*, therefore determining if arrangements existing at the transition date contain a lease based on the circumstances existing at that date.
- To apply IAS 23 *Borrowing Costs* prospectively from the transition date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

Prior to reporting interim financial statements in accordance with IFRS for the quarter ending July 31, 2011, the Company may decide to apply other optional exemptions contained in IFRS 1.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the transition date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time, however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) Exploration and Evaluation Expenditures

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties. The Company expects to establish an accounting policy to expense, as incurred, all costs relating to exploration and evaluation until such time as it has been determined that a property has economically recoverable reserves.

The application of this policy on the adoption of IFRS will have a significant impact on the Company's financial statements. On adoption of IFRS, the carrying value of the mineral resource properties will be reduced to zero (as at the transition date), with a corresponding adjustment to accumulated deficit. All subsequent exploration and evaluation costs will be expensed as incurred until such time as it has been determined that a property has economically recoverable reserves.

2) Impairment of (Non-financial) Assets

IFRS requires a write-down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write-down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets will be changed to reflect these differences. However, the Company does not expect that this change will have an immediate impact on the carrying value of its assets. The Company will perform impairment assessments in accordance with IFRS at the transition date.

3) *Share-based Payments*

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

4) *Asset Retirement Obligations (Decommissioning Liabilities)*

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences. However, the Company does not expect this change will have an immediate impact on the carrying value of its assets.

5) *Property and Equipment*

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to line items within its financial statements.

6) *Income Taxes*

IFRS contains some different guidance related to recognition and measurement of future (deferred) income taxes. One of those differences relates to accounting for flow-through common shares, for which IFRS does not include the same level of specific guidance provided under current Canadian GAAP.

The Company has not completed its detailed evaluation of the differences between IFRS and current Canadian GAAP related to accounting for income taxes. These differences could require changes to accounting policies that may impact the Company's financial statements and require adjustments to future (deferred) income taxes and shareholders' equity.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- The Company's MD&A for the 2011 interim periods and the year ended April 30, 2011, will include updates on the progress of the transition plan, and, to the extent known, further information regarding the impact of adopting IFRS on key line items in the annual financial statements.
- The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending July 31, 2011, which will include notes disclosing

transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending July 31, 2011, will also include 2010 financial statements for the comparative period adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (at May 1, 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.

Section 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.

The Company's management team carries out risk management 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 its access to the capital market is hindered, whether as a result of 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 cash and short-term investments. The Company has cash and short-term investments of \$3,708,663 (April 30, 2010 - \$3,621,572) to settle current liabilities of \$546,966 (April 30, 2010 - \$49,751). Interest-bearing instruments included in cash and 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 \$193,100.

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 cash and short-term investments being invested in interest-bearing instruments. Cash and short-term investments include guaranteed investment certificates at call, which have variable interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would affect net loss by approximately \$8,750.

(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 cash, short-term investments and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash and 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 harmonized sales tax and goods and services tax due from the Government of Canada and a receivable from Canstar. Management believes that the credit risk concentration with respect to sundry receivables is minimal. Sundry receivables are in good standing as of October 31, 2010.

(d) Fair value

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

As at October 31, 2010, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Fair value measurements of assets and liabilities recognized on the balance sheet are categorized into levels within a fair value hierarchy based on the nature of valuation inputs. The Company's cash, short-term investments and long-term investments are classified as Level 1 within the fair value hierarchy as at October 31, 2010.

Capital Management

The Company manages its capital with the following objectives:

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

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising capital stock, warrants, broker compensation warrants, contributed surplus, deficit and accumulated other comprehensive income, which at October 31, 2010, totaled \$7,941,871 (April 30, 2010 - \$7,071,482).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three and six months ended October 31, 2010. The Company is not subject to any externally imposed capital requirements.

Share Capital

As of the date of this MD&A, the Company had 37,518,415 issued and outstanding common shares.

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
500,000	February 2, 2012	\$0.75
1,155,553	June 3, 2012	\$0.75
1,655,553		

Broker compensation warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
177,777 ⁽¹⁾	June 3, 2011	\$0.45
177,777		

⁽¹⁾ Each whole unit consists of one non-flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for \$0.75 until June 3, 2012.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
150,000	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
66,666	December 14, 2012	\$0.74
150,000	January 28, 2013	\$0.61
725,000	October 16, 2013	\$0.15
600,000	April 12, 2015	\$0.38
1,200,000	November 11, 2015	\$1.40
3,491,666		

Risks and Uncertainties

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 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, 2010, 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 years 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.

Shareholder Rights Plan

On August 16, 2010, Probe announced that its Board of Directors has approved the adoption of a shareholder rights plan dated August 16, 2010.

The purpose of the plan is to provide both shareholders and the Board sufficient time to adequately consider a take-over bid and to allow for competing and alternative proposals to emerge during the period between the announcement of the proposed take-over bid and the period of review allowed within the plan. The plan is similar to those adopted by other Canadian public companies, and Probe is currently unaware of any party contemplating or preparing a proposal to acquire control of the Company.

At the close of business on August 16, 2010, existing shareholders of the Company were granted rights to acquire additional common shares. The rights were granted for no cash or non-cash consideration. These rights are attached to each share as long as the plan remains in effect. Each subsequent shareholder who invests in the Company's common shares will also be entitled to the rights for no consideration.

The value of these rights is that they allow shareholders, other than the take-over bidder, to purchase, at the exercise price, one common share of the Company for each common share held. This right is triggered only if a party acquires or announces its intention to acquire 20% or more of the outstanding shares of the Company and this proposed acquisition does not meet the permitted bid requirements set

forth within the plan. Under the plan, only bids that meet certain specific requirements intended to protect the interests of all shareholders will qualify as permitted bids. Permitted bids must be made to all shareholders of the Company, must remain open for 60 days and must be made by way of a take-over bid circular prepared in compliance with applicable securities laws.

The Board's approval of the plan was ratified by the shareholders of the Company at the annual meeting of shareholders on October 7, 2010. Unless otherwise terminated in accordance with its terms, the plan will terminate at the close of the third annual meeting of Probe shareholders following the meeting at which the plan was ratified by shareholders, unless the plan is reconfirmed and extended at such meeting.

Subsequent Events

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

(b) In November 2010, 500,000 options were exercised that were previously set to expire on September 19, 2010. Due to a blackout period the expiry date was extended beyond October 31, 2010, permitting the exercise of the options.

(c) On November 11, 2010, 1,200,000 stock options were granted to directors, officers and a consultant at an exercise price of \$1.40 per share, expiring on November 11, 2015.

(d) On December 13, 2010, Probe announced that Lake Shore Gold Corp. had vested a 55% interest in the Timmins West gold project and a joint venture had been formed. Probe retains a 45% interest in the project. See "Mineral Exploration Properties" above.

(e) In addition to (b) above under "Subsequent Events", the following stock options were exercised subsequent to October 31, 2010:

Exercise date	Exercise Price (\$)	Options Exercised	Expiry date
November 8, 2010	0.15	100,000	October 16, 2013
November 29, 2010	0.15	33,334	October 16, 2013
November 30, 2010	0.15	50,000	October 16, 2013
December 1, 2010	0.15	16,666	October 16, 2013
December 1, 2010	0.74	8,334	December 14, 2012
December 8, 2010	0.75	137,500	January 23, 2011

PROBE MINES LIMITED
(A Development Stage Company)
Management's Discussion & Analysis
Three and Six Months Ended October 31, 2010
Dated – December 17, 2010

Additional Disclosure for Venture Corporation

	Cumulative Since Inception	Tamarack- McFauld's Lake Property	Bristol Township (Timmins West)	Victory Property	McFauld's West Project	Black Creek	Cree Lake Property	Borden Property	Total
Property Acquisition Costs									
Balance, April 30, 2010		\$ 24,658	\$ (197,279)	\$ 36,849	\$ 5,830	\$ -	\$ 55,500	\$ 28,250	\$ (46,192)
Option payments (proceeds)	\$ 187,726	-	-	-	-	-	-	-	-
Staking claims	165,992	-	-	-	-	-	-	49,435	49,435
Written off	(350,475)	-	-	-	-	-	-	-	-
Balance, October 31, 2010	\$ 3,243	\$ 24,658	\$ (197,279)	\$ 36,849	\$ 5,830	\$ -	\$ 55,500	\$ 77,685	\$ 3,243
Deferred Exploration Expenditures									
Balance, April 30, 2010		\$ -	\$ 269,519	\$ 2,120,425	\$ 771,774	\$ 485,321	\$ -	\$ 22,438	\$ 3,669,477
Geophysical	\$ 1,320,911	-	-	-	40,815	-	-	87,099	127,914
Assays, analysis	111,284	-	-	-	-	2,062	17,874	15,841	35,777
Geological	292,441	-	-	-	-	46,082	-	-	46,082
Geochemical	72,155	-	-	-	2,952	313	611	611	4,487
Drilling	3,979,429	-	-	-	-	450,891	74,950	84,679	610,520
Line cutting	31,023	-	-	-	-	-	-	-	-
Reports	37,470	-	-	-	-	-	-	-	-
Stock based compensation	7,400	-	-	-	-	-	-	-	-
Transportation	793,942	215	-	215	-	146,644	-	1,492	148,566
Travel	53,800	361	-	362	-	1,915	1,599	406	4,643
Consulting	487,880	3,750	-	11,250	-	47,436	3,749	7,500	73,685
Other	99,252	2,016	-	2,566	-	4,723	-	5,793	15,098
Advance	6,000	-	-	-	-	-	-	-	-
Recovery of costs	(101,186)	-	-	-	-	-	-	-	-
Written off	(2,455,552)	-	-	-	-	-	-	-	-
Balance, October 31, 2010	\$ 4,736,249	\$ 6,342	\$ 269,519	\$ 2,134,818	\$ 815,541	\$ 1,185,387	\$ 98,783	\$ 225,859	\$ 4,736,249
Total, active properties	\$ 4,739,492	\$ 31,000	\$ 72,240	\$ 2,171,667	\$ 821,371	\$ 1,185,387	\$ 154,283	\$ 303,544	\$ 4,739,492
Inactive properties	1								1
Total, October 31, 2010	\$ 4,739,493								\$ 4,739,493