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

Management's Responsibility for Condensed Interim Financial Statements

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

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

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

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

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

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

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

Toronto, Canada
December 16, 2011

Notice To Reader

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



Probe Mines Limited

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

	As at October 31, 2011	As at April 30, 2011
ASSETS		
Current assets		
Cash (note 7)	\$ 19,864,986	\$ 23,995,716
Short-term investments	1,260,651	1,253,979
Amounts receivable and other assets (note 8)	300,262	202,156
Total current assets	21,425,899	25,451,851
Long-term investments	3,221	6,606
Deposit on infrastructure	-	107,026
Property and equipment (note 9)	194,404	13,849
Total assets	\$ 21,623,524	\$ 25,579,332
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 10)	\$ 653,817	\$ 776,011
Equity		
Share capital (note 11)	30,253,781	30,008,020
Reserves	13,159,862	11,754,075
Accumulated deficit	(22,410,862)	(16,929,086)
Accumulated other comprehensive (loss) income	(33,074)	(29,688)
Total equity	20,969,707	24,803,321
Total equity and liabilities	\$ 21,623,524	\$ 25,579,332

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

Nature of operations (note 1)

Commitment (note 18)

Subsequent events (note 20)

Approved on behalf of the Board:

"David Palmer", Director

"Dennis H. Peterson", Director



Probe Mines Limited

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2011	2010 (note 19)	2011	2010 (note 19)
Operating expenses				
Exploration and evaluation expenditures (note 3)	\$ 1,897,588	\$ 780,603	\$ 4,188,165	\$ 1,116,207
General and administrative (note 15)	248,207	124,373	1,399,116	198,615
	(2,145,795)	(904,976)	(5,587,281)	(1,314,822)
Interest income	56,850	3,931	105,505	5,861
Net loss for the period	\$ (2,088,945)	\$ (901,045)	\$ (5,481,776)	\$ (1,308,961)
Other comprehensive loss				
Unrealized (loss) gain on available-for-sale securities, net of tax	(3,106)	18,341	(3,386)	10,771
Total comprehensive loss	\$ (2,092,051)	\$ (882,704)	\$ (5,485,162)	\$ (1,298,190)
Basic and diluted net loss per share (note 13)	\$ (0.04)	\$ (0.02)	\$ (0.10)	\$ (0.04)
Weighted average number of common shares outstanding	56,644,235	36,639,293	56,589,562	36,200,397

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

Probe Mines Limited

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

Six Months Ended
October 31,
2011 2010
(note 19)

Operating activities

Net loss for the period	\$ (5,481,776)	\$ (1,308,961)
Adjustments for:		
Share based payments (note 12)	1,438,747	12,083
Common shares issued for mineral properties	-	31,000
Obligation under Memorandum of Understanding (note 11(b)(ii))	61,125	-
Amortization	15,459	372
Interest income	(105,505)	(5,861)
Changes in non-cash working capital items:		
Amounts receivable and other assets	(98,106)	(87,009)
Amounts payable and other liabilities	(122,194)	497,215
Net cash used in operating activities	(4,292,250)	(861,161)

Investing activities

Purchase of property and equipment	(88,987)	-
Interest income	98,832	-
Net cash provided by investing activities	9,845	-

Financing activities

Issue of securities, net of costs	151,675	942,390
Net cash provided by financing activities	151,675	942,390
Net change in cash	(4,130,730)	81,229
Cash, beginning of period	23,995,716	1,870,050
Cash, end of period	\$ 19,864,986	\$ 1,951,279

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

Probe Mines Limited

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

Equity attributable to shareholders

	Reserves					Total
	Share capital	Equity settled share-based payments reserve	Warrants reserve	Accumulated deficit	Accumulated other comprehensive (loss) or income	
Balance, May 1, 2011	\$ 30,008,020	\$ 5,523,017	\$ 6,231,058	\$ (16,929,086)	\$ (29,688)	\$ 24,803,321
Exercise of stock options	7,748	(2,738)	-	-	-	5,010
Exercise of warrants	176,888	-	(48,000)	-	-	128,888
Obligation under Memorandum of Understanding (note 11(b)(ii))	61,125	-	-	-	-	61,125
Issue of step-up warrants	-	-	17,778	-	-	17,778
Share based payments	-	1,438,747	-	-	-	1,438,747
Net loss and comprehensive loss for the period	-	-	-	(5,481,776)	(3,386)	(5,485,162)
Balance, October 31, 2011	\$ 30,253,781	\$ 6,959,026	\$ 6,200,836	\$ (22,410,862)	\$ (33,074)	\$ 20,969,707
Balance, May 1, 2010	\$ 10,777,507	\$ 4,347,246	\$ 131,500	\$ (11,485,411)	\$ 17,354	\$ 3,788,196
Issuance of common shares	1,000,000	-	-	-	-	1,000,000
Finder's fee	40,000	-	-	-	-	40,000
Share issue costs	(101,360)	-	-	-	-	(101,360)
Shares issued for mineral property	31,000	-	-	-	-	31,000
Warrants issued	(320,266)	-	320,266	-	-	-
Exercise of options	5,800	(2,050)	-	-	-	3,750
Share based payments	-	12,083	-	-	-	12,083
Net loss and comprehensive loss for the period	-	-	-	(1,308,961)	10,771	(1,298,190)
Balance, October 31, 2010	\$ 11,432,681	\$ 4,357,279	\$ 451,766	\$ (12,794,372)	\$ 28,125	\$ 3,475,479

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



Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

1. Nature of operations

Probe Mines Limited ("the Company" or "Probe") is in the process of exploring its resource properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The Company has not earned any income. The primary office of the Company is located at 2 Toronto Street, Suite 306, Toronto, Ontario, Canada, M5C 2B6.

While the Company has no source of revenue, it believes it has sufficient cash resources to meet its exploration and administrative overhead and maintain its mineral investments planned through October 2012. In order to meet future expenditures and cover administrative and exploration costs beyond that point, the Company will need to raise additional financing (note 20). Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company.

2. Significant accounting policies

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, they do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and should be read in conjunction with the financial statements of the Company for the year ended April 30, 2011 and the Company's condensed interim financial statements as at and for the three months ended July 31, 2011.

The accounting policies have been applied consistently to all periods presented in these unaudited condensed interim financial statements. These unaudited condensed interim financial statements are the Company's second unaudited condensed interim financial statements prepared in accordance with IFRS as issued by IASB and have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption by the Company on April 30, 2012, the Company's first annual reporting date under IFRS. The Company has made certain assumptions about the accounting policies expected to be adopted when the first IFRS annual financial statements are prepared for the year ended April 30, 2012.

These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended April 30, 2011 and in consideration of the IFRS transition disclosures included in note 19 to these financial statements and the additional annual disclosures required under IFRS included in the Company's condensed interim financial statements as at and for the three months ended July 31, 2011.

The condensed interim financial statements were authorized by the Board of Directors on December 16, 2011.

(b) New accounting standards and interpretations

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

Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies (continued)

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

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

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

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

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

Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies (continued)

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

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

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

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

(vi) In October 2011, the IASB issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. Retrospective application of this interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this interpretation.

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

Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

3. Exploration and evaluation expenditures on mineral properties

Borden property

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

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

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

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

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

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

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

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

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

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

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



Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

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

Exploration activities include:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2011	2010	2011	2010
Borden property				
Exploration	\$ 1,695,455	\$ 112,345	\$ 3,531,820	\$ 252,856
Salaries and benefits	201,833	-	635,510	-
	\$ 1,897,288	\$ 112,345	\$ 4,167,330	\$ 252,856
Victory property				
Exploration	\$ 300	\$ 4,200	\$ 3,725	\$ 14,393
McFauld's West project				
Exploration	\$ -	\$ -	\$ -	\$ 43,767
Black Creek				
Exploration	\$ -	\$ 638,979	\$ 8,125	\$ 700,066
Cree Lake property				
Exploration	\$ -	\$ 21,329	\$ 3,125	\$ 98,783
Tamarack-McFauld's Lake property				
Exploration	\$ -	\$ 3,750	\$ 3,125	\$ 6,342
Other				
Exploration	\$ -	\$ -	\$ 2,735	\$ -
Total exploration activities	\$ 1,897,588	\$ 780,603	\$ 4,188,165	\$ 1,116,207

4. Capital risk management

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at October 31, 2011, totaled \$20,969,707 (April 30, 2011 - \$24,803,321).

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

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



Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

5. Financial risk management

Financial risk

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

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

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

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

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at October 31, 2011, the Company had cash of \$19,864,986 (April 30, 2011 - \$23,995,716) to settle current liabilities of \$653,817 (April 30, 2011 - \$776,011). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed on note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(iii) Market risk

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

Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

5. Financial risk management (continued)

(iii) Market risk (continued)

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

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

(c) Price risk

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

The Company's investments in public companies, classified as long-term investments, on the statement of financial position, are subject to fair value fluctuations arising from changes in the equity and commodity markets.

Sensitivity analysis

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

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

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

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

Fair Value Hierarchy

Long-term investments are considered as Level 1 within the fair value hierarchy.

Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

6. Categories of financial instruments

	As at October 31, 2011	As at April 30, 2011
Financial assets:		
Loans and receivables		
Cash	\$ 19,864,986	\$ 23,995,716
Short-term investments	1,260,651	1,253,979
FVTPL		
Long-term investments	\$ 3,221	\$ 6,606
Financial liabilities:		
Other financial liabilities		
Amounts payable and other liabilities	\$ 653,817	\$ 776,011

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

7. Cash

	As at October 31, 2011	As at April 30, 2011
Cash	\$ 19,864,986	\$ 23,995,716

8. Amounts receivable and other assets

	As at October 31, 2011	As at April 30, 2011
Sales tax receivable - (Canada)	\$ 239,786	\$ 180,639
Prepaid expenses	56,130	17,171
Amounts receivable	4,346	4,346
	\$ 300,262	\$ 202,156

Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

9. Property and equipment

Cost	Computer equipment and software	Site building	Vehicles	Total
Balance, May 1, 2010	\$ 9,475	\$ -	\$ -	\$ 9,475
Balance, October 31, 2010	9,475	-	-	9,475
Additions	19,770	-	-	19,770
Balance, April 30, 2011	29,245	-	-	29,245
Additions	11,050	107,026	77,937	196,013
Balance, October 31, 2011	\$ 40,295	\$ 107,026	\$ 77,937	\$ 225,258

Accumulated Amortization	Computer equipment and software	Site building	Vehicles	Total
Balance, May 1, 2010	\$ 6,997	\$ -	\$ -	\$ 6,997
Amortization during the period	372	-	-	372
Balance, October 31, 2010	7,369	-	-	7,369
Amortization during the period	8,027	-	-	8,027
Balance, April 30, 2011	15,396	-	-	15,396
Amortization during the period	7,184	5,352	2,922	15,458
Balance, October 31, 2011	\$ 22,580	\$ 5,352	\$ 2,922	\$ 30,854

Carrying value	Computer equipment and software	Site building	Vehicles	Total
Balance, May 1, 2010	\$ 2,478	\$ -	\$ -	\$ 2,478
Balance, October 31, 2010	2,106	-	-	2,106
Balance, April 30, 2011	13,849	-	-	13,849
Balance, October 31, 2011	\$ 17,715	\$ 101,674	\$ 75,015	\$ 194,404

10. Amounts payable and other liabilities

	As at October 31, 2011	As at April 30, 2011
Falling due within the year		
Trade payables	\$ 653,817	\$ 776,011

Probe Mines Limited

Notes to Condensed Interim Financial Statements

October 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

11. Share capital

a) Authorized share capital

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

b) Common shares issued

As at October 31, 2011, the issued share capital amounted to \$30,253,781. Changes in issued share capital are as follow:

	Number of common shares	Amount
Balance, May 1, 2010	34,266,472	\$ 10,777,507
Issuance of common shares	2,222,221	1,000,000
Finder's fee	88,888	40,000
Share issue costs	-	(101,360)
Shares issued for mineral property	50,000	31,000
Exercise of options	25,000	5,800
Warrants issued	-	(320,266)
Balance, October 31, 2010	36,652,581	\$ 11,432,681
Balance, May 1, 2011	56,333,415	\$ 30,008,020
Exercise of options	33,400	7,748
Exercise of warrants (i)	266,665	176,888
Obligation under Memorandum of Understanding (ii)	37,500	61,125
Balance, October 31, 2011	56,670,980	\$ 30,253,781

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

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

(ii) On September 7, 2011, Probe announced that it has entered into a Memorandum of Understanding ("MOU") with the Brunswick House, Chapleau Cree and Chapleau Ojibwe First Nations communities ("First Nations") near Chapleau, Ontario. The MOU establishes a commitment by Probe to develop an ongoing relationship with the three communities in the area of the Company's Borden property and provides the communities with an opportunity to participate in the benefits of the project through training, ongoing communication and business development. An Elders Committee will be created to provide advice to the Company on traditional values and local cultural and environmental matters during the exploration phase. Probe has also agreed to negotiate an Impact Benefit Agreement with the communities should the project proceed to production. In accordance with the MOU, Probe issued 12,500 common shares to each of the First Nations (valued at \$61,125). Refer to note 18 for further conditions of the MOU.

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(Unaudited)

12. Stock options

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

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price (\$)
Balance, May 1, 2010	3,162,500	0.41
Exercised	(25,000)	0.15
Balance, October 31, 2010	3,137,500	0.41
Balance, May 1, 2011	3,331,666	0.75
Exercised	(33,400)	0.15
Granted (ii)(iii)(iv)	1,650,000	1.59
Forfeited	(20,000)	1.45
Balance, October 31, 2011	4,928,266	1.03

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

Exercise Expiry Date	Options Price (\$)	Remaining Contractual Outstanding	Remaining Options Life (Yrs)	Contractual Exercisable	Valuation (\$)
November 28, 2011	0.20	200,000	0.08	200,000	27,800
November 15, 2012	0.74	200,000	1.04	200,000	117,605
December 3, 2012	0.74	200,000	1.09	200,000	82,200
December 14, 2012	0.74	66,666	1.12	66,666	33,466
January 28, 2013	0.61	150,000	1.25	150,000	78,900
October 16, 2013	0.15	681,600	1.96	681,600	55,892
April 12, 2015	0.38	600,000	3.45	600,000	201,600
November 11, 2015	1.40	1,200,000	4.03	1,187,500	1,487,520
May 16, 2016	1.45	150,000	4.57	37,500	168,300
May 26, 2016	1.45	1,250,000	4.55	1,112,500	1,380,000
October 31, 2016	2.45	230,000	5.00	-	439,760
		4,928,266	3.35	4,435,766	4,073,043

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12. Stock options (continued)

(i) During the three and six months ended October 31, 2011, the impact on expenses due to the vesting of previously issued options was \$3,635 and \$12,675, respectively (three and six months ended October 31, 2010 - \$4,139 and \$12,083, respectively).

(ii) On May 16, 2011, Probe agreed to the issuance of 50,000 stock options of the Company to each of the three First Nations communities (Brunswick House, Chapleau Cree and Chapleau Ojibwe First Nations communities near Chapleau, Ontario) vesting over a period of 18 months, for an aggregate of 150,000 common shares at an exercise price of \$1.45 per share for a period of 5 years. Vesting of the stock options is as follows: 25% on the approval of the TSX Venture Exchange (September 13, 2011); 25% six months after May 16, 2011; 25% 12 months after May 16, 2011; and 25% 18 months after May 16, 2011. The grant date fair value of \$168,300 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 138%, risk-free rate of return of 2.20% and an expected maturity of 5 years. For the three and six months ended October 31, 2011, \$80,645 and \$119,213, respectively was expensed to the Borden property (note 3).

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2011	2010	2011	2010
Borden property (note 3)	\$ 6,900	\$ -	\$ 297,160	\$ -
General and administrative				
Salaries and benefits (note 15)	25,990	-	1,009,699	-
	\$ 32,890	\$ -	\$ 1,306,859	\$ -

Of the options granted, 1,250,000 remained outstanding at October 31, 2011.

(iv) On October 31, 2011, the Company granted a total of 230,000 stock options to certain employees and consultants of the Company at an exercise price of \$2.45 per common share for a period of 5 years. The stock options vest as to one-quarter (¼) on January 31, 2012, one-quarter (¼) on April 30, 2012, one-quarter (¼) on July 31, 2012 and one-quarter (¼) on October 31, 2012. The grant date fair value of \$439,760 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 136%, risk-free rate of return of 1.37% and an expected maturity of 5 years. For the three and six months ended October 31, 2011, \$nil was expensed.

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13. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended October 31, 2011 and 2010 was based on the loss attributable to common shareholders of \$2,088,945 and \$5,481,776, respectively (three and six months ended October 31, 2010 - \$901,045 and \$1,308,961, respectively) and the weighted average number of common shares outstanding of 56,644,235 and 56,589,562, respectively (three and six months ended October 31, 2010 - 36,639,293 and 36,200,397, respectively). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

14. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Grant date fair value (\$)
Balance, May 1, 2010	500,000	131,500
Issued	1,333,330	320,266
Balance, October 31, 2010	1,833,330	451,766

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

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

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

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15. General and administrative

	Three Months Ended October 31,		Six Months Ended October 31,	
	2011	2010	2011	2010
Salaries and benefits (note 12)	\$ 41,592	\$ 4,139	\$ 1,049,682	\$ 12,083
Professional fees	51,049	44,205	108,703	67,839
Shareholder information	70,683	29,047	88,025	40,208
Transfer agent and filing fees	24,998	29,157	47,386	41,563
Administrative	14,997	9,189	29,319	16,094
Consulting fees	-	3,750	8,750	11,250
Occupancy costs	4,572	4,500	9,072	8,784
Travel and promotion	31,125	200	42,720	422
Amortization	9,191	186	15,459	372
	\$ 248,207	\$ 124,373	\$ 1,399,116	\$ 198,615

16. Related party balances and transactions

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

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

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

	Notes	Three Months Ended October 31,		Six Months Ended October 31,	
		2011	2010	2011	2010
Palmer and Associates	(i)	\$ -	\$ 37,500	\$ 37,500	\$ 75,000
Peterson Law Professional Corporation	(ii)	13,926	1,832	28,090	21,118
Marrelli CFO Outsource Syndicate Inc.	(iii)	4,500	4,500	9,000	9,000
Marrelli Support Services Inc.	(iii)	10,450	4,431	16,235	12,406
John B. Gammon	(iv)	6,000	2,000	12,000	4,000
Patrick Reid	(iv)	7,500	2,000	15,000	4,000
DSA Corporate Services Inc.	(iii)	2,357	2,859	4,625	5,223
D & R Filing Corp.	(iii)	895	525	1,120	750

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

David A. S. Palmer was owed \$66,151 (April 30, 2011 - \$nil) and this amount was included in amounts payable and other liabilities.

(ii) Dennis H. Peterson, a director of Probe, controls Peterson Law Professional Corporation. As at October 31, 2011, Peterson Law Professional Corporation was owed \$17,532 (April 30, 2011 - \$94,488) and this amount was included in amounts payable and other liabilities.



Probe Mines Limited

Notes to Condensed Interim Financial Statements

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(Unaudited)

16. Related party balances and transactions (continued)

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

(iii) Marrelli CFO Outsource Syndicate Inc. is a company controlled by Carmelo Marrelli, the Chief Financial Officer of Probe. Carmelo Marrelli is the president of Marrelli Support Services Inc., a firm providing accounting services, an officer of DSA Corporate Services Inc., a firm providing corporate secretarial services, and an officer of D & R Filing Corp., a firm providing regulatory filing services to Probe. As at October 31, 2011, these firms were owed \$3,528 (April 30, 2011 - \$11,437) and these amounts were included in amounts payable and other liabilities.

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

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

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2011	2010	2011	2010
Salaries and benefits	\$ 56,250	\$ -	\$ 75,000	\$ -
Share based payments	\$ 13,800	\$ -	\$ 1,223,600	\$ -

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

17. Segmented information

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

18. Commitment

To comply with the terms of the MOU, Probe will be required to undertake the following:

Pursuant to the MOU, Probe will grant 50,000 common shares to each of the First Nations unless this MOU is terminated. The common shares will be issued as follows: 25% on September 13, 2011 (37,500 common shares were issued and valued at \$61,125); 25% six months after the date of the MOU; 25% 12 months after the date of the MOU; and 25% 18 months after the date of the MOU. Refer to note 11(b)(ii) for further details of the MOU.

Probe Mines Limited

Notes to Condensed Interim Financial Statements

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19. Conversion to IFRS

(i) Overview

As stated in significant accounting policies (note 2), these are the Company's second unaudited condensed interim financial statements prepared in accordance with IFRS as issued by the IASB.

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

(ii) First-time adoption of IFRS

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

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

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

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

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Notes to Condensed Interim Financial Statements

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19. Conversion to IFRS (continued)

(iii) Changes to accounting policies

The Company has changed certain accounting policies in accordance with IFRS. The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of December 16, 2011. Any subsequent changes to IFRS that are given effect in the Company's first annual financial statements for the year ending April 30, 2012 could result in a restatement of these unaudited condensed interim financial statements. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, and expenses within its financial statements.

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

(a) Exploration and evaluation expenditures

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

Due to the adoption of a policy to expense exploration costs as incurred, all previously recognized deferred tax liabilities on temporary differences from the carrying amounts of assets and their tax bases were derecognized against accumulated deficit amounting to \$273,101 as at October 31, 2010.

Impact on Condensed Interim Statements of Financial Position

	As at October 31, 2010
Adjustment to mineral resource properties	\$ (4,739,493)
Adjustment to deferred income tax liability	(273,101)
Adjustment to accumulated deficit	\$ (4,466,392)

Impact on Condensed Interim Statements of Loss and Comprehensive Loss

	Three months ended October 31, 2010	Six months ended October 31, 2010
Adjustment to exploration and evaluation expenditures	\$ 780,603	\$ 1,116,207
Reversal of future tax recovery	(35,499)	(66,899)
Adjustment to loss and comprehensive loss	\$ (816,102)	\$ (1,183,106)

Probe Mines Limited

Notes to Condensed Interim Financial Statements

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(Unaudited)

19. Conversion to IFRS (continued)

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

(a) Exploration and evaluation expenditures (continued)

Impact on Condensed Interim Statements of Cash Flows

	Six months ended October 31, 2010
Adjustment to loss and comprehensive loss	\$ (1,183,106)
Reversal of future tax recovery	66,899
Common shares issued for mineral properties	31,000
Mineral resource properties and exploration and evaluation expenditures	\$ 1,085,207

(b) Flow-through shares

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

The Company's accounting policies were changed to reflect this difference resulting in an increase in the deficit and decrease in share capital amounting to \$1,965,960 as at October 31, 2010.

Impact on Condensed Interim Statements of Financial Position

	As at October 31, 2010
Adjustment to share capital	\$ 1,965,960
Adjustment to accumulated deficit	\$ (1,965,960)

(iv) *Presentation*

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

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19. Conversion to IFRS (continued)

(v) *Reconciliation between IFRS and Canadian GAAP*

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

	October 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash	\$ 1,951,279	\$ -	\$ 1,951,279
Short-term investments	1,757,384	-	1,757,384
Amounts receivable and other assets	118,610	-	118,610
	<u>3,827,273</u>	<u>-</u>	<u>3,827,273</u>
Long-term investments	193,066	-	193,066
Interest in mineral properties and deferred exploration expenditures (note 19(iii)(a))	4,739,493	(4,739,493)	-
Property and equipment	2,106	-	2,106
	<u>\$ 8,761,938</u>	<u>\$ (4,739,493)</u>	<u>\$ 4,022,445</u>
EQUITY AND LIABILITIES			
Current liabilities			
Amounts payable and other liabilities	\$ 546,966	\$ -	\$ 546,966
Deferred income tax liability (note 19(iii)(a))	273,101	(273,101)	-
	<u>820,067</u>	<u>(273,101)</u>	<u>546,966</u>
Equity			
Share capital (note 19(iii)(b))	9,466,721	1,965,960	11,432,681
Reserves	4,809,045	-	4,809,045
Accumulated deficit (notes 19(iii)(a)(b))	(6,362,020)	(6,432,352)	(12,794,372)
Accumulated other comprehensive income	28,125	-	28,125
Total equity	<u>7,941,871</u>	<u>(4,466,392)</u>	<u>3,475,479</u>
Total equity and liabilities	<u>\$ 8,761,938</u>	<u>\$ (4,739,493)</u>	<u>\$ 4,022,445</u>

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19. Conversion to IFRS (continued)

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

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

	Three months ended October 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
Exploration and evaluation expenditures (note 19(iii)(a)) \$	-	\$ 780,603	\$ 780,603
General and administrative (note 15)	124,373	-	124,373
	(124,373)	(780,603)	(904,976)
Interest income	3,931	-	3,931
Loss before income taxes	(120,442)	(780,603)	(901,045)
Income tax recovery (note 19(iii)(a))	35,499	(35,499)	-
Net loss and comprehensive loss for the period	(84,943)	(816,102)	(901,045)
Other comprehensive loss			
Unrealized gain on available-for-sale securities, net of tax	18,341	-	18,341
Total comprehensive loss	\$ (66,602)	\$ (816,102)	\$ (882,704)

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

	Six months ended October 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating expenses			
Exploration and evaluation expenditures (note 19(iii)(a)) \$	-	\$ 1,116,207	\$ 1,116,207
General and administrative (note 15)	198,615	-	198,615
	(198,615)	(1,116,207)	(1,314,822)
Interest income	5,861	-	5,861
Loss before income tax	(192,754)	(1,116,207)	(1,308,961)
Income tax recovery (note 19(iii)(a))	66,899	(66,899)	-
Net loss and comprehensive loss for the period	(125,855)	(1,183,106)	(1,308,961)
Other comprehensive loss			
Unrealized gain on available-for-sale securities, net of tax	10,771	-	10,771
Total comprehensive loss	\$ (115,084)	\$ (1,183,106)	\$ (1,298,190)

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19. Conversion to IFRS (continued)

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

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

	<u>Six months ended October 31, 2010</u>		
	<u>Canadian GAAP</u>	<u>Effect of transition to IFRS</u>	<u>IFRS</u>
Operating Activities			
Net loss and comprehensive loss for the period	\$ (125,855)	\$ (1,183,106)	\$ (1,308,961)
Amortization	372	-	372
Income tax recovery (note 19(iii)(a))	(66,899)	66,899	-
Share based payments	12,083	-	12,083
Common shares issued for mineral properties (note 19(iii)(a))	-	31,000	31,000
Interest income	(5,861)	-	(5,861)
Non-cash working capital items:			
Amounts receivable and other assets	(87,009)	-	(87,009)
Amounts payable and other liabilities	497,215	-	497,215
Net cash used in operating activities	224,046	(1,085,207)	(861,161)
Investing activities			
Mineral resource properties and exploration expenditures (note 19(iii)(a))	(1,085,207)	1,085,207	-
Net cash provided by (used in) investing activities	(1,085,207)	1,085,207	-
Financing activities			
Issue of securities, net of costs	942,390	-	942,390
Net cash provided by financing activities	942,390	-	942,390
Net change in cash	81,229	-	81,229
Cash, beginning of period	1,870,050	-	1,870,050
Cash, end of period	\$ 1,951,279	\$ -	\$ 1,951,279

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20. Subsequent events

(a) On November 8, 2011, Probe closed a brokered private placement consisting of the sale and issue of 2,100,000 common shares issued on a flow-through basis (the "Flow-Through Shares") at \$2.45 per Flow-Through Share (the "Initial Offering") and the sale and issue of an additional 4,100,000 Flow-Through Shares at \$2.45 per Flow-Through Share pursuant to the full exercise of the Underwriters' option (the "Underwriters' Option") for total gross proceeds of \$15,190,000 (the Initial Offering together with the Underwriters' Option, the "Offering").

A cash commission equal to 6% of the gross proceeds of the Offering was paid to the Underwriters in connection with the Offering and compensation warrants were issued to the Underwriters entitling them to purchase up to 372,000 common shares of the Company at a price of \$2.25 per common share until November 8, 2013.

All securities issued pursuant to the Offering are subject to a four month and one day statutory hold period until March 9, 2012.

(b) On November 21, 2011, 200,000 stock options with an exercise price of \$0.20 and expiry date of November 28, 2011 were exercised for cash proceeds of \$40,000.

(c) On December 6, 2011 an aggregate of 1,300,000 stock options were granted to directors and an officer of the Company at an exercise price of \$2.60 for a period of five years. In addition, 5,000 stock options with an exercise price of \$0.15 and expiry date of October 16, 2013, were exercised for cash proceeds of \$750.