

PROBE MINES LIMITED
BALANCE SHEET
AS AT

	January 31, 2003 \$	April 30, 2002 \$
ASSETS		
CURRENT		
Cash	60,649	5,129
Sundry receivable	<u>4,356</u>	<u>785</u>
	65,005	5,914
INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 5)		
	<u>12,269</u>	<u>1</u>
	<u><u>77,274</u></u>	<u><u>5,915</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	4,386	9,354
ADVANCES FROM SHAREHOLDERS	<u>-</u>	<u>16,666</u>
	<u>4,386</u>	<u>26,020</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 3)	1,342,225	1,251,939
SHARE PURCHASE WARRANTS (Note 3)	11,987	-
CONTRIBUTED SURPLUS	598,108	598,108
(DEFICIT)	<u>(1,879,432)</u>	<u>(1,870,152)</u>
	<u>72,888</u>	<u>(20,105)</u>
	<u><u>77,274</u></u>	<u><u>5,915</u></u>

APPROVED ON BEHALF OF THE BOARD:

(Signed): "Harry J. Hodge", Director

(Signed): "Dennis H. Peterson, Director

UNAUDITED

PROBE MINES LIMITED
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE PERIODS ENDED JANUARY 31

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	January 31, 2003 \$	January 31, 2002 \$	January 31, 2003 \$	January 31, 2002 \$
OPERATING EXPENSES				
Transfer agent and filing fees	4,339	-	12,709	6,025
Professional fees	1,400	900	3,200	900
Office and general	3,369	-	3,388	-
Shareholder information	3,969	-	4,114	1,243
Consulting fees	1,869	-	1,869	-
Write-down of investments	<u>-</u>	<u>521</u>	<u>-</u>	<u>521</u>
Loss before income taxes	14,946	1,421	25,280	8,689
Income taxes (recovery) (Note 4)	<u>(16,000)</u>	<u>-</u>	<u>(16,000)</u>	<u>-</u>
NET (INCOME) LOSS FOR THE PERIOD	(1,054)	1,421	9,280	8,689
DEFICIT , beginning of period	<u>1,880,486</u>	<u>1,848,982</u>	<u>1,870,152</u>	<u>1,841,714</u>
DEFICIT , end of period	<u>1,879,432</u>	<u>1,850,403</u>	<u>1,879,432</u>	<u>1,850,403</u>
EARNINGS (LOSS) PER SHARE - Basic	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
WEIGHTED AVERAGE NUMBER OF SHARES	<u>9,172,348</u>	<u>4,539,889</u>	<u>8,878,909</u>	<u>4,539,889</u>

UNAUDITED

PROBE MINES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED JANUARY 31

	Three Months Ended		Nine Months Ended	
	January 31, 2003 \$	January 31, 2002 \$	January 31, 2003 \$	January 31, 2002 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net income (loss) for the period	1,054	(1,421)	(9,280)	(8,689)
Adjustment:				
Write-down of investments	<u>-</u>	<u>521</u>	<u>-</u>	<u>521</u>
	<u>1,054</u>	<u>(900)</u>	<u>(9,280)</u>	<u>(8,168)</u>
Changes in non-cash working capital balances:				
(Increase) decrease in sundry receivable	(2,234)	94	(3,571)	92
Increase (decrease) in accounts payable and accrued liabilities	<u>(9,047)</u>	<u>357</u>	<u>(4,968)</u>	<u>357</u>
	<u>(11,281)</u>	<u>451</u>	<u>(8,539)</u>	<u>449</u>
Cash flows (used in) operating activities	<u>(10,227)</u>	<u>(449)</u>	<u>(17,819)</u>	<u>(7,719)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from shareholders	(3,759)	-	3,104	-
Advances from affiliated corporation	-	-	-	7,000
Issuance of common shares for cash	51,963	-	51,963	-
Issuance of flow-through shares for cash	36,000	-	36,000	-
Share purchase warrants	11,987	-	11,987	-
Share issue costs	<u>(17,447)</u>	<u>-</u>	<u>(17,447)</u>	<u>-</u>
Cash flows from financing activities	<u>78,744</u>	<u>-</u>	<u>85,607</u>	<u>7,000</u>
CASH FLOWS (USED IN) INVESTING ACTIVITIES				
Mineral properties and deferred exploration expenditures	<u>(7,868)</u>	<u>-</u>	<u>(12,268)</u>	<u>-</u>
Increase (decrease) in cash	60,649	(449)	55,520	(719)
Cash, beginning of period	<u>-</u>	<u>449</u>	<u>5,129</u>	<u>719</u>
Cash, end of period	<u>60,649</u>	<u>-</u>	<u>60,649</u>	<u>-</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:				
Common shares issued for settlement of debt	<u>19,770</u>	<u>-</u>	<u>19,770</u>	<u>-</u>

UNAUDITED

1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the periods ended January 31, 2003 are not necessarily indicative of the results that may be expected for the full year ended April 30, 2003. For further information, see the Company's financial statements including the notes thereto for the year ended April 30, 2002.

2. ACCOUNTING CHANGES

Stock-based compensation

Effective May 1, 2002, the Company adopted the new recommendations of CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These new recommendations require that compensation for all awards made to non-employees and certain awards made to employees be measured and recorded in the financial statements at fair value. This Section also sets out a fair value based method of accounting for stock options issued to employees and applies to awards granted on or after January 1, 2002.

The Company, as permitted by Section 3870, has chosen to continue its existing policy of recording no compensation cost on the grant of stock options to employees. Any consideration paid by employees on exercise of stock options is credited to capital stock.

3. CAPITAL STOCK

The capital stock is as follows:

a) Authorized:

Unlimited number of common shares

b) Issued:

10,128,556 common shares

Transactions during the year are as follows:

	<u>Number of Shares</u> #	<u>Amount</u> \$
Common shares		
Balance, April 30, 2001	4,539,889	832,709
Common shares issued for settlement of debt	<u>4,192,300</u>	<u>419,230</u>
Balance, April 30, 2002	8,732,189	1,251,939
Common shares issued for cash	798,667	51,963
Flow-through shares issued for cash	400,000	36,000
Common shares issued for settlement of debt	197,700	19,770
Share issue costs	-	<u>(17,447)</u>
Balance, January 31, 2003	<u>10,128,556</u>	<u>1,342,225</u>

c) Stock options

The Company does not have a management stock option plan. As at January 31, 2003, there were no options issued and outstanding.

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3. CAPITAL STOCK (Continued)

d) Share purchase warrants

Warrants to purchase 1,198,667 common shares of the Company, exercisable at \$0.10 per share on or before December 31, 2003, were outstanding at January 31, 2003. Due to the lack of trading in the Company's shares, it is not possible to value the share purchase warrants using conventional pricing models. The fair value of the share purchase warrants at the date of issue has been estimated at \$11,987 (\$0.01 each).

4. INCOME TAXES

The Company utilizes the asset and liability method of accounting for incomes taxes.

(a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of 40% (April 30, 2002 – 40%) were as follows:

	January 31, <u>2003</u> \$	April 30, <u>2002</u> \$
(Loss) before taxes:	<u>(9,280)</u>	<u>(28,438)</u>
Expected income tax recovery based on statutory rate	(3,712)	(11,375)
Adjustments to benefits resulting from:		
Share issue costs	(676)	-
Non-deductible expenses:		
Write down of investments	-	208
Future tax assets not previously recognized	(16,000)	-
Current year valuation allowance	<u>4,388</u>	<u>11,167</u>
	<u>(16,000)</u>	<u>-</u>

(b) Future Tax Balances

The tax effects of temporary differences that give rise to future income tax assets at January 31, 2003 are as follows:

	January 31, <u>2003</u> \$	April 30, <u>2002</u> \$
Future income tax assets:		
Non-capital loss carry forwards	43,500	38,900
Share issue costs	6,100	-
Valuation allowance	<u>(49,600)</u>	<u>(38,900)</u>
	<u>-</u>	<u>-</u>

As at January 31, 2003, the Company had available for deduction against future taxable income, non-capital losses of approximately \$109,000 which, if unutilized, begin to expire in 2003. The potential income tax benefit of these losses has not been recognized in the accounts.

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5. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	January 31, <u>2003</u> \$	April 30, <u>2002</u> \$
Mineral properties (Note 5(a))	1,041	1
Deferred exploration expenditures (Note 5(b))	<u>11,228</u>	<u>-</u>
Total	<u><u>12,269</u></u>	<u><u>1</u></u>

- (a) The Company holds a royalty interest in ten unpatented mining claims in Dubuisson Township, Quebec, conveyed to Agnico-Eagle Mines Limited (“Agnico-Eagle”) that are valued at a nominal amount of \$1. The Company retains a royalty of 5% of net smelter results on any gold produced from the claims.

During the period, the Company staked 16 units of mining claims in the Aldwina Township, Thunder Bay, Ontario at a cost of \$1,040.

- (b) During the nine months ended January 31, 2003, the company has entered into an arm’s length agreement to acquire a 100% interest in 5 mineral claims called the Serpent Creek property located in the Northwestern Ontario. The Company can earn a 100% interest (subject to a 1% Net Smelter Return Royalty) in the 5 mineral claims by (i) completing exploration expenditures of a minimum of \$25,000 during the next 12 months; (ii) making cash payments to the property owner totalling \$10,000 over the next 2 years; and (iii) issuing a total of 350,000 shares to the property owner over the next two years. One-half of the net smelter return may be acquired for \$500,000 upon commencement of commercial production.

6. FLOW-THROUGH FINANCING

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock and the related exploration costs have been charged to mining and resource properties.

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are made, temporary taxable differences created by the renunciation will reduce share capital.