

## **PROBE MINES LIMITED**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2008**

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited financial statements of the Company for the three and nine months ended January 31, 2008 and the related notes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). This MD&A is made as of March 25, 2008.

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

#### ***DESCRIPTION OF THE BUSINESS***

Probe Mines Limited (the "Company") is a junior resource company focused on the acquisition and exploration of base and precious metal mineral properties, with activities currently centered in the Province of Ontario. The Company is a reporting issuer in Ontario, Quebec, British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol "PRB".

The Company currently has interests in several exploration projects, as follows:

- the McFauld's West Project, comprised of 87 claims covering 1,392 hectares in the McFauld's Lake volcanic Belt. The property is adjacent to, and along strike of, the August 2007 high-grade nickel discovery of Noront Resources.
- the Tamarack Project (formerly named the McFauld's Lake Project), comprised of a 100% interest in 360 claims covering 5,760 hectares in the McFauld's Lake area of the James Bay Lowlands of Northern Ontario, currently under option to Mantis Mineral Corp. The property hosts a high-grade copper discovery and is adjacent the Cu-Pb-Zn-Au/Ag volcanogenic massive sulphide (VMS) occurrences of Spider Resources Inc.
- the 100%-owned Victory Project, comprising 484 claims totaling 7,744 hectares and covering at least 34 airborne electromagnetic conductors within a new and previously unexplored greenstone belt southeast of the Tamarack Project
- the Bristol Township Project, which is comprised of 52 claims, totaling 832 hectares, currently under option to West Timmins Mining (formerly Sydney Resource Corporation). The property is located adjacent to the Holmer Gold Deposit of Lake Shore Gold Corp., approximately 15 kilometres west of Timmins, Ontario.
- the Greenlaw claims, comprised of a 100% interest in four mineral licenses, comprising 24 claim units (384 ha) in the Greenlaw Township area. The Greenlaw Project was written off in fiscal 2007, and no further work has been contemplated for the property.

In addition to its property interests, the Company has a net smelter royalty (“NSR”) on 10 claims covering part of Agnico-Eagle’s Goldex Mine Property in Val d’Or, Quebec (the “Goldex Royalty”).

The following table contains a brief description of the Company’s current projects, which are the primary focus of the Company’s exploration initiatives. Further details with respect to the properties are also provided in this document under the section entitled “Overall Performance”.

Property	Claims/Area (ha)	Target Mineralization	Ownership Interest
McFauld's West Project	87 / 1,392	Nickel, copper, platinum, palladium, gold, zinc	100% owned <sup>(1)</sup>
Tamarack Project (formerly named the McFauld’s Lake Project), Ontario	300 / 4,800	Copper, zinc, gold, silver	100% owned <sup>(2)</sup>
Victory Project, Ontario.	484 / 7,744	Copper, zinc, gold, silver	100% owned <sup>(3)</sup>
Bristol Township Project, Timmins Ontario	52 / 832	Gold	100% owned <sup>(4)</sup>
Greenlaw Claims	24 / 384	Zinc-lead-copper-gold	100% owned <sup>(5)</sup>

Notes:

- (1) This interest was acquired by staking from December 2005 to February 2006
- (2) This interest was acquired by staking in December 2003. The property is subject to an option joint and joint venture agreement with Mantis Mineral Corp (formerly Avenue Financial Corporation). Under the terms of the agreement Mantis may earn an undivided 51% interest in the property by incurring exploration expenditures of \$500,000 on the property within three years, \$100,000 of which must be spent in the first year, and \$200,000 of which must be spent in the second year; and making share payments totaling 2,000,000 shares over the three-year term of the agreement.
- (3) This interest was acquired by staking in April 2005.
- (4) This property is subject to an option and joint venture agreement with West Timmins Mining “WTM” (formerly Sydney Resource Corporation). The original option agreement, dated December 31, 2005, was amended on March 21, 2007 and under the new terms of the agreement, WTM may earn an initial 55% interest in the project by making cash payments totaling \$25,000, issuing 325,000 common shares over three years and completing \$1,000,000 in exploration expenditures on the project over a four year period. Once vested at 55%, WTM may increase its interest to 70% by making an additional cash payment of \$50,000, issuing an additional 50,000 common shares within 60 days of vesting and delivering a resource report to the standards required by National Instrument 43-101.
- (5) This interest was acquired by staking in October 2006

## **OVERALL PERFORMANCE**

The Company is currently engaged in mineral exploration in Ontario. The Company’s exploration activities are at an early stage, and it has not yet been determined whether its properties contain recoverable ore. As a result, the Company has no current sources of revenue other than interest earned on cash and short-term and money market instruments all of which were derived from issuances of share capital. There are no known deposits of minerals on any of the mineral exploration properties of the Company and any activities of the Company thereon will constitute exploratory searches for minerals. See “Risks and Uncertainties”.

### *The McFauld's West Project*

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

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

#### *(i) Exploration Program and Results*

No work was undertaken on the claims until September 2007, when management completed a single soil geochemical profile over one of two circular magnetic anomalies located on the westernmost claims. The samples were analyzed using the Mobile Metal Ion technique and results within the single profile showed significant anomalies in nickel, cobalt, copper, silver and gold.

Owing to the encouraging results, the Company contracted an airborne geophysical survey for all of the project claims. The program was completed and final results are pending. In addition to the airborne survey, a ground geophysical grid was established on the western claim block and a deep-penetrating electromagnetic survey is currently being conducted on the property.

### *The Tamarack Project*

The Tamarack Project (formerly named the McFauld's Lake Project) is located in the McFauld's Lake area of the James Bay Lowlands of Northern Ontario, approximately 300 kilometres north of the town of Nakina. It is comprised of 360 claim units covering approximately 4,800 hectares, and was acquired by staking from December 2003 to November 2005. The Company maintains 100% ownership of the claims, which are free of any encumbrances. On May 21, 2007 the Company formalized an option agreement on the Tamarack claims with Mantis Minerals Corp "Mantis" (formerly Avenue Financial Corp). The terms of the purchase are: a.) 2,000,000 Mantis shares over a 3-year term (the "Consideration Shares") for the Property, subject to regulatory approval, and b) the completion of a \$500,000 work program over three years, of which \$100,000 is required for the initial year.

Interest in the McFauld's Lake area was initiated by the discovery of at least eight volcanogenic massive sulphide deposits by Spider Resources Inc. since 2002. The mineralization comprises Cu-Pb-Zn-Au/Ag-bearing massive sulphides (>60% sulphide) similar to deposits being mined in Noranda, Quebec, Timmins, Ontario and Bathurst, New Brunswick. In 2005, Probe Mines discovered a high-grade copper VMS occurrence during drilling on the Tamarack Project. The deposits are hosted by the Sachigo Volcanic Belt, which stretches for approximately 100 kilometres, and is composed of inter-layered mafic and felsic volcanic units and sedimentary rocks, the typical host rocks for these deposits.

#### *(i) Exploration Program and Results*

When acquired, the project represented grass roots exploration, and no previous industry work had been completed within the claim boundaries. A first-phase program of exploration was

completed on the project during the 2004 fiscal year, and was comprised of airborne and ground geophysical surveys, as well as a five-hole diamond drilling campaign. In April 2004, a ground geophysical survey was completed on the properties, comprising seven grids of cut lines, while a drill program, totaling 940 metres of drilling, was concluded in September 2004. Owing to the success of the drilling program, a high-resolution VTEM airborne geophysical survey was flown over selected portions of the property in January 2005.

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

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

Mantis is currently compiling and evaluating exploration results and has completed an airborne geophysical survey covering the entire western block of claims. The results are expected shortly.

### *The Victory Project*

In April 2005, the Company acquired a 100% interest, by staking, in 500 claims totaling 8,000 hectares covering at least 34 airborne electromagnetic (EM) conductors, within a new and previously unexplored greenstone belt in the James Bay Lowlands of Northern Ontario (the "Victory Project"). Sixteen claim units were allowed to lapse, bringing the current total to 484 (7,744 ha). No expenditures were made on the 16-claim unit and, therefore, no assessment could be filed to maintain the claims in good standing. The Victory claim blocks are immediately adjacent to the McFauld's Lake volcanic belt, which is host to Spider Resources' important high-grade copper-zinc-gold-silver volcanogenic massive sulphide (VMS) discoveries.

#### *(i) Exploration Program and Results*

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

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

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

During the nine months ended January 31, 2008 no exploration was conducted on the property, however, \$19,540 was credited to the project from the sale of jet fuel from the Company's cache and rental of the facility to a third party and \$21,542 in consulting expenses were made for property maintenance and evaluation.

#### *The Bristol Township Project*

The Bristol Township Project is located in the prolific gold-producing Timmins mining camp of Northern Ontario, approximately 15 kilometres southwest of the town of Timmins. It is comprised of 52 claim units (approximately 832 hectares) in two claim blocks, which are situated between, and immediately adjacent to, the Lake Shore Gold Corp. property. Reinterpretation of historical work suggests that the property has the potential to host gold mineralization. The properties contain a significant strike length of the gold-bearing structure that hosts the known mineralization to the west and east, and geophysical surveys confirmed the presence of numerous anomalies similar to those associated with gold-bearing sulphide mineralization.

The Bristol Township properties were acquired from two separate parties, resulting in the Company's 100% ownership of the claims. The first 27 claim units were purchased in consideration for 100,000 shares of the Company, a cash payment of \$5,000 and a grant to the vendors of a 3% Net Smelter Royalty (NSR), 2% of which can be bought by the Company for a payment of \$1,500,000. During the fourth quarter of 2004, the remaining 25 claim units were purchased from another vendor on equivalent terms, excepting the cash payment, which was \$6,000.

On November 8, 2005, the Company announced that it entered into an option and joint-venture agreement (the "Sydney Agreement") with Sydney Resource Corporation (TSX-V: SYR) ("Sydney"). Under the terms of the Sydney Agreement, Sydney may earn an initial 55% interest in the Bristol Project by making cash payments totaling \$55,000, issuing 400,000 common shares over three years and completing \$2,000,000 in exploration expenditures on the project over a four year period. On September 14, 2006 Sydney Resources merged with Band Ore Resources to form West Timmins Mining "WTM", a TSX-listed company. Accordingly, all agreements are now with WTM. On March 21, 2007 it was mutually agreed upon to amend the option agreement with the following terms: WTM may earn an initial 55% interest in the project by making cash payments totaling \$25,000; issuing 325,000 common shares over three years; and completing \$1,000,000 in exploration expenditures on the project over a four year period. WTM will commit to fund a minimum of \$125,000 in exploration during the first 12 months of the agreement. Share payments of 75,000 shares at the first and second anniversary dates are value limited to \$150,000 based on the 10 day trading average of Sydney common shares preceding the date of issue.

Having vested at 55%, Sydney may increase its interest to 70% by making an additional cash payment of \$50,000 and issuing an additional 50,000 common shares within 60 days of vesting and delivering a resource report to the standards required by National Instrument 43-101 on a resource developed within the bounds of the properties within 2 years of having vested.

Anniversary dates for the agreement are now: 1<sup>st</sup> - June 30, 2007; 2<sup>nd</sup> - June 30, 2008; and 3<sup>rd</sup> - June 30, 2009. All payments and expenditures have been made up to, and including, the first anniversary.

*(i) Exploration Programs and Results*

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

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

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

Owing to the Joint Venture agreement with West Timmins Mining, no exploration expenditures have been incurred by Probe Mines during the three and nine months ended January 31, 2008.

*The Goldex Mine Royalty*

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

Initial feasibility studies of the Goldex Mine were completed in 2004 and results from a recent bulk-sampling program have been announced by Agnico-Eagle. An 18,213 ton sample taken from three raises spanning 1,000 feet with a vertical distance of 650 feet returned a grade of 0.081 ounces of gold per ton, exceeding that of an earlier bulk sample taken in 1996, which returned 0.074 ounces per ton. In response to these results, Agnico-Eagle proceeded with a final feasibility study and announced on October 27, 2005 that a new mine would be built at Goldex.

The Goldex Mine was approved for construction by Agnico's Board, with an expected production date in 2008, and an annual production rate of 170,000 ounces of gold at total cash costs of \$240 per ounce.

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

## SELECTED ANNUAL AND QUARTERLY INFORMATION

*Consolidated Balance Sheet Data – Nine Months ended January 31, 2008 and Twelve Months Ended April 30, 2007, 2006 and 2005*

	January 31, 2008 (\$)	April 30, 2007 (\$)	April 30, 2006 (\$)	April 30, 2005 (\$)
Current Assets	4,069,106	291,326	909,456	105,301
Current Liabilities	43,331	62,860	153,258	196,654
Working Capital (Deficit)	4,025,775	228,466	756,198	(91,353)
Total Assets	7,246,501	3,327,348	4,827,935	1,348,845
Interest in Mineral Properties and Deferred Exploration Expenditures	3,001,416	2,988,188	3,869,859	1,239,801
Shareholders' Equity	6,712,352	2,778,988	4,071,177	1,069,191
Deficit	(4,388,816)	(4,004,717)	(2,650,942)	(2,343,130)

*Consolidated Statement of Operations and Deficit Data - Nine Months ended January 31, 2008 and Twelve Months Ended April 30, 2007, 2006 and 2005 (audited)*

	January 31, 2008 (\$)	April 30, 2007 (\$)	April 30, 2006 (\$)	April 30, 2005 (\$)
Expenses	384,099	542,952	454,396	380,033
Net Loss	(384,099)	(1,353,775)	(307,812)	(201,174)
Net Loss (Per Share)	(0.01)	(0.06)	(0.01)	(0.01)
Net Loss (Per Share, Fully Diluted)	(0.01)	(0.06)	(0.01)	(0.01)

Notes: Net loss per share on a fully diluted basis is the same as net loss per share on an undiluted basis, as all factors which were considered in the calculation are anti-dilutive.

Current assets and working capital as at January 31, 2008 have increased over the same period in the prior year, due to funds received from the exercise of options and the completion of a private placement for gross proceeds of \$3,500,250. Current liabilities as at January 31, 2008 were higher than that for the same period in the prior year due to timing of invoices.

Assets and working capital as at April 30, 2007 were significantly lower than as at April 30, 2006, due to a decrease in cash levels following exploration on a number of the Company's

properties and decreased financing activity by the Company. Liabilities as at April 30, 2007 were also lower as at the same period in the prior year, and were at anticipated levels for the level of activity.

Assets and working capital as at April 30, 2006 were substantially higher than as at April 30, 2005, due to an increase in cash levels following the completion of various private placement financings by the Company. Liabilities as at April 30, 2006 were approximately the same as at the same period in the prior year, and were at anticipated levels for the level of activity.

Proceeds from any financings completed by the Company in the current or prior periods are being used to conduct exploration activities and for general working capital. Exploration expenditures in 2007 are consistent with those in 2006, reflecting the Company's ongoing exploration activities. Overall expenses as at January 31, 2008, were comparable to the same period in the prior year.

## ***RESULTS OF OPERATIONS***

### *Nine Months Ended January 31, 2008*

During the nine months ended January 31, 2008, the Company incurred expenses of \$399,949 (2007 - \$389,176), of which \$51,072 (2007 - \$20,243) were due to shareholder information, \$53,329 (2007 - \$48,280) to professional fees, \$221,293 (2007 - \$227,142) to stock-based compensation, \$25,935 (2007 - \$28,609) to transfer agent and filing fees, \$12,641 (2007 - \$24,123) to occupancy costs, \$13,903 (2007 - \$28,611) to office and general expenses, \$5,290 (2007 - \$9,230) to advertising and \$429 (2007 - \$590) to amortization, \$6,929 (2007 - \$1,083) to consulting, \$1,062 (2007 - \$1,265) in travel and promotion and \$8,066 (2007 - \$nil) in general exploration. Expenses are comparable to the same period in the prior year. Interest income of \$15,850 was recorded during the period (2007 - \$2,326). The increase in interest can be attributed to equity issues during the nine months ended January 31, 2008.

During the nine months ended January 31, 2008, the Company had deferred exploration costs in the amount of \$108,228, after \$19,540 was brought in for rental of the Victory Lake camp to a third party. Exploration expenses were comprised predominantly of consulting expenses and transportation to the McFauld's West property. During the same period in the prior year, \$334,012 in deferred exploration expenditures was made, reflecting a higher level of exploration activity for this period. In addition, the Company has written-off the Double Eagle and Fancamp Property for \$723,345 in the comparative period. Exploration costs for each project during the nine months ended January 31, 2007 are detailed in the table set forth below.

### *Twelve Months Ended April 30, 2007*

During the twelve months ended April 30, 2007, the Company incurred expenses of \$542,952 (2006 - \$454,396), of which \$36,301 (2006 - \$63,691) were due to shareholder information, \$85,947 (2006 - \$90,265) to professional fees, \$309,486 (2006 - \$182,780) to stock-based compensation, \$34,389 (2006 - \$51,913) to transfer agent and filing fees, \$13,338 (2006 - \$2,851) to consulting fees, \$26,804 (2006 - \$20,064) to occupancy costs, \$23,770 (2006 - \$31,825) to office and general expenses, \$9,867 (2006 - \$8,551) to advertising and \$786 (2006 - \$1,123) to amortization. The increase in expenses over the same period in the prior year is mostly due to stock-based compensation, which was balanced by reductions in transfer agent and filing fees and shareholder information expenses. The \$309,486 in stock-based compensation was

derived from the September 19, 2005 and January 23, 2006 stock option issue as well as the grant of 200,000 incentive options for an investor relations consultant on November 30, 2006. Remaining balances of \$21,192, \$57,245 and \$8,301, respectively, will be expensed in future periods. The Company's expenses are also expected to rise in the next year as the Company's operations and shareholder base continue to expand.

During the twelve months ended April 30, 2007, the Company had deferred exploration costs in the amount of \$477,403, after \$1,056,074 in exploration costs were written off for the Double Eagle, Fancamp, Freewest JV, Greenlaw and Norway Lake projects. Exploration costs were directed mainly towards drilling of the Norway Lake and Greenlaw projects, as well as geophysical surveys on the Greenlaw property. During the same period in the prior year, \$2,387,791 in deferred exploration expenditures was made. The reduction is due to several property write-offs, which resulted in a lower total number of exploration programs. Exploration costs for each project during the twelve months ended April 30, 2007 are detailed in the table set forth below.

*Twelve Months Ended April 30, 2006*

During the twelve months ended April 30, 2006, the Company had interest income of \$6,384 and incurred expenses of \$454,396, of which \$63,691 (2005 - \$75,725) were due to shareholder information, \$56,385 (2005 - \$11,409) to professional fees, \$90,265 (2005 - \$36,695) to stock-based compensation, \$51,913 (2005 - \$27,722) to transfer agent and filing fees, \$20,064 (2005 - \$14,475) to occupancy costs, \$31,825 (2005 - \$5,476) to office and general expenses, \$8,551 (2005 - \$2,511) to advertising, \$2,851 (2005 - \$nil) to consulting fees, \$1,333 (2005 - \$1,560) to travel and promotion, and \$1,123 (2005 - \$1,604) to amortization. The increase in expenses over the same period in the prior year is mostly due to increased professional fees and office and general expenses necessary to support the higher levels of exploration activity. Also during the period, options for the purchase of 1,850,000 common shares, exercisable at a weighted average price of \$0.57 per share for five-year terms, were granted to directors of the Company. The Company's expenses are expected to rise if the Company's operations and shareholder base continue to expand.

During the twelve months ended April 30, 2006, the Company had deferred exploration expenditures in the amount of \$2,387,791, compared to \$597,611 for the twelve months ended April 30, 2005. Property acquisition costs during the period were \$242,266.

Deferred exploration expenditures for the twelve months ended April 30, 2006 were significantly higher than for the same period in the prior year due to the Company's increased exploration activity. The amount of exploration costs incurred in subsequent periods will depend on the availability of funds and actual exploration results as the Company pursues exploration on its existing properties and embarks on new exploration initiatives. It is anticipated that most of the exploration work in the coming year will be focused on new projects.

The Company has incurred losses in each of the last five years, due mainly to mineral property write-downs and general and administrative expenses. The Company anticipates losses will continue given the nature of its business.

## Deferred Exploration costs for the nine months ended January 31, 2008

<b>DEFERRED EXPLORATION COSTS</b>	Tamarack Project (\$)	Victory Project (\$)	Bristol Township Project (\$)	McFaulds West (\$)	Total (\$)
Balance, beginning of period	1,336,929	1,242,511	269,519	0	2,848,959
Incurred during the period:					
- geophysical	45,000	-	-	14,791	59,791
- geochemical	1,564	-	-	350	1,914
- drilling	-	-	-	-	-
- stock based compensation	-	-	-	-	-
- transportation	-	(726)	-	14,872	14,146
- travel	-	-	-	1,525	1,525
- consulting	14,463	21,542	-	-	36,005
- other	-	1,481	-	12,906	14,387
- advance	-	-	-	-	-
- camp rental	-	(19,540)	-	-	(19,540)
Written off during the period	-	-	-	-	-
Balance, end of period	1,397,956	1,245,268	269,519	44,444	2,957,019

Deferred Exploration costs for the twelve months ended April 30, 2007

<b>DEFERRED EXPLORATION COSTS</b>	Tamarack Project (\$)	Double Eagle Joint Venture (\$)	Freewest Joint Venture (\$)	Fancamp Joint Venture (\$)	Victory Project (\$)	Bristol Township Project (\$)	Greenlaw Property (\$)	Norway Lake Project (\$)	Goldex Mine (\$)	Total (\$)
Balance, beginning of period	1,350,723	419,149	103,199	37,831	1,247,209	269,519	-	-	1	3,427,631
Incurred during the period										
- geophysical	-	-	-	-	-	-	35,000	-	-	35,000
- assays, analysis	3,849	-	-	-	-	-	-	21,540	-	25,389
- geological	11,250	11,250	-	-	-	-	9,848	13,583	-	45,931
- geochemical	-	-	-	-	-	-	-	-	-	-
- drilling	(12,153)	4,115	-	-	(2,400)	-	92,854	239,420	-	321,836
- line cutting	-	-	-	-	-	-	-	-	-	-
- reports	-	-	-	-	-	-	-	-	-	-
- stock based compensation	-	-	-	-	-	-	-	-	-	-
- transportation	-	-	-	-	-	-	-	-	-	-
- travel	(6,190)	-	-	-	(2,298)	-	6,827	-	-	(1,661)
- consulting	-	-	-	-	-	-	1,548	1,020	-	2,568
- other	-	-	-	-	-	-	17,129	28,164	-	45,293
- advance	3,047	-	-	-	-	-	-	-	-	3,047
	-	-	-	-	-	-	-	-	-	-
Written off during the period	(13,597)	(434,514)	(103,199)	(37,831)	-	-	(163,206)	(303,727)	-	(1,056,074)
Balance, end of period	1,336,929	-	-	-	1,242,511	269,519	-	-	1	2,862,557

## ***SUMMARY OF QUARTERLY RESULTS***

The following table sets out selected quarterly results of the Company for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the interim financial statements of the Company for each of the aforementioned eight quarters.

Year	2008	2007	2007	2007
Quarter	January 31	October 31	July 31	April 30
Income (interest)	15,850	nil	nil	nil
Working Capital (Deficit)	4,025,775	481,803	196,977	228,466
Interest in Mineral Properties and Deferred Exploration Expenditures	3,001,416	2,916,760	2,983,905	2,988,188
Expenses	213,782	125,436	60,731	165,498
Net (Loss)	(197,932)	(125,436)	(60,731)	(240,859)
Net (Loss) (per share)	(0.01)	(0.01)	(0.00)	(0.06)

Year	2006	2006	2006	2006
Quarter	January 31	October 31	July 31	April 30
Income (interest)	25	nil	2,301	4,473
Working Capital (Deficit)	442,992	323,152	618,764	756,198
Interest in Mineral Properties and Deferred Exploration Expenditures	3,518,501	4,215,282	3,971,120	3,869,859
Expenses	124,144	124,144	129,166	190,820
Net (Loss)	(1,110,195)	124,144	(126,865)	(46,131)
Net (Loss) (per share)	(0.05)	(0.01)	(0.005)	(0.01)

## ***LIQUIDITY***

As at January 31, 2008, the Company had cash and cash equivalents in the amount of \$4,047,256 compared to \$453,727 for the same period in the previous year. Working capital for the current period of \$4,025,775 was higher than in the same period in the prior year (2007 - \$443,092) due to increased financing activities.

As at April 30, 2007, the Company had cash in the amount of \$257,182, compared to \$822,723 as at April 30, 2006. Working capital was \$228,466 as at April 30, 2007, compared to working capital of \$756,198 as at April 30, 2006. The Company's working capital position was lower at April 30, 2007, compared to the same period in the prior year as a result of continuing exploration expenditures and reduced financing activities.

Most of the Company's requirements for capital to maintain its ownership level in its properties, as well as pay for exploration expenditures and administrative expenses have been met through the completion of private placements. Typically, these monies have come from institutional and high net worth investors and the amounts raised have been a function of the level of market interest in the junior resource industry as well as the general level of interest in the equity and mineral commodity markets. The Company will have to rely on further equity financings in order to maintain an adequate liquidity base with which to support its general operations and exploration and development mandate.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer other mining companies the opportunity to acquire interests in

any of its properties in return for funding by such companies of all or part of the exploration and development of such properties. For the funding of any property acquisitions or exploration conducted by the Company, the Company depends on the issue of shares from treasury to investors. Such financing will depend, in turn, on various factors, such as a positive mineral exploration climate, positive stock market conditions, a company's track record and the experience of management. If such financing is unable for any reason, the Company may become unable to retain its mineral interests and carry out its business plan.

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any prospect is directed by the market for minerals, which is influenced by many factors including changing production costs, supply and demand, inflation, and the political environment. The Company's success is also dependent on the knowledge and expertise of its management and employees and their ability to identify and advance attractive exploration projects and targets. The competition for highly qualified personnel is strong and there is no guarantee that the Company will be able to retain or attract such personnel.

Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company's liquidity or capital resources either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of the Company's exploration programs on its mineral properties and its ability to obtain equity financing.

### ***CAPITAL RESOURCES***

During the nine months ended January 31, 2008, the Company engaged in one financing. On November 6, 2007, the Company completed a non-brokered private placement financing for gross proceeds of \$3,500,250 consisting of the sale of 4,667,000 Units sold at \$0.75 per Unit. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for \$1.00 from November 6, 2007 (the "Closing Date") until November 6, 2009 (the "Warrant Term") provided, however, that should the closing price at which the common shares trade, equal or exceed \$1.75 for 20 consecutive trading days following the date that is four months and one day after the Closing Date, the Company may accelerate the Warrant Term to the date which is 30 days following the date a press release is issued by the Company announcing the reduced Warrant Term. In conjunction with this financing, a cash payment in the amount of U.S. \$150,000 and 200,000 finder warrants were issued to finders. Each whole finder's warrant entitles the holder to acquire one common share for U.S. \$0.75 (Canadian \$0.69) per share until November 6, 2009.

During the twelve months ended April 30, 2007 the Company engaged in one financing. On December 21, 2006, the Company completed a non-brokered, private placement in the amount of \$200,000 through the issuance of 1,000,000 common shares of the Company at a price of \$0.20. No fees, commissions or warrants were paid in conjunction with this financing.

During the twelve months ended April 30, 2006, the Company completed a total of four private placements for total gross proceeds of \$3,380,000.

The first private placement financing, for total gross proceeds of \$1,555,000, was

comprised of 3,493,055 Units, of which 3,155,555 were sold on a flow-through basis, at a price of \$0.45 per Unit, for gross proceeds of \$1,420,000 and 337,500 were sold on a hard dollar basis, at a price of \$0.40 per Unit, for gross proceeds of \$135,000. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.70 until May 26, 2006, and thereafter for \$1.00 until May 26, 2007, at which time the warrants expire. The warrants underlying the Units are subject to the further condition that if the 20 day weighted average trading price of the common shares exceeds \$1.00 in the first year or \$1.30 in the second year (an "Acceleration Event"), the exercise period of the warrants is accelerated such that the holder of the warrant has 20 days from notice of an acceleration event to exercise the warrants, after which the warrants expire. All securities issued in conjunction with the offering were subject to a four-month hold period, which expired on September 27, 2005. In conjunction with this financing, cash finders' fees totalling \$81,783 were paid, and compensation warrants were issued to acquire a total of 55,442 Units exercisable at a price of \$0.45 per Unit until May 26, 2007.

The second private placement financing, for total gross proceeds of \$100,000, was comprised of 222,222 flow-through Units, at a price of \$0.45 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.70 until May 26, 2006, and thereafter for \$1.00 until May 26, 2007, at which time the warrants expire. The warrants underlying the Units are subject to the further condition that if the 20 day weighted average trading price of the common shares exceeds \$1.00 in the first year or \$1.30 in the second year (an "Acceleration Event"), the exercise period of the warrants is accelerated such that the holder of the warrant has 20 days from notice of an acceleration event to exercise the warrants, after which the warrants expire. All securities issued in conjunction with the offering were subject to a four-month hold period, which expired on September 27, 2005.

The third private placement financing, for total gross proceeds of \$200,000, was comprised of 444,444 Units, sold on a flow-through basis, at a price of \$0.45 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share for \$0.70 until July 25, 2006, and thereafter for \$1.00 until July 25, 2007, at which time the warrants expire. All securities issued in connection with the offering were subject to a four-month hold period, which expired on November 26, 2005. In connection with this financing, cash finders' fees totalling \$10,000 were paid, and compensation warrants were issued to acquire a total of 44,444 Units exercisable at \$0.45 per Unit until July 25, 2007.

The fourth private placement financing, for total gross proceeds of \$1,500,000, was comprised of the sale of 1,090,000 blended Units, at a price of \$0.75 per blended Unit, for total proceeds of \$817,500, 848,000 flow-through Units, at a price of \$0.75 per flow-through Unit, for total proceeds of \$636,000 and 62,000 hard dollar Units, at a price of \$0.75 per hard dollar Unit, for total proceeds of \$46,500. Each Unit consists of one common share, one-half of one series A common share purchase warrant and one-half of one series B common share purchase warrant. Each whole series A warrant entitles the holder to acquire one common share for \$1.25 until September 30, 2006. Each whole series B warrant entitles the holder to acquire one common share for \$1.50 until March 31, 2007. The series B warrants may not be exercised until the corresponding series A warrant is exercised. The blended Units consist of multiples of five Units, of which four are issued on a flow-through basis. In conjunction with the financing, a finder was issued 50,000 Units on the same terms as the Units sold to the private placement subscribers.

In addition to the private placement financings completed during the period, the

Company also raised proceeds of \$776,875 upon exercise of previously issued stock options and warrants.

Proceeds from the Company's recent financings and warrant and option exercises were used to fund exploration on the Tamarack Project, the Double Eagle, Fancamp and Freewest Muketei River Joint Ventures, and for general working capital purposes. Remaining funds will be applied to general working capital purposes and the exploration of new projects. The Company is currently assessing its exploration strategy for the properties in the McFauld's Lake area (Tamarack and Victory). The Company intends to fund all future commitments with cash on hand, or through any other financing alternative it may have available to it at the time in question.

### ***OFF-BALANCE SHEET ARRANGEMENTS***

The Company does not have any off-balance sheet arrangements.

### ***TRANSACTIONS WITH RELATED PARTIES***

#### *Three and Nine Months Ended January 31, 2008*

For the three and nine months ended January 31, 2008, the Company paid consulting fees of \$23,333 and \$55,833 respectively (three and nine months ended January 31, 2007 - \$28,000 and \$73,000 respectively) to a company controlled by a director. For the three and nine months ended January 31, 2008, the Company incurred legal fees of \$46,200 (three and nine months ended January 31, 2007 - \$nil and \$13,993 respectively) to a corporation controlled by a former director of the Company who was reappointed.

The Chief Financial Officer of Probe is a partner in a firm providing corporate secretarial and accounting services to the Company. During the three and nine months ended January 31, 2008, this firm was paid \$9,300 and \$27,480 respectively (three and nine months ended January 31, 2007 - \$12,002 and \$26,082 respectively) for services rendered. In addition, as at January 31, 2008, this firm was owed \$5,543 (January 31, 2007 - \$7,571) and this amount was included in accounts payable and accrued liabilities.

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.

#### *Twelve Months Ended April 30, 2007*

During the period, the Company paid consulting fees of \$91,900 (fiscal 2006 - \$76,667) and reimbursed a director and a company controlled by the director in the amount of \$64,656 (fiscal 2006 - \$205,548) for expenses paid on behalf of the Company. The Company incurred legal fees of \$13,993 (fiscal 2006 - \$17,746) to a corporation controlled by a former director of the Company. As at April 30, 2007, the Company accrued in sundry receivable \$7,850 (fiscal 2006 - \$nil) for expenses paid on behalf of a company controlled by a director. 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.

*Twelve Months Ended April 30, 2006*

During the period, the Company paid consulting fees in the amount of \$76,667 (2005 - \$119,520) to a director and a company controlled by the director. The Company also incurred legal fees of \$58,247 (2005 - \$17,746) to a corporation controlled by another director of the Company. Any transactions with related parties occur in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

***FOURTH QUARTER***

No Fourth Quarter transactions were recorded

***PROPOSED TRANSACTIONS***

The Company has not entered into and has no plans to enter into any asset or business acquisitions or dispositions.

***SUBSEQUENT EVENTS***

On February 7, 2008, the Company closed a non-brokered private placement financing with the MineralFields Group consisting of the sale of 2,666,666 Flow-Through Units at \$0.75 per Unit for gross proceeds of \$2,000,000. Each Unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for \$1.50 until February 7, 2010 provided, however, that should Probe's shares close on the TSX Venture Exchange for a period of 20 consecutive trading days at a price of \$2.00 per share or higher during the exercise period, the Company may accelerate the expiry time to 30 calendar days from the date express written notice is provided by the Company to the holder by way of registered mail. In connection with the financing, a finder was issued 105,333 Units with a value of \$79,000 or \$0.75 per Unit, and 210,666 non-flow-through finder options. Each finder option entitles the holder to acquire until February 7, 2010 one common share and one common share purchase warrant exercisable on the same terms as the Warrants at an exercise price of \$0.75 per finder option. All securities issued in conjunction with the offering are subject to a hold period, which expires on June 8, 2008.

***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 described below.*

*Development Stage Company and Exploration Risks*

The Company is a junior resource company focused primarily on the acquisition and exploration of mineral properties located in Canada. The properties of the Company have no established reserves. There is no assurance that any of the projects can be mined

profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time of which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs, which may be affected, by a number of factors. Substantial expenditures are required to establish reserves that are sufficient to commercially mine some of the Company's properties and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed.

#### *No History of Profitability*

The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

#### *Government Regulations*

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its mining activities, the Company's exploitation licences must be kept current. There is no guarantee that the Company's exploitation licences will be extended or that new exploitation licences will be granted. In addition, such exploitation licences could be changed and there can be no assurances that any application to renew any existing licences will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licences which may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

#### *Market Fluctuation and Commercial Quantities*

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will

exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

#### *Mining Risks and Insurance*

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

#### *Environmental Protection*

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

#### *Capital Investment*

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

#### *Conflicts of Interest*

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

### ***CRITICAL ACCOUNTING ESTIMATES***

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred exploration expenditures as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and stock price volatility. The timing for exercise of options is out of the Company's control and will depend on a variety of factors, including the market value of the Company's shares and financial objectives of the stock-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes model. However, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of its recorded value of its mineral properties and associated deferred exploration expenses is based on current market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company operates in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

### ***CHANGES IN ACCOUNTING POLICIES***

The unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the nine months ended January 31, 2008 may not necessarily be indicative of the results that may be expected for the year ended April 30, 2008.

The balance sheet at April 30, 2007 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited financial statements for the year ended April 30, 2007, except as noted below. For further information, refer to the audited financial statements and notes thereto for the year ended April 30, 2007.

#### *Accounting Changes*

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable,

requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

*Financial instruments, comprehensive income (loss) and hedges*

On May 1, 2007, the Company adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251 "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3861, "Financial Instruments - Disclosure and Presentation" and Section 3865, "Hedges." Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustments as part of other comprehensive income. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is de-recognized or impaired at which time the amounts would be recorded in net earnings.

The primary impact on the unaudited financial statements resulting from the adoption of sections 1530 and 3855 is as follows:

(1) The Company's long-term investments are classified as "available-for-sale" and are measured at fair value. Changes in fair value are recognized in other comprehensive income until their disposition, at which time they are transferred to net income. Investments in securities having quoted market values and which are publicly traded on a recognized securities exchange and for which no sales restrictions apply are recorded at values based on the current bid prices.

As at April 30, 2007, the Company's long-term investments are carried at cost.

(2) The Company has recorded the following transition adjustments in its financial statements as at May 1, 2007 resulting from the adoption of sections of 1530 and 3855:

- (i) an increase of \$14,000, representing a fair value adjustment to the value of the Company's long-term investment; and
- (ii) an increase in accumulated other comprehensive income of \$11,472, representing the fair value adjustment to the Company's long-term investment of \$14,000, net of taxes of \$2,528.

(3) The Company has evaluated the impact of sections 3865 and 3861 on its financial statements and determined that no adjustments are currently required. The application of section 3251 is presented in the interim statement of changes in shareholders' equity.

(4) The adoption of these handbook sections had no impact on opening deficit.

#### *Future accounting changes*

#### Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual financial statements for the Company's reporting period beginning on May 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company is currently assessing the impact of these new accounting standards on its financial statements.

#### ***MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS***

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

#### ***CAUTION REGARDING FORWARD-LOOKING STATEMENTS***

Statements contained in this document, which are not historical facts are forward looking statements that involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward looking statements. Factors that could cause differences include, but are not limited to, are volatility and sensitivity to market prices for base metals, environmental and safety issues, changes in government regulations and policies and significant changes in the supply-demand fundamentals for base metals that could

negatively affect prices. Although the Company believes that the assumptions used are reasonable, these statements should not be heavily relied upon. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

### ***CORPORATE INFORMATION***

TSX Venture Exchange:	Trading Symbol: PRB
Authorized Capital:	Unlimited number of common shares
Shares Outstanding:	30,744,473 common shares
Fully Diluted Shares Outstanding:	35,215,474 common shares
Head Office:	2 Toronto Street, Suite 306 Toronto, Ontario M5C 2B6
Transfer Agent:	Equity Transfer & Trust Company 200 University Avenue, Suite 400 Toronto ON M5H 4H1
Auditor:	Smith Nixon & Co., LLP 390 Bay Street, Suite 1900 Toronto, Ontario M5H 2Y2
Officers/ Directors:	Patrick Reid, B.A., Chairman of the Board and director David Palmer, Ph.D., P.Geo., President, CEO and director John Gammon, Ph.D., Director Dennis Peterson, Director Carmelo Marrelli, Chief Financial Officer

Securities outstanding as of March 25, 2008

Common shares – 33,516,472  
Options outstanding – 2,162,500  
Warrants outstanding – 3,719,500  
Broker compensation warrants outstanding – 410,666