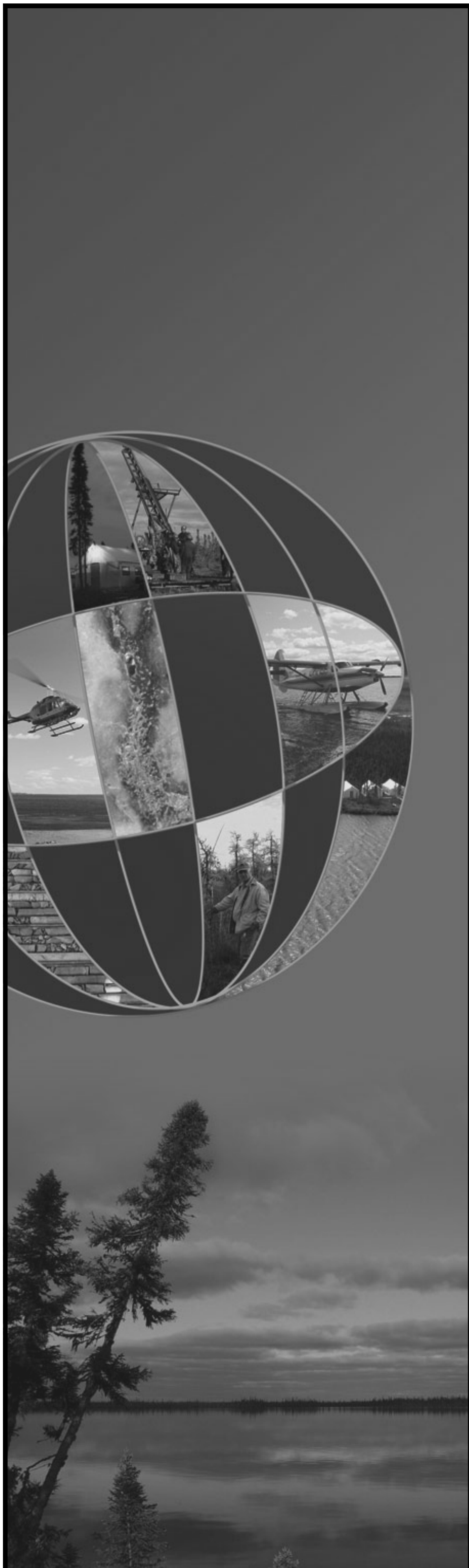


PROBE MINES LIMITED

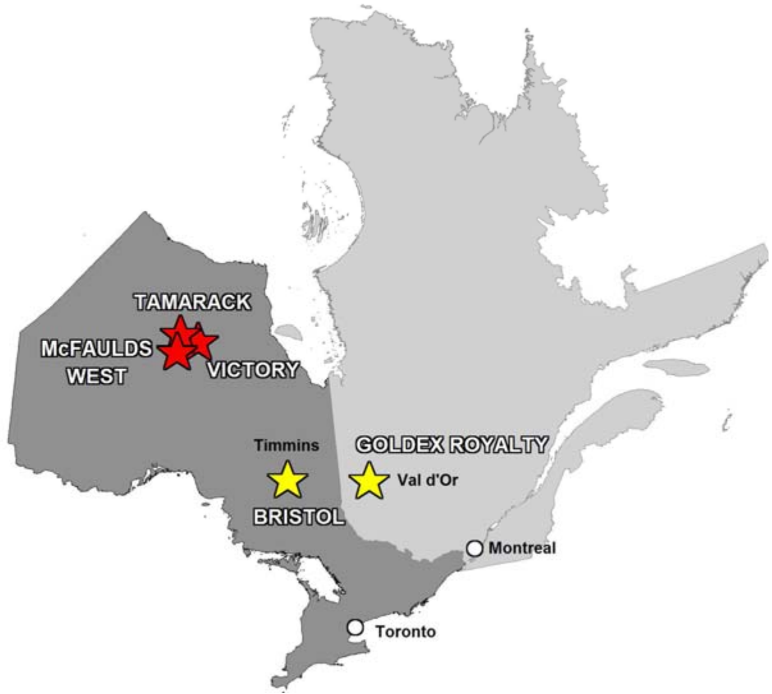
Annual Report

2008

Highlights

⇒ *Probe Mines owns over 15,000 hectares of highly prospective property surrounding the Eagle One high-grade nickel-copper-PGE discovery of Noront Resources in the McFauld's Lake area*

Recent Drilling on the Victory and McFauld's West projects have revealed the presence of potential nickel-copper-PGE host rocks on both properties.



⇒ *the Tamarack Project, currently under option to Mantis Mineral Corp, hosts high-grade copper VMS mineralization and lies along strike of the Eagle One nickel discovery.*

⇒ *Probe's 5% net smelter royalty (NSR) on a portion of Agnico-Eagle's Goldex Mine in Val d'Or, Quebec isanother step closer to generating revenue for the Company. Official production from Goldex commenced in June 2008.*

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LOOKING AHEAD

- *Well financed, encouraging exploration results;*
- *Continue Company's aggressive exploration program on McFauld's Lake projects;*
- *Looking towards new opportunities in strong metals market*

Letter to Shareholders

August 25, 2008

Dear Shareholders,

In the past year our Company has seen an unprecedented amount of attention as the McFauld's Lake area continues to dominate the Canadian exploration industry. Although it has had its ups and downs, we feel strongly that the McFauld's Lake Belt represents a new frontier with the potential to become as important, and as valuable, as some of Canada's great mining camps. Probe is taking its part as an aggressive explorer in the area, having completed drilling projects on its Victory and McFauld's West projects, with results that confirm our belief in the area's promise. We have now identified potential nickel-copper-PGE host rocks on both properties, with the Victory project returning anomalous values of these metals. These results are very encouraging and have prompted renewed exploration. At the writing of this letter, another, deeper penetrating, airborne survey has been completed over selected areas on each of the projects in preparation of further ground geophysical surveys and Fall drilling programs. Concurrent with these programs, we expect drilling to commence on our Tamarack project, funded by Mantis Mineral Corp who is currently earning an interest in the project and has indicated a start up date for drilling in the Fall. The Tamarack project has strong potential, already hosting high-grade copper mineralization, and lying along the northeast strike extension of the sulphide and massive chromite deposits of Noront and Freewest Resources. The prospects are looking very good and we expect to generate considerable results during the latter half of 2008 on all of our properties.

Although the McFauld's Lake area has been the focus of our attention, news out of Quebec has also been positive for the Company. Agnico Eagle's Goldex Mine in Val d'Or has commenced production and they are working towards our royalty area. Probe holds a 5% net smelter royalty on a portion of the mine, which will see the generation of a revenue stream when ore is produced within our royalty boundary. We expect that the royalty will begin producing within the next two to three years as Goldex comes up to full production.

On the Corporate front, the Company was pleased to announce the addition of two directors to the Board, Dr. John Gammon and Mr. Dennis Peterson. John brings 37 years of experience in the mining industry, bridging private industry and government through his various positions in public companies and the Ministry of Northern Development and Mines, where he was Assistant Deputy Minister of Mines for Ontario. John's keen sense of the industry from various perspectives is a welcome addition to Probe's already well rounded Board. Dennis Peterson is no stranger to Probe, and the Company is pleased to see his return to the Board. In these days of increased regulatory processes, Dennis' wealth of experience as a corporate securities lawyer will insure that Probe meets these responsibilities. Unfortunately, Harry Hodge has stepped down as a director of Probe, and his technical and corporate skills will be missed. Harry will continue to provide Probe with his experience in an informal role.

Exploration is not an instantaneous process, but rather an evolution through successive programs. Fortunately our recent programs at McFauld's Lake have provided positive results that indicate increasing potential for these claims to host mineralization. This is the justification we need to increase our efforts and continue exploring for McFauld's Lake's next big discovery. We have maintained our reputation as a company which is focussed on putting our investor's money into the ground in the most cost-effective manner and will continue this philosophy as we move forward.

On behalf of the Board of Directors, I would like to thank old and new shareholders alike for their support and participation as we continue to grow in the years ahead.

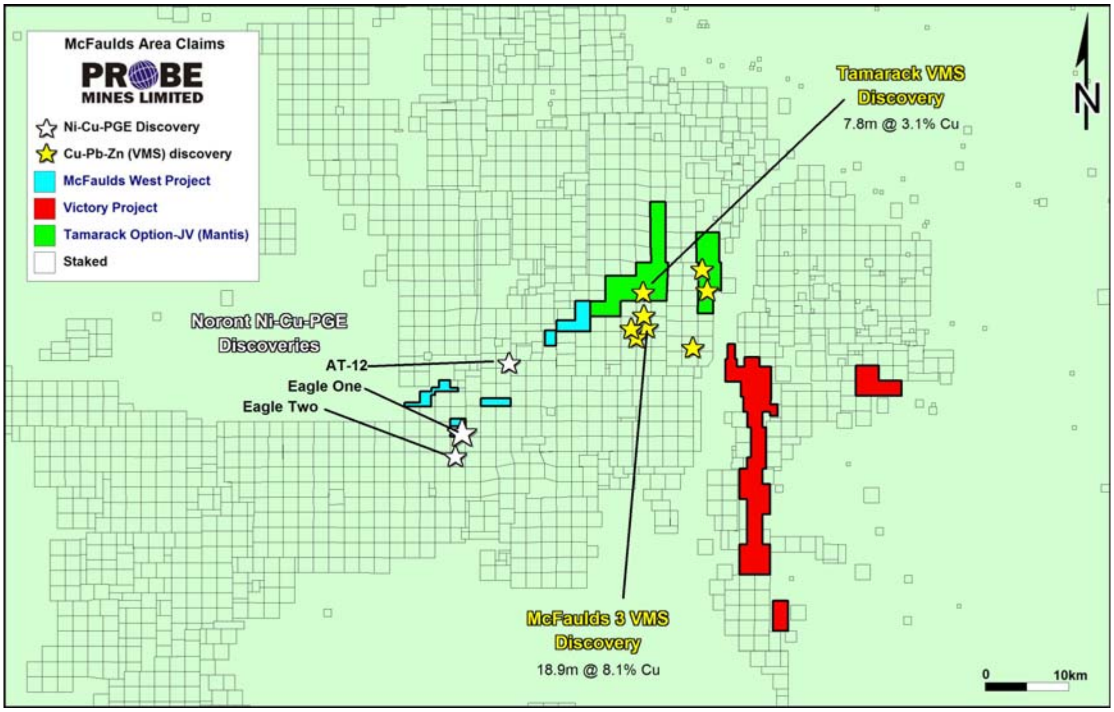
Sincerely,

David Palmer, Ph.D., P.Geo
President & CEO
PROBE MINES LIMITED

MCFAULD'S LAKE WEST

Probe Mines owns a 100% interest in 12 claims (192 hectares) immediately adjacent to Noront Resources' high-grade Eagle One nickel/copper/PGE discovery, where a recent resource estimate identified an indicated resource of approximately 1.8 million tonnes grading 1.96% nickel, 1.18% copper and over 4 g/t combined platinum and palladium.

MCFAULDS LAKE PROJECTS

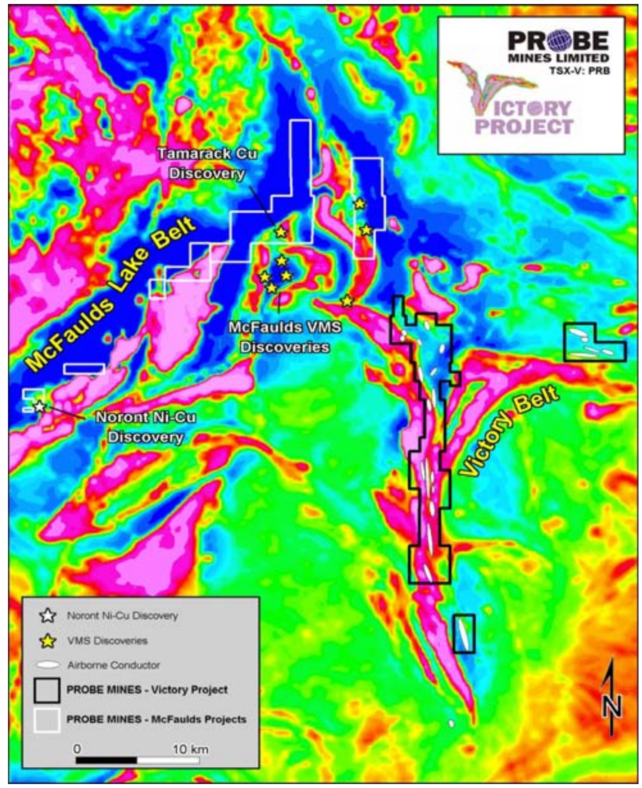


Probe has recently completed a summer drilling program on the property that was designed to test a number of geophysical conductors identified through a winter ground program. A total of eight holes were completed during first-phase drilling on the Company's property with ultramafic intrusive rock intersected in three of the eight holes representing three unique bodies. Diamond drill holes MW-02 and MW-08 identified a thick (over 80 metres) peridotite intrusive body, which closely resembles the host peridotite of the Eagle One nickel-copper discovery. Although the holes were designed to test a number of discrete geophysical anomalies identified through the ground program, the amount of sulphides observed in the core did not provide an explanation and further work is required. Drill hole MW-01 was collared to test the "mafic" dyke identified in outcrop during the winter geophysical program and intersected two separate ultramafic dykes at depth. Assay results for the core samples are pending.

Owing to the presence of potential nickel-PGE host rocks and the lack of explanations for the geophysical and geochemical anomalies, the Company is now planning further geophysical programs on the property. A VTEM survey is has been completed over the McFauld's West property and is expected to be followed by a deep-penetrating, high resolution ground geophysical survey. The second ground program will be used to narrow the spacing of the initial program in order to better resolve the anomalies and provide more accurate drill targets for a Fall program.

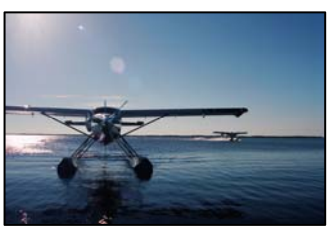
VICTORY

The Victory project consists of 477 claims totaling 7,632 hectares and covers numerous airborne electromagnetic conductors within a new and previously unexplored greenstone belt east of The McFauld's massive sulphide discoveries.



Recognizing the potential of the area, Probe contracted the first airborne electromagnetic survey over the belt in 2005 and acquired over 40 priority conductors. Following the discovery of the high-grade Eagle One nickel-copper-PGE massive sulphide body, Probe reevaluated the Victory claims and its conductors, and re-flew the area with high resolution helicopter-borne geophysics. A drill program was completed during the summer of 2008 and sulphide mineralized ultramafic rocks were intersected in hole V08-27. Assay results confirmed that the mineralization was Ni-Cu-PGE-bearing, albeit in sub-economic concentrations. The sulphide intersection was located at the end of a strong coincident magnetic and electromagnetic anomaly which has become a priority target for the Company. A deeper penetrating VTEM survey has been completed over the area of interest and further drilling is planned in the Fall.

TAMARACK



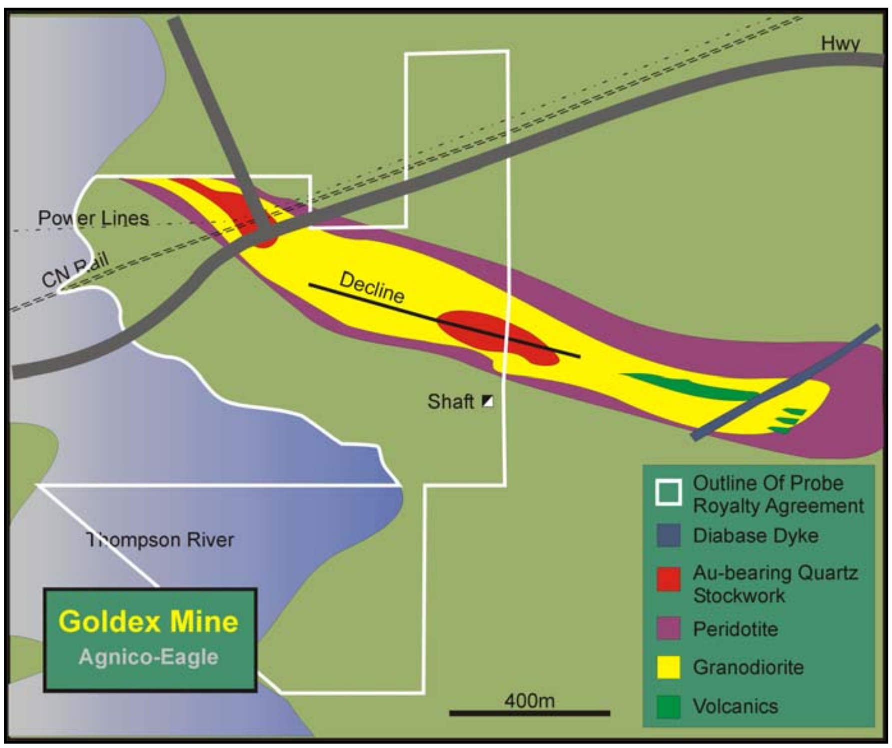
Interest in the McFauld's Lake was first generated in 2002 with the discovery of volcanogenic massive sulphide mineralization by Spider Resources Inc. The mineralization comprises Cu-Pb-Zn-Au/Ag-bearing massive sulphides similar to deposits being mined in Noranda, Quebec, Timmins, Ontario and Bathurst, New Brunswick. Previous work by Probe Mines in the area resulted in a high-grade copper intersection on its 100%-owned Tamarack Project, approximately 20km east of Noront's Eagle One nickel deposit.

The property is currently under option to Mantis Mineral Corp, which has flown high-resolution airborne geophysics and is planning a follow-up drill program in the Fall. The presence of VMS mineralization on the property, as well as its location along strike of the high-grade nickel-copper-PGE massive sulphides and massive chromite deposits to the southwest, bode well for the success of the Tamarack project.

GOLDEX ROYALTY

Probe holds a 5% net smelter royalty (NSR) interest on claims covering a portion of Agnico-Eagle Mines Ltd. ("Agnico-Eagle") Goldex deposit, located five kilometers west of Val d'Or, Quebec. In 2005, Agnico-Eagle announced that a new gold mine would be built at Goldex, and the mine was successfully commissioned in June of 2008.

Goldex hosts a measured resource of 1.6M ounces Au in a low grade, bulk tonnage environment. An annual production rate of 170,000 ounces of gold at total cash costs of $240 per ounce. The commencement of production at Goldex means that Probe's NSR has moved a step closer to becoming a potential revenue stream for the Company.



BRISTOL

Currently under option to West Timmins Mining (formerly Sydney Resource Corp.), the Bristol Township project consists of two blocks totaling 832 hectares in 52 claims, strategically located adjacent to the Timmins West Gold Property of Lake Shore Gold Corp. approximately 15 km southwest of Timmins, Ontario. West Timmins Mining has made a commitment to spend $1,000,000 on the property during the next four years. The new Timmins West Camp is becoming increasingly active as Lakeshore Gold Corp. continues to add to its Holmer gold deposit, situated less than half a kilometer east of Probe's Bristol gold project and new discoveries are being made.

PROBE MINES LIMITED

Management Discussion and Analysis

(A Development Stage Enterprise)

For the year ended April 30, 2008

This Management Discussion and Analysis ("MD&A") of Probe Mines Limited ("Probe" or the "Company") is dated August 8, 2008 and provides an analysis of the Company's performance and financial condition for the year ended April 30, 2008, as well as an analysis of future prospects. This MD&A should be read in conjunction with the Company's audited financial statements and related notes for the year ended April 30, 2008 as well as the audited financial statements for the year ended April 30, 2007 including the related note disclosure, both of which are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts referred to in this MD&A are in Canadian dollars unless otherwise specified. These documents along with others published by the Company are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Business and Corporate History

Probe is a junior resource company focused on the acquisition and exploration of mineral resources, 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 has not generated operating revenue since incorporation. Management anticipates that the Company will experience net losses as a result of ongoing exploration and general corporate and administrative costs and expenses until such time as revenue generating activity is commenced.

Probe's goal is to deliver superior returns to shareholders by concentrating on the acquisition of properties prospective for minerals. The Company plans to do this by focusing on certain properties, as set out below under "Overall Performance – Exploration Activities".

Overall Performance

(a) Trend analysis

There are significant uncertainties regarding the prices of minerals and the availability of equity financing for the purposes of mineral exploration and development. The price of minerals have fluctuated widely in recent years and wide fluctuations are expected to continue. Apart from the "Risk Factors", noted below, management is not aware of any other trends, commitments, events or uncertainties that would have a material adverse effect on the Company's business, financial condition or results of operations.

(b) Current activities

<u>Raising of Capital</u>

- 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.

- 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.

- Raised funds of $776,875 as of April 30, 2008 from the exercise of 2,162,500 stock options.

Exploration activities

The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain an economic mineral reserve. There are no known deposits of minerals on any of the mineral exploration properties of the Company and any activities of the Company thereon will constitute exploratory searches for minerals. See "Risk Factors".

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.

Exploration Program and Results

During September 2007 a single soil geochemical profile was completed over one of two circular magnetic anomalies located on the westernmost claims. The samples were analyzed using the Mobile Metal Ion technique and results within the single profile showed significant anomalies in nickel, cobalt, copper, silver and gold.

Owing to the encouraging results, the Company contracted an airborne geophysical survey for all of the project claims and a ground geophysical grid was established on the western claim block. The grid was surveyed with a deep-penetrating electromagnetic survey.

An eight-hole diamond drill program commenced in July 2008 and is in progress.

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 364 claim units covering approximately 4,800 hectares, and was acquired by staking from December 2003 to November 2005. The Company maintains 100% ownership of the claims, which are free of any encumbrances. On May 21, 2007, the Company signed an agreement with Mantis Mineral Corp. ("Mantis") for the acquisition of a 51% interest in Probe's Tamarack Project. The terms of the agreement are: a) Mantis must issue 400,000 shares over a 3-year term starting on closing of the agreement (100,000 common shares, valued at $25,000, were issued to Probe on closing) and b) Mantis must complete a $500,000 work program over three years, of which $100,000 is required within the initial year. The agreement also requires Mantis to deliver a resource report to the standards required by National Instrument 43-101.

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. In 2005, Probe discovered a high-grade copper VMS occurrence during drilling on the Tamarack Project. More recently, Noront Resources has intersected high-grade nickel-copper mineralization in the belt.

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 493 claims totaling 7,888 hectares covering at least 34 airborne electromagnetic (EM) conductors, within a new and previously unexplored greenstone belt in the James Bay Lowlands of Northern Ontario (the “Victory Project”). Sixteen claim units were allowed to lapse, bringing the current total to 477 (7,744 ha). 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 and Noront Resources high-grade nickel-copper deposit.

Exploration Program and Results

An airborne geophysical program was completed by Fugro Airborne Surveys in April 2005, which concluded that at least 34 conductors with volcanogenic massive sulphide potential exist within the property. The Company subsequently entered into a drilling contract with Norex Drilling of Porcupine, Ontario, in order to test the conductors. The drilling, conducted between July and August 2005, represents the first program of its kind within the Victory volcanic belt and 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.

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 through two separate agreements. 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 optioned from another vendor in consideration of 100,000 shares of the Company, a $6,000 cash payment, a grant to the vendor of a 3% Net Smelter Royalty (NSR), 2% of which can be bought by the Company for a payment of $1,500,000 and a $100,000 cash payment if a positive feasibility study is produced for the property.

On November 8, 2005, the Company announced that it entered into an option and joint-venture agreement (the "Sydney Agreement") with Sydney Resource Company (TSX-V: SYR) ("Sydney"). Under the terms of the Sydney Agreement, Sydney may earn an initial 55% interest in Probe's right to the Bristol property by making cash payments totaling $55,000, issuing 400,000 common shares over three years and completing $2,000,000 in exploration expenditures on the Bristol property over a four year period. On September 14, 2006 Sydney 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 Probe's right to the Bristol property by making cash payments totaling $25,000; issuing 325,000 common shares over three years; and completing $1,000,000 in exploration expenditures on the Bristol property over a four year period. WTM 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 a 55% interest in Probe's right to the Bristol property, Sydney may increase its interest to 70% by making an additional cash payment of $50,000 and issuing an additional 50,000 common shares within 60 days of vesting and delivering a 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: 1st - June 30, 2007; 2nd – June 30, 2008; and 3rd – June 30, 2009. All payments and expenditures have been made up to, and including, the first anniversary.

Exploration Programs and Results

Work on the Bristol Township Project commenced with a ground geophysical program covering seven grids contracted to Exsics Geophysics of Timmins, Ontario 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.

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. Official production at the mine began in June 2008 processing ore from outside the royalty boundary.

As the 10 unpatented mining claims of the Goldex Mine Royalty only form part of the Goldex Mine project, and as the Company 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.

Cash Reserves

As at April 30, 2008 and to the date of this MD&A, the cash resources of Probe are held with one reputable Canadian chartered bank. In addition, the Company's short-term investment is held in bank backed guaranteed certificates of deposit with the same reputable Canadian chartered bank.

(c) Industry and economic factors affecting Probe

The following factors may affect Probe's performance:

- Probe's future performance will be largely tied to the outcome of future drilling results and public markets relating to junior exploration companies; and
- Any decrease in the price of minerals could have an adverse effect on the Company's business and financial results. The Company mitigates this risk by having no debt and its credit and interest rate risks are limited to the Company's certificates of deposits. Accounts payable and accrued liabilities are short-term and non-interest bearing.

(d) Financial summary

As of April 30, 2008, the Company had cash and cash equivalents and short-term investments amounting to $5,534,643 (April 30, 2007 - $257,182).

As the Company's operations are still in the exploration stage and the Company's only source of revenue is derived from interest earned on its cash deposits, which is $51,772 (April 30, 2007 - $2,326), the primary source of funding for the Company has and continues to be the issue of equity capital through private placements and the exercise of stock options and warrants. The funds on hand are adequate to meet the Company's working capital requirements and ongoing exploration program for the ensuing twelve months. However, the Company will require additional funds from equity sources to complete the development of its properties, if warranted.

The Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the requirements of the Income Tax Act (Canada). The Company is obligated to incur qualifying exploration expenditures in Canada ("CEE") within 12 months from the effective date of renunciation (expected to be December 31, 2008) as defined by the Income Tax Act (Canada). As at April 30, 2008, the Company's remaining commitment with respect to unspent resource expenditures under flow-through common share agreements is $2,000,000.

(e) Selected Annual Information

Selected Annual Information	Year Ended April 30, 2008 ($)	Year Ended April 30, 2007 ($)	Year Ended April 30, 2006 ($)
Net loss for the year	(266,592)	(1,353,775)	(307,812)
Basic and diluted loss per share	(0.01)	(0.06)	(0.01)
Total assets	9,244,739	3,327,348	4,827,935
Future income tax liability	227,300	485,500	603,500

As Probe presently has no revenue, the Company's ability to fund its operations is dependent upon its ability to secure financing through equity or the sale of assets. The value of any resource property asset is dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete exploration and development, and the future profitable production or proceeds from disposition of such properties.

(f) Conclusion

As of April 30, 2008 and to the date of this MD&A, management is

- Searching for potential property acquisitions;
- Planning to drill the McFauld's West and Victory projects;
- The Company is expecting to complete its flow-through commitment by December 31, 2009.

There is no certainty that the Company will discover a viable mineral resource from the Company's projects.

Selected Quarterly Information

Three Months Ended	Net Revenues $	Net Income (Loss)	
		Total $	Per Share $
Apr. 30, 2008	-	117,507 (1)	(0.00)
Jan. 31, 2008	-	(197,932) (2)	(0.01)
Oct. 31, 2007	-	(125,436) (3)	(0.00)
Jul. 31, 2007	-	(60,731) (4)	(0.00)
Apr. 30, 2007	-	(243,580) (5)	(0.00)
Jan. 31, 2007	-	(859,186) (6)	(0.04)
Oct. 31, 2006	-	(124,144) (7)	(0.01)
Jul. 31, 2006	-	(126,865) (8)	(0.01)

Notes:

(1) Net income of $117,507 principally relates to future income tax recovery of $258,200 and stock-based compensation of $61,063. All other expenses relate to general working capital purposes.

(2) Net loss of $197,932 principally relates to stock-based compensation of $142,302 and professional fees of $34,705. All other expenses relate to general working capital purposes.

(3) Net loss of $125,436 principally relates to stock-based compensation of $54,169 and legal and audit fees of $10,679. All other expenses relate to general working capital purposes.

(4) Net loss of $60,731 principally relates to stock-based compensation of $24,822. All other expenses relate to general working capital purposes.
(5) Net loss of $243,580 was principally due to a stock-based compensation of $82,344 and a write-off of the Freewest Joint Venture, Greenlaw Property and Norway Lake Property of an aggregate amount of $673,704. However, the fourth quarter net loss is reduced from a future income tax recovery of $583,900. All other expenses relate to general working capital purposes.
(6) Net loss of $859,186 principally relates to stock-based compensation of $82,149 and a write-off of the Double Eagle Property and Fancamp Property of an aggregate amount of $723,345. All other expenses relate to general working capital purposes.
(7) Net loss of $124,144 principally relate to stock-based compensation of $72,497. All other expenses relate to general working capital purposes.
(8) Net loss of $126,865 principally relates to stock-based compensation of $72,496. All other expenses relate to general working capital purposes.

Results of operations

Year ended April 30, 2008 compared with year ended April 30, 2007

Probe's net loss totaled $266,592 for the year ended April 30, 2008 with basic and diluted loss per share of $0.01. This compares with a net loss of $1,353,775 with basic and diluted loss per share of $0.06 per share for year ended April 30, 2007. The decrease of $1,087,183 in net loss was principally due to:

- Stock option compensation expense during the year ended April 30, 2008 was $282,356 (April 30, 2007 – $309,486). The change in the fiscal 2008 is a decrease of $27,130 compared to fiscal 2007. During the year ended April 30, 2008, the Company issued 450,000 options compared with 200,000 in the comparative year. The timing of the expense for the Company depends on the date of issue and the vesting term of the options. Users of the financial statements should be cautious on the valuation of stock-based compensation since its calculation is subjective and can impact net income (loss) significantly.

- An increase of $21,537 in professional fees in fiscal 2008 compared to fiscal 2007. Included in professional fees is accounting and corporate services consisted of fees paid to Marrelli & Drake Corporate Services (formerly Duguay & Ringler Corporate Services) to maintain the Company's reporting issuer status (See "Related party transactions" for further information). The increase in fees of $12,656 relates to a monthly surcharge fee paid to Marrelli & Drake Corporate Services (formerly Duguay & Ringler Corporate Services) of $200 to meet Probe's internal process requirements. Probe also paid Marrelli & Drake Corporate Services (formerly Duguay & Ringler Corporate Services) $3,550 to comply with the Company's flow-through requirements and $4,500 for services provided by the Chief Financial Officer ("CFO"). The additional increase in professional fees pertains to increased corporate activity that required legal assistance.

- Office and general increased by $10,862 in fiscal 2008 compared to fiscal 2007. Office and general expenses totaled $34,632 for the year ended April 30, 2008 (April 30, 2007 - $23,770) and consisted of administrative costs such as telephone, insurance, postage, bank charges and office supplies. The increase in office and general can be attributed to increased corporate activity.

- Shareholder information increased by $38,965 in fiscal 2008 compared to fiscal 2007. Shareholder information expenses totaled $75,266 for the year ended April 30, 2008 (April 30, 2007 - $36,301). The increase in shareholder information can be attributed to increased corporate activity with investor relation firms.

- Occupancy costs decreased by $9,949 in fiscal 2008 compared to fiscal 2007. Occupancy costs totaled $16,855 for the year ended April 30, 2008 (April 30, 2007 - $26,804). The decrease in occupancy costs pertains to a decrease in the monthly rent payments.

- For the year ended April 30, 2008, the above cost increases/decreases were offset by interest income increase of $49,446. As at April 30, 2008, the Company had a short-term investment of $4,447,970 in certificates of deposit..

- $1,397,049 of acquisition costs and exploration expenditure on the Double Eagle Property, Fancamp Property, Freewest Joint Venture, Greenlaw Property and Norway Lake Property was written off during the year ended April 30, 2007 compared to $nil during the year ended April 30, 2008.

- Future income tax recovery decreased by $325,700 in fiscal 2008 compared to fiscal 2007 as a result of the benefit of the current year non-capital loss being applied against the future income tax liability.

- All other expenses relate to general working capital purposes.

Three months ended April 30, 2008 compared with three months ended April 30, 2007

Probe's net income totaled $117,507 for the three months ended April 30, 2008 with basic and diluted income per share of $0.00. This compares with a net loss of $243,580 with basic and diluted loss per share of $0.00 per share for the three months ended April 30, 2007. The increase in income of $361,087 was principally due to:

- A decrease in stock option compensation expense of $21,281 for the three months ended April 30, 2008 compared to the three months ended April 30, 2007. The timing of the expense for the Company depends on the date of issue and the vesting term of the options. Users of the financial statements should be cautious on the valuation of stock-based compensation since its calculation is subjective and can impact net income (loss) significantly.

- An increase of $16,488 in professional fees. This mainly pertains to increased corporate activity requiring legal assistance during the three months ended April 30, 2008 compared to the three months ended April 30, 2007.

- Shareholder information increased by $8,136. The increase in shareholder information can be attributed to increased corporate activity with investor relation firms.

- For the three months ended April 30, 2008, the above cost increases/decreases were offset by interest income of $35,922.

- $673,704 of acquisition costs and exploration expenditure on the Double Eagle Property, Fancamp Property, Freewest Joint Venture, Greenlaw Property and Norway Lake Property was written off for the three months ended April 30, 2007 compared to $nil for the three months ended April 30, 2008.

- All other expenses relate to general working capital.

Liquidity and Financial Position

The activities of the Company, principally the acquisition and exploration of properties prospective for minerals, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. For the year ended April 30, 2008, the following equity transactions were completed:

July 31, 2007

- No activity

October 31, 2007

- Raised funds of $385,625 as of October 31, 2007 from the exercise of 1,412,500 stock options;

January 31, 2008

- Raised funds of $391,250 as of October 31, 2007 from the exercise of 750,000 stock options; and
- 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.

April 30, 2008

- 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.

As at April 30, 2008, Probe had $1,086,673 in cash (April 30, 2007: $257,182). The Company had working capital of $5,336,910 as of April 30, 2008 compared to working capital of $228,466 as of April 30, 2007. Working capital has increased for the current period presented as a result of the above mentioned equity transactions. For the year ended April 30, 2008, the Company has spent funds on current properties ($408,990) while maintaining the Company’s reporting issuer status.

Probe is a junior exploration company without operating revenues and therefore, the Company must utilize its current cash reserves, income from investments, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing exploration program, or to fund any further development activities. See “Risk Factors” of this MD&A.

The Company relies on external financings to generate capital. As a result, the Company continues to incur net losses.

As of April 30, 2008, the Company had 33,516,472 Common Shares issued and outstanding, 3,666,833 share purchase warrants outstanding which would raise $4,333,500 if exercised in full, 463,333 share purchase warrants outstanding which would raise $375,000 and 1,737,500 options outstanding which would raise $973,625 if exercised in full.

As of April 30, 2008 and to the date of this MD&A, the cash resources of Probe are held with the Royal Bank of Canada in bank backed guaranteed certificates of deposits.

The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company’s liquidity risk with financial instruments is minimal as excess cash is invested in highly liquid bank backed guaranteed certificates of deposits. In addition, sundry receivables are comprised mainly of sales tax receivable from government authorities in Canada and deposits held with service providers.

Liquidity costs have not negatively affected the Company’s financial position since the market value of the Company’s long-term investment as of April 30, 2008 was $130,250. The Company can sell the long-term investments to access funds to settle its obligations as they arise. However, management intends to maintain the Company’s long-term investment until it becomes advantageous to sell these shares or liquidity concerns necessitate such sale.

Related Party Transactions

For the year ended April 30, 2008, the Company paid consulting fees of $93,333 (fiscal 2007 - $91,900) to a company ("Palmer & Associates") controlled by a director. The Company incurred legal fees of $74,572 (fiscal 2007 - $13,993) to a corporation controlled by a former director of the Company ("Peterson Law Professional Corporation") who was reappointed. As at April 30, 2008, Peterson Law Professional Corporation was owed $11,066 (2007 - $nil) and this amount was included in accounts payable and accrued liabilities. As at April 30, 2008, the Company accrued in sundry receivable $10,364 (fiscal 2007 - $7,850) for expenses paid on behalf of a company controlled by a director ("Canstar Resources Inc."). This balance bears no interest and is due on demand.

The Chief Financial Officer of the Company is a partner in a firm ("Marrelli & Drake Corporate Services - formerly Duguay & Ringler Corporate Services) for providing corporate secretarial and accounting services to the Company. During the year, Marrelli & Drake Corporate Services - formerly Duguay & Ringler Corporate Services was paid $47,590 (2007 - $34,934) for services rendered. In addition, as at April 30, 2008, Marrelli & Drake Corporate Services - formerly Duguay & Ringler Corporate Services was owed $10,243 (2007 - $9,030) 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.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions of a material nature being considered by Probe. However, Probe continues to evaluate properties that it may acquire in the future.

Critical accounting estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Critical estimates inherent in these accounting policies are the valuation of the Company's interest in mineral properties and deferred exploration expenditures. The policy of capitalizing exploration costs to date does not necessarily relate to the future economic value of the mineral resource properties. The valuation of the mineral resource properties is dependent entirely upon the discovery of economic mineral deposits. Other items requiring estimates for the year ended April 30, 2008 are sundry receivable, accounts payable and accrued liabilities, future income taxes and stock-based compensation. Changes in the accounting estimates in these items will not have a material impact on the financial presentation of Probe.

Change in accounting policies

During the year ended April 30, 2008, the Company adopted the following new accounting policies:

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 financial statements resulting from the adoption of sections 1530 and 3855 is as follows:

(1) Under adoption of these new standards, the Company designated its cash and cash equivalents and short-term investment as held-for-trading, which are measured at fair value. Sundry receivable and prepaid expenses are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

(2) 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.

(3) 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.

(4) The Company has evaluated the impact of sections 3865 and 3861 on its financial statements and determined that no adjustments are currently required.

(5) 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..

Financial instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, commodity risk and currency risk.

Outlook

The Company will continue to search for potential property acquisitions while planning to drill the McFauld's West and Victory projects.

There is no guarantee that the Company will discover a viable mineral deposit.

The Company's performance will be largely tied to the outcome of the exploration program in Ontario.

Subsequent events

- Subsequent to the year ended April 30, 2008 Probe completed diamond drilling programs on its Victory and McFauld's West properties in the James Bay Lowlands area of Ontario. A total of 17 holes, nine on Victory and eight on McFauld's West, were drilled. The information will be used to design further exploration programs on the properties.

- Subsequent to the year ended April 30, 2008 Probe acquired six mineral claim licenses totaling 46 claim units in the McFauld's Lake area, which became part of the McFauld's West property. The claims were staked and recorded in the name of Probe and are 100%-owned by the Company.

Share capital

At August 8, 2008, the Company had 33,516,472 issued and outstanding common shares.

Share purchase warrants outstanding for the Company at August 8, 2008 were as follows:

Warrants	Expiry Date	Exercise Price
2,333,500	November 6, 2009	$1.00
1,333,333	February 7, 2010	$1.50
3,666,833		

Broker compensation warrants outstanding for the Company at August 8, 2008 were as follows:

Warrants	Expiry Date	Exercise Price
200,000	November 6, 2009	$0.69
52,667	February 7, 2010	$1.50
210,666	February 7, 2010	$0.75
463,333		

Stock options outstanding for the Company at August 8, 2008 were as follows:

Options	Expiry Date	Exercise Price
250,000	September 20, 2009	$0.90 - $1.35
300,000	January 5, 2010	$0.40
500,000	September 19, 2010	$0.45
287,500	January 23, 2011	$0.75
200,000	November 28, 2011	$0.20
200,000	November 15, 2012	$0.74
1,737,500		

Risks Factors

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.

Additional disclosure for Venture Issuers without significant revenue

See attachment

Disclosure of Internal Controls

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the audited 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 audited financial statements and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the audited financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

PROBE MINES LIMITED
(A Development Stage Enterprise)

(Expressed in Canadian Dollars)

Financial Statements

Years ended April 30, 2008 and 2007

MSCM LLP
Chartered Accountants • Business Advisors

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Toronto, Ontario
Canada M9C 1A3

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Facsimile: (416) 626-8650
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AUDITORS' REPORT

To the Shareholders of
Probe Mines Limited

We have audited the balance sheet of Probe Mines Limited (A Development Stage Enterprise) as at April 30, 2008 and the statements of operations, comprehensive loss, changes in shareholders' equity, cash flows and interest in mineral properties and deferred exploration expenditures for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at April 30, 2007 and for the year then ended where audited by other auditors who expressed an unqualified opinion on those financial statements in their report dated July 3, 2007.

Signed: *"MSCM LLP"*

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
July 18, 2008

PROBE MINES LIMITED

(Expressed in Canadian Dollars)

(A Development Stage Enterprise)

BALANCE SHEETS

As at April 30,		**2008**		2007
Assets				
Current assets				
Cash	**$**	**1,086,673**	$	257,182
Short-term investments		**4,447,970**		-
Sundry receivables and prepaid expenses (Note 8)		**81,862**		34,144
		5,616,505		291,326
Equipment (Note 3)		**1,584**		1,834
Long-term investments (Note 4)		**130,250**		46,000
Interest in mineral properties and deferred exploration expenditures (Note 5)		**3,496,400**		2,988,188
	$	**9,244,739**	$	3,327,348
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	**$**	**279,595**	$	62,860
Future income tax liability (Note 7)		**227,300**		485,500
Shareholders' Equity				
Capital stock (Note 6 (b))		**9,191,208**		4,225,799
Share purchase warrants (Note 6 (d))		**1,226,169**		867,866
Broker compensation warrants (Note 6 (e))		**188,262**		18,011
Contributed surplus (Note 6 (f))		**2,412,502**		1,672,029
Deficit		**(4,271,309)**		(4,004,717)
Accumulated other comprehensive loss		**(8,988)**		-
		8,737,844		2,778,988
	$	**9,244,739**	$	3,327,348

See accompanying notes to financial statements

APPROVED ON BEHALF OF THE BOARD:

"David Palmer"
Director

"Dennis H. Peterson"
Director

PROBE MINES LIMITED

(Expressed in Canadian Dollars)

(A Development Stage Enterprise)

STATEMENTS OF OPERATIONS

Years ended April 30,		2008		2007		Cumulative Since Inception
Operating Expenses						
Stock-based compensation (Note 6(c))	**$**	**282,356**	$	309,486	$	1,073,887
Consulting fees		**10,679**		13,338		66,491
Professional fees (Note 8)		**107,484**		85,947		356,367
Transfer agent and filing fees		**38,708**		34,389		198,935
Travel and promotion		**2,004**		2,264		15,661
Shareholder information		**75,266**		36,301		260,890
Occupancy costs		**16,855**		26,804		82,850
Office and general		**34,632**		23,770		103,119
Advertising		**8,005**		9,867		28,934
Amortization		**575**		786		5,032
		576,564		542,952		2,192,166
Loss before the undernoted items		**(576,564)**		(542,952)		(2,192,166)
Interest income		**51,772**		2,326		63,420
Write down of interest in mineral properties and deferred exploration expenditures		**-**		(1,397,049)		(1,447,071)
Loss before income taxes		**(524,792)**		(1,937,675)		(3,575,817)
Future income tax recovery (Note 7)		**258,200**		583,900		1,022,718
Net loss	**$**	**(266,592)**	**$**	**(1,353,775)**	**$**	**(2,553,099)**
Net loss per share - basic and diluted (Note 6(g))	**$**	**(0.01)**	$	(0.06)		
Weighted average number of shares (Note 6(g))		**28,009,166**		23,257,987		

See accompanying notes to financial statements

PROBE MINES LIMITED

(Expressed in Canadian Dollars)

(A Development Stage Enterprise)

STATEMENTS OF COMPREHENSIVE LOSS

Years ended April 30,	**2008**	2007	Cumulative Since Inception
Net loss	**$ (266,592)**	$ (1,353,775)	$ (2,553,099)
Comprehensive loss			
Net decrease in unrealized gain on long-term investments, net of taxes	**(20,460)**	-	(20,460)
Total comprehensive loss	**$ (287,052)**	$ (1,353,775)	$ (2,573,559)

See accompanying notes to financial statements

PROBE MINES LIMITED

(Expressed in Canadian Dollars)

(A Development Stage Enterprise)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended April 30,		**2008**		2007		Cumulative Since Inception
Capital Stock						
Balance, beginning of year	**$**	**4,225,799**	$	4,473,699	$	832,709
Common shares issued for settlement of debt		**-**		-		439,000
Common shares issued for interest in mineral properties		**-**		18,000		420,600
Common shares issued for services		**79,000**		-		90,500
Common shares issued pursuant to private placements		**5,500,250**		200,000		10,408,213
Fair value of warrants issued		**(1,226,169)**		-		(2,414,983)
Fair value of broker compensation warrants issued		**(188,262)**		-		(273,015)
Exercise of warrants		**-**		-		344,448
Fair value of warrants exercised		**-**		-		55,685
Exercise of options		**776,875**		-		861,875
Fair value of exercise of options		**427,760**		-		484,776
Renunciation of flow-through expenditures		**-**		(465,900)		(1,385,960)
Share issue costs		**(404,045)**		-		(672,640)
Balance, end of year	**$**	**9,191,208**	$	4,225,799	$	9,191,208
Share Purchase Warrants						
Balance, beginning of year	**$**	**867,866**	$	1,133,129	$	-
Fair value of warrants issued		**1,226,169**		-		2,414,983
Fair value of warrants exercised		**-**		-		(55,685)
Fair value of warrants expired		**(867,866)**		(265,263)		(1,133,129)
Balance, end of year	**$**	**1,226,169**	$	867,866	$	1,226,169
Broker Compensation Warrants						
Balance, beginning of year	**$**	**18,011**	$	31,253	$	-
Fair value of broker compensation warrants issued		**188,262**		-		273,015
Fair value of broker compensation warrants expired		**(18,011)**		(13,242)		(84,753)
Balance, end of year	**$**	**188,262**	$	18,011	$	188,262
Contributed Surplus						
Balance, beginning of year	**$**	**1,672,029**	$	1,084,038	$	598,108
Stock-based compensation charged to the statement of operations		**282,356**		309,486		1,073,887
Stock-based compensation charged to interest in mineral properties and deferred exploration expenditures		**-**		-		7,400
Fair value of stock options exercised		**(427,760)**		-		(484,775)
Fair value of warrants expired		**867,866**		265,263		1,133,129
Fair value of broker compensation warrants expired		**18,011**		13,242		84,753
Balance, end of year	**$**	**2,412,502**	$	1,672,029	$	2,412,502

PROBE MINES LIMITED

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

Years ended April 30,		**2008**		2007		Cumulative Since Inception
Deficit						
Balance, beginning of year	**$**	**(4,004,717)**	$	(2,650,942)	$	(1,870,152)
Net loss		**(266,592)**		(1,353,775)		(2,553,099)
Balance, end of year	**$**	**(4,271,309)**	$	(4,004,717)	$	(4,423,251)
Accumulated Other Comprehensive Income						
Balance, beginning of year	**$**	**-**	$	-	$	-
Transition adjustment, net of taxes		**11,472**		-		11,472
Net decrease in unrealized gain on long-term investments, net of taxes		**(20,460)**		-		(20,460)
Balance, end of year	**$**	**(8,988)**	$	-	$	(8,988)
Total	**$**	**8,737,844**	$	2,778,988	$	8,585,902

See accompanying notes to financial statements

PROBE MINES LIMITED

(Expressed in Canadian Dollars)

(A Development Stage Enterprise)

STATEMENTS OF CASH FLOWS

Years ended April 30,		**2008**		2007		Cumulative Since Inception
Cash provided by (used in):						
Operating Activities						
Net loss	**$**	**(266,592)**	$	(1,353,775)	$	(2,553,099)
Items not affecting cash						
Future income tax recovery		**(258,200)**		(583,900)		(1,019,458)
Amortization		**575**		786		5,032
Stock-based compensation		**282,356**		309,486		1,073,887
Write down of interest in mineral properties and deferred exploration expenditures		**-**		1,397,049		1,447,071
Net change in non-cash working capital						
Sundry receivables and prepaid expenses		**(47,718)**		52,589		(36,784)
Exploration advance		**-**		-		(44,292)
Accounts payable and accrued liabilities		**24,275**		(90,398)		296,742
		(265,304)		(268,163)		(830,901)
Financing Activities						
Advances from shareholder		**-**		-		3,104
Exercise of options proceeds		**776,875**		-		846,875
Exercise of warrants proceeds		**-**		-		344,448
Private placement proceeds		**5,500,250**		200,000		10,096,766
Issuance of share purchase warrants		**-**		-		11,987
Subscriptions receivable		**-**		-		310,000
Share issue costs		**(325,046)**		-		(588,180)
		5,952,079		200,000		11,025,000
Investing and Mineral Activities						
Purchase of equipment		**(324)**		-		(6,615)
Purchase of short-term investments		**(4,447,970)**		-		(4,447,970)
Additions to Interest in mineral properties and deferred exploration expenditures		**(408,990)**		(497,378)		(4,657,970)
		(4,857,284)		(497,378)		(9,112,555)
Net increase (decrease) in cash		**829,491**		(565,541)		1,081,544
Cash, beginning of year		**257,182**		822,723		5,129
Cash, end of year	**$**	**1,086,673**	$	257,182	$	1,086,673
Supplemental cash information						
Shares received as payment for mineral properties	$	96,500	$	-	$	96,500
Shares and warrants issued as share issue costs	$	79,000	$	-	$	79,000
Common shares issued for mineral properties	$	-	$	18,000	$	18,000

See accompanying notes to financial statements

PROBE MINES LIMITED

(Expressed in Canadian Dollars)

(A Development Stage Enterprise)

STATEMENTS OF INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

Years ended April 30, 2008 and 2007

	Cumulative Since Inception	Tamarack-McFauld's Lake Property	Bristol Township	Victory Property	Double Eagle Project	Fancamp Property	Freewest Joint Venture	Greenlaw Property	Norway Lake Property	McFauld's West Project	Total
Property Acquisition Costs											
Balance, April 30, 2006	$ -	$ 64,658	$ 37,721	$ 36,849	$ 168,000	$ 83,000	$ 52,000	$ -	$ -	$ -	$ 442,228
Option payments (proceeds)	-	-	-	-	-	-	-	17,000	18,875	-	35,875
Staking claims	-	-	-	-	-	-	-	2,100	-	-	2,100
Written off	-	-	-	-	(168,000)	(83,000)	(52,000)	(19,100)	(18,875)	-	(340,975)
Balance, April 30, 2007	-	64,658	37,721	36,849	-	-	-	-	-	-	139,228
Option payments (proceeds)	283,976	(25,000)	(71,500)	-	-	-	-	-	-	-	(96,500)
Staking claims	116,557	-	1,500	-	-	-	-	-	-	5,830	7,330
Written off	(350,475)	-	-	-	-	-	-	-	-	-	-
Balance, April 30, 2008	$ 50,058	$ 39,658	$ (32,279)	$ 36,849	$ -	$ -	$ -	$ -	$ -	$ 5,830	$ 50,058
Deferred Exploration Expenditures											
Balance, April 30, 2006	$ -	$ 1,350,723	$ 269,519	$ 1,247,209	$ 419,149	$ 37,831	$ 103,199	$ -	$ -	$ -	$ 3,427,630
Geophysical	-	-	-	-	-	-	-	35,000	-	-	35,000
Assays, analysis	-	3,849	-	-	-	-	-	-	21,540	-	25,389
Geological	-	11,250	-	-	11,250	-	-	9,848	13,583	-	45,931
Drilling	-	(12,153)	-	(2,400)	4,115	-	-	92,854	239,420	-	321,836
Transportation	-	(6,190)	-	(2,298)	-	-	-	6,827	-	-	(1,661)
Travel	-	-	-	-	-	-	-	1,548	1,020	-	2,568
Consulting	-	-	-	-	-	-	-	17,129	28,164	-	45,293
Other	-	3,047	-	-	-	-	-	-	-	-	3,047
Written off	-	(13,597)	-	-	(434,514)	(37,831)	(103,199)	(163,206)	(303,727)	-	(1,056,074)
Balance, April 30, 2007	$ -	$ 1,336,929	$ 269,519	$ 1,242,511	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,848,959

See accompanying notes to financial statements

PROBE MINES LIMITED

(Expressed in Canadian Dollars)

(A Development Stage Enterprise)

STATEMENTS OF INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

(Continued)

Years ended April 30, 2008 and 2007

	Cumulative Since Inception	Tamarack-McFauld's Lake Property	Bristol Township	Victory Property	Double Eagle Project	Fancamp Property	Freewest Joint Venture	Greenlaw Property	Norway Lake Property	McFauld's West Project	Total
Balance, April 30, 2007	$ -	$ 1,336,929	$ 269,519	$ 1,242,511	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,848,959
Geophysical	1,134,243	-	-	186,402	-	-	-	-	-	173,738	360,140
Assays, analysis	41,487	-	-	-	-	-	-	-	-	536	536
Geological	151,015	-	-	-	-	-	-	-	-	39,575	39,575
Geochemical	30,173	-	-	-	-	-	-	-	-	350	350
Drilling	2,426,748	1,564	-	(19,542)	-	-	-	-	-	-	(17,978)
Line cutting	31,023	-	-	-	-	-	-	-	-	-	-
Reports	37,470	-	-	-	-	-	-	-	-	-	-
Stock based compensation	7,400	-	-	-	-	-	-	-	-	-	-
Transportation	379,343	-	-	(726)	-	-	-	-	-	156,050	155,324
Travel	29,174	-	-	-	-	-	-	-	-	9,252	9,252
Consulting (Note 8)	216,881	14,463	-	34,042	-	-	-	-	-	-	48,505
Other	51,980	-	-	1,482	-	-	-	-	-	196	1,678
Advance	6,000	-	-	-	-	-	-	-	-	-	-
Written off	(1,096,596)	-	-	-	-	-	-	-	-	-	-
Balance, April 30, 2008	3,446,341	1,352,956	269,519	1,444,169	-	-	-	-	-	379,697	3,446,341
Total active properties	$ 3,496,399	$ 1,392,614	$ 237,240	$ 1,481,018	$ -	$ -	$ -	$ -	$ -	$ 385,527	$ 3,496,399
Inactive properties (Note 5(i))	1										1
Total, April 30, 2008	$ 3,496,400										$ 3,496,400

See accompanying notes to financial statements

PROBE MINES LIMITED

(Expressed in Canadian Dollars)

(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2008 AND 2007

1. NATURE AND CONTINUANCE 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 yet discovered any deposits, nor has it earned any income and it is therefore considered to be an enterprise in the development stage, in accordance with CICA Accounting Guideline 11. The recovery of the amounts shown for mineral properties and deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. These financial statements do not include the adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered significant.

Development Stage Enterprise

The Company has disclosed additional comparative information in conformity with he Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") AcG-11, "Enterprises in the Development Stage". Accordingly, the statements of operations, comprehensive loss, changes in shareholders' equity and cash flows disclosed cumulative balances from inception of the development stage, considered to be April 30, 2003.

Equipment and Amortization

Equipment is stated at acquisition cost. Amortization is provided on a declining balance basis at 30% per annum.

Interest in Mineral Properties and Deferred Exploration Expenditures

Interest in mineral properties and deferred exploration expenditures are carried at cost until they are brought into production, at which time they will be depleted on a unit-of-production method based on proven and probable reserves. If a property is subsequently determined not to be economically viable, the property and related deferred costs will be written down to fair value. Other general exploration expenses are charged to operations as incurred. The cost of mineral properties abandoned or sold and their related deferred exploration costs are charged to operations in the year sold or abandoned.

The Company reviews its mineral properties on an annual basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the mineral properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for and amount of any write down.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest in Mineral Properties and Deferred Exploration Expenditures (Continued)

Costs include the cash consideration and the fair market value of shares issued for the acquisition of mineral properties. The carrying value is reduced by option proceeds received until such time as the property costs and deferred expenditures are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company are recorded in the accounts at the time of payment.

Asset Retirement Obligations

During the course of acquiring and exploring potential mineral properties, the Company must comply with government regulated environmental evaluation, updating and reclamation requirements. The costs of complying with these requirements are capitalized as incurred. The carrying value will be amortized over the life of the related assets on a unit-of-production basis and the related liabilities are accreted to the original value estimate. Asset retirement obligations, if any, cannot be determined at this time and no amount has been recorded in these financial statements.

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 mineral properties and deferred exploration expenditures. 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 renounced, temporary taxable differences created by the renunciation reduce share capital.

Stock-based Compensation Plan

The Company follows the CICA Handbook Section 3870 Stock-based Compensation and Other Stock-based Payments which requires fair value accounting for all stock options issued during the year. For employees, the fair value of each option is expensed in the statement of operations as the awards vest with the offsetting amounts recognized as contributed surplus.

For non-employees, the value is based on the fair value of the consideration received, or the fair value of the equity instruments, whichever is more reliably measured.

Revenue Recognition

The Company's revenue is comprised of interest income. Interest income is recorded as earned.

Short-term Investments

Short-term investments are Guaranteed Investment Certificates with maturities of less than one year. The investments are held in a Canadian chartered bank.

Long-term Investments

Long-term investment consists of common shares of public companies recorded at fair value. Fair values of the investments are determined based on quoted market prices.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities or a change in income tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

Loss Per Share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that net proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earning per share or decrease loss per share.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the reporting period. The most significant estimates and assumptions include the determination of any impairment of the interest in mineral properties and deferred exploration expenditures and stock-based compensation. Actual results could differ from those estimates.

Financial Instruments and Comprehensive Income (Loss)

On May 1, 2007, the Company adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251 "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", and Section 3861, "Financial Instruments - Disclosure and Presentation".

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 3251 establishes standards for presentation of equity and changes in equity during the reporting period.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Comprehensive Income (Loss) (Continued)

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. 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 financial statements resulting from the adoption of sections 1530 and 3855 is as follows:

(1) Under adoption of these new standards, the Company designated its cash and short-term investments as held-for-trading, which are measured at fair value. Sundry receivables and prepaid expenses are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

(2) The Company's long-term investments are classified as "available-for-sale" and are measured at fair value. As at April 30, 2007, the Company's long-term investments were carried at cost. 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 investments; 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 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

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Changes (Continued)

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.

3. EQUIPMENT

		2008				
		Cost		**Accumulated Amortization**		**Net**
Computer equipment	**$**	**6,615**	**$**	**5,031**	**$**	**1,584**

		2007				
		Cost		Accumulated Amortization		Net
Computer equipment	$	6,291	$	4,457	$	1,834

4. LONG-TERM INVESTMENTS

	2008			2007		
	Number		**Value**	Number		Value
West Timmins Mining Inc.	**175,000**	**$**	**110,250**	100,000	$	46,000
Mantis Mineral Corp.	**100,000**		**20,000**	-		-
		$	**130,250**		$	46,000

5. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

(a) Tamarack-McFauld's Lake Property

During fiscal 2004, the Company staked 332 claim units in the McFauld's Lake area of Ontario.

The Company entered into a joint-venture agreement on February 12, 2004 with Canstar Resources Inc. with respect to 32 of the above claim units. However, in February 2007, the companies ceased to operate the joint venture and the related claims were allowed to lapse. Related costs of $13,597 were written off during the prior year.

On May 21, 2007, the Company signed an agreement with Mantis Mineral Corp. ("Mantis") for the acquisition of a 51% interest in Probe's Tamarack Project. The terms of the agreement are: a) Mantis must issue 400,000 shares over a 3-year term starting on closing date of the agreement (100,000 common shares, valued at $25,000, were issued to Probe on closing) and b) Mantis must complete a $500,000 work program over three years, of which $100,000 is required within the initial year. The agreement also requires Mantis to deliver a resource report to the standards required by National Instrument 43-101.

5. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

(b) Bristol Township

On December 8, 2003, the Company entered into an arm's length agreement to acquire a 100% interest in three mineral claims consisting of 27 claim units located in Bristol Township, Porcupine Mining Division in Ontario. The Company can earn this 100% interest (subject to 3% not smelter royalties ("NSR")) by issuing 100,000 shares (issued), making a cash payment of $5,000 (paid) on the execution of the agreement and making a $100,000 cash payment following completion of a positive feasibility study. The Company may purchase 2% of the NSR interest for $1,500,000.

The Company also entered into an arm's length agreement on February 3, 2004 to acquire a 100% interest in eight mineral claims consisting of 25 claim units located in Bristol Township and one mineral claim consisting of eight claim units located in Godfrey Township, in the Porcupine Mining Division in Ontario. The Company can earn this 100% interest (subject to a 3% NSR) in the nine mineral claims by issuing 100,000 shares (issued), making a cash payment of $6,000 (paid) on the execution of the agreement and making a $100,000 cash payment following completion of a positive feasibility study. The Company may purchase 2% of the NSR interest for $1,500,000.

On December 31, 2005, the Company signed a joint-venture agreement with West Timmins Mining Inc. ("West Timmins"), formerly Sydney Resource Corporation, with respect to the Company's right to the Bristol Township gold property.

On March 21, 2007, the Company amended the above noted December 31, 2005 joint-venture agreement with West Timmins. Under the amended agreement, West Timmins may earn an initial 55% interest in the Company's Bristol Project by making a cash payment of $25,000 (paid), issuing 325,000 common shares over three years (100,000 common shares, valued at $46,000, were issued on closing of the original agreement; 75,000 common shares, valued at $71,500, were issued June 20, 2007; 75,000 common shares were to be issued on or before June 30, 2008 (not yet issued); and 75,000 common shares are to be issued on or before June 30, 2009). West Timmins must also complete $1,000,000 in exploration expenditures on the property over a five year period, of which $125,000 was spent as required by June 30, 2007, an additional $250,000 had to be spent by June 30, 2008, an additional $250,000 must be spent by June 30, 2009 and an additional $375,000 must be spent by June 30, 2010.

Having earned the 55% joint venture interest, West Timmins may opt to 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 earning the 55% interest and delivering a resource report to the standards required by National Instrument 43-101 on a resource developed within the bounds of the property within 2 years of having earning the 55% interest.

(c) Victory Property

During fiscal 2005, the Company completed the 100% acquisition of 493 claims (7,888 hectares) within a new and previously unexplored greenstone belt in the James Bay Lowlands of Northern Ontario. During the prior year, 16 of these claims were allowed to lapse due to lack of activity. During the current year, the Company has commenced exploration through an airborne electromagnetic survey and systematic geophysical interpretation of the targets, with follow-up ground geophysical surveys and diamond drilling.

(d) Double Eagle Project

On January 10, 2006, the Company reached an agreement with Noront Resources Ltd. ("Noront") to option the Double Eagle project in the McFauld's Lake area of Northern Ontario. The Company had the right to earn 50% of the Double Eagle project by incurring expenditures of $2,000,000 by September 1, 2007, ($750,000 of which had to be spent prior to December 31, 2006), and by issuing 300,000 common shares (issued February 10, 2006 and

5. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

(d) Double Eagle Project (Continued)

valued at $168,000) upon signing of the agreement and 200,000 common shares on the first anniversary date. As of January 31, 2007, management determined that it would not continue with the Double Eagle project. The total write-off amounted to $602,514.

(e) Fancamp Property

On January 20, 2006, the Company signed an agreement with Fancamp Exploration Ltd. to option four claims covering 1,024 hectares in the McFauld's Lake area of Northern Ontario. The Company had the right to earn a 100% interest in the property by incurring exploration expenditures of $100,000 over two years, $30,000 of which had to be spent prior to March 31, 2006, (incurred) and issuing 100,000 common shares of the Company (issued February 10, 2006 and valued at $83,000) and an additional 100,000 common shares of the Company on the first anniversary date.

As of January 31, 2007, management determined that it would not continue exploration of the Fancamp property. The total write-off amounted to $120,831.

(f) Freewest Joint Venture

On March 16, 2006, the Company signed an agreement with Freewest Resources Canada Inc. ("Freewest") and Noront to option four claims (62 units) covering 992 hectares in the McFauld's Lake area of Northern Ontario. These claims, herein called the Freewest Joint Venture ("Freewest JV"), were contiguous with the Company's Double Eagle Project. The Company had the right to earn a 60% interest in the Freewest JV. The first 50% could have been earned by incurring exploration expenditures of $850,000 by November 11, 2007 and issuing 100,000 common shares (issued March 22, 2006 and valued at $52,000) of the Company to Noront within five business days of receiving regulatory approval. A further 10% interest could have been earned by delivering a feasibility study on the property to Freewest. The Freewest JV was subject to NSR totaling 3%, of which a 1.5% NSR could have been purchased from the holders at any time for $1,500,000.

As of April 30, 2007, management determined that it would not continue with the Freewest JV. The total write-off amounted to $155,199.

(g) Greenlaw Property

On June 19, 2006, the Company reached an agreement to option the Greenlaw property in Greenlaw Township near Chapleau, Ontario. The Company had the right to earn a 100% interest in the property by making cash payments totaling $37,500 ($7,500 paid June 2006) and issuing 200,000 shares (50,000 issued and valued at $9,500 July 2006) over the three-year term of the agreement. The vendors maintained a 3% NSR interest on metals and a 2% gross overriding royalty ("GORR") on diamonds and gemstones, while the Company retains an option to buy back 1.5% of the NSR for $1,000,000 and 1% of the GORR for $1,000,000.

As of April 30, 2007, management determined that they would terminate the option on the Greenlaw property. The total write-off amounted to $182,306.

(h) Norway Lake Property

On June 26, 2006, the Company reached an agreement to option the Lumby Lake property in the Norway Lake area near Atikokan, Ontario. The Company had a right to earn a 100% interest in the property by making cash payments totaling $39,000 ($9,000 paid June 2006) and issuing 200,000 shares (50,000 issued July 2006 and valued at $8,500) over the three-year term of the agreement. The vendor maintained a 3% NSR interest on metals, while the Company retains an option to buy back 2% of the NSR for $2,000,000 in 1% increments.

5. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

(g) Greenlaw Property

On August 2, 2006, the Company reached an agreement to option eight additional claims in the Norway Lake Area near Atikokan, Ontario. The Company had the right to earn a 100% interest in the property, over a three-year period, by making a cash payment of $1,000 (paid August 2006) and issuing 10,000 shares (5,000 issued) to the optionor. The optionor would maintain a 1% NSR interest on metals, which is subject to a 1% buyback right by Probe for $250,000. The 5,000 shares of Probe were issued by a director of the Company to the optionor (valued at $375). The Company subsequently paid the director $375 as a reimbursement for the shares issued.

As of April 30, 2007, management determined that it would not continue with the Norway Lake property. The total write-off amounted to $322,602.

(i) Dubuisson Township

The Company holds a royalty interest in ten unpatented mining claims in Dubuisson Township, Quebec, conveyed to Agnico-Eagle Mines Limited. The Company retains a 5% of net smelter royalties ("NSR") on any gold produced from the claims. The Company has written the carrying value of its interest in the above mining claims to a nominal value of $1.

(j) McFaulds 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.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK

(a) Authorized

Unlimited common shares

(b) Issued

33,516,472 common shares

Transactions are as follows:

	Number of shares		Amount
Balance, April 30, 2003	10,178,556	$	1,344,725
Common shares issued for interest in mineral properties (Note 5(b))	200,000		97,100
Common shares issued for services	25,000		11,500
Common shares issued pursuant to private placements (i)	3,428,571		1,120,000
Exercise of warrants	1,198,667		131,854
Share issue costs	-		(144,771)
Balance, April 30, 2004	15,030,794		2,560,408
Exercise of options	321,430		77,015
Common shares issued pursuant to private placement (ii)	269,696		120,000
Warrants issued (ii)	-		(40,185)
Renunciation of flow-through expenditures	-		(259,360)
Share issue costs	-		(17,232)
Balance, April 30, 2005	15,621,920		2,440,646
Common shares issued pursuant to private placement (iii)	62,500		25,000
Common shares issued pursuant to private placement (iv)(v)	3,715,277		1,655,000
Common shares issued pursuant to private placement (vi)	444,444		200,000
Warrants issued - Black-Scholes valuation (vii)	-		(872,163)
Cost of issue - compensation warrants (Black-Scholes valuation) (vii)	-		(19,409)
Renunciation of flow-through expenditures	-		(660,700)
Common shares issued pursuant to private placement (viii)	2,050,000		1,500,000
Warrants issued - Black-Scholes valuation (viii)	-		(264,479)
Cost of issue - compensation warrants (Black-Scholes valuation) (viii)	-		(6,612)
Exercise of stock options	100,000		40,000
Black-Scholes valuation - stock options	-		25,000
Exercise of warrants	320,832		224,581
Black-Scholes valuation - warrants	-		43,698
Shares issued for property (Note 5(d))	300,000		168,000
Shares issued for property (Note 5(e))	100,000		83,000
Shares issued for property (Note 5(f))	100,000		52,000
Cost of issues - cash	-		(159,863)
Balance, April 30, 2006	22,814,973	$	4,473,699

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (Continued)

(b) Issued (Continued)

	Number of shares		Amount
Balance, April 30, 2006	22,814,973	$	4,473,699
Shares issued for property (Note 5(g))	50,000		9,500
Shares issued for property (Note 5(h))	50,000		8,500
Common shares issued pursuant to private placements (ix)	1,000,000		200,000
Renunciation of flow-through expenditures	-		(465,900)
Balance, April 30, 2007	23,914,973		4,225,799
Common shares issued pursuant to private placement (x)	4,667,000		3,500,250
Warrants issued - Black-Scholes valuation (x)	-		(819,119)
Cost of issue - compensation warrants (Black-Scholes valuation) (x)	-		(107,400)
Common shares issued pursuant to private placement (xi)	2,666,666		2,000,000
Warrants issued - Black-Scholes valuation (xi)	-		(407,050)
Common shares issued for services (xi)	105,333		79,000
Warrants issued - Black-Scholes valuation (xi)	-		(15,800)
Cost of issue - compensation warrants (Black-Scholes valuation) (xi)	-		(65,062)
Cost of issue - common shares issued (xi)	-		(79,000)
Exercise of stock options	2,162,500		776,875
Black-Scholes valuation - stock options	-		427,760
Cost of issues - cash	-		(325,045)
Balance, April 30, 2008	33,516,472	$	9,191,208

(i) During the year ended April 30, 2004, the Company completed a non-brokered private financing for gross proceeds of $120,000. The private placement consisted of 2,000,000 common shares.

Additionally, the Company completed a brokered private financing for gross proceeds of $1,000,000. The private placement consisted of 1,428,571 units sold at $0.70 per unit, of which 1,025,787 units were sold on a flow-through basis. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to acquire one common share of the Company for $1.00 until April 26, 2006. The warrants expired unexercised.

The Company issued 142,857 Broker Compensation Warrants as part of the above financing. Each Broker Compensation Warrant entitled the holder to acquire one unit of the Company for $0.70 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitled the holder to acquire one common share of the Company for $1.00 until April 26, 2006. The warrants expired unexercised.

The weighted average grant date fair value of the Broker Compensation Warrants granted during the year ended April 30, 2004 amounted to $0.37 per warrant. The fair value of these warrants at the date of grant was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest of 3.0%; expected life of two years; and volatility of 100%.

6. CAPITAL STOCK (Continued)

(b) Issued (Continued)

(ii) During the year ended April 30, 2005, the Company completed a private placement for gross proceeds of $120,000 consisting of 269,696 Units, of which 133,333 Units were sold on a flow-through basis at $0.45 per Unit for gross proceeds of $60,000, and 136,363 Blended Units at $0.44 per Unit for gross proceeds of $60,000. Blended units consisted of multiples of five Units, of which four are issued on a flow-through basis. Each Unit consisted of one common share and one common share purchase warrant. Each whole share purchase warrant or whole broker compensation warrant entitled the holder to acquire one common share for $0.70 until March 31, 2006, and thereafter for $1.00 until March 31, 2007, at which time the warrants expired. All of these warrants were exercised prior to expiry.

The Company issued 269,696 Share Purchase Warrants and 26,970 Broker Compensation Warrants as part of the above financing as at April 30, 2005. All of these warrants expired unexercised.

The weighted average grant date fair value of the Share Purchase Warrants and the Broker Compensation Warrants granted during the year ended April 30, 2005 amounted to $40,185 and $5,232 respectively. The fair of these warrants at the date of grant was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 4.0%; expected life of two years; and volatility of 94%.

(iii) During the year ended April 30, 2006, the Company completed a private placement for gross proceeds of $25,000 consisting of 62,500 Units, which were sold at $0.40 per Unit. Each Unit consisted of one common share and one common share purchase warrant. Each whole warrant entitled the holder to acquire one common share for $0.70 until March 31, 2006, and thereafter for $1.00 until March 31, 2007, at which time the warrants expired. In conjunction with this financing, compensation warrants were issued to acquire a total of 6,250 Units exercisable at $0.45 per Unit until March 31, 2007. 11,364 of the regular warrants and all of the compensation warrants expired unexercised.

(iv) During the year ended April 30, 2006, the Company completed a private placement for gross proceeds of $1,555,000 consisting of 3,493,055 Units, of which 3,155,555 Units were sold on a flow-through basis at $0.45 per Unit for gross proceeds of $1,420,000, and 337,500 Units were sold on a hard dollar basis at $0.40 per Unit for gross proceeds of $135,000. Each Unit consisted of one common share and one common share purchase warrant. Each whole warrant entitled the holder to acquire one common share for $0.70 until May 26, 2006, and thereafter for $1.00 until May 26, 2007, at which time the warrants expired. The warrants underlying the Units are subject to a 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 was accelerated such that the holder of the warrant had 60 days from notice of an Acceleration Event to exercise the warrants after which the warrants expired. All of these warrants expired unexercised.

(v) During the year ended April 30, 2006, the Company completed a private placement for gross proceeds of $100,000 consisting of 222,222 Units, which were sold on a flow-through basis at $0.45 per Unit. Each Unit consisted of one common share and one common share purchase warrant. Each whole warrant entitled the holder to acquire one common share for $0.70 until May 26, 2006, and thereafter for $1.00 until May 26, 2007, at which time the warrants expired. In conjunction with this financing, compensation warrants were issued to acquire a total of 22,222 Units exercisable at $0.45 per Unit until May 26, 2007. All of these warrants expired unexercised.

6. CAPITAL STOCK (Continued)

(b) Issued (Continued)

(vi) During the year ended April 30, 2006, the Company completed a private placement for gross proceeds of $200,000 consisting of 444,444 Units, which were sold on a flow-through basis at $0.45 per Unit. Each Unit consisted of one common share and one common share purchase warrant. Each whole warrant entitled 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 expired. In conjunction with this financing, compensation warrants were issued to acquire a total of 44,444 Units exercisable at $0.45 per Unit until July 25, 2007. All of these warrants expired unexercised.

(vii) The fair value of the above share purchase warrants and the above compensation warrants granted during the year ended April 30, 2006 amounted to $872,163 and $19,409 respectively. The fair value of these warrants at the date of grant was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 4.0%; expected life of two years; and volatility of 94%.

(viii) During the year ended April 30, 2006, the Company completed a private placement for gross proceeds of $1,500,000 consisting of 2,000,000 Units, of which 848,000 Units were sold on a flow-through basis at $0.75 per Unit for gross proceeds of $636,600, 1,090,000 Blended Units at $0.75 per Unit for gross proceeds of $817,500, (blended Units consisted of multiples of five Units, of which four were issued on a flow-through basis) and 62,000 Hard-Dollar Units at $0.75 per Unit for gross proceeds of $46,500. Each Unit consisted of one common share, one-half of one Series A purchase warrant and one-half of one Series B purchase warrant. Each whole Series A warrant entitled the holder to acquire one common share for $1.25 until September 30, 2006, at which time the warrants expired. Each whole Series B warrant entitled the holder to acquire one common share for $1.50 until March 31, 2007, at which time the warrants expired. All of these warrants expired unexercised.

The Company issued 50,000 compensation Units (including 25,000 Series A Warrants and 25,000 Series B Warrants) on the same terms in connection with the above private placement. All of these warrants expired unexercised.

The weighted average grant date fair value of the Series A Warrants and the Series B warrants amounted to $115,043 and $149,436 respectively. The fair value of these warrants at the date of grant was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 3.81%; expected life of 236 and 418 days respectively; and volatility of 80%. For the 25,000 Series A and Series B compensation warrants, the weighted average grant date fair value of the Series A Compensation Warrants and the Series B Compensation Warrants amounted to $2,876 and $3,736 respectively.

(ix) On December 21, 2006, the Company completed a non-brokered private placement financing of $200,000 comprising the sale of 1,000,000 common shares at $0.20 per share. All securities issued in conjunction with the offering were subject to a hold period, which expired on April 22, 2007. No fees or commissions were paid in conjunction with the financing.

(x) 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

6. CAPITAL STOCK (Continued)

(b) Issued (Continued)

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.

The fair value of the warrants was determined to be $819,119 at the date of grant and was estimated using the Black Scholes pricing model based on the following assumptions: expected dividend yield of 0%; risk-free interest of 4.10%; expected life of two years; and volatility of 128.68%.

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.

The fair value of the finder warrants was determined to be $107,400 at the date of grant and was estimated using the Black Scholes pricing model based on the following assumptions: expected dividend yield of 0%; risk-free interest of 4.17%; expected life of two years; and volatility of 126.70%.

(xi) On February 7, 2008, the Company closed a non-brokered private placement financing 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.

The fair value of the warrants was determined to be $407,050 at the date of grant and was estimated using the Black Scholes pricing model based on the following assumptions: expected dividend yield of 0%; risk-free interest of 3.08%; expected life of two years; and volatility of 130.05%.

In connection with the financing, a finder was issued 105,333 Units, consisting of one flow-through common share and one-half of one common share purchase warrant, valued at $79,000. The fair value of the warrants was determined to be $15,800 at the date of grant and was estimated using the Black Scholes pricing model based on the following assumptions: expected dividend yield of 0%; risk-free interest of 3.08%; expected life of two years; and volatility of 130.05%. In addition 210,666 non flow-through finder options were issued. Each finder option entitles the holder to acquire, until February 7, 2009, 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 expired on June 8, 2008.

The fair value of the finder warrants was determined to be $65,062 at the date of grant and was estimated using the Black Scholes pricing model based on the following assumptions: expected dividend yield of 0%; risk-free interest of 3.08%; expected life of two years; and volatility of 130.05%.

(c) 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 4,500,000.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (Continued)

(c) Stock Options (Continued

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.

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2006	3,250,000	$ 0.37
Granted (i)	200,000	0.20
Balance, April 30, 2007	3,450,000	0.40
Granted (ii)(iii)	450,000	0.94
Exercised	(2,162,500)	0.36
Balance, April 30, 2008	1,737,500	$ 0.57

(i) On November 30, 2006, the Company granted incentive stock options to an investor relations consultant to purchase 200,000 shares at an exercise price of $0.20 per share, expiring on November 28, 2011. The options vested in stages over a 12-month period, with no more than one-quarter of the options vesting in any three-month period. The fair value of these options at the date of grant was estimated using the Black-Scholes pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 3.93%; expected life of five years; and volatility of 105%. The fair value assigned to these options was $27,800, of which $8,301 (2007 - $19,499) was expensed to the statement of operations with a corresponding amount allocated to contributed surplus. As at April 30, 2008, the options were fully vested.

(ii) On September 20, 2007, the Company granted options to purchase 250,000 of its common shares to a consultant of the Company. 100,000 of the options are exercisable at $0.90 per share, 75,000 at $1.125 per share and 75,000 at $1.35 per share. All of the options expire on September 20, 2009. The options will vest in tranches over two years. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 4.27%, volatility 124.50% and an expected life of 2 years. The fair value assigned to these options was $135,150, of which $116,807 was expensed to the statement of operations with a corresponding amount allocated to contributed surplus. The remaining portion of $18,343 will be expensed in the statement of operations as services are rendered by the consultant..

(iii) On November 15, 2007, the Company granted options to purchase 200,000 of its common shares to a director of the Company. All of the options are exercisable at $0.74 per share and expire on November 15, 2012. The options will vest in tranches over 18 months. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 3.82%, volatility 108.20% and an expected life of 5 years. The fair value

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (Continued)

(c) Stock Options (Continued)

assigned to these options was $105,000, of which $78,811 was expensed to the statement of operations and deficit with a corresponding amount allocated to contributed surplus. The remaining portion of $26,189 will be expensed in the statement of operations as services are rendered by the director.

(iv) During the year ended April 30, 2008, $86,738 in stock-based compensation from previously issued stock options was expensed.

Expiration Date	Exercise Price ($)	Options Outstanding	Remaining Contractual Life (Yrs)	Options Exercisable	Remaining Contractual Life (Yrs)	Expense Recognized
September 20, 2009	0.90-1.35	250,000	1.39	125,000	1.39	$ 116,807
January 5, 2010	0.40	300,000	1.68	300,000	1.68	75,000
September 19, 2010	0.45	500,000	2.38	500,000	2.38	126,925
January 23, 2011	0.75	287,500	2.73	287,500	2.73	163,769
November 28, 2011	0.20	200,000	3.58	200,000	3.58	27,800
November 15, 2012	0.74	200,000	4.54	50,000	4.54	78,811
		1,737,500	2.46	1,462,500	2.56	$ 589,112

(d) Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2006	6,171,085	$ 0.92
Expired	(2,011,364)	1.37
Balance, April 30, 2007	4,159,721	1.00
Granted (Note 6 (b)(x)(xi))	3,666,833	1.18
Expired	(4,159,721)	1.00
Balance, April 30, 2008	3,666,833	$ 1.18

As at April 30, 2008 the following warrants were outstanding:

Expiry Date	Exercise Price ($)	Warrants Outstanding	Black-Scholes Valuation
November 6, 2009	1.00	2,333,500	$ 819,119
February 7, 2010	1.50	1,333,333	407,050
		3,666,833	$ 1,226,169

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (Continued)

(e) Broker Compensation Warrants

	Number of Compensation Warrants	Weighted Average Exercise Price
Balance, April 30, 2006	149,886	$ 0.76
Expired	(83,220)	1.01
Balance, April 30, 2007	66,666	0.45
Granted (Note 6 (b)(x)(xi))	463,333	0.69
Expired	(66,666)	0.45
Balance, April 30, 2008	463,333	$ 0.69

As at April 30, 2008 the following broker compensation warrants were outstanding:

Expiry Date	Exercise Price ($)	Warrants Outstanding	Black-Scholes Valuation
November 6, 2009	0.69	200,000	$ 107,400
February 7, 2010	1.50	52,667	15,800
February 7, 2010	0.75	210,666	65,062
		463,333	$ 188,262

(f) Contributed Surplus

A summary of contributed surplus is as follows:

Balance, April 30, 2006	$ 1,084,038
Directors' stock-based compensation	289,987
Consultants stock-based compensation	19,499
Warrants expired	278,505
Balance, April 30, 2007	1,672,029
Directors' stock-based compensation	157,248
Consultants stock-based compensation	125,108
Exercise of stock options	(427,760)
Warrants expired	885,877
Balance, April 30, 2008	$ 2,412,502

(Expressed in Canadian Dollars)

6. CAPITAL STOCK (Continued)

(g) Loss Per Share

The loss per share figures have been calculated using the weighted average number of common shares outstanding during the respective years. Basic loss per share is computed by dividing earnings by the weighted average number of common shares outstanding for the period. No dilutive loss per share has been disclosed as potential dilutive instruments would be anti-dilutive.

7. INCOME TAXES

(a) Provision for income taxes

The major factors that cause variations from the Company's federal and provincial statutory Canadian income tax rates of 35.10% (2007 - 36.12%) were as follows:

		2008		2007
Loss before taxes	**$**	**(524,792)**	$	(1,937,675)
Expected income tax recovery at statutory rates	**$**	**(184,200)**	$	(699,900)
Increase (decrease) resulting from:				
Write-off of mineral properties and deferred exploration expenditures		**-**		504,600
Share issue costs		**(125,300)**		(19,100)
Stock-based compensation		**99,100**		111,800
Other		**27,300**		300
Benefit of tax rate reductions		**(75,100)**		-
Recognized benefit of prior year non-capital losses		**-**		(481,600)
	$	**(258,200)**	$	(583,900)

(b) Future tax balances

The tax effects of temporary differences that give rise to future income tax liabilities and future income assets at April 30 are as follows:

<u>Future income tax liabilities</u>

		2008		2007
Excess of book value over resources tax pools of mineral properties and deferred exploration expenditures	**$**	**674,400**	$	840,000
Less: value of future income tax assets that may utilized to offset these liabilities		**(447,100)**		(354,500)
Net future income tax liability	**$**	**227,300**	$	485,500

(Expressed in Canadian Dollars)

7. INCOME TAXES (Continued)

(b) Future tax balances (Continued)

		2008		2007
Non-capital loss carry-forwards	**$**	**334,100**	$	311,500
Undeducted share issue costs		**113,000**		43,000
		447,100		354,500
Less: value of future income tax assets that may utilized to offset these liabilities		**(447,100)**		(354,500)
Net future income tax asset	**$**	**-**	$	-

(c) Tax loss carry-forwards

In addition to resource pools of approximately $1,270,000 with no expiry date, the Company has non-capital losses that will expire as follows:

2014	$	18,100
2015		161,700
2016		317,000
2027		283,300
2028		372,000
	$	1,152,100

The potential tax benefit of these losses has been recognized in these financial statements as a reduction of the future tax liability.

8. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company paid consulting fees of $93,333 (2007 - $91,900) to a company controlled by a director. The Company was also charged legal fees of $74,572 (2007 - $13,993) by a corporation controlled by a former director of the Company, who was subsequently reappointed. As at April 30, 2008, this firm was owed $11,066 (2007 - $Nil) and this amount is included in accounts payable and accrued liabilities. As at April 30, 2008, the Company accrued in sundry receivable $10,364 (fiscal 2007 - $7,850) for expenses paid on behalf of a company controlled by a director. This balance bears no interest and is due on demand.

The Chief Financial Officer of the Company is a partner in a firm providing corporate secretarial and accounting services to the Company. During the year, this firm was paid $47,590 (2007 - $34,934) for services rendered. In addition, as at April 30, 2008, this firm was owed $10,243 (2007 - $9,030) and this amount is 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.

9. COMMITMENTS

The Company is committed to spending $2,000,000 associated with the flow-through offering that was completed on February 7, 2008 (Note 6(b)(xi)). The Company is in the process of complying with its flow-through contractual obligations with subscribers with respect to the requirements of the Income Tax Act (Canada). It is expected that the Company may institute the look-back rule which will require the Company to spend the funds within 12 months from the effective date of renunciation.

The Company is also committed to pay rent through January 31, 2009 for the use of their office premises in the amount of $6,315 per annum plus additional fees to cover their share of property taxes and operating costs.

10. CONTINGENCIES

(i) On December 3, 2007, the Company granted options to purchase 200,000 of its common shares to a director of the Company. All of the options are exercisable at $0.74 per share and expire on December 3, 2012. The options will vest in tranches over 18 months. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 3.67%, volatility 108.80% and an expected life of 5 years. The fair value assigned to these options was $82,200. This value will be expensed as stock-based compensation and credited to contributed surplus as the underlying options vest. The options granted to the director have not vested yet since they are subject to shareholder approval of an amendment to the ceiling of the Company's stock option plan.

(ii) On December 14, 2007, the Company granted options to purchase 75,000 of its common shares to consultants of the Company. All of the options are exercisable at $0.74 per share and expire on December 14, 2012. The options will vest in tranches over 18 months. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 4.01%, volatility 109.30% and an expected life of 5 years. The fair value assigned to these options was $37,650. This value will be expensed as stock-based compensation and credited to contributed surplus as the underlying options vest. The options granted to the director have not vested yet since they are subject to shareholder approval of an amendment to the ceiling of the Company's stock option plan.

(iii) On January 28, 2008, the Company granted options to purchase 150,000 of its common shares to an officer of the Company. All of the options are exercisable at $0.61 per share and expire on January 28, 2013. The options will vest in tranches over 18 months. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk-free interest rate 3.43%, volatility 111.1% and an expected life of 5 years. The fair value assigned to these options was $78,900. This value will be expensed as stock-based compensation and credited to contributed surplus as the underlying options vest. The options granted to the director have not vested yet since they are subject to shareholder approval of an amendment to the ceiling of the Company's stock option plan.

11. SUBSEQUENT EVENT

Subsequent to the year end the Company acquired six mineral claim licenses totaling 46 claim units in the McFauld's Lake area, which became part of the McFauld's West property. The claims were staked and recorded in the Company's name and are 100%-owned by Probe.

Corporate Data

DIRECTORS

Patrick Reid
Dennis Peterson
David Palmer
John B. Gammon

OFFICERS

Patrick Reid, B.A.
Chairman of the Board

David Palmer, Ph.D., P.Geo.
President & CEO

Carmelo Marelli
Chief Financial Officer

QUALIFIED PERSON

David Palmer, Ph.D., P.Geo.

INVESTOR RELATIONS

Karen Willoughby
Director Corp. Communications
1-866-365-4724

SHARES LISTED

PRB – TSX Venture Exchange

CAPITALIZATION
Issued: **33,516,472**
Common Shares (at April 30, 2008)

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ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders will be held at the Toronto Board of Trade, Third Floor, 1 First Canadian Place (77 Adelaide Street West entrance), Toronto, ON, at 11am on Thursday, October 9th, 2008.

Disclaimer

This report presents a review of The Company's projects in Canada, including the McFauld's Lake and Victory projects. Readers are cautioned that the projects are at an early stage of exploration and that estimates and projections contained herein are based on limited and incomplete data. More work is required before the mineralization on the projects and their economic aspects can be confidentially modeled. Therefore, the work results and estimates herein may be considered to be generally indicative only of the nature and quality of the projects. No representation or prediction is intended as to the results of future work, nor can there be any promise that the estimates herein will be confirmed by future exploration or analysis, or that the projects will otherwise prove to be economic.

Forward-Looking Statements

This report contains forward-looking statements including, but not limited to, comments regarding predictions and projections. One can identify these forward-looking statements by use of words such as "expects", "plans", "anticipates", "intends" and other words of similar meaning. One can also identify them by the fact that they do not relate strictly to historical or current facts. Forward-looking statements address future events and conditions and therefore involve inherent risks, uncertainties and other factors, which may cause the actual results, performance or achievements of The Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions, risks related to joint venture operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future metal prices, variation in grade or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, as well as delays in obtaining government approvals or financings or in the completion in development or construction activities. Although The Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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