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**CONDENSED INTERIM FINANCIAL STATEMENTS OF  
PROBE METALS INC.  
FOR THE THREE MONTHS ENDED JUNE 30, 2015 AND  
FOR THE PERIOD FROM JANUARY 16, 2015  
TO JUNE 30, 2015  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

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**NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of Probe Metals Inc. (the "Company") have been prepared by, and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

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**Probe Metals Inc.**  
**Condensed Interim Statement of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**As at**  
**June 30,**  
**2015**

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**ASSETS**

**Current assets**

|                             |                   |
|-----------------------------|-------------------|
| Cash                        | \$ 19,183,668     |
| Amounts receivable (note 6) | 28,412            |
| Prepaid expenses            | 29,130            |
| <b>Total current assets</b> | <b>19,241,210</b> |

**Non-current assets**

|                                 |                      |
|---------------------------------|----------------------|
| Property and equipment (note 7) | 107,398              |
| <b>Total assets</b>             | <b>\$ 19,348,608</b> |

**EQUITY AND LIABILITIES**

**Current liabilities**

|  |               |
|--|---------------|
| Amounts payable and other liabilities (note 8) | \$ 34,596     |
| <b>Total liabilities</b>                       | <b>34,596</b> |

**Equity**

|                                     |                      |
|-------------------------------------|----------------------|
| Share capital (note 9)              | 19,646,406           |
| Contributed surplus                 | 384,476              |
| Accumulated deficit                 | (716,870)            |
| <b>Total equity</b>                 | <b>19,314,012</b>    |
| <b>Total equity and liabilities</b> | <b>\$ 19,348,608</b> |

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

Nature of operations (note 1)  
Commitment (note 16)

**Approved on behalf of the Board:**

"David Palmer", Director

"Jamie Sokalsky", Director

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**Probe Metals Inc.****Condensed Interim Statement of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)**

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|   | <b>Three months<br/>ended<br/>June 30,<br/>2015</b> | <b>Period from<br/>January 16,<br/>2015 to<br/>June 30,<br/>2015</b> |
|---|---|--|
| <b>Operating expenses</b>   |   |  |
| Exploration and evaluation expenditures (note 13)                               | \$ 15,165   | \$ 45,172  |
| General and administrative expenses (note 14)                                   | 658,196   | 716,025  |
| <b>Operating loss before interest income</b>                                    | <b>(673,361)</b>                                    | <b>(761,197)</b>   |
| Interest income   | 44,327  | 44,327   |
| <b>Loss and comprehensive loss for the period</b>                               | <b>\$ (629,034)</b>                                 | <b>\$ (716,870)</b>  |
| <b>Basic and diluted loss per share (note 12)</b>                               | <b>\$ (0.02)</b>                                    | <b>\$ (0.03)</b>   |
| <b>Weighted average number of common shares outstanding - basic and diluted</b> | <b>34,425,911</b>                                   | <b>22,638,680</b>  |

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

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**Probe Metals Inc.**  
**Condensed Interim Statement of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**For the period from January 16, 2015 to June 30, 2015**

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**Operating activities:**

|  |                  |
|--|------------------|
| Net loss for the period                      | \$ (716,870)     |
| Adjustments for:                             |                  |
| Share-based payments (note 11)               | 332,173          |
| Depreciation                                 | 37               |
| Changes in non-cash working capital items:   |                  |
| Amounts receivable                           | (28,412)         |
| Prepaid expenses                             | (29,130)         |
| Amounts payable and other liabilities        | 34,596           |
| <b>Net cash used in operating activities</b> | <b>(407,606)</b> |

**Investing activities:**

|  |                  |
|--|------------------|
| Purchase of property and equipment           | (107,435)        |
| <b>Net cash used in investing activities</b> | <b>(107,435)</b> |

**Financing activities:**

|  |                   |
|--|-------------------|
| Cash acquired from completion of Arrangement     | 19,000,000        |
| Exercise of warrants                             | 196,686           |
| Exercise of stock options                        | 502,023           |
| <b>Net cash provided by financing activities</b> | <b>19,698,709</b> |

**Net change in cash** 19,183,668

**Cash, beginning of period** -

**Cash, end of period** \$ 19,183,668

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

**Probe Metals Inc.**  
**Condensed Interim Statement of Changes in Shareholders' Equity**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**Equity attributable to shareholders**

|   | Share<br>capital     | Warrants    | Contributed<br>surplus | Accumulated<br>deficit | Total                |
|---|----------------------|-------------|------------------------|------------------------|----------------------|
| Share issued on incorporation, January 16, 2015                         | \$ 1                 | \$ -        | \$ -                   | \$ -                   | \$ 1                 |
| Shares issued pursuant to completion of Arrangement (note 9(b)(i))      | 17,689,000           | -           | -                      | -                      | 17,689,000           |
| Warrants issued pursuant to completion of Arrangement (note 10(i))      | -                    | 258,000     | -                      | -                      | 258,000              |
| Stock options issued pursuant to completion of Arrangement (note 11(i)) | -                    | -           | 1,053,000              | -                      | 1,053,000            |
| Share cancelled   | (1)                  | -           | -                      | -                      | (1)                  |
| Warrants exercised  | 454,686              | (258,000)   | -                      | -                      | 196,686              |
| Stock options exercised   | 1,502,720            | -           | (1,000,697)            | -                      | 502,023              |
| Share-based payments  | -                    | -           | 332,173                | -                      | 332,173              |
| Loss and comprehensive loss   | -                    | -           | -                      | (716,870)              | (716,870)            |
| <b>Balance, June 30, 2015</b>   | <b>\$ 19,646,406</b> | <b>\$ -</b> | <b>\$ 384,476</b>      | <b>\$ (716,870)</b>    | <b>\$ 19,314,012</b> |

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

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# Probe Metals Inc.

## Notes to Condensed Interim Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of Operations

Probe Metals Inc. (the "Company") was incorporated pursuant to the *Business Corporations Act* (Ontario) under the name "2450260 Ontario Inc." on January 16, 2015. Articles of amendment were subsequently filed on February 3, 2015 to change the name of the Company to "Probe Metals Inc.". The Company's head office is located at 56 Temperance Street, Suite 1000, Toronto, Ontario, Canada, M5H 3V5. The Company's common shares started trading on the TSX Venture Exchange ("TSXV") on March 17, 2015 under the trading ticker symbol "PRB". The Company, a Canadian precious metal exploration company, was formed following the acquisition of Probe Mines Limited ("Probe") by Goldcorp Inc. ("Goldcorp") pursuant to the arrangement announced on January 19, 2015 (the "Arrangement"). With a strong treasury, the Company is focused on executing a business model inspired by its award-winning predecessor Probe, namely the acquisition and growth of quality projects through effective exploration and development.

On March 13, 2015, Goldcorp and Probe completed the Arrangement. Pursuant to the Arrangement, Goldcorp acquired all of the issued and outstanding common shares of Probe not already held, directly or indirectly, by Goldcorp and Probe became a wholly-owned subsidiary of Goldcorp. Pursuant to the Arrangement, Probe shareholders received for each Probe common share: 0.1755 common shares in Goldcorp and \$0.001 in cash, and 0.3333 common shares in the Company. Pursuant to the Arrangement, Probe option holders received for each Probe option: 0.1755 options in Goldcorp, and 0.3333 options in the Company. Pursuant to the Arrangement, Probe warrant holders received for each Probe warrant: 0.1755 warrants in Goldcorp, and 0.3333 warrants in the Company. Pursuant to the Arrangement, Probe transferred to the Company a 100% interest in Probe's Black Creek Property, located in the James Bay Lowlands area of north-western Ontario, 100% interest in Probe's Tamarack-McFauld's Lake Property, located in the James Bay Lowlands area of northern Ontario, 100% interest in Probe's Victory Property, located in the James Bay Lowlands area of northern Ontario, \$15 million in cash, a contingent \$4 million receivable related to the previous sale of the Goldex mine and trade payables incurred in the normal course of operations of the Company. After completion of the Arrangement, Probe's existing shareholders owned 100% of the Company shares outstanding, proportionate to their ownership of Probe's common shares at the time the Arrangement was completed.

On March 13, 2015, the financial year of the Company was changed from April 30 to December 31. As a result, the Company is reporting on the three months ended June 30, 2015 and the period from incorporation on January 16, 2015 to June 30, 2015, and its next full interim period will commence on July 1, 2015.

On April 9, 2015, the Company announced that it had received payment of \$4 million from the sale of the 5% net smelter royalty on a portion of the Goldex mine to Agnico Eagle Mines Limited.

### 2. Basis of Presentation

#### Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the IFRS Interpretations Committee.

The unaudited condensed interim financial statements are presented in Canadian dollars, the Company's functional currency, and have been prepared on a historical cost basis.

The unaudited condensed interim financial statements were authorized for issue by the Board of Directors on August 17, 2015.

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## Probe Metals Inc.

### Notes to Condensed Interim Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Summary of Significant Accounting Policies

#### (a) Financial Instruments

The Company's financial instruments consist of the following:

| <b>Financial assets:</b> | <b>Classification:</b> |
|--------------------------|------------------------|
| Cash                     | Loans and receivables  |
| Amounts receivable       | Loans and receivables  |

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| <b>Financial liabilities:</b>         | <b>Classification:</b>      |
|---------------------------------------|-----------------------------|
| Amounts payable and other liabilities | Other financial liabilities |

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Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

#### (b) Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

| <b>Detail</b>      | <b>Percentage</b> | <b>Method</b>     |
|--------------------|-------------------|-------------------|
| Computer equipment | 30%               | Declining balance |
| Artwork            | -                 | -                 |

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## Probe Metals Inc.

### Notes to Condensed Interim Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Summary of Significant Accounting Policies (continued)

#### (b) Property and Equipment (continued)

Artwork is not amortized since it does not have determinable useful life.

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

#### (c) Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

#### (d) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value.

#### (e) Share-based Payment Transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Share-based payments incorporates an expected forfeiture rate of nil.



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## Probe Metals Inc.

### Notes to Condensed Interim Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Summary of Significant Accounting Policies (continued)

#### (f) *Restoration, Rehabilitation and Environmental Obligations*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

#### (g) *Income Taxes*

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous periods.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the unaudited condensed interim financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

#### (h) *Loss per Share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

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## Probe Metals Inc.

### Notes to Condensed Interim Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Summary of Significant Accounting Policies (continued)

#### (i) Significant Accounting Judgments and Estimates

The preparation of these unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of amounts receivable which are included in the unaudited condensed interim statement of financial position.
- Assets' carrying values and impairment charges: In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.
- Restoration, rehabilitation and environmental obligations: Management determined there were no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed in the current and prior years and would trigger recognition of the provision in accordance with IAS 37, "Provision".
- Management determines the fair value of warrants and stock options using the Black-Scholes option pricing model.

#### Critical accounting judgments

- Income taxes and recovery of deferred tax assets: The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretations and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.
- Restoration, rehabilitation and environmental obligations: Management determined there were no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed in the current and prior years and would trigger recognition of the provision in accordance with IAS 37, "Provision".

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## Probe Metals Inc.

### Notes to Condensed Interim Financial Statements

June 30, 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Summary of Significant Accounting Policies (continued)

#### (j) Recent Accounting Pronouncement

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

### 4. Capital Risk Management

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be equity which at June 30, 2015, totaled \$19,314,012.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. The Company's capital management objectives, policies and processes have remained unchanged during the period from January 16, 2015 to June 30, 2015. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2015, the Company is compliant with Policy 2.5.

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## **Probe Metals Inc.**

### **Notes to Condensed Interim Financial Statements**

**June 30, 2015**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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#### **5. Financial Risk Management**

Financial risk

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

Risk management is carried out by the Company's management team with guidance from the Audit Committee and Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

##### **(i) Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Amounts receivable consists mainly of sales tax receivable from government authorities in Canada. The Company has no significant concentration of credit risk arising from operations.

##### **(ii) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2015, the Company had cash of \$19,183,668, to settle current liabilities of \$34,596. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

##### **(iii) Market risk**

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

###### **(a) Interest rate risk**

The Company has \$19,183,668 cash balances and no interest-bearing debt and was not exposed to interest rate risk. The Company's current policy is to invest excess cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. As a result, the Company's exposure to interest rate risk is minimal.

###### **(b) Foreign currency risk**

The Company does not have any significant assets in currency other than the functional currency of the Company, nor has significant foreign currency denominated liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the net loss.

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**Probe Metals Inc.****Notes to Condensed Interim Financial Statements****June 30, 2015****(Expressed in Canadian Dollars)****(Unaudited)**

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**6. Amounts Receivable**

|                                 | <b>As at<br/>June 30,<br/>2015</b> |
|---------------------------------|------------------------------------|
| Sales tax receivable - (Canada) | \$ 28,412                          |

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**7. Property and Equipment**

| <b>Cost</b>               | <b>Artwork</b> | <b>Computer<br/>equipment</b> | <b>Total</b> |
|---------------------------|----------------|-------------------------------|--------------|
| Balance, January 16, 2015 | \$ -           | \$ -                          | \$ -         |
| Additions                 | 106,436        | 999                           | 107,435      |
| Balance, June 30, 2015    | \$ 106,436     | \$ 999                        | \$ 107,435   |

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| <b>Accumulated depreciation</b> | <b>Artwork</b> | <b>Computer<br/>equipment</b> | <b>Total</b> |
|---------------------------------|----------------|-------------------------------|--------------|
| Balance, January 16, 2015       | \$ -           | \$ -                          | \$ -         |
| Depreciation during the period  | -              | 37                            | 37           |
| Balance, June 30, 2015          | \$ -           | \$ 37                         | \$ 37        |

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| <b>Carrying value</b>  | <b>Artwork</b> | <b>Computer<br/>equipment</b> | <b>Total</b> |
|------------------------|----------------|-------------------------------|--------------|
| Balance, June 30, 2015 | \$ 106,436     | \$ 962                        | \$ 107,398   |

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**8. Amounts Payable and Other Liabilities**

|                     | <b>As at<br/>June 30,<br/>2015</b> |
|---------------------|------------------------------------|
| Amounts payables    | \$ 20,737                          |
| Accrued liabilities | 13,859                             |
|                     | \$ 34,596                          |

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The following is an aged analysis of the amounts payable and other liabilities:

|                   | <b>As at<br/>June 30,<br/>2015</b> |
|-------------------|------------------------------------|
| Less than 1 month | \$ 34,596                          |

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**Probe Metals Inc.****Notes to Condensed Interim Financial Statements****June 30, 2015****(Expressed in Canadian Dollars)****(Unaudited)**

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**9. Share Capital**

## a) Authorized share capital

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

## b) Common shares issued

As at June 30, 2015 the issued share capital amounted to \$19,646,406. Changes in issued share capital are as follows:

|   | <b>Number of<br/>common<br/>shares</b> | <b>Amount</b>        |
|---|--|----------------------|
| Share issued on incorporation, January 16, 2015         | 1                                      | \$ 1                 |
| Shares issued pursuant to completion of Arrangement (i) | 31,368,363                             | 17,689,000           |
| Share cancelled   | (1)                                    | (1)                  |
| Exercise of warrants                                    | 936,508                                | 454,686              |
| Exercise of stock options                               | 2,609,334                              | 1,502,720            |
| <b>Balance, June 30, 2015</b>                           | <b>34,914,205</b>                      | <b>\$ 19,646,406</b> |

(i) On March 13, 2015, pursuant to the Arrangement, Probe's shareholders received 31,368,363 common shares of the Company. Refer to note 1.

**10. Warrants**

|   | <b>Number of<br/>warrants</b> | <b>Grant date<br/>fair value</b> |
|---|-------------------------------|----------------------------------|
| Warrants issued pursuant to completion of Arrangement (i) | 936,508                       | \$ 258,000                       |
| Exercise of warrants                                      | (936,508)                     | (258,000)                        |
| <b>Balance, June 30, 2015</b>                             | <b>-</b>                      | <b>\$ -</b>                      |

(i) On March 13, 2015, pursuant to the Arrangement, Probe's warrant holders received 936,508 warrants of the Company. The fair value of these warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; risk-free interest rate of 0.54%; volatility of 273% and an expected life of 0.21 years. The fair value assigned to these warrants was \$258,000.

There are no warrants issued and outstanding as of June 30, 2015.

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**Probe Metals Inc.****Notes to Condensed Interim Financial Statements****June 30, 2015****(Expressed in Canadian Dollars)****(Unaudited)**

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**11. Stock Options**

|  | Number of<br>stock options | Weighted<br>average<br>exercise<br>price |
|--|----------------------------|--|
| Stock options issued pursuant to completion of Arrangement (i) | 2,745,712                  | \$ 0.19                                  |
| Exercise of stock options                                      | (2,609,334)                | 0.19                                     |
| Stock options granted (ii)                                     | 2,400,000                  | 0.36                                     |
| <b>Balance, June 30, 2015</b>                                  | <b>2,536,378</b>           | <b>\$ 0.35</b>                           |

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(i) On March 13, 2015, pursuant to the Arrangement, Probe's stockholder received 2,745,712 stock options of the Company. 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 of 0%; risk-free interest rate of 0.54% to 0.68%; volatility of 156% to 286% and an expected life of 0.8 to 4.77 years. The fair value assigned to these options was \$1,053,000.

(ii) On April 27, 2015, 2,400,000 stock options were granted to employees, consultants, officers and directors of the Company at an exercise price of \$0.36 per share, expiring April 27, 2020. Vesting of the stock options is as follows: one-third immediately, one-third after one year and one-third after 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 of 0%; risk-free interest rate of 0.87%; volatility of 159% and an expected life of 5 years. The fair value assigned to these options was \$789,000. For the three months ended June 30, 2015 and for the period from January 16, 2015 to June 30, 2015, the impact on the unaudited condensed interim statement of loss and comprehensive loss was \$332,173.

The following table reflects the actual stock options issued and outstanding as of June 30, 2015:

| Expiry date       | Exercise<br>price (\$) | Options<br>outstanding | Weighted average<br>remaining<br>contractual<br>life (years) | Options<br>exercisable | Valuation (\$) |
|-------------------|------------------------|------------------------|--|------------------------|----------------|
| May 26, 2016      | 0.14                   | 33,330                 | 0.91   | 33,330                 | 12,609         |
| October 31, 2016  | 0.24                   | 33,330                 | 1.34   | 33,330                 | 12,000         |
| December 5, 2017  | 0.19                   | 9,583                  | 2.44   | 7,187                  | 3,888          |
| May 31, 2018      | 0.15                   | 14,582                 | 2.92   | 10,937                 | 5,788          |
| May 16, 2019      | 0.26                   | 25,554                 | 3.88   | 8,518                  | 10,120         |
| December 18, 2019 | 0.28                   | 19,999                 | 4.47   | -                      | 7,898          |
| April 27, 2020    | 0.36                   | 2,400,000              | 4.83   | 800,000                | 789,000        |
|                   |                        | <b>2,536,378</b>       | <b>4.70</b>  | <b>893,302</b>         | <b>841,303</b> |

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**Probe Metals Inc.****Notes to Condensed Interim Financial Statements****June 30, 2015****(Expressed in Canadian Dollars)****(Unaudited)**

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**12. Net Loss Per Share**

The calculation of basic and diluted loss per share for the three months ended June 30, 2015 and for the period from January 16, 2015 to June 30, 2015 was based on the loss attributable to common shareholders of \$629,034 and \$716,870, respectively and the weighted average number of common shares outstanding of 34,425,911 and 22,638,680, respectively. Diluted loss per share did not include the effect of stock options as they are anti-diluted.

**13. Exploration and Evaluation Expenditures**

|  | <b>Three months<br/>ended<br/>June 30,<br/>2015</b> | <b>Period from<br/>January 16,<br/>2015 to<br/>June 30,<br/>2015</b> |
|--|---|--|
| Victory Property                               | \$ 754  | \$ 7,801   |
| Project generation                             | 14,411  | 37,371   |
| <b>Exploration and evaluation expenditures</b> | <b>\$ 15,165</b>                                    | <b>\$ 45,172</b>   |

|  | <b>Three months<br/>ended<br/>June 30,<br/>2015</b> | <b>Period from<br/>January 16,<br/>2015 to<br/>June 30,<br/>2015</b> |
|--|---|--|
| <b>Victory Property</b>                        |   |  |
| Assessment work payment                        | \$ 754  | \$ 7,801   |
| <b>Project generation</b>                      |   |  |
| Consulting                                     | \$ 12,967   | \$ 15,967  |
| Supplies                                       | -   | 14,727   |
| Other  | -   | 4,150  |
| Travel, accommodation                          | 1,444   | 2,527  |
|  | \$ 14,411   | \$ 37,371  |
| <b>Exploration and evaluation expenditures</b> | <b>\$ 15,165</b>                                    | <b>\$ 45,172</b>   |



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**Probe Metals Inc.****Notes to Condensed Interim Financial Statements****June 30, 2015****(Expressed in Canadian Dollars)****(Unaudited)**

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**14. General and Administrative Expenses**

|                                    | <b>Three months<br/>ended<br/>June 30,<br/>2015</b> | <b>Period from<br/>January 16,<br/>2015 to<br/>June 30,<br/>2015</b> |
|------------------------------------|---|--|
| Share-based payments (note 11(ii)) | \$ 332,173  | \$ 332,173   |
| Salaries and benefits              | 176,544   | 203,544  |
| Travel and promotion costs         | 28,731  | 38,841   |
| Professional fees                  | 24,302  | 36,346   |
| Administrative costs               | 32,364  | 33,627   |
| Occupancy costs                    | 30,925  | 30,925   |
| Director fees                      | 22,506  | 26,256   |
| Shareholder information            | 10,614  | 14,276   |
| Depreciation                       | 37  | 37   |
|                                    | <b>\$ 658,196</b>                                   | <b>\$ 716,025</b>  |

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**15. Related Party Balances and Transactions**

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

The below noted transactions are approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

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

|   | <b>Notes</b> | <b>Three months<br/>ended<br/>June 30,<br/>2015</b> | <b>Period from<br/>January 16,<br/>2015 to<br/>June 30,<br/>2015</b> |
|---|--------------|---|--|
| Peterson Law Professional Corporation ("Peterson")  | (i)          | \$ -  | \$ 1,450   |
| Marrelli Support Services Inc. ("Marrelli Support") | (ii)         | \$ 10,288   | \$ 12,121  |
| DSA Corporate Services Inc. ("DSA")                 | (ii)         | \$ 3,878  | \$ 4,714   |

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(i) Dennis H. Peterson, a director of the Company, controls Peterson which provided legal services to the Company. The amounts charged by Peterson are based on what Peterson usually charges its clients. The Company expects to continue to use Peterson for an indefinite period. As at June 30, 2015, Peterson was owed \$nil.

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**Probe Metals Inc.****Notes to Condensed Interim Financial Statements****June 30, 2015****(Expressed in Canadian Dollars)****(Unaudited)**

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**15. Related Party Balances and Transactions (continued)**

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

(ii) During the three months ended June 30, 2015 and the period from January 16, 2015 to June 30, 2015, the Company paid professional fees of \$10,288 and \$12,121, respectively, to Marrelli Support, an organization of which Carmelo Marrelli is president. Mr. Marrelli is the Chief Financial Officer of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2015, Marrelli Support was owed \$3,880 and this amount was included in amounts payable and other liabilities.

During the three months ended June 30, 2015 and the period from January 16, 2015 to June 30, 2015, the Company paid professional fees of \$3,878 and \$4,714, respectively, to DSA, an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2015, DSA was owed \$1,201 and this amount was included in amounts payable and other liabilities.

(iii) On March 13, 2015, pursuant to the Arrangement, the Company's related parties received 1,724,834 stock options of the Company with a fair value of \$665,122.

The above noted transactions are in the normal course of business and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(b) The Company has a diversified base of investors. As at June 30, 2015, there were no shareholders who each held more than 20% of the Company's common shares.

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

|                       | <b>Three months<br/>ended<br/>June 30,<br/>2015</b> | <b>Period from<br/>January 16,<br/>2015 to<br/>June 30,<br/>2015</b> |
|-----------------------|---|--|
| Salaries and benefits | \$ -  | \$ 201,250   |
| Share-based payments  | \$ 314,872  | \$ 314,872   |

The directors and Carmelo Marrelli do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services. As at June 30, 2015, officers and directors were owed \$10,175 and this amount was included in amounts payable and other liabilities.

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**Probe Metals Inc.****Notes to Condensed Interim Financial Statements****June 30, 2015****(Expressed in Canadian Dollars)****(Unaudited)**

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**16. Commitment**

As of June 30, 2015, the Company is committed, under the terms of a rental agreement for office premises to future rental payments aggregating \$256,487. The current rental agreement expires on October 31, 2018.

**17. Segmented Information**

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