

PROBE RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
As at May 31, 2007

Description of Business

The Company is in the development stage and is publicly traded on the TSX Venture Exchange.

The management of Probe Resources Ltd. (the "Company") will prudently seek investment and/or joint venture opportunities that are attractive to the current shareholders and that will create long term value for the shareholders.

Discussion of Operations and Financial Condition

During the year ended August 31, 1998, the Company acquired a 100% interest in the 24 claims, located in the Greenwood Mining District of British Columbia, for a total consideration of \$16,000, consisting of a cash payment of \$10,000 (paid) and the issuance of 50,000 common shares at a deemed price of \$0.12 per share (issued). The deemed price is based on the trading value of the Company's shares at the time of the transaction.

The Company is in the process of exploring and evaluating this mineral property and has not yet determined whether this property contains ore reserves that are economically recoverable. The recoverability of amounts shown for the mineral property is dependant upon the discovery 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 or proceeds from the disposition thereof.

As of August 31, 2006, the Company has incurred \$87,942 in deferred exploration costs on the Larry Claim Group in the Greenwood Mining District. A geological report has been completed. During the year ended August 31, 2006, the acquisition costs and deferred exploration costs were written down by \$92,451 to a nominal value of \$1.

The Company is party to a Administration agreement with Chara Acquisitions Ltd., a company which is 100% owned and controlled by a Director of the Company. Pursuant to the agreement, Chara Acquisitions Ltd. is paid \$3,025 per month for administration services provided, on a month to month basis. In addition, the Company is paying Chara Acquisitions Ltd. \$9,860 per month for rent, office equipment, furniture rental and office and accounting services. Under this arrangement, Chara provides telephone answering, reception, long distance and facsimile services, regulatory compliance services, internet and email services, stock quotation services, SEDAR document formatting and filing services, news release dissemination services and related equipment. Chara also supplies a dedicated SEDAR line and internet access to the Company.

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The Company's investor relations activity consists of providing investors and shareholders with information regarding the Company's activities. During the quarter ended May 31, 2007 the Company did not incur any expenditure relating to investor relations activities.

During the quarter ended May 31, 2007, the Company paid \$28,500 in directors' fees to three Directors for their services. The Company has no standard arrangement to compensate the Directors for such services, other than the granting of Director Stock Options.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q3 May 31, <u>2007</u>	Q2 Feb 28, <u>2007</u>	Q1 Nov 30, <u>2006</u>	Q4 Aug 31, <u>2006</u>	Q3 May 31, <u>2006</u>	Q2 Feb 28, <u>2006</u>	Q1 Nov 30, <u>2005</u>	Q4 Aug 31, <u>2005</u>
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss before other item:								
Total	\$(84,234)	\$(49,938)	\$(44,571)	\$(48,151)	\$(34,995)	\$(38,780)	\$(30,933)	\$(34,246)
Per share	\$(0.00)	\$(0.00)	\$(0.00)	(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Per share, fully diluted	\$(0.00)	\$(0.00)	\$(0.00)	(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Net (loss)/income:								
Total	\$ 1,260	\$(65,083)	\$(43,359)	\$(216,45)	\$(33,036)	\$(33,270)	\$(23,834)	\$(26,636)
Per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Per share, fully diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

The Company reported net income of \$1,260 for the three months ended May 31, 2007.

Selected Annual Information

The following financial data are selected information for the Company for the three most recently completed financial years:

	Year ended August 31,		
	2006	2005	2004
Total revenues	\$ -	\$ -	\$ -
Loss before other item	\$(152,859)	\$(130,874)	\$(133,010)
Basic and diluted loss per share before other item	\$(0.01)	\$(0.01)	\$(0.01)
Net loss	\$(306,566)	\$(107,423)	\$(117,840)
Basic and diluted loss per share	\$(0.02)	\$(0.01)	\$(0.01)
Total assets	\$ 280,973	\$ 566,679	\$ 668,779
Total long-term liabilities	\$ -	\$ -	\$ -
Cash dividends per share	\$ -	\$ -	\$ -

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Financings, Principal Purposes and Milestones

During the year ended August 31, 2006, the Company acquired 4,067,186 common shares of Rose Marie Resources Ltd. (formerly Previa Resources Ltd.), a public company with directors in common, for payment on advances and accrued interest receivable of \$203,359. The investment represented an approximate 13.25% interest in Rose Marie and was valued at its closing price at August 31, 2006. During the quarter ended November 30, 2006, the common shares were consolidated on the basis of one new share for every eight issued. During the quarter ended February 28, 2007, the Company sold 507,500 consolidated shares of Rose Marie. During the quarter ended May 31, 2007 the Company sold the remaining 898 shares.

During the quarter ended February 28, 2007 the Company accepted the Sherritt International Corporation's offer to exchange its existing 7% convertible unsecured subordinate debentures which has a face value of \$21,700 due December 15, 2013 for 3,066 common shares. During the quarter ended May 31, 2007, the Company disposed of 7,428 common shares of the Sherritt International Corporation for \$117,475.

Subsequent Events

During and subsequent to the quarter ended May 31, 2007, the Company negotiated the tentative acquisition of an interest in an oil and gas lease located in the Outer Continental Shelf in the Gulf of Mexico in US federal waters. The lease area is approximately 5,760 acres.

Pursuant to the agreement, Probe will acquire a 33.594% working interest and a 25.1875% net revenue interest in the lease and in a sidetrack drilling project of an existing well. The interest in the lease gives Probe the right to participate in future oil and gas exploration and development projects in the lease area. The cost of the acquisitions is USD \$550,000 and a proportionate share of the costs for the sidetrack drilling program. This project is subject to Probe completing final due diligence and being provided with a compliant Policy 53-101 engineering report. This acquisition is subject to approval from the TSX Venture Exchange.

In addition, during and subsequent to the quarter ended May 31, 2007, the Company negotiated a proposed non-brokered private placement of up to 9 million units at 60 cents per unit, each unit being composed of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share at a price of 75 cents per share for a period of one year after closing of the financing. In the event that the common shares trade at or above the exercise price of the warrants for 20 consecutive trading days, Probe may, upon notice to the holders of the warrants, shorten the exercise period to 30 days after notice is given. A finders' fee will be paid in connection with the financing in accordance with applicable securities laws and TSX Venture Exchange policies. Completion of the financing and acquisition is subject to regulatory approval.

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Subsequent Events (cont'd)

Also, subsequent to the quarter ended May 31, 2007, the TSX Venture Exchange accepted for filing the amendment to the Company's Articles which changes the Company's authorized share capital to an unlimited number of common shares, pursuant to a resolution passed by shareholders on February 2, 2007 and effected on July 16, 2007. Please refer to the August 31, 2007 quarterly report for more details and updated information.

Liquidity and Solvency

As at May 31, 2007, the Company has a working capital position of \$635,909 which may be sufficient to meet ongoing obligations as they become due.

Disclosure of Outstanding Share Data

As at May 31, 2007, authorized share capital for the Company was 20,000,000 common shares without par value. A total of 13,409,101 common shares have been issued for a total of \$2,033,092.

Internal Control over Financial Reporting

The company has put in place disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that:

- i. material information relating to the company is made know to senior management, and
- ii. the financial reporting of this information and the resulting preparation of financial statements for external purpose in accordance with Canadian GAAP is reliable.

There have been no changes in these controls. We have evaluated them and found them to be effective for the period covered by this filing.

Financial Instruments

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair value because of the short-term maturity of those instruments.

For further information, please contact the Company.

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