

PROBE RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
As at August 31, 2006

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 its 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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MANAGEMENT DISCUSSION AND ANALYSIS
As at August 31, 2006

The Company's investor relations activity consists of providing investors and shareholders with information regarding the Company's activities. During the quarter ended August 31, 2006, the Company did not incur any expenditures relating to investor relations activities.

During the year ended August 31, 2006, the Company paid \$4,500 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.

During the fiscal years ended August 31, 2003 and 2004, the Company advanced \$156,000 to a public company with a common director. The advances are unsecured, bears interest at 10% per annum and includes a bonus of 12.5% of the net proceeds, if any, of certain litigation involving the aforementioned public company. The litigation has been abandoned. During the quarter ended February 28, 2006, the Company issued 4,067,186 shares to settle outstanding debt for \$203,359 at a deemed price of \$0.05 per share.

Summary of Quarterly Results

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

	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>	Q3 May 31, <u>2005</u>	Q2 Feb 28, <u>2004</u>	Q1 Nov 30, <u>2004</u>
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss before other item:								
Total	\$(48,151)	\$(34,995)	\$(38,780)	\$(30,933)	\$(34,246)	\$(31,343)	\$(35,538)	\$(29,747)
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:								
Total	\$(216,425)	\$(33,036)	\$(33,270)	\$(23,834)	\$(26,636)	\$(18,415)	\$(31,984)	\$(30,388)
Per share	\$(0.02)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Per share, fully diluted	\$(0.02)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)

The Company reported a net loss of \$216,425 for the three months ended August 31, 2006. Administrative expenses for the three months ended August 31, 2006 increased by \$13,805 compared to the three months ended August 31, 2005.

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MANAGEMENT DISCUSSION AND ANALYSIS
As at August 31, 2006

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	\$ -	\$ -	\$ -

Subsequent Events

There have been no material events subsequent to the quarter ended August 31, 2006. Please refer to the November 30, 2006 quarterly report for more details and updated information.

Financings, Principal Purposes and Milestones

Marketable securities consist of Sherrit International 7% convertible unsecured subordinate debentures due December 15, 2013 with a face value of \$31,700 (2005: \$61,700) and 4,362 common shares of Sherritt International. These marketable securities were purchased for \$59,983 (2005: \$73,787). As at August 31, 2006, their quoted market value was \$105,631 (2005: \$146,554).

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. Subsequent to August 31, 2006, the common shares were consolidated on the basis of one new share for every eight issued. The investment represents an approximate 13.25% interest in Rose Marie and is valued at its closing price at August 31, 2006. Management does not intend to trade these shares in the foreseeable future and accordingly they have been classified as long-term.

Liquidity and Solvency

As at August 31, 2006, the Company has a working capital position of \$141,411 which may not be sufficient to meet ongoing obligations as they become due.

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MANAGEMENT DISCUSSION AND ANALYSIS
As at August 31, 2006

Disclosure of Outstanding Share Data

As at August 31, 2006, 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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