

**NI 51-101F1**

**Probe Resources Ltd.**

**Statement of Reserves Data and Other Oil and Gas Information**

As of August 31, 2008

Prepared by:

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## **PART 1            DATE OF STATEMENT, INTRODUCTION AND DISCLAIMER**

### **Item 1.1            Date of statement, introduction and disclaimer**

The effective date of the information being provided is August 31, 2008. The following is a summary of reserves data and other oil and gas information of Probe Resources Ltd. (“Probe” or the “Company”).

All of Probe’s reserves are located in the United States, specifically in the Gulf of Mexico offshore Texas and Louisiana, specifically OCS Blocks High Island (HI) Block 115, Brazos (BA) Block 434, East Cameron (EC) Blocks 36 and 37, Vermilion Block (VR) 20, East Cameron (EC) Block 246 and South Timbalier (ST) 214. Probe has producing interests in High Island Block 115 area and attached to that interest, Probe has interests in an existing well (the “#B-1, ST-2 Well”), which was the re-entry and sidetrack-drilling project. East Cameron 36 #1 and East Cameron 246 #2 have been drilled and logged; both wells are awaiting installation of production facilities and pipeline prior to putting the wells on production. The logs have been integrated with 3-D seismic surveys and set up additional geologic prospects in the project areas. South Timbalier 214 #A6-ST#1 will spud in December 2008.

Probe’s reserves were evaluated by Quantum Oil & Gas, LLC (“Quantum”), independent petroleum consultants, in a report (the “Quantum Report”) prepared November 30, 2008. Quantum was engaged by the Company to provide an evaluation of Probe’s proved and probable reserves; no valuation of possible reserves or prospective reserves was undertaken. The pricing used in the forecast price evaluation, together with other assumptions and qualifications applicable to the evaluation and contained in the Quantum Report, are set forth in “Part 3 Pricing Assumptions”. The Quantum Report has been prepared in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* and the *Canadian Oil and Gas Evaluation Handbook* (“COGE Handbook”).

#### *Forward - Looking Information*

Certain information included in this document constitutes forward-looking information under applicable securities legislation. This information relates to future events or the Company's future performance. All information other than information of historical fact is forward-looking information. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. Forward looking information or statements in this document include, but are not limited to, business strategy and objectives, reserve quantities and the discounted present value of future net cash flows from such reserves, net revenue, future production levels, capital and abandonment expenditures, exploration plans, development plans, acquisition and disposition plans and the timing thereof, operating and other costs, and royalty rates. This information is only a prediction. Actual events or results may differ materially. In addition, this document may contain forward-looking information attributed to third party industry sources. Undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not occur. In addition to other assumptions identified in this document, assumptions in respect of forward-looking information have been made regarding, among other things:

- The Company's ability to benefit from the combination of growth opportunities and the ability to grow through the capital markets;

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- The Company's acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- Sustainability and growth of production and reserves through prudent management and acquisitions;
- The emergence of growth opportunities;
- The impact of Canadian governmental regulation on the Company;
- The strategy of the Company regarding commodity price risk management;
- Changes in oil and natural gas prices and the impact of such changes on cash flow;
- The level of capital expenditures devoted to development activity rather than exploration;
- The use of development activity and/or acquisitions to replace and add to reserves;
- The quantity of oil and natural gas reserves and oil and natural gas production levels;
- Currency, exchange and interest rates;

Although the Company believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking information. Some of the risks and other factors, some of which are beyond the Company's control, which could cause results to differ materially from those expressed in the forward-looking information contained in this document include, but are not limited to:

- General economic conditions in Canada, the United States and globally;
- Industry conditions, including fluctuations in the price of crude oil, natural gas and natural gas liquids and services used by the Company;
- Uncertainties associated with estimating reserves;
- Royalties payable in respect of oil and gas production;
- Governmental regulation of the oil and gas industry, including income tax and environmental regulation;
- Fluctuation in foreign exchange or interest rates;
- Stock market volatility and market valuations;
- The impact of environmental events;
- The need to obtain required approvals from regulatory authorities;
- Unanticipated operating events which can reduce production or cause production to be shut-in or delayed;
- Failure to obtain industry partner and other third party consents and approvals, when required; and
- Third party performance of obligations under contractual arrangements.

Information relating to "reserves" is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking information contained in this document is expressly qualified by this cautionary statement. Subject to the Company's obligations under applicable securities laws, the Company is not under any duty to update any of the forward-looking information after the date of this document to conform such information to actual results or to changes in the Company's expectations.

A barrel of oil equivalent (Boe), derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil, may be misleading, particularly if used in isolation. A Boe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a market value equivalency at the wellhead.

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A thousand cubic feet of gas equivalent (Mcf), derived by converting oil and natural gas liquids to gas in the ratio of one barrel of oil or one barrel of natural gas liquids to six thousand cubic feet of gas, may be misleading particularly if used in isolation. A Mcfe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a market value equivalency at the wellhead

All evaluations of future revenue are after the deduction of royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. It should not be assumed that the estimates of future net revenues presented in the following tables represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Quantum Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Quantum Report. The recovery and reserves estimates of the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated.

#### Definitions

Bbl	barrel
Mbbl	thousand barrels
Mcf	thousand cubic feet
MMcf	million cubic feet
Bbl/d	barrels per day
Boe/d	Barrel of oil equivalent per day
Mcf/d	thousand cubic feet per day
Boe	barrel of oil equivalent
MBoe	thousand barrels of oil equivalent
Mcfe	thousand cubic feet of natural gas equivalent
M\$	thousands of U.S. dollars
\$M	thousands of U.S. dollars
\$/Boe	U.S. dollars per barrel of oil equivalent
\$/Mcf	U.S. dollars per thousand cubic feet of natural gas equivalent

**PART 2            DISCLOSURE OF RESERVES DATA**

**Item 2.1            RESERVES DATA (FORECAST PRICES AND COSTS)**

**Item 2.1.1** The following table shows Probe's gross and net reserves by reserve category using prices and costs.

**SUMMARY of RESERVES**

Based on Forecast Prices and Costs

Reserves Category	RESERVES							
	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross Mbbbl	Net Mbbbl	Gross Mbbbl	Net Mbbbl	Gross Mmcf	Net Mmcf	Gross Mbbbl	Net Mbbbl
<b>PROVED</b>								
Developed Producing	23.400	7.300	0.000	0.000	4,707.700	1,455.600	0.000	0.000
Developed Non-Producing								
Undeveloped								
<b>TOTAL PROVED</b>	<b>23.400</b>	<b>7.300</b>	<b>0.000</b>	<b>0.000</b>	<b>4,707.700</b>	<b>1,455.600</b>	<b>0.000</b>	<b>0.000</b>
<b>PROBABLE</b>	<b>365.001</b>	<b>229.884</b>	<b>0.000</b>	<b>0.000</b>	<b>80,710.400</b>	<b>50,916.530</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROBABLE</b>	<b>365.001</b>	<b>229.884</b>	<b>0.000</b>	<b>0.000</b>	<b>80,710.400</b>	<b>50,916.530</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>388.401</b>	<b>237.184</b>	<b>0.000</b>	<b>0.000</b>	<b>85,418.100</b>	<b>52,372.130</b>	<b>0.000</b>	<b>0.000</b>

**Item 2.1.2** The following table shows the net present value of future net revenue for Probe's net reserves by reserve category using forecast prices and costs.

**SUMMARY of NET PRESENT VALUES of FUTURE NET REVENUE**

Based on Forecast Prices and Costs

Reserves Category	NET PRESENT VALUES OF FUTURE NET REVENUE BITAX, Discount Rates (%/Year)				
	0%	8%	10%	15%	20%
	M\$	M\$	M\$	M\$	M\$
<b>PROVED</b>					
Developed Producing	\$12,705.80	\$11,854.82	\$11,663.29	\$11,216.35	\$10,809.98
Developed Non-Producing					
Undeveloped					
<b>TOTAL PROVED</b>	<b>\$12,705.80</b>	<b>\$11,854.82</b>	<b>\$11,663.29</b>	<b>\$11,216.35</b>	<b>\$10,809.98</b>
<b>PROBABLE</b>	<b>\$283,421.80</b>	<b>\$221,176.40</b>	<b>\$208,481.00</b>	<b>\$180,549.20</b>	<b>\$157,077.50</b>
<b>TOTAL PROBABLE</b>	<b>\$283,421.80</b>	<b>\$221,176.40</b>	<b>\$208,481.00</b>	<b>\$180,549.20</b>	<b>\$157,077.50</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>\$296,127.60</b>	<b>\$233,031.22</b>	<b>\$220,144.29</b>	<b>\$191,765.55</b>	<b>\$167,887.48</b>

**Item 2.1.3(b)** The following table shows the future net revenue of Probe's net reserve by reserves category using forecast prices and costs, undiscounted.

**SUMMARY of TOTAL NET REVENUE (Undiscounted)**

Based on Forecast Prices and Costs

Reserves Category	Operating		Capital	Future		
	Revenue	Royalties	Development	Abandonment	Net Revenue	
	M\$	M\$	Costs	Costs	(BITAX)	
			M\$	M\$	M\$	
<b>PROVED</b>						
Developed Producing	\$13,661.31	\$3,415.33	\$623.16	\$0.00	\$332.35	\$12,705.80
Developed Non-Producing						
Undeveloped						
<b>TOTAL PROVED</b>	<b>\$13,661.31</b>	<b>\$3,415.33</b>	<b>\$623.16</b>	<b>\$0.00</b>	<b>\$332.35</b>	<b>\$12,705.80</b>
<b>PROBABLE</b>						
<b>TOTAL PROBABLE</b>	<b>\$480,468.30</b>	<b>\$120,117.08</b>	<b>\$20,159.00</b>	<b>\$168,887.60</b>	<b>\$8,000.00</b>	<b>\$283,421.80</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>\$494,129.61</b>	<b>\$123,532.40</b>	<b>\$20,782.16</b>	<b>\$168,887.60</b>	<b>\$8,332.35</b>	<b>\$296,127.60</b>

**Item 2.1.3(c)** The following table shows the net present value of future net revenue, and the unit volume basis for each production group of Probe's net reserves by reserve category using forecast prices and costs before deducting future income tax expense, discounted at 10%.

**SUMMARY of FUTURE NET REVENUE BY RESERVE GROUP**

Based on Forecast Prices and Costs

Category	Future Net Cash Flows (Disc. @ 10%) [BITAX]		
	M\$	\$/Boe	\$/Mcfe
<b>PROVED</b>			
Light and Medium Oil	\$780.188	\$107.61	\$17.94
Natural Gas	<u>\$10,883.103</u>	<u>\$44.86</u>	<u>\$7.48</u>
<b>TOTAL PROVED PRODUCING</b>	<b>\$11,663.291</b>	<b>\$49.06</b>	<b>\$8.18</b>
<b>PROBABLE</b>			
Light and Medium Oil	\$13,645.808	\$59.36	\$9.89
Natural Gas	<u>\$194,835.296</u>	<u>\$22.96</u>	<u>\$3.83</u>
<b>TOTAL PROBABLE</b>	<b>\$208,481.100</b>	<b>\$25.34</b>	<b>\$4.22</b>
<b>PROVED + PROBABLE</b>			
Light and Medium Oil	\$14,425.996	\$60.83	\$10.14
Natural Gas	<u>\$205,718.399</u>	<u>\$23.57</u>	<u>\$3.93</u>
<b>TOTAL PROVED + PROBABLE</b>	<b>\$220,144.391</b>	<b>\$26.01</b>	<b>\$4.33</b>

**PART 3            PRICING ASSUMPTIONS**

**Item 3.2.1(a)      Forecast Prices Used in Estimates**

The following table shows historical and future pricing used by Quantum in evaluating Probe's reserves.

**FORECAST PRICES USED IN PREPARING RESERVES DATA**

<i>Historical and Forecast Crude Oil and Natural Gas Prices NYMEX Forward Pricing "Strip"</i>					
<b>Crude Oil \$U.S./Bbl</b>			<b>Natural Gas \$ U.S./Mbtu</b>		
Avg.	1999	\$19.29	Avg.	1999	\$2.27
Avg.	2000	\$30.22	Avg.	2000	\$3.91
Avg.	2001	\$25.97	Avg.	2001	\$4.38
Avg.	2002	\$26.08	Avg.	2002	\$3.25
Avg.	2003	\$31.07	Avg.	2003	\$5.11
Avg.	2004	\$41.28	Avg.	2004	\$6.09
Avg.	2005	\$56.58	Avg.	2005	\$8.55
Avg.	2006	\$66.22	Avg.	2006	\$7.26
Avg.	2007	\$72.00	Avg.	2007	\$7.50
	2008	\$115.21		2008	\$8.03
	2009	\$125.28		2009	\$8.88
	2010	\$138.21		2010	\$8.99
	2011	\$150.59		2011	\$8.76
	2012	\$130.11		2012	\$8.55
	2013	\$141.27		2013	\$8.45
	2014	\$142.12		2014	\$8.45
	2015	\$144.87		2015	\$8.57

**Item 3.2.1(b)      Issuer's weighted average historical prices for most recent financial year**

Probe's weighted average historical prices for the year ended August 31, 2008 were:

Natural Gas (\$US/Mcf)	Light and Medium Oil (\$US/Bbl)
\$8.03	\$115.21

**Part 4 RECONCILIATIONS OF CHANGES IN RESERVES**

**Item 4.1 Reserves Reconciliation**

**RECONCILIATION OF COMPANY GROSS RESERVES FOR THE FORCAST PRICE ANALYSIS!**

	Light & Medium Oil			Natural Gas		
	Proved Mbbbl	Probable Mbbbl	Proved Plus Probable Mbbbl	Proved Mmcf	Probable Mmcf	Proved Plus Probable Mmcf
<b>August 31, 2007</b>	2	0	2	9,300	0	9,300
<b>Discoveries</b>	0	365	365	0	80,710	80,710
<b>Extensions and Improved Recovery</b>	0	0	0	0	0	0
<b>Technical Revisions</b>	22	0	22	(4,056)	0	(4,056)
<b>Acquisitions</b>	0	0	0	0	0	0
<b>Dispositions</b>	0	0	0	0	0	0
<b>Economic Factors</b>	0	0	0	0	0	0
<b>Production</b>	(1)	0	(1)	(537)	0	(537)
<b>August 31, 2008</b>	23	365	388	4,707	80,710	85,418

**Part 5                    ADDITIONAL INFORMATION RELATING TO RESERVES DATA**

**Item 5.1                    Undeveloped Reserves and Resources**

Quantum has estimated undeveloped reserves for Probe in accordance with standards and procedures contained in the COGE Handbook.

*Probable Undeveloped Reserves*

Probe was assigned Probable Undeveloped Reserves at the following offshore (OCS) project areas in the Gulf of Mexico:

At East Cameron 36/37, the EC 36 #1 was dilled and casing was run. The well is waiting on producing facilities and pipeline; in the absence of any testing, no PUD reserves were assigned to the well Cris I pay zones. Probe plans to drill 4 wells (gross and net) in 2009.

At East Cameron 246, the EC 246 #2 was drilled and casing was run. The well is awaiting installation of facilities and pipeline to produce the Lentic. pay sand. As above, no PUD reserves were assigned to the reservoir due to absence of testing to this point. Prob plans to drill 2 wells (gross and net) in 2009.

The South Timbalier 214 #1 will be drilled in 2008, and is the only well anticipated to be drilled on the block. Probe's interest is 100% (gross and net).

Brazos 434 #1 will be drilled in 2009. Probe's working interest is 100% (gross and net).

**INITIAL TIMING OF UNDEVELOPED RESERVES ASSIGNMENT**

Product Type	Units	Company Gross Reserves First Attributed by Year				
		Prior	2006	2007	2008	Total
<b><i>Proved Undeveloped</i></b>						
Light & Meduim Oil	Mbbl	0	0	0	0	0
Natural Gas	Mmcf	0	0	0	0	0
<b>Total: Oil Equivalent</b>	<b>Mboe</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Probable Undeveloped</i></b>						
Light & Meduim Oil	Mbbl	0	0	0	365	365
Natural Gas	Mmcf	0	0	0	80,710	80,710
<b>Total: Oil Equivalent</b>	<b>Mboe</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,817</b>	<b>13,817</b>

**Item 5.2                    Significant Factors or Uncertainties**

The process of evaluating reserves is complicated, and are affected by: (1) Geological uncertainties and risk factors of trap, seal, reservoir (presence and quality) and hydrocarbon charge (or timing of migration); (2) Engineering risks and assumptions are functions of an area's historical production (production rates, reserve size, reservoir pressure, decline rates, type of depletion, and extent of (reservoirs); (3) Economic expected value and marketing conditions that are functions of hydrocarbon supply and demand; (4) Taxation, regulatory or leasing issues that may occur prior to or after drilling of a well or wells. The reserve and monetary estimates may change substantially as additional data is presented during ongoing development and producing activities. The evaluated oil and gas properties have no material extraordinary risks or uncertainties beyond those that are inherent to an oil and gas

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producing company. In the case of every property or asset belonging to Probe, 3-D seismic datasets have been acquired and when combined with analogous geological and reservoir information, positively affect the geological and reservoir risks.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative.

Probe's oil and gas properties have no material extraordinary risks or uncertainties beyond those, which are inherent of an oil and gas producing company and have been disclosed in this document, in the annual report, financial statements and management's discussion and analysis as filed on SEDAR. Documents addressing these matters are available on the internet ([www.sedar.com](http://www.sedar.com)).

### Item 5.3 Future Development Costs

The table below sets out the future development costs deducted in the estimation of future net revenue attributable as proved producing and probable reserves.

#### COMPANY ANNUAL CAPITAL EXPENDITURES (\$M)

Based on Constant & Forecast Prices and Costs

Category	ANNUAL CAPITAL COSTS (\$M)											Subtotal	Remain.	Total
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018			
<b>PROVED</b>														
Developed Producing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Developed Non-Producing														
Undeveloped														
<b>TOTAL PROVED</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>PROBABLE</b>	<b>\$51,948.81</b>	<b>\$115,738.70</b>	<b>\$0.00</b>	<b>\$80.00</b>	<b>\$320.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$800.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$168,887.51</b>	<b>\$0.00</b>	<b>\$168,887.51</b>
<b>TOTAL PROBABLE</b>	<b>\$51,948.81</b>	<b>\$115,738.70</b>	<b>\$0.00</b>	<b>\$80.00</b>	<b>\$320.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$800.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$168,887.51</b>	<b>\$0.00</b>	<b>\$168,887.51</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>\$51,948.81</b>	<b>\$115,738.70</b>	<b>\$0.00</b>	<b>\$80.00</b>	<b>\$320.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$800.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$168,887.51</b>	<b>\$0.00</b>	<b>\$168,887.51</b>

Probe anticipates funding these future development costs through a combination of internally-generated cash flow, bank debt, and new equity consistent with the timelines for development as anticipated in this report. Any financing costs related to funding the estimated future development costs would reduce future net revenue attributable to those reserves but the Company does not expect that such financing costs would make the development of the properties uneconomic.

Additional leads exist on High Island Block 115, but their delineation and elevation to prospect status has yet to be accomplished. For this reason, the potentials are prospective resources, and are not categorized as proved, probable or possible reserves. Therefore, the timing of and the level of future capital expenditures for HI 115 cannot be quantified. All other company projects are considered of relatively low risk and are categorized as probable reserves. Capital costs have been estimated and subsequent reserve reconciliation will update these projections. The net capital expenditures for EC 36 #1, EC 246 #2 and ST 214 #1 occur in the second half of 2008; additional drilling in these areas, and drilling in the Brazos area will occur in 2009 and are incorporated into this evaluation. The projects are further discussed in Item 6.1.

**Part 6**                    **OTHER OIL AND GAS INFORMATION**

**Item 6.1**                **Oil and Gas Properties and Wells**

All of Probe's reserves are located in the offshore waters on the continental shelf (OCS) of the Texas and Louisiana portions of the Gulf of Mexico.

High Island OCS Block 115

High Island OCS HI 115 #B-1 was drilled by El Paso Production Oil and Gas Company in 2003 to test Oligocene Frio sands at a total depth of 19,800 feet to test the Oligocene Frio, but was completed in the Lower Miocene *Cris R* as a successful discovery. The *Cris R* sand was encountered at 16,842 feet measured depth, and the original gross pay interval was 120 feet.

The *Cris R* geological structure is a faulted high-side anticlinal closure. The original well produced approximately 8.8 Bcfe in 14 months, then ceased production following entry of extraneous water and an unsuccessful work-over attempt. El Paso drilled the HI 115 #B-1, Sidetrack #1 as a replacement well, which was abandoned after drilling off-structure below the gas-water contact. Republic Petroleum LLC earned the producing block (approximately 9 square miles) by successful drilling and completing High Island 115 #B-1, ST-2 to 16,892 feet (16,774 TVD) in November 2007. Probe's working interests converted after payout from 43.4% to 41.5% (with the NRI likewise reverting from 32.3% to 30.9%) and became Probe's first producing asset. Because ST-2 was a sidetracked borehole of the previously producing #B-1 original hole, the existing producing pipeline, production facilities and a single production caisson platform was used to produce ST-2. Probe reached payout in July 2008.

East Cameron OCS Blocks 36 & 37 and Vermillion OCS Block 20

East Cameron 36 #1 has been drilled to 10,443 (9,876) and logged; the well is awaiting facility and pipeline installation and hook-up to produce the Cris I (Cristellaria I) M8 and M7 upper members. Probe's working interest in the well is 100% until payout at which point it converts to 80%. Four additional wells are planned for 2009. Probable reserves for reservoirs that occur on Probe's property in EC 36 #1 and #2 are estimated to be 12,363.3 MMCF (7,765.2 MMCF) [*gross (net) reserves*]. Other 3-way faulted structural blocks will be tested with the 37 #1 and #2, and the VR 20 #1. Additional reservoirs that will be evaluated are the Big 2, Cris I 4, Cib. Op., and Rob. L.

East Cameron OCS Block 246

East Cameron 246 #2 has been directionally drilled and logged and is also awaiting facility and pipeline installation and hook-up to produce the Lentic reservoir at 9,650 (6,955 TVD) feet. Probe's working interest in the well is 100% until payout at which point it converts to 80%. Two additional wells are anticipated for 2009. Probable reserves for the reservoirs that occur on Probe's property for EC 246 #2 are estimated to be 6,015 MMCF (4,100 MMCF). Additional stacked potential pay reservoirs exist in other fault blocks and in the shallow Trim A.

South Timbalier OCS Block 214

South Timbalier 214 #A6-ST#1 is expected to commence drilling in November 2008, where it will sidetrack and directionally drill to 16,177 (14,800 TVD) feet to offset logged pay in the fault trapped Pliocene Bul 1 (Buliminella 1) reservoir (top at TVD of 14,570 feet). An El Paso well penetrated this reservoir when it drilled to 17,000'. The well was abandoned and the Bul 1 was not evaluated. Probe's working interest in the well is 100% until payout at which point it converts to 80%. This is the only well planned for 2008 on the block. Probable gas reserves for the reservoirs that occur on Probe's property for ST 214 #A6-ST#1 are estimated to be 4,562 MMCF (3,133 MMCF) with field probable reserves estimated to be 6,479 MMCF (4,860 MMCF).

**Item 6.1 Oil and Gas Properties and Wells (continued)**

Brazos OCS Block 434

Brazos 434 offsets a well drilled by Forest Oil Corporation that was abandoned, but logged pay at 5,000 feet in the Big Hum (*Bigennerina humblei*) formation at 4900 and 5000 feet. Probe's working interest in the well is 100% until payout at which point it converts to 80%. This is the only well planned for 2009 on the block. Probable reserves for the reservoirs that occur on Probe's property for BA 434 are estimated to be 5,300 MMCF (3,400 MMCF).

At such a time that a well is not commenced on each of the individual properties, or at such time as production no longer exists on a property to hold the leases (HBP), the OCS blocks will be relinquished to the leaseholder, which is the U. S. government.

The following table summarizes Probe's existing wells as of August 31, 2008.

	Oil		Natural Gas	
	Gross	Net	Gross	Net
Gulf of Mexico				
Producing	0	0	1	0.41
Non-Producing	0	0	0	0
<b>Total:</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0.41</b>

**Item 6.2 Properties with No Attributed Reserves**

Item 5.3 on future development costs addresses the undefined prospective resource potential that exists on other parts of the HI 115 block. Until the leads and prospects can be defined, reserves and resources cannot be attributable to these projects.

**Item 6.3 Forward Contracts**

The evaluators are not aware of any forward contracts, nor do they know of any agreement, which preclude Probe from fully realizing future market prices.

**Item 6.4 Additional Information: Abandonment and Reclamation Costs**

The following table discloses Probe's abandonment and reclamation costs as of the date of this report, calculated at a 10% discount rate. Estimated expenses for constant and forecast prices scenarios are the same and are not separately impacted by oil and gas price.

**Abandonment and Reclamation Costs Net of Salvage Value**

Based on Constant & Forecast Prices and Costs

Category	ANNUAL ABANDONMENT COSTS (\$M)											Subtotal	Remain.	Total
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018			
<b>PROVED</b>														
Developed Producing	\$0.00	\$0.00	\$0.00	\$332.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$332.35	\$0.00	\$332.35
Developed Non-Producing														
Undeveloped														
<b>TOTAL PROVED</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$332.35</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$332.35</b>	<b>\$0.00</b>	<b>\$332.35</b>
<b>PROBABLE</b>	<b>\$0.00</b>	<b>\$1,520.00</b>	<b>\$0.00</b>	<b>\$320.00</b>	<b>\$0.00</b>	<b>\$5,500.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$660.00</b>	<b>\$8,000.00</b>	<b>\$0.00</b>	<b>\$8,000.00</b>
<b>TOTAL PROBABLE</b>	<b>\$0.00</b>	<b>\$1,520.00</b>	<b>\$0.00</b>	<b>\$320.00</b>	<b>\$0.00</b>	<b>\$5,500.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$660.00</b>	<b>\$8,000.00</b>	<b>\$0.00</b>	<b>\$8,000.00</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>\$0.00</b>	<b>\$1,520.00</b>	<b>\$0.00</b>	<b>\$652.35</b>	<b>\$0.00</b>	<b>\$5,500.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$660.00</b>	<b>\$8,332.35</b>	<b>\$0.00</b>	<b>\$8,332.35</b>

Well abandonment estimates are based upon individual well characteristics and location, and lease reclamation estimates are based on geographic location. The difference in the amounts included in Quantum's Report for well abandonment costs of the wells, facilities and lease are the result of a number of assumptions, methodologies, and items considered in the calculations. These include, but are not limited to; (i) the inclusion of pipelines and production facilities, and (ii) abandonment costs of wells and facilities not yet drilled but included as future drilling locations.

**Item 6.5 Tax Horizons**

The Company has not released income tax information at the date of this report.

**Item 6.6 Costs Incurred**

The drilling and abandonment costs are capital expenses, and differ from operating expenses. If the well is a dry hole, all the cost of drilling and abandonment will be expensed against the property in the year the costs are incurred. However, if the well is successful, the well will not be expensed until it is abandoned, as required by successful efforts accounting. All the geological and geophysical (seismic) costs are to be expensed in accordance with the requirements of successful efforts accounting.

**Item 6.7 Exploration and Development Activities**

The following table sets forth the number of exploratory and development wells which Probe completed during the year ended August 31, 2008:

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Oil Wells	0	0	0	0
Gas Wells	0	0	1	0.41
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
<b>Total Wells</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0.41</b>

Item 6.1 addresses the drilling that is currently in operation in EC 37 and EC 246, and the anticipated drilling in ST 214. Additional drilling in these project areas, and Brazos 434 will proceed in 2009.

**Item 6.8 Production Estimates**

The following table sets forth Probe's estimated total production volumes for the period September 1, 2007 to August 31, 2008. Production for properties that account for 20% or more of the Company's forecast production have been identified separately in the following tables.

(Because the daily production and reserves are unaffected by the difference between constant pricing and forecast pricing cases, the tables are the same for both scenarios.)

**SUMMARY OF FIRST YEAR PRODUCTION AND OIL AND GAS RESERVES**

Based on Constant & Forecast Prices and Costs

Category	2008 Average Daily Production				Reserves			
	Light & Medium Oil		Natural Gas		Light & Medium Oil		Natural Gas	
	Gross Bbl/d	Net Bbl/d	Gross Mcf/d	Net Mcf/d	Gross Mbbbl	Net Mbbbl	Gross MMcf	Net MMcf
<b>PROVED</b>								
Developed Producing *	13.95	4.32	2,333.33	721.44	23.40	7.30	4,707.70	1,455.60
Developed Non-Producing Undeveloped								
<b>TOTAL PROVED</b>	<b>13.95</b>	<b>4.32</b>	<b>2,333.33</b>	<b>721.44</b>	<b>23.40</b>	<b>7.30</b>	<b>4,707.70</b>	<b>1,455.60</b>
<b>PROBABLE **</b>	<b>16.54</b>	<b>13.13</b>	<b>2,500.00</b>	<b>1,875.00</b>	<b>365.00</b>	<b>234.30</b>	<b>80,710.40</b>	<b>52,074.10</b>
<b>TOTAL PROBABLE</b>	<b>16.54</b>	<b>13.13</b>	<b>2,500.00</b>	<b>1,875.00</b>	<b>365.00</b>	<b>234.30</b>	<b>80,710.40</b>	<b>52,074.10</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>30.49</b>	<b>17.44</b>	<b>4,833.33</b>	<b>2,596.44</b>	<b>388.40</b>	<b>241.60</b>	<b>85,418.10</b>	<b>53,529.70</b>

\*Initial NRI is 32.31%, After Payout, NRI is 30.29%

\*\*NRI ranges from 58.5 to 75%

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**Item 6.9 Production History**

The following table details Probe's production history for the past fiscal year.

		Three Months Ended				Year Ended
		August 31, 2008	May 30, 2008	February 29, 2008	November 31, 2007	August 31, 2008
Average Daily Production <sup>(b)</sup>						
Light & Medium Oil	Bbl/d	8	4	0	0	3
Natural Gas	Mcf/d	2448	2920	2469	31	1971
Average Net Prices Received						
Light & Medium Oil	\$/Bbl	130.32	123.45	0	0	127.57
Natural Gas	\$/Mcf	10.18	9.71	7.51	6.72	8.89
Royalties						
Light & Medium Oil	\$/Bbl	33.30	31.54	0.00	0.00	32.59
Natural Gas	\$/Mcf	2.60	2.48	1.92	1.72	2.27
Production Costs						
Light & Medium Oil	\$/Bbl	0.00	0.00	0.00	0.00	0.00
Natural Gas	\$/Mcf	1.06	0.93	1.76	0.06	1.23
Transportation Costs						
Light & Medium Oil	\$/Bbl	-	-	-	-	-
Natural Gas	\$/Mcf	-	-	-	-	-
Netback Received <sup>(a)</sup>						
Light & Medium Oil	\$/Bbl	97.02	91.91	0.00	0.00	94.98
Natural Gas	\$/Mcf	6.52	6.30	3.83	4.94	5.39

Notes:

(a) All production is from HI 115 #1 ST #2

(b) Netback = Average net prices received - royalties - production costs - transportation costs

Probe's only important producing field for the fiscal year 2008 was HI 115 #1 ST#2, and all numbers above reference only that well.

## APPENDIX A

Although no longer required by the exchange, economic analyses and their resultant expected values have been included at constant prices at the effective date of this report (August 31, 2008). The format is the same as that used for the forecast prices earlier in this report.

### RESERVES DATA (CONSTANT PRICES AND COSTS)

**Item 2.2.1** The following table shows Probe's gross and net reserves by reserve category using constant prices and costs.

#### SUMMARY of RESERVES

Based on Constant Prices and Costs

Reserves Category	RESERVES							
	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross Mbbbl	Net Mbbbl	Gross Mbbbl	Net Mbbbl	Gross Mmcf	Net Mmcf	Gross Mbbbl	Net Mbbbl
<b>PROVED</b>								
Developed Producing	23.449	7.250	0.000	0.000	4,707.743	1,455.570	0.000	0.000
Developed Non-Producing								
Undeveloped								
<b>TOTAL PROVED</b>	<b>23.449</b>	<b>7.250</b>	<b>0.000</b>	<b>0.000</b>	<b>4,707.743</b>	<b>1,455.570</b>	<b>0.000</b>	<b>0.000</b>
<b>PROBABLE</b>								
Developed Producing	365.000	230.723	0.000	0.000	80,710.400	51,140.920	0.000	0.000
Developed Non-Producing								
Undeveloped								
<b>TOTAL PROBABLE</b>	<b>365.000</b>	<b>230.723</b>	<b>0.000</b>	<b>0.000</b>	<b>80,710.400</b>	<b>51,140.920</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>388.449</b>	<b>237.973</b>	<b>0.000</b>	<b>0.000</b>	<b>85,418.143</b>	<b>52,596.490</b>	<b>0.000</b>	<b>0.000</b>

**Item 2.2.2** The following table shows the net present values of the future net revenue of Probe's net reserves by reserve category using constant prices and costs.

#### SUMMARY of NET PRESENT VALUES of FUTURE NET REVENUE

Based on Constant Prices and Costs

Reserves Category	NET PRESENT VALUES OF FUTURE NET REVENUE				
	BITAX, Discount Rates (%/Year)				
	0% M\$	8% M\$	10% M\$	15% M\$	20% M\$
<b>PROVED</b>					
Developed Producing	\$11,598.91	\$10,841.33	\$10,670.67	\$10,272.19	\$9,909.58
Developed Non-Producing					
Undeveloped					
<b>TOTAL PROVED</b>	<b>\$11,598.91</b>	<b>\$10,841.33</b>	<b>\$10,670.67</b>	<b>\$10,272.19</b>	<b>\$9,909.58</b>
<b>PROBABLE</b>					
Developed Producing	\$249,182.60	\$192,560.70	\$181,023.30	\$155,654.80	\$134,355.90
Developed Non-Producing					
Undeveloped					
<b>TOTAL PROBABLE</b>	<b>\$249,182.60</b>	<b>\$192,560.70</b>	<b>\$181,023.30</b>	<b>\$155,654.80</b>	<b>\$134,355.90</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>\$260,781.51</b>	<b>\$203,402.03</b>	<b>\$191,693.97</b>	<b>\$165,926.99</b>	<b>\$144,265.48</b>

**Item 2.2.3(b)** The following table shows the net present values of the future net revenue of Probe's net reserves by reserve category using constant prices and costs, undiscounted.

**SUMMARY of TOTAL NET REVENUE (UNDISCOUNTED)**

Based on Constant Prices and Costs

<i>Reserves Category</i>	<i>Revenue M\$</i>	<i>Royalties M\$</i>	<i>Operating Costs M\$</i>	<i>Capital Development Costs M\$</i>	<i>Abandonment Costs M\$</i>	<i>Future Net Revenue (BITAX) M\$</i>
<b>PROVED</b>						
Developed Producing	\$12,554.42	\$3,138.61	\$623.16	\$0.00	\$332.35	\$11,598.91
Developed Non-Producing						
Undeveloped						
<b>TOTAL PROVED</b>	<b>\$12,554.42</b>	<b>\$3,138.61</b>	<b>\$623.16</b>	<b>\$0.00</b>	<b>\$332.35</b>	<b>\$11,598.91</b>
<b>PROBABLE</b>	<b>\$438,323.70</b>	<b>\$109,580.93</b>	<b>\$20,239.00</b>	<b>\$168,887.60</b>	<b>\$8,380.00</b>	<b>\$240,817.20</b>
<b>TOTAL PROBABLE</b>	<b>\$438,323.70</b>	<b>\$109,580.93</b>	<b>\$20,239.00</b>	<b>\$168,887.60</b>	<b>\$8,380.00</b>	<b>\$240,817.20</b>
<b>TOTAL PROVED &amp; PROBABLE</b>	<b>\$450,878.12</b>	<b>\$112,719.53</b>	<b>\$20,862.16</b>	<b>\$168,887.60</b>	<b>\$8,712.35</b>	<b>\$252,416.11</b>

**Item 2.2.3(c)** The following table shows the total future net revenue, and the percentage of future net revenue of Probe's net reserves by reserve category using constant prices and costs before deducting future income tax expenses using a 10% discount rate.

**SUMMARY of FUTURE NET REVENUE BY RESERVE GROUP**

Based on Constant Prices and Costs

<i>Category</i>	<i>Future Net Cash Flows (Disc. @ 10%) [BITAX]</i>		
	<i>M\$</i>	<i>\$/Boe</i>	<i>\$/Mcf</i>
<b>PROVED</b>			
Light and Medium Oil	\$711.487	\$98.14	\$16.36
Natural Gas	\$9,959.183	\$41.05	\$6.84
<b>TOTAL PROVED PRODUCING</b>	<b>\$10,670.669</b>	<b>\$44.86</b>	<b>\$7.48</b>
<b>PROBABLE</b>			
Light and Medium Oil	\$10,544.121	\$45.70	\$7.62
Natural Gas	\$162,948.987	\$19.12	\$3.19
<b>TOTAL PROBABLE</b>	<b>\$173,493.100</b>	<b>\$20.73</b>	<b>\$3.46</b>
<b>PROVED + PROBABLE</b>			
Light and Medium Oil	\$11,255.608	\$47.30	\$7.88
Natural Gas	\$172,908.169	\$19.72	\$3.29
<b>TOTAL PROVED + PROBABLE</b>	<b>\$184,163.769</b>	<b>\$21.40</b>	<b>\$3.57</b>

## DEFINITIONS

**The following definitions are applicable to all tables included in this document:**

- (1) "Gross Reserves" are Probe's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of Probe. "Net Reserves" are Probe's working interest (operating or non-operating) share after deduction of royalty obligations, plus Probe's royalty interests in reserves.
- (2) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (3) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- (4) "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
- (5) "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production.
- (6) "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- (7) "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
- (8) "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
- (9) Numbers may not add due to rounding.
- (10) The reader is cautioned that the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties due to the effects of aggregation.