Pebble Creek Mining Ltd.
(An Exploration Stage Company)

Consolidated Financial Statements
(Unaudited)

Three months ended June 30, 2010

Pebble Creek Mining Ltd.
Consolidated Balance Sheets
June 30, 2010 and March 31, 2010

		June 30 2010 (Unaudited)		March 31 2010
ASSETS				
Current				
Cash	$	70,089	$	327,319
Accounts receivable		5,564		3,845
Inventory		971		971
Prepaid expenses		18,157		10,543
		94,781		342,678
Long-term Security Deposits		44,304		50,912
Mineral Property Interests (Statement)		6,070,103		5,857,659
Other Capital Assets, net of amortization of $190,829 (March 31, 2010 - $184,537)		136,830		140,573
	$	6,346,018	$	6,391,822
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	302,497	$	278,120
Payable to officers		477,026		442,162
		779,523		720,282
SHAREHOLDERS' EQUITY				
Share Capital (Note 4)				
Authorized				
Unlimited number of preferred shares without par value				
Unlimited number of common shares without par value				
Issued and fully paid		8,172,100		8,172,100
Share Subscriptions (Note 4)		5,000		-
Contributed Surplus (Note 4)		3,516,573		3,497,110
Deficit		(6,127,178)		(5,997,670)
		5,566,495		5,671,540
	$	6,346,018	$	6,391,822

Continuing operations and going concern (Note 1)

These financial statements should be read in conjunction with the most recent annual audited financial statements. The accompanying notes are an integral part of these financial statements.

APPROVED BY THE BOARD

"Gyan C. Singhai" Director

"Andrew E. Nevin" Director

Pebble Creek Mining Ltd.
Consolidated Statements of Loss and Deficit
Three months ended June 30, 2010 and 2009

		2010 (unaudited)		2009 (unaudited)
EXPENSES				
Amortization	$	1,603	$	1,564
Bank charges and interest		110		501
Corporate development		14,857		34
Foreign exchange		1,261		3,330
Insurance		3,942		5,268
Legal and audit		14,458		10,821
Management fees (Note 5)		58,200		45,000
Office		8,852		5,360
Rent		3,657		9,658
Salaries		-		1,384
Share-based compensation		5,706		5,089
Shareholder costs		10,852		3,150
Travel		3,181		84
Telephone		2,829		3,751
		129,508		94,994
Interest income		-		(5)
NET LOSS AND COMPREHENSIVE LOSS		129,508		94,989
DEFICIT, Beginning of Period		5,997,670		4,596,110
Modification of Warrant Terms (Note 4)		-		129,233
DEFICIT, End of Period	$	6,127,178	$	4,820,332
Loss Per Share – Basic and Fully Diluted	$	(0.01)	$	(0.01)
Weighted Average Number Of Shares Outstanding		50,512,238		33,485,548

These financial statements should be read in conjunction with the most recent annual audited financial statements. The accompanying notes are an integral part of these financial statements.

Pebble Creek Mining Ltd.
Consolidated Statements of Cash Flows
Three months ended June 30, 2010 and 2009

		2010 (unaudited)		2009 (unaudited)
Cash Flows From (Used In) Operating Activities				
Interest income	$	-	$	5
Cash paid for supplies and services		(76,023)		(6,799)
		(76,023)		(6,794)
Cash Flows From (Used In) Financing Activities				
Advances from officers		-		12,000
Shares issued, net of issue costs		-		9,436
Share subscriptions		5,000		-
		5,000		21,436
Cash Flows From (Used In) Investing Activities				
Long-term deposits		6,608		49,266
Mineral property interests				
Acquisiton costs		(18,002)		-
Exploration costs		(172,263)		(97,189)
Disposal (purchase) of other capital assets		(2,550)		1,155
		(186,207)		(46,768)
DECREASE IN CASH		(257,230)		(32,126)
CASH, Beginning of Period		327,319		61,827
CASH, End of Period	$	70,089	$	29,701
Supplemental disclosure of non-cash transactions				
Share based compensation	$	19,464	$	5,089

These financial statements should be read in conjunction with the most recent annual audited financial statements. The accompanying notes are an integral part of these financial statements.

Pebble Creek Mining Ltd.

Consolidated Statement of Mineral Property Expenditures
Three months ended June 30, 2010 (unaudited) and year ended March 31, 2010

	Askot	Gadarwara	Banda	Other	Total
Balance, March 31, 2009	$ 5,073,322	$ -	$ -	$ 36,038	$ 5,109,360
Expenditures during the year					
Option proceeds	-	-	-	-	-
Acquisition costs					
Geological fees and travel expenses	54,519	-	-	386	54,905
Compliance costs	831	-	-	-	831
Exploration expenditures	-				
Geological fees and travel expenses	88,040	-	-	-	88,040
Assays	-	-	-	-	-
Drilling	-	-	-	-	-
Engineering equipment and supplies	516	-	-	-	516
Office	321,097	-	-	-	321,097
Professional fees	3,456	-	-	-	3,456
Salaries	143,350	-	-	-	143,350
Telephone	6,777	-	-	-	6,777
Travel and promotion	18,754	-	-	-	18,754
Miscellaneous	449	-	-	-	449
Underground rehabilitation and exploration	110,124	-	-	-	110,124
Property write down		-	-	-	-
	747,914	-	-	386	748,300
Balance, March 31, 2010	5,821,235	-	-	36,424	5,857,659
Expenditures during the quarter					
Option proceeds	-	-	-	-	-
Acquisition costs					
Geological fees and travel expenses	18,000	-	-	-	18,000
Compliance costs	2	-	-	-	2
Exploration expenditures	-				
Geological fees and travel expenses	57,965	-	-	-	57,965
Assays	-	-	-	-	-
Drilling	-	-	-	-	-
Engineering equipment and supplies	117	-	-	-	117
Office	74,098	-	-	-	74,098
Professional fees	406	-	-	-	406
Salaries	39,844	-	-	-	39,844
Telephone	1,056	-	-	-	1,056
Travel and promotion	3,999	-	-	-	3,999
Miscellaneous	1,258	-	-	-	1,258
Underground rehabilitation and exploration	15,699	-	-	-	15,699
Property write down	-	-	-	-	-
	212,444	-	-	-	212,444
Balance, June 30, 2010 (unaudited)	$ 6,033,679	$ -	$ -	$ 36,424	$ 6,070,103

These financial statements should be read in conjunction with the most recent annual audited financial statements. The accompanying notes are an integral part of these financial statements.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). However, they do not include all the information and disclosures required by Canadian GAAP for annual financial statements. They have been prepared using the same accounting policies and methods of application as the latest annual consolidated financial statements. In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation have been included. The results for interim periods are not necessarily indicative of results for the entire year. ***The information contained in the interim financial statements should be read in conjunction with the Company's latest audited consolidated financial statements for the year ended March 31, 2010.***

1. OPERATIONS AND GOING CONCERN UNCERTAINTY

Pebble Creek Resources Ltd. ("PCR") was incorporated in the Province of British Columbia on April 29, 1993 and, to 1996, investigated opportunities in the energy sector under the name Pebble Creek Power Company Ltd. Since that time, PCR has investigated mining prospects in India for the purposes of the acquisition, exploration, development and mining of gold, copper, silver and other precious and base metals and diamonds.

PCR incorporated two subsidiary companies in India to acquire rights to the properties under Indian law. One of the subsidiary companies, Adi Gold Mining Private Ltd ("Adi"), was incorporated in 1996 for the purposes of acquiring and holding the interests in the Askot Tenure and in the Gadarwara Tenure. The second subsidiary, Hirakund Diamond Exploration Private Ltd. ("Hirakund"), was incorporated in 2003 for the purpose of acquiring and holding the interest in the Banda Prospect.

PCR entered into an agreement with Broadcast Capital Corp. ("Broadcast") dated October 6, 2006 and amended on October 24, 2006, pursuant to which the shareholders of PCR acquired control of the Broadcast, a company listed for trading on the TSX Venture Exchange, through a "reverse take over" ("RTO"). PCR and Broadcast completed the plan of arrangement on December 15, 2006, following which Broadcast and PCR were amalgamated under the name Pebble Creek Mining Ltd. (the "Company").

On January 8, 2008, two officers incorporated Narsinghpur Gold Mining Private Ltd. ("NGM") under Indian law on behalf of the Company to hold future property acquisitions. During the year ended March 31, 2010 the officers transferred a controlling equity in NGM to the Company. The officers continue to own a minority interest in NGM to facilitate the execution of documents on behalf of the Company in India and, when asked, will transfer the minority interest to the Company.

The Company is in the process of exploring its mineral properties and has not determined whether these properties contain economically recoverable reserves of ore. The Company has not earned any revenues from its mineral properties and is considered to be in the exploration stage.

These financial statements have been prepared on the basis that the Company is a going concern, which presumes that the company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a net loss of $129,508 for the three months ended June 30, 2010 and a working capital deficiency of $684,742 at June 30, 2010. The ability of the Company to continue as a going concern is in substantial doubt and is dependent upon the continued support from its directors and its ability to continue to raise adequate financing. Management is currently seeking equity financing and joint venture opportunities, the outcome of which cannot be predicted at this time. These financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue operations.

2. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company measures its capital as its shareholders' equity when considering the management of capital.

The Company manages and adjusts its capital structure when changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire, dispose of or joint venture certain of its assets.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments with maturities of 90 days or less. When utilized, these instruments are selected with regard to the expected timing of expenditures for continuing operations.

The Company will have to raise additional capital resources to meet its planned future operations and administrative overhead expenses. The future exploration and development of the Company's mineral properties in the near and long term will depend on the Company's ability to obtain additional funding through equity or debt financing or through the joint venture of projects. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control.

3. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain risks, which include currency risk, credit risk, interest rate risk and liquidity risk.

Currency Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations of foreign currency denominated monetary assets and liabilities. The Company currently operates in Canada and India. The Company manages its currency risk through the preparation of short and long term expenditure budgets in different currencies and converting Canadian dollars to Indian rupees whenever exchange rates are favourable.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at major financial institutions. Accounts receivable consist primarily of goods and services tax refunds due from the Government of Canada. As such, the Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate cash equivalent investments of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of these investments is limited as the Company only invests in highly liquid securities with short-term maturities.

3. MANAGEMENT OF FINANCIAL RISK (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure (Note 2).

4. SHARE CAPITAL

Share Capital

Issued	Number of Common Shares		Amount
Balance, March 31, 2009	33,242,376	$	7,291,357
Issued for cash on private placement, net of share issue costs of $6,414 (cash) and $454 (issue of warrants)	269,862		8,982
Issued for cash on private placement, net of share issue costs of $118,450 (cash) and $418,770 (issue of warrants)	15,000,000		512,780
Issued for cash on exercise of warrants, including transfer from contributed surplus of $58,979	2,000,000		358,979
Balance, March 31 and June 30, 2010	**50,512,238**	**$**	**8,172,100**

Of the issued and outstanding shares of the Company, 2,000,825 were held in escrow at June 30, 2010, to be released upon the approval of regulatory authorities in stages, ranging from 6 months to 6 years from the closing of the RTO (Note 1).

On June 29, 2010 the Company announced that it had commenced a private placement of 10,000,000 units at a price of $0.05 per unit. Each unit will be composed of one common share and one half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share at $0.15 per share for a period of two years. The Company may pay finders' fees equal to up to 10% of the gross subscription proceeds, payable either in cash, units or a combination of both.

As of June 30, 2010, the Company had received a subscription of $5,000, of which $3,596 has been allocated to warrants. This placement has not been completed as of the date of these financial statements.

4. SHARE CAPITAL (continued)

Contributed Surplus	
Balance, March 31, 2009	**$ 2,345,440**
Allocated to warrants on the issue of shares for cash	**419,223**
Share-based compensation expense	**189,017**
Transferred to share capital on the exercise of warrants	**(58,979)**
Modification of warrant terms	**602,409**
Balance, March 31, 2010	**$ 3,497,110**
Share-based compensation expense	**19,463**
Balance, June 30, 2010 (unaudited)	**$ 3,516,573**

The Company has estimated the fair value of options, warrants and broker options using the Black-Scholes option pricing model. The fair value of options and warrants granted during the period were $0.11 and $0.07 respectively. The following weighted-average assumptions were used:

	June 30, 2010 (3 months)	March 31, 2010 (12 months)
Average risk-free interest rate	**1.19%**	**1.42%**
Expected share price volatility	**180%**	**101%**
Expected average period until exercise	**3.02 years**	**2.4 years**
Expected dividend yield	**$nil**	**$nil**

Options

	June 30, 2010 (3 months)			March 31, 2010 (12 months)		
	Number of Shares		**Weighted Average Exercise Price**	Number of Shares		Weighted Average Exercise Price
Balance, beginning of period	**4,850,000**	$	**0.12**	**3,010,000**	$	**0.12**
Granted	**200,000**		**0.12**	**2,355,000**		**0.12**
Exercised	**-**		**-**	**-**		**-**
Expired	**-**		**-**	**(515,000)**		**0.14**
Balance, end of period	**5,050,000**		**0.12**	**4,850,000**	$	**0.12**
Options exercisable, end of period	**4,660,000**	$	**0.12**	**4,370,000**	$	**0.12**

4. SHARE CAPITAL (continued)

The contractual weighted average remaining life of the outstanding options at June 30, 2010 is 3.53 years (March 31, 2010 – 3.77 years).

The following share purchase options are outstanding at June 30, 2010:

	Number of Shares	Price Per Share	Expiry Date	Date Granted or Issued
Options	745,000	$0.12	August 10, 2012	August 10, 2007
Options	25,000	$0.12	January 18, 2013	January 18, 2008
Options	1,625,000	$0.12	August 25, 2013	August 25, 2008
Options	2,355,000	$0.12	September 29, 2014	September 29, 2009
Options	100,000	$0.12	January 29, 2011	August 25, 2008
Options	200,000	$0.12	April 8, 2015	April 8, 2010
	5,050,000			

Warrants

Warrant transactions during the three months ended June 30, 2010 and warrants outstanding at June 30, 2010 are:

Number of Shares						
March 31, 2010	Granted	Exercised	Expired	June 30, 2010	Price Per Share	Expiry Date
425,000	-	-	-	425,000	$0.15	March 24, 2011
134,931	-	-	-	134,931	$0.15	April 9, 2011
1,285,500	-	-	-	1,285,500	$0.65	June 22, 2011 [1]
289,500	-	-	-	289,500	$0.65	July 13, 2011 [1]
1,285,500	-	-	-	1,285,500	$1.00	June 22, 2011 [1]
289,500	-	-	-	289,500	$1.00	July 13, 2011 [1]
1,415,045	-	-	-	1,415,045	$0.15	August 28, 2011
11,584,955	-	-	-	11,584,955	$0.15	September 22, 2011
2,635,000	-	-	-	2,635,000	$0.75	December 14, 2011
2,635,000	-	-	-	2,635,000	$1.50	December 14, 2011
21,979,931	-	-	-	21,979,931		

[1] During the three months ended June 30, 2009 the Company received approval from the TSX to modify the original terms of these warrants and extend their expiry dates by two years. All remaining terms and conditions of the warrants remain unchanged. The Company has calculated the incremental fair value of the warrant extension using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate – 1.35%, expected volatility – 181%, expected life – 2 years and a dividend yield of 0%. The incremental fair value of $129,233 due to the modifcation of these warrants has been recorded as a charge to deficit and a corresponding increase to contributed surplus.

5. RELATED PARTY TRANSACTIONS

The Company paid fees of $7,458 for the three months ended June 30, 2010 (June 30, 2009 - $10,708) for legal expenses and share issue costs to a legal firm, of which one of the partners is an officer of the Company. As at June 30, 2010, accounts payable included $26,207 payable to this legal firm (March 31, 2010 - $18,406).

The Company also paid management, accounting and consulting fees of $64,904, included in general and administrative expenses, and geological and engineering fees of $71,647, included in mineral property acquisition and exploration costs, to officers during the three months ended June 30, 2010 (June 30, 2009 - $45,000 and $39,000, respectively). At June 30, 2010, $477,026 is payable to officers (March 31, 2010 - $442,162).

These transactions have been measured at the exchange amounts agreed to by the parties.

6. SEGMENTED INFORMATION

The Company's worldwide operations are all conducted in one industry segment, the exploration and development of mineral property interests.

The Company's assets by geographic segment are:

	June 30, 2010 (unaudited)		March 31, 2010	
	Canada	India	Canada	India
Cash and cash equivalents	**$ 14,117**	**$ 55,972**	$ 254,618	$ 72,701
Mineral property interests	**-**	**6,070,103**	-	5,857,659
Other capital assets	**23,953**	**112,876**	25,316	115,257
Accounts receivable, inventory, prepaid expenses, and long-term deposits	**20,246**	**48,751**	7,208	59,063
	$ 58,316	**$ 6,287,702**	$ 287,142	$ 6,104,680

7. PREMISES LEASES

The Company relocated to a new office in New Westminster, BC, Canada during the quarter and entered into a lease agreement expiring April 30, 2011 with an estimated minimum annual rental payment of $14,700.

The Company has also entered into leases in New Delhi, India, for office premises and staff accommodation, expiring in August 2010, May 2011 and May 2013, which require estimated minimum annual rental payments of:

2011	$ 169,350
2012	97,904
2013	85,352
2014	14,225

8. RECENT ACCOUNTING PRONOUNCEMENTS

Convergence with International Financial Reporting Standards

In 2006, the Accounting Standards Board of the Canadian Institute of Chartered Accountants ratified a strategic plan that will result in Canadian GAAP, as used by public companies, evolving and being converged with International Financial Reporting Standards (“IFRS”) over a transitional period currently expected to be completed by 2011. The International Accounting Standards Board also has projects currently under way which should result in new pronouncements which will be included in the convergence process.

The Company is conducting a detailed assessment of the requirements of the transition to IFRS, with the intention of identifying the timing of the implementation of the transition, major differences in accounting policies and selecting the policies which are appropriate for the Company, identifying the appropriate disclosure in financial statements prepared under IFRS and developing a final implementation plan.

Financial Instruments - Disclosures – Section 3862

In June 2009, the CICA amended Handbook Section 3862, Financial Instruments – Disclosures, which will provide the Canadian equivalent to amendments made in IFRS 7, Financial Instruments: Disclosures. The new standard applies to annual financial statements relating to fiscal years ending after September 30, 2009. The Company has adopted this standard, which will enhance the disclosure of the fair value measurements used by the Company in the annual financial statements.

Business Combinations – Section 1582

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which will provide the Canadian equivalent to IFRS 3, Business Combinations, and replace the existing Handbook Section 1581, Business Combinations. The new standard will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also be required to early adopt Handbook Section 1601, Consolidated Financial Statements and Handbook Section 1602, Non-controlling Interests. This new standard will apply if and when the Company enters into a business combination on or after January 1, 2011.

8. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Consolidated Financial Statements – Section 1601

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which establishes standards for the preparation of consolidated financial statements and will replace the existing Handbook Section 1600, Consolidated Financial Statements. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also be required to early adopt Handbook Section 1582, Business Combinations, and Handbook Section 1602, Non-Controlling Interests. This new standard will apply if and when the Company enters into a business combination on or after January 1, 2011.

Non-Controlling Interests – Section 1602

In January 2009, the CICA issued Handbook Section 1602, Non-Controlling Interests, which establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Accounting Standard IAS 27, Consolidated and Separate Financial Statements. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also be required to early adopt Section 1582, Business Combinations, and Section 1601, Consolidated Financial Statements. This new standard will apply if and when the Company enters into a business combination on or after January 1, 2011.

9. CONTINGENCY

The Company had previously reported that the Government of Uttaranchal (now Uttarakhand) may claim an 11% carried interest in the Askot project. This possible claim arose from a Memorandum of Understanding (“MOU”) executed between the Company and the government-owned Uttar Pradesh State Mineral Development Corporation (“UPSMDC”) in 1997, before the state of Uttaranchal was formed from part of Uttar Pradesh on November 9, 2000. UPSMDC had certain obligations under the MOU in return for its proposed 11% carried interest.

After formation of Uttaranchal, Askot was located in the new state. Both the Company and UPSMDC believed that whatever benefits and obligations that would accrue to UPSMDC under the MOU would transfer to Uttaranchal or its government-owned development company. Officers of the Company and UPSMDC jointly met with the Uttaranchal government and its government-owned development corporation on December 6, 2003. Uttaranchal rejected any involvement in the Askot project at that time. That action, and two legal opinions obtained by the Company stating that the MOU gave no other party any rights, resulted in the Company believing that the matter was closed. In addition, UPSMDC never performed any of its duties as described in the MOU.

However, on April 24, 2008, UPSMDC wrote to the Company demanding that the Company follow up the MOU with an agreement granting UPSMDC an 11% carried interest in the Askot project.

9. CONTINGENCY (continued)

The Company has engaged legal counsel and responded to the demand, citing the "UP Reorganization Act, 2000" and other legal arguments, and believes that this demand has no merit. However, after several exchanges with the parties, the Company has offered UPSMDC to gift it 11% of the Company's shares subject to the condition that if a higher authority such as a court or the Government of India orders the transfer of some or all of the gifted shares to Uttarakhand that UPSMDC will willingly comply. The Company is awaiting UPSMDC's response. At this time the outcome of this request and offer is not determinable and no amount has been accrued in the financial statements.

Pebble Creek Mining Ltd.

Management Discussion and Analysis of Financial Conditions and Results of Operations
Three months ended June 30, 2010

This Management Discussion and Analysis ("MD&A") is a discussion and analysis of the operations and financial results of Pebble Creek Mining Ltd. (the "Company") for the three months ended June 30, 2010, with comparisons for the three months ended June 30, 2009 and for the year ended March 31, 2010. ***The following information should be read in conjunction with the audited consolidated financial statements and related notes for the fiscal year ended March 31, 2010.*** *The consolidated financial statements and related notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are filed with various Canadian regulatory authorities in Canadian dollars. The date of this MD&A is August 27, 2010.*

FORWARD LOOKING STATEMENTS

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "plan," or "continue" or the negative thereof or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

SUMMARY

Pebble Creek is solely focused on exploration and mine development in India. Its principal project is the Askot deposit, located in Uttarakhand state in the foothills of the Himalayas. Seventy-four drill holes and 300 metres of drift (tunnel along the deposit) have established a NI 43-101-compliant indicated mineral resource of 1.86 million tonnes containing 2.62% copper, 5.80% zinc, 3.83% lead, 38 grams per tonne silver, and 0.48 gpt gold. However the potential is much greater as the limits of the deposit are not known.

The recent financial crisis dried up sources of financing for continued drilling and led to cost-cutting measures. Now the crisis appears to be waning. In addition base and precious metals prices are considerably stronger than in early 2009.

Pebble Creek raised $1,360,000 during the fiscal year ended March 31, 2010, and is planning additional financing to drill step-out holes in this quarter with the object of expanding the mineral resource.

India is an exploration and mine development venue that is known for its bureaucratic barriers to entry. Pebble Creek has been working there for 15 years and has learned how to function within that system; and the system is improving as the government is continuing its deregulation started in 1994 – simplifying procedures, revising laws, and generally trying to attract more foreign direct investment.

OVERVIEW & OVERALL PERFORMANCE

The "Company" refers to Pebble Creek Mining Ltd. ("PCM"), formed on the amalgamation of Broadcast Capital Corp. ("Broadcast") and Pebble Creek Resources Ltd. ("PCR") on May 30, 2007, and it's wholly owned Indian subsidiaries Adi Gold Mining Private Ltd. ("Adi") and Hirakund Diamond Exploration Private Ltd. ("Hirakund").

PCR entered into an agreement with Broadcast Capital Corp. ("Broadcast") dated October 6, 2006, amended on October 24, 2006 and completed on December 15, 2006, pursuant to which the shareholders of PCR acquired control of Broadcast, a company listed for trading on the TSX Venture Exchange, through a "reverse take over."

Pebble Creek Mining Ltd. started trading as "PEB" on the TSX Venture Exchange as a Tier 2 company on December 29, 2006.

The Company changed its financial year ends from December 31 (Broadcast) and December 31 (PCR) to March 31, effective on March 31, 2007, to harmonize the year ends with those of its Indian subsidiaries, which are required by law to report with March 31 year ends.

FINANCIAL RESULTS

Selected Quarterly Financial Results

The following selected unaudited quarterly financial information for the last eight quarters is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with GAAP.

Three months ended

	June 30, 2010	March 31, 2010	Dec 31, 2009	Sept 30, 2009	June 30, 2009	March 31, 2009	Dec 31, 2008	Sept 30, 2008
Interest Income	$ -	$ 86	$ -	$ -	$ 5	$ 1,179	$ (644)	$ 2,117
Net Loss	$ (129,508)	$ (231,050)	$ (167,777)	$ (305,335)	$ (94,989)	$ (245,597)	$ (137,051)	$ (581,646)
Basic & Diluted (Loss) Per Share	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)	$ 0.01)	$ (0.02)
Basic & Diluted Weighted Average Shares	50,512,238	50,512,238	48,512,238	36,382,409	33,485,548	33,242,376	30,170,988	29,171,219

The Company is an exploration-stage enterprise. Its investigations and expenditures are naturally irregular and vary from task to task, season to season and year to year. In 2010 and 2009 expenditures on physical work were lower owing to shrunken capital markets. Quarter to quarter variations in costs – or losses – should not be taken as serious indications of progress.

The losses in the third quarters of calendar 2008 and 2009 are due mainly to share-based compensation expenses of $353,373 and $156,411 respectively, incurred for issues of stock options to employees, directors, officers, and consultants. Losses in the fourth quarter of calendar 2008 are representative of ongoing operating costs. The relative increase in the loss in the March 31, 2009 quarter was due in part to delayed billings from a drilling campaign carried out on two prospects in the second half of calendar 2007.

The first quarter of calendar 2009 included a write-off of $61,428 for the Company's exploration expenditures incurred on the Banda diamond prospect, not including those incurred by De Beers during a brief option period. The Company surrendered this Reconnaissance Permit to the State of Uttar Pradesh on March 22, 2009.

Three months ended June 30, 2010 and 2009

The Company incurred general and administrative expenses of $123,802 during the three months ended June 30, 2010 (2009 - $89,905). General and administrative expenses that varied during the three months ended June 30, 2010, compared to the three months ended June 30, 2009, were as follows:

- corporate development costs of $14,857 (2009 - $34) – increase due to share based compensation costs of $13,750 arising from a share purchase option granted to an investor relations consultant
- foreign exchange loss of $1,261 (2009 - $3,330) – minimally under the Company's control
- management fees of $58,200 (2009 - $45,000) – some fees paid in 2010 which were waived in 2009 due to economic conditions
- office expenses of $8,852 (2009 - $5,360) – due to increased expense in India
- travel and entertainment of $3,181 (2009 - $84) – increase in fundraising travel and promotion.
- Shareholder costs of $10,852 (2009 - $3,150) – due to increase in shareholder communications

During the three months ended June 30, 2010, acquisition and compliance, exploration, drilling and underground development costs at Askot were $212,444 (2009 - $180,964).

Total assets decreased by $45,804 during the three months ended June 30, 2010 (2009 – increase of $90,509) due to the net use of cash for operations. Total assets at June 30, 2010 are $6,346,018, of which $94,781 is represented by current assets, $6,070,103 is invested in the Company's mineral properties, $136,830 is capital equipment and $44,304 is long-term advances and deposits.

Selected Annual Information

The following table shows the financial results derived from the Company's financial statements for each of the three most recently completed fiscal periods.

	March 31, 2010	March 31, 2009	March 31, 2008
Total Revenue – Interest Income	$ 86	$ 9,166	$ 36,543
Net Loss	$ 799,151	$ 1,217,110	$ 1,554,699
Net (Loss) per Share	$ (0.02)	$ (0.04)	$ (0.06)
Total Assets	$ 6,391,822	$ 5,486,863	$ 5,703,452
Shares Outstanding	50,512,238	33,242,376	29,171,219

The Company is in the exploration stage and has no mineral production yet. Incidental revenue is derived solely from interest earned on term deposits.

At March 31, 2010, the Company had cash of $327,319 as compared to $61,827 at March 31, 2009.

At March 31, 2010, the Company had a working capital deficiency of $(377,604) as compared to working capital deficit of $(342,621) at March 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Current Liquidity and Capital Resources

During the three months ended June 30, 2010 the company raised gross proceeds of $5,000 as part of private placement announced on June 29, 2010.

The Company is currently negotiating additional financing. Notwithstanding its current financing campaign the Company has no certainty that it will be able to raise the additional funds it requires within the near future.

Options and Warrants

As at August 27, 2010, the following options and warrants to purchase shares of the Company were outstanding:

Options

	Number of Shares	Price Per Share	Expiry Date	Date Granted or Issued
Options	745,000	$0.12	August 10, 2012	August 10, 2007
Options	25,000	$0.12	January 18, 2013	January 18, 2008
Options	1,625,000	$0.12	August 25, 2013	August 25, 2008
Options	2,355,000	$0.12	September 29, 2014	September 14, 2009
Options	100,000	$0.12	January 29, 2011	August 25, 2008
Options	200,000	$0.12	April 8, 2015	April 8, 2010
	5,050,000			

A total of 2,495,000 outstanding stock options were re-priced during the nine months ended December 31, 2009 from $0.60 and $0.24 to $0.12 per share. The company calculated the incremental fair value of the option re-pricing using the Black-Scholes option pricing model, assuming a risk-free interest rate of 2.02%, expected volatility of 57%, expected life of 3.59 years and a dividend yield of 0%. The increase in fair value of $71,354 due to the modification of these options has been recorded as a charge to share based compensation and a corresponding increase to contributed surplus.

Warrants

	Number of Shares	**Price Per Share**	**Expiry Date**	**Date Granted or Issued**
	425,000	$0.15	March 24, 2011	March 24, 2009
	134,931	$0.15	April 9. 2011	April 9, 2009
A Warrants	1,575,000	$0.65	June 22 and July 13, 2011[1]	June 22 and July 13, 2007
B Warrants	1,575,000	$1.00	June 22 and July 13, 2011[1]	June 22 and July 13, 2007
	1,415,045	$0.15	August 28, 2011	August 28, 2009
	11,584,955	$0.15	September 22, 2011	September 22, 2009
A Warrants	2,635,000	$0.75	December 14, 2011[1, 2]	December 14, 2007
B Warrants	2,635,000	$1.50	December 14, 2011[1]	December 14, 2007
	21,979,931			

[1] During the year ended March 31, 2010, the Company received approval from the regulatory authorities to modify the original terms of these warrants and extend their expiry dates by two years. All remaining terms and conditions of the warrants remain unchanged. The Company has calculated the incremental fair value of the warrant extensions using the Black-Scholes option pricing model and assuming a weighted-average risk-free interest rate of 1.21%, expected volatility of 192%, an expected life of 2.04 years and a dividend yield of 0%. The resulting increase in fair value of $602,409 has been recorded as a charge to deficit and a corresponding increase to contributed surplus.

2 If the closing trading price is $1.00 per share or higher for any 20 consecutive trading days, the Company may elect to accelerate the term to expire within 30 days of notice to the holders

Other Relevant Share Transactions

Shares Held in Escrow. On March 31, 2010 the balance in escrow was 2,400,989. During the three months ended June 30, 2010 an additional 400,164 shares were released from escrow leaving a balance of 2,000,825

Option Plan. On August 13, 2007 the Company terminated the previous share purchase option plan and implemented a new rolling share purchase option plan which allows the Company to reserve up to 10% of the issued and outstanding common shares of the Company for granting share purchase options. The Company has granted 5,050,000 share purchase options to directors, officers and employees, exercisable for a period of five years under this plan.

The new plan is similar to the previous plan with the exception that it has been updated for the revised TSX Venture policy 4.4 for Tier 2 issuers. The new plan was approved by the shareholders on October 30, 2009. At the same meeting shareholders (with interested parties not voting) approved repricing of previous options. The TSX Venture Exchange approved these actions on November 13, 2009. All outstanding options are under the new plan.

Outstanding Share Data. The Company is authorized to issue an unlimited number of common shares without par value. As of August 27, 2010, 50,512,238 common shares were issued and outstanding; 5,050,000 share purchase options were outstanding; warrants to purchase an aggregate of 22,029,931 common shares were outstanding; and 100,000 shares to be issued for subscription already received. On a fully diluted basis, 77,592,169 common shares would be outstanding.

CONTRACTUAL OBLIGATIONS

On April 15, 2010 the Company relocated to a new office in New Westminster, British Columbia, which has a monthly rental of $1,225.

The Company has also entered into leases in New Delhi, India, for office premises and staff accommodation expiring in May 2013 and May 2011 which require estimated minimum annual rental payments raning between $14,225 to $169,350. Staff accommodation is in lieu of hotel accommodation for officers and directors visiting from Canada, Askot personnel travelling to and from the mine site on business or on leave, visiting shareholders and prospective investors, specialized Indian or overseas consultants either engaged by the Company or asked by the Company to prepare proposals, and for meetings too large to be held in the office.

The Company engaged a geologist and appointed him Vice President Exploration, to be based at Askot, India, starting April 1, 2010 for a period of one year for a fee of 10,833 Euros per month plus certain reimbursable travel expenses and stock options. The agreement can be terminated without cause by either party with one month notice.

RELATED PARTY TRANSACTIONS

The Company's policy is that all transactions with related parties must be on terms comparable to terms available in arms-length transactions.

For the three months ended June 30, 2010, the Company paid $7,458 (2009 - $10,708) for legal services and share issue costs to a law firm of which the Company's corporate secretary is a partner. The legal services were rendered in connection with the completed financings and general corporate affairs. At June 30, 2010, accounts payable included $26,207 payable to this legal firm (March 31, 2010 - $18,406).

The Company also paid management, accounting and consulting fees of $64,904, included in general and administrative expenses, and geological and engineering fees of $71,647, included in mineral property acquisition and exploration costs, to officers during the three months ended June 30, 2010 (June 30, 2009 - $45,000 and $39,000, respectively). At June 30, 2010, $477,026 was payable to these officers (March 31, 2010 - $442,162).

On January 8, 2008 two directors of the Company incorporated an Indian company, Narsinghpur Gold Mining Private Limited ("NGM"), in New Delhi, and each purchased 5,000 common shares of NGM's capital at a par value of 10 Indian rupees per share (approximately $0.22). During the quarter ended March 31, 2010 the Company paid NGM for the purchase of 50,000 common shares at the same par value. At the same time NGM, the Company and First India Resources Ltd. ("FIR") jointly petitioned the Government of India's Finance Ministry for permission to invest in NGM by purchasing common shares under regulations governing Foreign Collaboration Agreements. FIR is a company incorporated under the Canadian Business Corporations Act and wholly owned by an officer of the Company.

Government permission to invest was granted on May 21, 2010, and allows each of the foreign companies to purchase up to 1,995,000 shares of NGM, to a total issued capital of 4,000,000 shares. The two directors of the Company continue to hold their minority share positions in NGM (with the Company and FIR each holding rights to purchase 5,000 of those shares at cost), for the convenience of observing requirements that annual general meetings of shareholders be held in India and at least two shareholders be present in person.

The objectives of NGM are to acquire, explore and develop certain mineral properties that do not compete with the principal objectives of the Company's other subsidiaries; to involve FIR as a vehicle for assembling additional capital; and to mitigate the Company's exposure to risk. To date FIR has not purchased equity in NGM, nor has NGM started to acquire mineral assets.

EXPLORATION PROGRESS AND RESULTS

Askot Property, Uttarakhand, India

More than 95 percent of the Company's managerial and technical effort was and continues to be directed to the Askot project, a program of advanced exploration of a massive sulphide deposit of copper, zinc and lead that also contains significant silver and gold.

Mineral Title and Permits. India has been known for density of its bureaucracy and the resultant barriers to entry into the mining business. The Company has the distinction of successfully moving the Askot project through eight major permitting steps, and is the first foreign company to receive approval of a Mining Lease ("ML") application in the non-ferrous metals sector by the Ministry of Mines of the Government of India and the host state. The ML is 386 hectares in area. The ML is surrounded by the Company's 22,600 hectare Reconnaissance Permit application.

The final required permit, Forest Clearance, has cleared all stages of vetting by various departments of the State of Uttarkhand and returned to the state's nodal Forest Officer for transmittal the central government's regional office. Upon execution of the ML Deed at some point in the future the Company will be required to make a payment to the government, currently estimated as $895,000, for the alienation of forest lands and remediation by planting a number of trees elsewhere.

Drilling. During the period August 2006 to December 2007 the Company drilled 4,642 metres in 17 core holes to "twin" and confirm results of a "sample" of 57 holes (total 9,258 metres) drilled 20 to 40 years ago by government entities.

In June 2010, the Company began a program of step-out drilling to test possible extensions of the known mineral deposit. One hole was completed at 570 metres and a second is in progress.

Indicated Mineral Resource. On December 31, 2008 the Company received a National Instrument 43-101 Technical Report with an independent mineral resource estimate on its Askot property from SRK Consulting (India) Pvt. Ltd. ("SRK"). The estimate named five metals of economic significance on the property and was prepared using a cut-off grade of US$100 per tonne of ore considering the likely underground mining extraction scenario and metal prices and recovery assumptions reported below.

The mineral resources are reported in accordance with Canadian Securities Administrators' National Instrument 43-101 and have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. Mineral resources are not mineral reserves. The mineral resource statement is presented in the table below.

Mineral Resource Statement Askot Massive Sulphide Deposit, India, August 10, 2008

Category	**Quantity**	**Grade**				
	(Tonnes)	**Cu (%)**	**Zn (%)**	**Pb (%)**	**Ag (gpt)**	**Au (gpt)**
Indicated	1,860,000	2.62	5.80	3.83	38	0.48
Inferred	149,000	1.70	4.56	1.89	29	0.44

Reported at a cut-off grade of US$100 per tonne based on metal prices of US$2.00 per pound of copper, US$0.90 per pound of zinc, US$0.65 per pound of lead, US$15.00 per ounce of silver and US$900 per ounce of gold and metallurgical recoveries of 85%, 76%, 78%, 60% and 60%, respectively.

Geophysical and soil geochemical studies have found anomalies along 3,000 metres of strike length beyond the known deposit, and that it is characteristic of volcanogenic massive sulphide deposits to occur as multiple lenses.

Plans. The Company is continuing local and regional exploration of the area.

Community Relations. The Company has cordial relations with the local people. The Company has a pay scale that is generous, without upsetting local sensitivities, and a hiring protocol that spreads the available jobs fairly throughout the community.

The Company has a policy of sourcing goods and services locally and within the region as much as possible. The Company has taken part in and supported community activities and festivals.

Outside Claim for a Minority Interest in Askot. The Company is in progress of negotiating a resolution to a claim for 11% equity in the Askot project resulting from a long defunct Memorandum of Understanding (MOU) signed by the Company and a former state government in 1997. The Company believes the resolution to this question will not impact the economics of future mining at Askot.

Expenditures to Date. During the three months ended June 30, 2010 a total of $212,444 was spent on the Askot project, to bring the total to date to $6,033,679. The costs were related to underground development, compliance, pursuing and acquiring permits, geology, travel, office costs and salaries.

Gadarwara Property, Madhya Pradesh, India

Mineral Title and Permits. The Company holds a priority Prospecting Licence (“PL”) application on 70 square kilometres covering a 50-square-km magnetic anomaly near the village of Gadarwara, Narsimhapur District, Madhya Pradesh. This application covers part of a previous RP held by the Company and has been approved by the state government and is being vetted by the Union government. The Company drilled two holes into bedrock there in 2007.

On June 28, 2010, the Company and the State Government executed a Reconnaissance Permit (“RP”) Deed on 3,504 square kilometres contiguous with and surrounding the Gadarwara PL application area. The RP has a term of three years and must be cut to 1,000 square kilometres on the second anniversary.

Renewed Interest. Upon further investigation, the Company believes an ironstone intersected in the 2007 drill holes could be evidence of a rock alteration halo at some distance from an iron oxide-copper-gold (“IOCG”) type of deposit. IOCG deposits can be enormous. The Company is currently undertaking further studies of the drill core in order to test this idea.

Expenditures on Gadarwara. The Company wrote off $546,454, being the net costs incurred on both Gadarwara Prospect and Gadarwara Extension through March 2008. No work was done during the year ended March 31, 2010.

Subsequent to year end the Company paid fees to the government and travel expenses for executing the RP in Bhopal of approximately $5,000.

Other Applications for Mineral Concessions

Including the above listed applications the Company has pending one Prospecting Licence application and 15 Reconnaissance Permit applications covering approximately 15,000 square kilometres in six states. Target commodities are oxide and sulfide copper, gold, zinc, silver, lead and diamonds.

The total spent on scouting, outside exploration and acquisitions to date is $36,424. The amount spent during the year ended March 31, 2010 was $386.

Qualified Persons

Andrew E. Nevin, Ph.D., P.Eng., and Gyan C. Singhai, M.Sc., P.Eng., both qualified persons under NI 43-101, supervised work at Askot, Gadarwara, and elsewhere. Each has read and approved the technical information in this MD&A.

Factors and Trends Affecting the Company's Projects

Adverse Factors. Some of these are well-known phenomena of our times; others are particular to mineral development in India:

- The global fallout from the credit crisis, which appears to have receded in Asia, made conventional equity financing of advanced exploration difficult until the last few months.
- Tariffs in India are as high as 38% on imported drills, ancillary equipment, spare parts, and including drilling muds, chemicals and down-hole additives.
- The Indian bureaucracy is obsessive about the "process" irrespective of the end result. And it is infamous for vetting permits and licenses at a snail's pace. Coping with those practices requires considerable management and staff time and effort.
- Corruption is endemic within the Indian government system as well and it is reported and criticized sternly in India's press. It requires skill and patience to sidestep numerous overt and implied requests for illegal payments, commonly known as "black money" in India.

Positive Factors. The Company (along with other multinationals in India) believes that positive factors outweigh the negative:

- Subsequent to the year ended March 31, 2010 the Government of India executed Memoranda of Understandings with both the Government of Canada and the Province of Ontario to cooperate in various government-to-government and private sector undertakings in the fields of mineral exploration and mine development, earth sciences and related activities.
- Concurrently the Canadian High Commission in India started preparing a brief to the Indian government to reduce import tariffs and other taxes on Canadian drilling, mining and mine safety equipment, consumable supplies and services.
- In March 2010 the Indian Ministry of Mines again revised its draft "Mines & Minerals (Development & Regulation) Act, 2010. The Ministry advises that this will be introduced to the Cabinet and Parliament this year. The Ministry has already advised the states of the new guidelines that are consistent with the anticipated legislation.
- The new policy, when enacted, will speed up the process of acquiring mineral tenements, expand the sizes of some classes of tenement, and provide for more secure title.

- Some states where the Company has mineral tenements (or applications) are taking the lead in streamlining their own procedures and cutting application times down to reasonable levels.
- The Geological Survey of India (GSI), which has been the main organ for mineral exploration, has charged exorbitant sums to the private sector for purchasing its exploration data. Last year the Government has instructed it to make much of its data public at no cost and post it on its web site. This will be implemented over the next few years.
- The world credit crisis has impacted India the least of any major economy. The Reserve Bank of India handled it well and adjusting interest rates as needed, and the commercial banks are not in jeopardy. The “globalizing” of India has been slow and deliberate. A few years ago it seemed too slow. Now it seems that it has saved the Indian economy considerable grief.
- The Ministry of Mines and the Ministry of Environment and Forests – the two with which the exploration and mining business has the most contact – have become very proactive with reforms in the past few years and that trend is accelerating.
- Mineral-related consulting and contracting services are more readily available than they were just 12 months ago.
- For 15 years the Company has been active in India and three years ago it established a substantial beachhead in India. With this the Company has become a full partner in the Indian business and mining culture and well known to all persons involved.
- India remains one of the least explored countries in the world and its present day non-ferrous metal mining capacity is the weakest of any society living on a mineral-rich Precambrian Shield.
- India is a heavily industrialized country that manufactures many common components needed for a modern mine, some at lower cost than in the West.
- It has a well educated, highly intelligent professional work force.
- It has a hard working and low-cost labor force.
- It has a modern business and commercial infrastructure – banks, insurance companies, transportation and communications networks and so on.
- India’s laws are written; written in English; and copies are widely distributed.
- Although quite slow in acting, India’s court system is mature and seasoned – unlike some other Asian and Africa countries – and India has a large body of case law.
- India is a pluralistic society and the world’s most populous democracy; it is unlikely to suffer from a catastrophic regime change.
- India has libraries and collections of geologic and geophysical data that form the basis for exploration decisions; geologic work has been carried out with British-type discipline, both in colonial days and since Independence in 1947.
- Many analysts are now forecasting firm prices for copper, zinc, lead, silver and gold in the years 2011-2015.

Outlook

The Company requires additional capital to pursue development of the Askot project and to pursue its larger goals in India. The Company is in discussion with several investors and funds and is confident that such capital will be assembled in a timely manner.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant accounting estimates used in the preparation of the Company's financial statements are:

Fair value of options and warrants

The Company has estimated the fair value of options and warrants using the Black-Scholes option pricing model. The following weighted-average assumptions were used:

	June 30, 2010 (3 months)	March 31, 2010 (12 months)
Average risk-free interest rate	1.19%	1.42%
Expected share price volatility	180%	101%
Expected average period until exercise	3.02 years	2.40 years
Expected dividend yield	$nil	$nil

Carrying value of mineral property interests

The amounts shown for mineral property interests represent acquisition, holding and exploration costs, and do not necessarily represent present or future recoverable values. The recoverability of these amounts is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain the necessary financing to successfully complete their development and to meet the requirements, from time to time, of lenders, including shareholders, who are providing this financing and upon future profitable production.

The Company reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets exceeds their fair value.

Carrying value of other capital assets

The Company reviews the carrying values of its other capital assets whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets exceeds their fair value.

Asset retirement obligations

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mineral properties, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company adopted the recommendations of Sections 1535 of the CICA Handbook, Capital Disclosures, during the year ended March 31, 2008**.** This section establishes standards for disclosing information about an entity's capital and how it is managed.

The Company adopted the amended requirements of Section 3862 of the CICA Handbook, Financial Instruments – Disclosures and Section 3863, Financial Instruments **-** Presentation, during the year ended March 31, 2009**.** These sections require qualitative and quantitative disclosures on the risks, which include currency risk, credit risk, interest rate risk, liquidity risk and market risk, to which the Company's financial instruments are exposed.

Other accounting pronouncements issued by the CICA and which the Company intends to evaluate and, if required, adopt in the preparation of its future financial statements are:

Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, evolving and being converged with International Financial Reporting Standards ("IFRS") over a transitional period currently expected to be completed by 2011. The International Accounting Standards Board also has projects currently under way which should result in new pronouncements which will be included in the convergence process.

The Company is conducting a detailed assessment of the requirements of the transition to IFRS, with the intention of identifying the timing of the implementation of the transition, major differences in accounting policies and selecting the policies which are appropriate for the Company, identifying the appropriate disclosure in financial statements prepared under IFRS and refining an implementation plan.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. They are measured at amortized cost which, as at the end of the fiscal year, approximates their fair values.

The Company incurs certain of its expenses in currencies other than the Canadian dollar. As such, the Company is subject to foreign exchange risk as a result of fluctuations in exchange rates. The Company manages its currency risk through the preparation of short and long term expenditure budgets in different currencies and converting Canadian dollars to Indian rupees whenever exchange rates are favourable.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. To reduce credit risk, cash and cash equivalents are on deposit at major financial institutions.

The Company's financial instruments may include bankers' acceptances and treasury bills. These instruments bear a fixed rate of interest and a fixed maturity date. If the Company is required to liquidate them prior to the maturity date, there is a risk that interest rates will have increased such that the market value of the instrument is less than the expected value. The Company limits this risk by only investing in instruments which can be liquidated immediately.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Financial Officer and Chief Executive Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures ("the Procedures") which provide reasonable assurance that information required to be disclosed by the Company under provincial or territorial securities legislation (the "Required Filings") is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings. The Company's Certifying Officers are also responsible for establishing and maintaining internal controls over financial reporting ("Internal Controls") and have designed such Internal Controls, or caused it to be designed under their supervision, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

During the year ended March 31, 2010 there were inherent weaknesses in the Company's internal controls which are typical of small companies, which have a limited ability to segregate incompatible functions. The Company expects to remedy these weaknesses by expanding the number of individuals involved in the accounting function as it grows. Effective disclosure controls were achieved, despite the inherent weaknesses in internal control over financial reporting, because of the President and Chief Executive Officer's direct involvement in the disclosure controls and procedures process.

The Certifying Officers evaluate the Company's Internal Controls on a regular basis throughout the year and have certified that there were no changes in the Company's Internal Controls during the Company's most recent interim period that materially affected, or is reasonably likely to materially affect, the Company's Internal Controls.

RISKS AND UNCERTAINTIES

Country Risk. The principal business of the Company is in the exploration and development of mineral properties in India. The Company is subject to the political risks and bureaucratic delays that might transpire.

Exchange Rates. The Company incurs costs and expenses in foreign currencies other than Canadian dollars. The exchange rates covering such currencies, including the U.S. dollar and the Indian rupee, are subject to fluctuations which give rise to foreign currency exposure, either favorable or unfavorable. The Company does not hedge any currencies against others.

Exploration Risk. Exploration for minerals and development of mining operations involve many risks, many of which are outside the company's control. In addition to the normal risks of exploration and mining, the Askot project is in a remote location that lacks certain elements of infrastructure.

The Company's National Instrument 43-101 compliant indicated mineral resource has not been elevated to measured mineral resource or mineral reserves. Such upgrading may or may not be successfully completed.

Permits and Clearances. The Company requires several permits to perform exploration activities and, as noted above, to enter into commercial production. These are granted by various departments of state and central government. Some departments are ambivalent about mining. There may be delays in acquiring the necessary permits that would be detrimental to the Company's operations.

Price Risks. The Company's proposed principal products – copper, zinc, lead, silver and gold – are priced by world markets and are outside the Company's control. A decline in prices can adversely affect a mining operation; and for an exploration company, access to additional capital.

APPROVAL

The Board of Directors of Pebble Creek Mining Ltd. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be obtained, along with additional information, on the SEDAR website at www.sedar.com.