Pebble Creek Mining Ltd.

Management Discussion and Analysis of Financial Conditions and Results of Operations
Three and Nine months ended December 31, 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 nine months ended December 31, 2010, with comparisons for the nine months ended December 31, 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 February 28, 2011.*

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 $1,100,000 before costs during the quarter ended December 31, 2010.

India is an exploration and mine development venue that is known for its dense and sluggish bureaucratic barriers. Pebble Creek has been working there for 16 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"), Hirakund Diamond Exploration Private Ltd. ("Hirakund") and Narsinghpur Gold Mining Private Ltd. ("NGM").

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

	Dec 31, 2010	Sept 30, 2010	June 30, 2010	March 31, 2010	Dec 31, 2009	Sept 30, 2009	June 30, 2009	March 31, 2009
Interest Income	$ -	$ 9	$ -	$ 86	$ -	$ -	$ 5	$ 1,179
Net Loss	$ (104,672)	$ (136,008)	$ (129,508)	$ (231,050)	$ (167,777)	$ (305,335)	$ (94,989)	$ (245,597)
Basic & Diluted (Loss) Per Share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)
Basic & Diluted Weighted Average Shares	51,132,633	50,512,238	50,512,238	50,512,238	48,512,238	36,382,409	33,485,548	33,242,376

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 loss in the third quarter of calendar 2009 is due mainly to share-based compensation expense of $156,411 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 December 31, 2010 and 2009

The Company incurred general and administrative expenses of $104,672 during the three months ended December 31, 2010 (2009 - $167,777). General and administrative expenses that varied during the three months ended December 31, 2010, compared to the three months ended December 31, 2009, were as follows:

- corporate development costs of $2,797 (2009 - $18,168) – cost-cutting instituted
- foreign exchange gain of $10,488 (2009 - loss of $8,335) – minimally under the Company's control
- legal & audit fees of $15,606 (2009 - $23,536) – reduction in the use of external professional services
- rent of $3,675 (2009 - $15,242) – cost-cutting instituted
- travel and entertainment of $927 (2009 - $13,356) – decrease in fundraising travel and promotion.

During the three months ended December 31, 2010, acquisition and compliance, exploration, drilling and underground development costs at Askot were $148,261 (2009 - $173,337).

Total assets increased by $1,022,488 during the three months ended December 31, 2010 (2009 – decrease of $270,000). Total assets at December 31, 2010 are $7,821,273, of which $944,444 is represented by current assets, $6,711,675 is invested in the Company's mineral properties, $122,451 is capital equipment, and $42,703 is long-term advances and deposits.

Nine months ended December 31, 2010 and 2009

The Company incurred general and administrative expenses of $368,135 during the nine months ended December 31, 2010 (2009 - $568,101). The decline in expenses is primarily due to cost cutting. General and administrative expenses at variance during the nine months ended December 31, 2010, compared to the nine months ended December 31, 2009, were as follows:

- corporate development costs of $33,084 (2009 - $27,450) – increase due to the need for additional funding

- foreign exchange loss of $2,823 (2009 - $8,028) – minimally under the Company's control
- legal and audit fees of $44,318 (2009 - $76,584) – reduction in the use of external professional services
- rent of $12,307 (2009 - $26,850) – cost cutting
- share compensation costs of $17,119 (2009 - $175,259) – representing the lower number and value of share purchase options which vested in each of the 2010 and 2009 periods
- shareholder costs of $40,389 (2009 - $22,300) - increase due to the need for additional funding
- travel of $6,610 (2009 - $27,875) – decrease in fundraising travel and promotion.

During the nine months ended December 31, 2010, acquisition and compliance, exploration and underground development costs at Askot were $854,016 (2009 - $491,179).

Total assets increased by $1,429,451 during the nine months ended December 31, 2010 (2009 – increase of $618,489). Total assets at December 31, 2010 are $7,821,273, of which $944,444 is represented by current assets, $6,711,675 is invested in the Company's mineral properties, $122,451 is capital equipment, and $42,703 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 deficiency of $(342,621) at March 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Current Liquidity and Capital Resources

At December 31, 2010, the Company had a working capital deficiency of $520,611 and cash resources of $922,296. During the nine months ended December 31, 2010, the Company's cash outflows included $43,667 on operations and $426,586 on investing activities. During the same period cash inflows consisted of $1,065,230 from the completion of a private placement.

On December 23, 2010 and December 31, 2010 the Company closed the first and second tranches of a private placement for 10,000,000 units at $0.11 per unit for gross proceeds of $1.1 million. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one common share until December 23, 2011 and December 31, 2011 at a price of $0.20 per share.

Options and Warrants

As at December 31, 2010, the following options and warrants to purchase shares of the Company were outstanding:

Options

	Number of Shares	Exercisable Options	Price Per Share	Expiry Date	Date Granted or Issued
Options	745,000	745,000	$0.12	August 10, 2012	August 10, 2007
Options	25,000	25,000	$0.12	January 18, 2013	January 18, 2008
Options	1,625,000	1,625,000	$0.12	August 25, 2013	August 25, 2008
Options	2,355,000	2,355,000	$0.12	September 29, 2014	September 14, 2009
Options	100,000	100,000	$0.12	January 29, 2011	August 25, 2008
Options	200,000	150,000	$0.12	April 8, 2015	April 8, 2010
	5,050,000	5,000,000			

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 estimated 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 estimated increase in fair value of $71,354 due to the modification of these options was 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
	3,567,272	$0.20	December 23, 2011	December 23, 2010
	1,432,728	$0.20	December 31, 2011	December 31, 2010
	26,979,931			

[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 estimated 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 estimated 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 nine months ended December 31, 2010 an additional 800,329 shares were released from escrow leaving a balance of 1,600,660.

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 at February 28, 2011 60,605,147 were issued and outstanding; 5,050,000 share purchase options were outstanding and warrants to purchase an aggregate of 26,979,931 common shares were outstanding. On a fully diluted basis, 92,635,078 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 2011 and May 2013, which require estimated minimum annual rental payments of:

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

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. The geologist is on temporary leave from October 2010 through April 2011 to work with another company.

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 nine months ended December 31, 2010, the Company paid fees of $47,351 (December 31, 2009 - $55,733) 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 December 31, 2010 accounts payable included $20,417 payable to this legal firm (March 31, 2010 - $18,406).

The Company also accrued management, accounting and consulting fees of $174,795, included in general and administrative expenses, and geological and engineering fees of $179,864, included in mineral property acquisition and exploration costs, payable to officers during the nine months ended December 31, 2010 (December 31, 2009 - $165,567 and $86,433, respectively). At December 31, 2010, $649,755 is payable to officers (March 31, 2010 - $442,162).

During the nine months ended December 31, 2010, an officer of the company and a member of his immediate family loaned the Company $20,000 and $35,000 respectively, for a total of $55,000. The loans bear interest at 5% per annum and there are no specific terms of repayment.

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 purchased 50,000 common shares of NGM 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 purpose 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 Uttarakhand and has cleared the technical approvals by the Indian government's Ministry of Environment and Forests. Minor issues concerning protection of wildlife are currently being resolved and the next step is execution of Forest Clearance by the Ministry. 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 57 holes (total 9,258 metres) drilled 20 to 40 years ago by government entities.

In May 2010, the Company began a program of step-out drilling to test possible extensions of the known mineral deposit. Six holes were completed for a total of 1,860 metres.

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 considering the likely underground mining extraction scenario and metal prices and recovery assumptions reported below.

Subsequently the Company's President & CEO, Dr. Andrew E. Nevin, P.Eng. (BC), P.Geol. (Idaho) reported an additional inferred mineral resource as noted in the table 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 and do not have demonstrated economic viability. The mineral resource statement is presented in the table below.

Table. Mineral Resource Estimate, Askot Massive Sulfide Deposit, Uttarakhand, India as at February 14, 2010

Category	Tonnes	Cu (%)	Zn (%)	Pb (%)	Ag (gpt)	Au (gpt)	Cu equiv (%)
Previously reported mineral resource estimate, SRK Consulting (August 12, 2008)							
Indicated	1,860,000	2.62	5.80	3.83	38	0.48	6.39
Inferred	149,000	1.70	4.56	1.89	29	0.44	4.32
Current addition to Inferred Mineral Resource, Pebble Creek Mining Ltd.							
Inferred	1,200,000	0.81	1.16	1.82	34	0.21	2.12
Total and weighted average of Inferred Mineral Resource							
Inferred	1,349,000	0.91	1.54	1.83	33	0.24	2.37

Cutoff grade is $100 of total metal recovered in concentrates per tonne of run-of-mine material based on the following parameters: 85% of copper (Cu), 76% of zinc (Zn), 78% of lead (Pb), and 60% of each of silver (Ag) and gold (Au). Prices used are Cu $2.50/lb, Zn $1.00/lb, Pb $0.90/lb, Ag $15/oz and Au $1,000/oz. Prices are based on long-term estimates by BMO Capital Markets and other analysts, and are considerably less than current world metals prices. Four prices have been changed from the 2008 estimates, which used $2.00 Cu, $0.90 Zn, $0.65 Pb and $900 Au. The same parameters are used in calculating "copper equivalent" grades, converting all recovered metals into dollars and equating the sum to a comparable value of copper recovered in the concentrates.

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 and has developed several new drilling targets.

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 December 31, 2010 a total of $148,260 was spent on the Askot project, to bring the total to date to $6,675,018. 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 $36,657. The amount spent during the year ended March 31, 2010 was $386, with $nil during the quarter ended December 31, 2010.

The Company filed two additional applications on February 14 and 18 for a gold prospect elsewhere in India. A news release is being drafted for distribution on or about March 1, 2011.

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, Banda and elsewhere. Each has read and approved the technical information in this MD&A.

Factors and Trends Affecting the Company's Projects

<u>Adverse Factors.</u> 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 this year.
- 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.

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

- Metals prices for copper, silver and gold in particular are very high at present and this makes financing much easier.The Government of India recently 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.

- 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 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 as soon as possible. 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 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 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 have been in past years.
- For 16 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.

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.

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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:

	December 31, 2010 (9 months)	March 31, 2010 (12 months)
Average risk-free interest rate	**1.67%**	1.42%
Expected share price volatility	**148%**	101%
Expected years of option life	**1.09 years**	2.4 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

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 quarter ended December 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.