

India: The Next Big Play

Andrew Nevin
Pebble Creek Mining Ltd.
TSXV: PEB



India Day, PDAC, March 3 2009



Pebble Creek

Forward-Looking Statements

Certain information included in this presentation 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," 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 technical, 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. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Pebble Creek

Scope of this Presentation

- Subjective, anecdotal report from our own experience during 14 years in India
- Limited to gold, copper, zinc, lead, silver, nickel, PGM, diamonds, etc.
- Omits iron, bauxite, coal, oil & gas, industrial minerals, and uranium & thorium

Pebble Creek

Contents

- Pebble Creek
- Askōt copper and zinc project
- About India
- And why it's the next big play

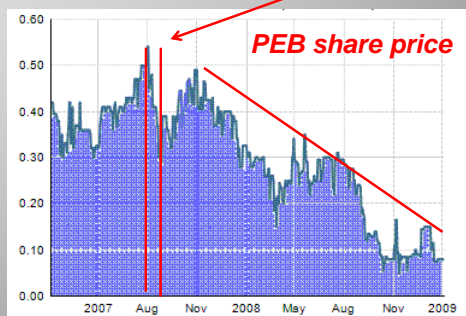
Pebble Creek

Pebble Creek Mining Ltd.

- 1993 – Incorporated in British Columbia
- 1995 – Started scouting India
- 2000 – Acquired mineral rights at Askōt
- 2006 – Listed on TSXV by an RTO
- 2006-7 – Drilled confirmation holes, Mining Lease approved
- 2008-9 – Underground drill stations, NI 43-101 resource estimate, final permits for production

Pebble Creek

All went well until August '07...



Pebble Creek

Askōt



Pebble Creek

TEXT OF REMARKS TO ACCOMPANY SLIDES

Slides 1 and 2 – Normal introductory comments.

Slide 3 – Scope. Several speakers today have reported on various details and procedures regarding exploration and mining in India. I am going to report subjective impressions from our own experience there during the past 14 years.

I am also limiting this talk to those commodities in which we have some specific knowledge.

I am omitting certain commodities in which India is a world leader in mining, processing and marketing – namely iron, coal, bauxite and aluminum, dimension stone and various industrial minerals. I am also omitting uranium, which is reserved for the State.

Slide 4 – Contents

Slide 5 – TRANSITION TO PEB. Pebble Creek was incorporated in BC in 1993 and remained a private company until the last trading day of 2006 when it went public by means of an RTO, and Qualifying Transaction with a Capital Pool Company. LOM in Toronto was lead broker.

We started to scout potential prospect acquisitions in India – part time – in 1995. Gyan Singhai, now our Chairman, and I were working in China with another company, and on his break he visited his family in India and came back to China and said India is opening up for minerals and we should be there. After clearing this with our partners we started immediately.

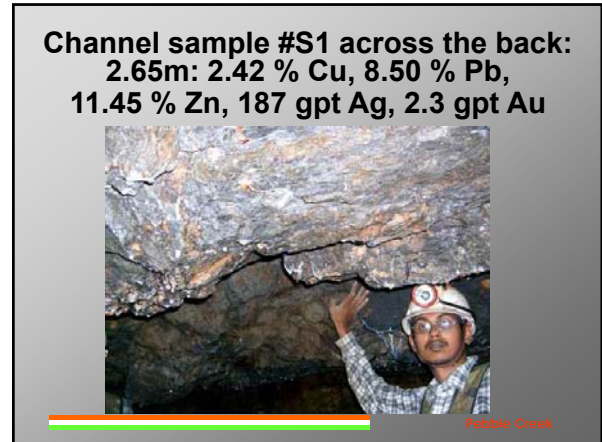
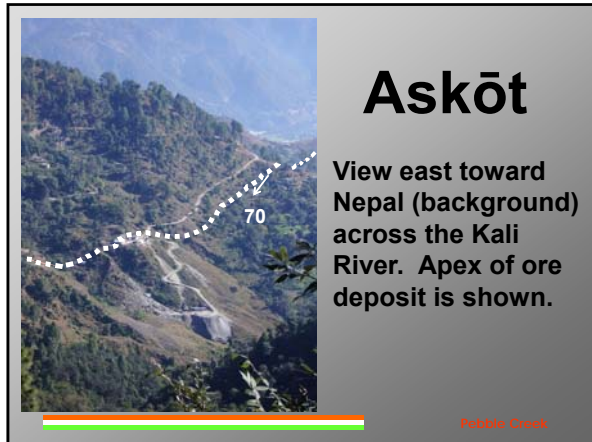
After the market melted down in 1997, we continued doing light work – mapping and prospecting – and in 2000 we obtained our first mineral rights, executing a Prospecting Licence on a known VMS deposit – of copper, zinc, lead, silver and gold – at Askot, at that time in Uttar Pradesh (state), now in the new state of Uttarakhand.

We did a few preliminary steps, but did not get started with tunnelling and drilling until late 2003 when the market was clearly improving. Altogether we have invested about \$8 million in scouting, infrastructure, lobbying and compliance, geophysics, tunnelling, drilling and related tasks in India, with most going to Askot.

Slide 6 – This is the reason for the Forward-Looking Statements disclaimer. Our share price has gone from 56 cents to 8 cents – more or less following the TSXV average down. Our market cap is less than \$3 million – so we are joining the list of very good buys.

Slide 7 – TRANSITION – ASKOT – LOCATION MAP. Askot has nothing to do with the English horse-racing world, but is a contraction of Assi Kōt or Eighty Kingdoms. Askot Village was once the seat of a Royal State taking in a large area of India and Nepal.

It is located at a very pleasant 1000 meters elevation at Latitude 30 degrees in the foothills of the Himalaya, about 330 straight-line kilometres northeast of Delhi, in an area of no ethnic conflict.

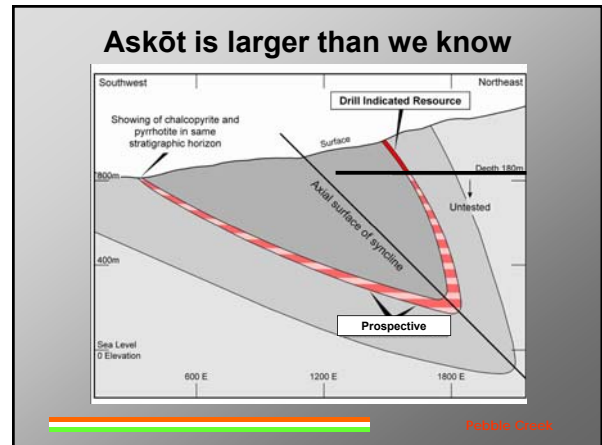


**NI 43-101 Compliant Indicated Mineral Resource:
Tonnage, Grade, and Estimated Recoverable
Metal, SRK Consulting, Toronto & Kolkata**

1.86 million tonnes

Grades <i>in situ</i>	Copper	Lead	Zinc	Silver	Gold
	2.62 %	3.83 %	5.80 %	38 gpt	0.48 gpt
Est. total recoverable (Tonnes)	41,400	55,600	83,100	42	0.5

Pebble Creek



- Macroeconomics**
- Year-on-year GDP growth has been about 9%
 - GDP growth may be 5.6% this fiscal year (Economist) or 7+% (Gov't); perhaps 6.5-7% next fiscal year (Gov't)
 - India is less affected by the Western credit crisis than most other countries
 - Banks are sound. The Reserve Bank of India is managing the crisis well
 - In my neighbourhood in Delhi, private construction and public infrastructure growth continue as before
- Pebble Creek

TEXT OF REMARKS (continued)

Slide 8 – View . The countryside has pine trees and broadleaf trees and reminds us of the Okanagan in British Columbia.

The ore body – apex shown here – is steeply dipping, calling for an underground mine. 74 holes, total 14,000 m, have been drilled from the hillside above the ore beds: 57 by three government agencies and the UNDP 20 to 40 years ago, and we drilled 17 twin holes to confirm the earlier work.

The portal in the lower center of the photo provides access to 800 meters of workings: a drift along the ore beds for 300 m, and a parallel drift offset 125 m in the hanging wall, which has a row of underground drill stations to be used to drill deeper this year and next.

As you can see, it will be an underground mine. There will be an enormous cost advantage for underground mining in India, where a skilled miner would be very happy with about CAD \$10 per day.

Slide 9 – Back and Assays. Our first stopes will be in very high grade ore – this particular ore shoot should be worth several hundred dollars per tonne at whatever level metals are priced at in 2011 or so.

Slide 10 – 43-101 resource estimate. SRK estimated the resource as 2.62 copper, 5.8 zinc and 3.83 lead. One problem SRK faced: The previous government workers inexplicably did not assay for gold and silver, so SRK had little precious metals data to work with.

Slide 11 – Syncline. What is more important however, is that the limits of the deposit have not been found yet: down dip and along strike in both directions. Of the 74 holes to date, none has gone deeper than the horizontal line on the right – 180 meters below the apex – owing to topography and access.

With 10,000 tonnes per vertical meter, and several hundred unexplored meters down dip, and 3,000 unexplored meters along strike, we expect to find several times the known resource. Our hanging wall drift will give us the platforms to drill deeper.

Slide 12 – TRANSITION TO “INDIA” – Is this what you visualize when India is mentioned? This is the new India. Shopping malls, efficient subways, automated electronic passes on toll highways, mobile phones, several commercial airlines, good domestic autos, ATMs everywhere.

Slide 13 – Macroeconomics. To be sure, India is affected by the credit crunch, on top of the reduction in tourist visits as a result of the attacks in Mumbai on November 26. However it is less affected than most other countries: India has been globalizing but there still remain pockets of capital there that are tightly held by family-dominated companies, family dynasties and government-owned companies.

The physical manifestations of growth in India – construction, detours around the cuts for the new subway, changes in the airport every time I go through it – remind me of when I was in school in the US in the 1950s, the Eisenhower years. It has the same vibrant energy.

India's Mines

- Robust in iron, coal, bauxite, stone (and expansion at Vedanta's Hindustan Zinc)
- Lacking in gold, silver, copper, lead, nickel, PGM, tungsten, moly, diamonds, etc.
- Why? Legacy of the planned economy
- Geological Survey of India & Mineral Exploration Corporation Ltd have been charged with exploration

Pebble Creek

Domestic Capacities & Markets: Major non-ferrous metals in metric tonnes per year

	<i>Mines</i>	<i>Smelters</i>	<i>Market</i>
Gold	3 T	--	800 T
Silver	200 T	--	2,500 T
Copper	90 kT	800 kT	1,000 kT
Zinc	600 kT	700 kT	900 kT
Lead	150 kT	90 kT	300 kT

Pebble Creek

Some Differences: India v. the West

- India was not a lightly populated "frontier" as were the Americas, Australia & South Africa not long ago
- Your exploration and development may impinge on others' activities or goals
- India must regulate exploration & mining accordingly
- The bureaucracy is not against progress, but it is very, very dense

Pebble Creek

Why India is the Next Big Play

- India's minerals are still underexplored and under-developed
- India wants foreign direct investment & technology transfer in the mineral sector and is moving in the right direction with the "New Mining Policy"
- Democracy, rule of law, mature law courts
- Free, aggressive, fearless press
- Business, financial, manufacturing infrastructure
- GDP growth still very strong
- Indians are savers: There is capital there

Pebble Creek

Suggestions for Start-ups in India

1. Listen more than you talk; learn the culture
2. Force your people to make decisions and take responsibility
3. Post a senior person there, someone who knows your corporate culture and has CEO authority
4. As a foreign company, you will unknowingly possess a cachet. Use it
5. Do not hesitate to play hardball when necessary

Pebble Creek

Summary – India has...

- Rich, under-explored prospective geology
- Available baseline data
- Better infrastructure than many places
- Smart well-educated work force
- Democratic government
- A bureaucracy that is workable (with patience)
- Low capital and operating costs
- Voracious metals markets
- Reforms that are moving in the right direction

Pebble Creek

TEXT OF REMARKS (continued)

Slide 14 – Mining. What do iron ore, bauxite, coal and dimension stone have in common? They either lay on the surface or they are flat – AND EASY TO FIND.

What do gold, silver, copper, lead, nickel, PGM, tungsten, moly, diamonds have in common? Deposits are irregular in shape, often concealed – AND HARD TO FIND, REQUIRING LOTS OF RISK CAPITAL.

What government in the world can survive politically if it spends taxpayers' money on HIGH RISK MINERAL EXPLORATION? Especially when it has many other demands on its money such as infrastructure, potable water, education, medical care, etc.?

Where India's history of a "planned economy" did not serve it well is in mineral exploration. With due respect to our friends in GSI, we suggest they stick to mapping geology and publishing their data – like most of the world's geological surveys. The Hoda Committee voiced the same opinion.

We suggest that GSI stop doing exploration drilling and trying to recover their costs by selling their data – which are too flawed to meet JORC or 43-101 standards.

A habit has grown up among Indian exploration institutions: Since the end result is not usually a mine, projects are conducted in a perfunctory manner and the final objective is an erudite report; not a stream of concentrate coming off the filters.

That is a comment, not a complaint: We and our competitors appreciate the government database and make use of it where we can.

Slide 15 – Capacities. The difference between mine capacity and demand is most pronounced in gold and copper. India generally buys as much as one-third of the world's new gold mine production yearly. We see no reason for these differences except lack of results-oriented exploration.

This is not for lack of intelligence or technology. It is institutional and structural: Until 1993 mining in our sector was a government monopoly. **The dearth of new mines resulted from NO TANGIBLE REWARDS for success, and DISGRACE for failure.** This is the opposite of the profit-oriented structure of the exploration business in Canada, Australia and elsewhere.

Slide 16 – Why India is different. We westerners criticize India as being too bureaucratic and too slow to get business done. Let's have a little historical sensitivity and appreciation before criticizing too much.

India is not a frontier country. India had literature, music and art two millennia ago when my ancestors in Scotland were wearing animal furs and raiding the Romans – who even built a wall to keep us out.

The Americas, Australia and South Africa were lightly inhabited a few centuries ago when the Europeans arrived. The Europeans got quite used to appropriating farm land, timber, beaver furs, minerals, hydropower, etc. The tradition grew up of acquiring mineral rights without much fuss; and stock markets evolved to finance exploration and mining.

India is not lightly populated and anything you might wish to do may impinge on your neighbor's rights. Therefore – India requires more regulations and vetting than, say, Nevada or the Mexican desert states or Western Australia.

Stick handling applications through the bureaucracy is a subject that requires a longer talk than this. For now, let's say that it requires attention, but it is possible to push permits and clearances forward without violating any laws.

(continued)

TEXT OF REMARKS (continued)

Slide 17 – TRANSITION: NEXT BIG PLAY. Other people today have talked about geology. Let's just say that India's Precambrian craton is as good as Australia's and Africa's.

Since World War II, Canada and Australia have each opened up hundreds of world class mines. India, by my count, has opened up three in our sector.

The new National Mining Policy, 2008 – which we have heard about today – is a good start toward modernizing the Indian non-ferrous mineral industry. There are other changes afoot too, and those of us in the exploration business – who have wide experience in other countries – are sharing that experience and advising the government as individuals and through our organizations such as FIMI – the Federation of Indian Mineral Industries; CII – the Confederation of Indian Industry; and the new AIMEDA – All India Mineral Exploration and Development Association.

India has some advantages not found in many other countries where our industry is active. A true Democracy is one of these. It's messy but you know there will be no revolution.

Skipping down to the bottom: India has a culture of saving and there is an enormous amount of capital there that can be made accessible to our needs. This is how we propose to finance mine development at Askot – to go public in India and share the wealth with our hosts.

Of the 20 or so companies exploring for non-ferrous metals or diamonds, it looks like 8 have discoveries in the commercial or near-commercial class. We are picking the low-hanging fruit, as they say. This will continue for a few years yet.

Slide 18 – Suggestions. We have probably made all the mistakes we could possibly make during our first 14 years in India.

So I am offering some suggestions for anyone wishing to start there ---

No. 1 – is important where the culture has some differences from Western culture.

No. 2 is necessary. You must unlock the initiative of your staff.

Much of Asia has a heritage of “top-down” management in commercial and governmental organizations. Many people are reluctant to take initiative, or make decisions, or take responsibility for a decision.

The rewards for being right are often slim (if at all) and the penalty for being wrong can be huge. I tell our people: “A decision is usually not between right and wrong; but between right and another right. So you decide and then tell me what you did.”

It takes them a while to get used to it, but once they have the freedom to be creative, they excel.

No. 3 – Your country chief in India has to have the authority to do things – without calling Toronto or Melbourne every night.

And his Indian counterparts in government need to know that he makes the decisions. We have seen many bad examples of restrictions on country exploration managers.

No. 4 – Believe it or not foreign companies are well regarded in India: American, Canadian, Australian, South African and British. Generally your counterparts in industry or government respect your knowledge, experience, craftsmanship and honesty. You can use this to your advantage.

No. 5 – Hardball: You will from time to time meet a government official who is deliberately and unreasonably obstructing you for his own ends. Some foreign companies fear that if they push too hard they will invite vindictive treatment later. That does not happen.

We won a legal action against a state government once and it was just like a baseball game – no lingering animosity, just “good game, see you next year.” We have retained excellent relations with the mining officers in that state.

We have aired our complaints in local news media more than once – and got what we wanted from our tormentors – and nothing adverse ever happened.

Since we put together these slides, a friend told me his rule is the FOUR P's: You need to know Policy, Procedures and the People involved. And you need to have Patience.

Slide 19 – SUMMARY. The most important of these are the rich geology and the firmly ingrained democracy.

The geology is more or less the same as any other Archean and Proterozoic shield, but woefully underexplored by post-World War II standards. Roughly 3 world class base metal mines have been developed in the post-war years – compared with hundreds in Canada and Australia.


India's Democracy is chaotic and messy, but consistently follows its British heritage of rule of law, with all that implies: Written and widely published laws, mature law courts, English as one principal language and absolutely free press – which continuously campaigns against malfeasance in any quarter, including government.

To be sure, change takes place slowly. However with the safety valve of democracy, you know that there will be consistency – not revolution. Compare that with some other countries where our exploration and mining industry is investing at the present time.

Slide 20 – And India being India, you should acquire spiritual growth and inner peace along the way!

Slide 21 – Thank you

©Cartoonbank.com



Caption:

“Of course I hope to find gold. But my real goal is spiritual growth and inner peace.”

**Peter Steiner,
New Yorker,
2005, with
permission**

Pebble Creek

Thank you

Pebble Creek Mining Ltd.
302-750 West Pender Street
Vancouver, BC V6C 2T7
604 696 6101
info@pebcreek.com

India
Mobile +91 98 109 10678
Office +91 11 4605 4156
nevin@pebcreek.com

PEB
pebcreek.com



Pebble Creek