

**PEBBLE CREEK MINING LTD.**

**Consolidated Financial Statements  
Fifteen Months Ended March 31, 2007  
and Year Ended December 31, 2005**

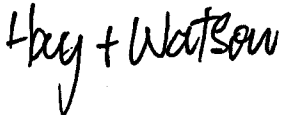
## AUDITORS' REPORT

**To the Shareholders of  
Pebble Creek Mining Ltd.**

We have audited the consolidated balance sheets of Pebble Creek Mining Ltd. as at March 31, 2007 and December 31, 2005 and the consolidated statements of loss and deficit, of mineral property expenditures and of cash flows for the fifteen months ended March 31, 2007 and the year ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial positions of the Company as at March 31, 2007 and December 31, 2005 and the results of its operations and its cash flows for the fifteen months ended March 31, 2007 and the year ended December 31, 2005 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Vancouver, British Columbia  
July 6, 2007

**PEBBLE CREEK MINING LTD.****Consolidated Balance Sheets**

	<b>March 31 2007</b>	<b>December 31 2005</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 945,393	\$ 28,343
Accounts receivable	40,408	3,064
Inventory	2,138	1,242
Prepaid expenses	76,608	11,285
	1,064,547	43,934
<b>Mineral Property Interests</b> (Note 3)	2,398,982	1,386,108
<b>Other Capital Assets</b> (Note 4)	181,426	28,927
	\$ 3,644,955	\$ 1,458,969
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 73,528	\$ 47,534
Payable to directors	111	148,290
	73,639	195,824
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b>		
Authorized		
Unlimited number of common shares without par value		
Unlimited number of preferred shares without par value		
Issued and fully paid (Note 5)	5,150,188	2,507,718
<b>Contributed Surplus</b> (Note 5)	245,429	-
<b>Deficit</b>	(1,824,301)	(1,244,573)
	3,571,316	1,263,145
	\$ 3,644,955	\$ 1,458,969

**Approved By The Board**

“Andrew E Nevin” Director

“Campbell H Pearson” Director

**PEBBLE CREEK MINING LTD.****Consolidated Statements of Loss and Deficit  
Periods Ended**

	<b>March 31 2007 (15 months)</b>	<b>December 31 2005 (12 months)</b>
<b>INCOME</b>		
Interest	\$ 33,424	\$ -
<b>EXPENSES</b>		
Corporate development	94,993	19,184
Amortization	6,658	7,306
Bank charges and interest	2,454	2,948
Insurance	1,773	-
Shareholder costs	17,344	1,568
Management fees	179,500	100,000
Office	54,264	11,966
Professional fees	84,451	47,926
Rent	27,563	5,964
Salaries	19,367	-
Travel	114,327	11,815
Telephone	11,815	4,221
Foreign exchange	(1,357)	5,755
	613,152	218,653
<b>NET LOSS</b>	579,728	218,653
<b>DEFICIT, BEGINNING OF PERIOD</b>	1,244,573	1,025,920
<b>DEFICIT, END OF PERIOD</b>	\$ 1,824,301	\$ 1,244,573
<b>Basic and Diluted Loss per share</b>	\$ (0.04)	\$ (0.02)
<b>Weighted Average Number of Shares Outstanding</b>	15,496,163	11,007,823

**PEBBLE CREEK MINING LTD.****Consolidated Statements of Cash Flows**  
**Periods Ended**

	<b>March 31 2007 (15 months)</b>	<b>December 31 2005 (12 months)</b>
<b>Cash Flows Used for Operating Activities</b>		
Interest income	\$ 33,424	\$ -
Cash paid for supplies and services	(660,594)	(194,800)
	(627,170)	(194,800)
<b>Cash Flows From Financing Activities</b>		
Advances from (repayments to) directors	(148,179)	70,985
Repayment of notes payable	-	(2,287)
Shares issued, net of issue costs	2,478,372	440,609
	2,330,193	509,307
<b>Cash Flows Used In Investing Activities</b>		
Cash received on acquisition of subsidiary company, net of amounts paid for "reverse take over" costs (Note 1)	400,000	-
Mineral property advances	(7,963)	-
Mineral property interests		
Option proceeds	-	30,075
Acquisition costs	(196,604)	(76,257)
Exploration costs	(822,249)	(245,221)
Purchase of other capital assets	(159,157)	(4,890)
	(785,973)	(296,293)
<b>Increase in cash and cash equivalents</b>	917,050	18,214
<b>Cash and cash equivalents, Beginning of Period</b>	28,343	10,130
<b>Cash and cash equivalents, End of Period</b>	\$ 945,393	\$ 28,343
<b>Composed of:</b>		
Cash	\$ 236,127	\$ 28,343
Short term deposits	709,266	-
	\$ 945,393	\$ 28,343
<b>Supplemental disclosure on non-cash transactions</b>		
Shares issued on "reverse take over" before issue costs (Notes 1 and 5)	\$ 585,485	\$ -

**PEBBLE CREEK MINING LTD.**

**Consolidated Statements of Mineral Property Expenditures**

	Askot	Gadarwara	Banda	Other	Total
Balance, December 31, 2004	\$ 1,002,697	\$ 77,927	\$ 14,081	\$ -	\$ 1,094,704
Option proceeds		(30,075)		-	(30,075)
Acquisition costs					
Geological fees and travel expenses	78,560	14,000	-	-	92,560
Consulting engineers fees	21,020	1,068	-	-	22,088
Exploration expenditures					
Geological fees and travel expenses	5,984	-	-	-	5,984
Consulting engineers fees	50,227	-	-	-	50,227
Engineering equipment and supplies	3,187	2,216	1,200	-	6,603
Office	20,612	-	353	-	20,965
Professional fees	8,343	-	216	-	8,559
Salaries	42,576	-	-	-	42,576
Telephone	3,544	-	431	-	3,974
Travel and promotion	56,387	1,130	381	-	57,899
Miscellaneous	689	(6,206)	-	-	(5,517)
Underground rehabilitation and exploration	15,560				15,560
Balance, December 31, 2005	1,309,386	60,059	16,662	-	1,386,107
Option proceeds	-	-	-	-	-
Acquisition costs					
Geological fees and travel expenses	126,471	17,200	-	22,235	165,906
Consulting engineers fees	23,520	7,178	-	-	30,698
Exploration expenditures					
Geological fees and travel expenses	15,975	-	-	-	15,975
Assays	5,914	-	-	-	5,914
Diamond drilling	207,878	-	-	-	207,878
Engineering equipment and supplies	9,087	-	7,027	-	16,114
Office	154,583	-	2,192	-	156,776
Professional fees	100,013	-	1,503	-	101,517
Salaries	114,877	-	-	-	114,877
Telephone	8,421	-	1,273	-	9,695
Travel and promotion	152,079	7,016	1,745	-	160,840
Miscellaneous	6,026	-	-	-	6,026
Underground rehabilitation and exploration	20,660				20,660
Balance, March 31, 2007	\$ 2,254,891	\$ 91,453	\$ 30,403	\$ 22,235	\$ 2,398,982

# PEBBLE CREEK MINING LTD.

## Notes to the Consolidated Financial Statements

March 31, 2007

### 1. OPERATIONS

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

PCR incorporated two subsidiary companies in India to acquire rights to the properties under Indian law (Note 3). 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 (Note 3) and in the Gadarwara Tenure (Note 3). A 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 (Note 3).

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 would acquire control of the Broadcast, a company listed for trading on the TSX Venture Exchange, through a “reverse take over” (“RTO”). PCR and Broadcast completed a plan of arrangement on December 15, 2006 pursuant to which:

- (a) each issued and outstanding common share of PCR was exchanged for one common share of Broadcast, resulting in the issue of 16,387,521 common shares of Broadcast to the shareholders of PCR
- (b) the jurisdiction of incorporation of Broadcast was continued from the Business Corporations Act (Alberta) to the Business Corporations Act (British Columbia), and Broadcast was renamed “Pebble Creek Mining Ltd.” (“PCM”)
- (c) the outstanding 3,386,830 warrants and 667,500 broker options and warrants to purchase common shares of PCR were exchanged for an equivalent number of options and warrants to purchase common shares of PCM on the same terms as the options and warrants of PCR
- (d) PCR and Broadcast obtained the approval of the transactions described in (a) through (c) above from its shareholders and the appropriate regulatory authorities, including approval of the transaction as a “qualifying transaction” of Broadcast by the TSX Venture Exchange.

On completion of the RTO, PCM had a total of 19,137,523 common shares issued and 4,503,330 common shares reserved for issuance for options and warrants. Of the issued shares, 85.6% were held by previous holders of PCR’s shares and Subscription Receipts and 14.4% were held by previous Broadcast shareholders. Of the options and warrants, 90.0% were held by the previous holders of PCR’s warrants and 10.0% were held by the previous holders of Broadcast options.

# PEBBLE CREEK MINING LTD.

## Notes to the Consolidated Financial Statements

March 31, 2007

### 1. OPERATIONS (continued)

In accordance with Canadian generally accepted accounting principles, PCR was identified as the acquirer at the completion of the RTO since the previous shareholders of PCR acquired control of PCM, the legal parent company. Accordingly, the authorized share capital and capital structure presented in these consolidated financial statements is that of PCM, the legal parent, the issued share capital is that of PCR, the legal subsidiary, and the operations for the current period and the comparative figures are those of PCR as that company is considered to be the continuing company.

The fair values of the net assets of PCM (formerly Broadcast) deemed to have been acquired by PCR on the RTO were:

Cash	\$581,830
Accounts receivable	10,555
Accounts payable	(6,900)
	<hr/>
	\$585,485

On completion of the RTO, PCM also changed its year end and that of its Canadian subsidiary company from December 31 to March 31, 2007, to coincide with the statutory year ends of its Indian subsidiaries.

These consolidated financial statements have been prepared on the going concern basis, which presumes that PCM 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. These financial statements do not reflect the adjustments or reclassifications which would be necessary if PCM was unable to continue its as a going concern.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which include the following significant policies:

#### **Basis of Consolidation**

These consolidated financial statements include the accounts of Pebble Creek Mining Ltd. and its wholly-owned subsidiaries, Pebble Creek Resources Ltd., Adi Gold Mining Private Ltd. and Hira kund Diamond Exploration Private Ltd. (individually and collectively referred to as the "Company") prepared on the basis of reverse take over accounting. Subsequent to the year-end, Pebble Creek Resources Ltd. was amalgamated with Pebble Creek Mining Ltd.

## **PEBBLE CREEK MINING LTD.**

### **Notes to the Consolidated Financial Statements**

March 31, 2007

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Foreign Currency Translation**

Assets and liabilities of integrated foreign subsidiary operations and foreign currency denominated assets and liabilities of Canadian operations are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. The foreign currency denominated revenues and expenses are translated at the average exchange rate for the reporting period. Gains or losses on translation are reported in operations for the year.

### **Cash and Cash Equivalents**

Cash and cash equivalents includes cash and highly-liquid term deposits that are readily convertible to cash.

### **Mineral Property Interests**

The Company's mineral property interests are composed of rights to explore for, develop and mine minerals under permit, and licences from or leases with governments in India. These agreements require fees, rentals, deposits and work commitments. The Company's rights to mineral properties are described in Note 3.

The Company accounts for its mineral property interests whereby costs relative to the acquisition, exploration and development of these properties are capitalized by property. All sales and option proceeds received are first credited against the costs of the related property, with any excess credited to operations. No gains or losses are recognized on the partial sale or dispositions of properties except in circumstances which result in significant dispositions of reserves. Once commercial production commences, these net costs will be charged to future operations using the unit-of-production method based on estimated recoverable reserves by property. The net costs related to abandoned properties will be charged to operations.

The Company is currently in the development stage.

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.

# PEBBLE CREEK MINING LTD.

## Notes to the Consolidated Financial Statements

March 31, 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Other Capital Assets

Other capital assets are recorded at cost. Amortization is provided using the declining balance method and at the following annual rates:

Furniture	20%
Computer	30%
Equipment	14%
Vehicles	26%

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 mining property, 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.

#### Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Using this method, income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements of the Company and their respective tax bases and for losses carried forward, using enacted or substantially enacted income tax rates. The effect of a change in income tax rates on future tax assets and liabilities is recognized in income in the period in which the change occurs. A future income tax asset is reduced by a valuation allowance when the probability of the realization is other than more likely than not.

#### Loss Per Share

The basic loss per share is calculated using the weighted average number of common shares of the Company that were outstanding in each reporting period. The diluted loss per share, which is disclosed only if dilutive, includes the potential dilution from outstanding options and share purchase warrants, calculated using the treasury stock method, in the weighted average number of shares outstanding.

# PEBBLE CREEK MINING LTD.

## Notes to the Consolidated Financial Statements

March 31, 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial Instruments

The Canadian Institute of Chartered Accounts (“CICA”) has issued Section 3855 of the Handbook entitled Financial Instruments - Recognition and Measurement and Section 1530 entitled Comprehensive Income. These sections build upon Handbook Section 3861, Financial Instruments - Disclosure and Presentation, by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how gains and losses on financial instruments are to be presented in financial statements.

Financial instruments are classified into various categories. Held to maturity investments, loans and receivables are measured at amortized cost, with amortization of premiums or discounts, losses and impairment included in current period interest income or expense. Held for trading financial assets and liabilities are measured at fair market value with all gains and losses included in operations in the period in which they arise. Available for sale financial assets are measured at fair market value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet, and losses due to impairment are included in operations. All other financial liabilities are to be carried at amortized cost.

The mandatory effective dates of Sections 1530, 3855 and 3861 are for fiscal years beginning on or after October 1, 2006, with optional early adoption only as of the beginning of a fiscal year ending on or after December 31, 2004. The Company has not adopted these standards and will be required to do so during the fiscal year ending March 31, 2008. The impact of these new standards on the Company’s financial statements is currently not known.

At present, the Company's most significant financial instruments are cash and cash equivalents, accounts receivable and accounts payable.

#### Share-based Compensation

The Company recognizes all share-based compensation using the fair value method. Under the fair value method, compensation costs, equal to the fair value of share purchase options on the date of grant, are recorded, with an offsetting credit to contributed surplus. Consideration received upon exercise of the share purchase options is recorded as share capital and the contributed surplus related to the recognized fair value of the options which have been exercised is transferred to share capital.

## **PEBBLE CREEK MINING LTD.**

### **Notes to the Consolidated Financial Statements**

March 31, 2007

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Use of 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 estimates used in the preparation of these consolidated financial statements include, amongst other things, the recoverability of accounts receivable and future income tax assets, and the expected economic lives of and the estimated future operating results and net cash flows from mineral properties and other capital assets.

## **3. MINERAL PROPERTY INTERESTS**

Mineral property interests for which rights are held by Adi and Hirakund are located in India and are regulated by Indian mining law.

The principal mining legislation of India includes The Mines & Minerals (Development & Regulation) Act, 1957, Mineral Concession Rules, 1960 (amended in 2001) and the Mineral Conservation & Development Rules, 1988. Under the Mines & Minerals (Development & Regulation) Act, 1957, minerals are vested within the individual states of India, whereas core mining law is regulated by the central government in New Delhi and administered by the states under the central government's regulation.

There are three forms of tenure under Indian mining legislation, Reconnaissance Permits ("RP"), Prospecting Licences ("PL") and Mining Leases ("ML"). Tenures are only issued to Indian companies, individuals or partnerships.

An RP cannot exceed 5,000 square kilometers ("km"). Any company and its affiliates are limited to holding a maximum of 10,000 square km in any one state. The term of an RP is three years, with a reduction in area mandatory at the second anniversary. The reduction is to 1,000 square km or 50 percent, whichever is less. The holder of an RP also holds preferential rights to a PL within its boundaries.

A PL is generally limited to 25 square km. Any company and its affiliates are limited to holding a maximum of 25 square km in any one state unless the Indian Ministry of Mines waives the limit in the interest of proper resource exploration and development. However, in October 2005, the Government of India announced its intention to increase the limit on the size of the PL to 500 square km, where that PL derives from an RP, and to similarly increase the state-wide limit. The term of a PL is three years and can be renewed for two additional years. The holder of a PL also holds preferential rights to an ML within its boundaries.

## **PEBBLE CREEK MINING LTD.**

### **Notes to the Consolidated Financial Statements**

March 31, 2007

#### **3. MINERAL PROPERTY INTERESTS (Continued)**

An ML is generally limited to 10 square km. A company and its affiliates are limited to holding a maximum of 10 square km in any one state unless the the Indian Ministry of Mines waives the limit in the interest of proper resource development and extraction. The term of an ML is 20 years or 30 years, and can be renewed twice in increments of 20 years. The granting or renewal of an ML requires a mining plan approved by the Government of India.

Surface rights are excluded in all forms of tenure. As work progresses, the mineral tenure holder must reach accommodation with the holder of surface rights, viz. the land owner. In the event a land owner is unreasonably intransigent, the government is empowered to act on behalf of the mineral tenure holder.

##### **Askot Property**

In 1996, Adi applied for a Prospecting Licence covering 7.93 square km of the Askot prospect, located in the Pithoragarh district of the state of Uttar Pradesh. The district is now in the new state of Uttaranchal. The Prospecting Licence Deed was issued to Adi on June 12, 2000, and was valid until June 12, 2003. The Prospecting Licence was renewed in 2003 and reached the end of the fixed term on June 12, 2005. During the renewal period, the Company applied to the state government to voluntarily reduce the Prospecting Licence area from 7.93 to 4.84 square kilometers; however the government did not act on the application.

On March 11, 2005, Adi submitted an application for a 30-year Mining Lease covering 3.86 square kilometers within the Prospecting Licence area. Indian law provides that if a Prospecting Licence holder files a Mining Lease application before 90 days prior to the expiry of the Prospecting Licence, the Prospecting Licence continues uninterrupted until the Mining Lease is granted or otherwise disposed of. Following June 12, 2005, Adi has continued its exploration as before. Final grant of the Mining Lease requires a number of other permits, such as Site Clearance, Environmental Clearance and Forest Clearance. The Mining Lease application has been approved by the state government and forwarded to the Government of India for approval. Once approved it will be returned to the state for granting, subject to the completion of the various clearances and other requirements.

Acquisition and exploration expenditures to March 31, 2007 on this property amounted to \$2,254,891.

## **PEBBLE CREEK MINING LTD.**

### **Notes to the Consolidated Financial Statements**

March 31, 2007

#### **3. MINERAL PROPERTY INTERESTS (Continued)**

##### **Gadarwara Property**

In 1996, Adi applied for several Prospecting Licences covering 379.85 square km at Gadarwara, located in Narsimhapur District, the state of Madhya Pradesh, India. In 2000, under new regulations creating Reconnaissance Permits, a competitor filed an application for a large area including Adi's application. In 2002 Madhya Pradesh improperly executed a Reconnaissance Permit in favour of the competitor. Adi took legal action against the state and prevailed in 2003. The state and Adi finally executed the aforementioned 379.85 square km tract as a Reconnaissance Permit on December 24, 2004. For a period of five months in 2005 Pebble Creek optioned the area and collected a US \$25,000 payment. The option was ended by the optionee upon its takeover by BHP Billiton in August, 2005.

On February 4, 2005, Adi filed a Reconnaissance Permit application for 3,884 square km, called the "Gadarwara Extension," surrounding the existing Gadarwara Reconnaissance Permit as a buffer zone, as is normal industry practice. In February, 2007, the state notified Adi that it had approved the application and was sending it to the Government of India for its approval.

On December 9, 2006, Adi notified the state government that it had reduced the area of the central Reconnaissance Permit to 189.9 square kilometers as required by law and the terms of the permit.

Acquisition and exploration expenditures to March 31, 2007 on this property amounted to \$91,453.

##### **Banda Prospect**

In June 2003, Hiraikund applied for a Reconnaissance Permit on a 2,012 square km tract (measured by the government as 2,190 square km) in the Banda District of Uttar Pradesh. The Banda RP was executed in May 2006. The only exploration conducted on the area to date consisted of reconnaissance visits.

The Company entered into an agreement with De Beers India Private Limited ("DBIPL") on November 6, 2006 pursuant to which DBIPL may earn an indirect 85% interest in the Banda prospect in return for managing and funding work on the prospect until a PL is issued. If the PL is issued, DBIPL and the Company will form a new company which will hold the licence and in which DBIPL will have an 85% share ownership and the Company 15%. DBIPL will pay all of the new company's costs until the completion of a feasibility study. Should the property be mined, the Company's share of production will be marketed by an affiliate of DBIPL for a fee of 10% of the gross proceeds of sale.

Acquisition and exploration expenditures on this prospect to March 31, 2007, amounted to \$30,403.

## PEBBLE CREEK MINING LTD.

### Notes to the Consolidated Financial Statements

March 31, 2007

#### 3. MINERAL PROPERTY INTERESTS (Continued)

##### Other Prospects

Adi has submitted other applications for RPs in the states of Andhra Pradesh, Jharkhand and Uttaranchal. None of these RPs has been granted yet. Acquisition and exploration expenditures on these prospects to March 31, 2007 amounted to \$22,235.

#### 4. OTHER CAPITAL ASSETS

March 31, 2007

	Cost	Accumulated Amortization	Net Book Value
Furniture	\$ 58,938	\$ 11,485	\$ 47,453
Computer	42,858	21,152	21,706
Vehicles	88,720	19,773	68,947
Equipment	47,650	4,330	43,320
	<u>\$ 238,166</u>	<u>\$ 56,740</u>	<u>\$ 181,426</u>

December 31, 2005

	Cost	Accumulated Amortization	Net Book Value
Furniture	\$ 12,039	\$ 6,816	\$ 5,223
Computer	21,064	14,447	6,617
Vehicle	13,121	4,607	8,514
Equipment	10,748	2,175	8,573
	<u>\$ 56,972</u>	<u>\$ 28,045</u>	<u>\$ 28,927</u>

# PEBBLE CREEK MINING LTD.

## Notes to the Consolidated Financial Statements

March 31, 2007

### 5. SHARE CAPITAL

<b>Issued and allotted</b>	<b>Number of Common Shares</b>	<b>Amount</b>
Balance, December 31, 2004	10,603,803	\$ 2,067,109
Issued for Cash		
Private placement, net of issue costs of \$5,390	620,618	366,028
Exercise of warrants	187,600	74,581
Balance, December 31, 2005	11,412,021	2,507,718
Issued for Cash		
Issued on the exchange of Subscription Receipts which were issued for cash, net of issue costs of \$284,981 and \$112,452 allocated to the issue of warrants and broker options and warrants.	4,450,000	1,827,568
Private placement	405,000	204,555
Exercise of warrants	120,500	48,929
Stated capital of PCR immediately prior to reverse take over	16,387,521	\$ 4,588,770
Issued shares of Broadcast (Note 1) and stated capital of PCR at date of reverse take over	2,750,002	\$ 4,588,770
Shares issued pursuant to reverse take over, net of issue costs of \$435,093 (Note 1)	16,387,521	150,392
Issued for Cash		
Private placement, net of share issue costs of \$125,386 and \$18,900 allocated to the issue of warrants and broker options and warrants.	833,400	355,754
Exercise of options, including transfer from contributed surplus of \$27,772	91,667	55,272
Balance, March 31, 2007	20,062,590	\$ 5,150,188
<b>Contributed Surplus</b>		
Allocated to warrants and broker options and warrants on the issue of Subscription Receipts		\$ 112,452
Options continued on the reverse takeover of Broadcast (Note 1)		141,849
Allocated to warrants and broker options and warrants on the issue of shares for cash		18,900
Transferred to share capital on the exercise of options		(27,772)
Balance, March 31, 2007		\$ 245,429

Of the issued and outstanding shares of the Company, 4,845,713 are held in escrow, to be released upon the approval of regulatory authorities in stages, ranging from 6 months to 6 years from the closing of the reverse takeover (Note 1).

## PEBBLE CREEK MINING LTD.

### Notes to the Consolidated Financial Statements

March 31, 2007

#### 5. SHARE CAPITAL (continued)

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

Average risk-free interest rate	3.67%
Expected share price volatility	20%
Expected average period until exercise	18 months
Expected dividend yield	\$ nil

The following warrants, which entitle the holder to purchase common shares of the Company, were outstanding at March 31, 2007:

Warrants	Number of Shares	Price Per Share	Expiry Date	Date Granted
	523,030	\$0.30 CDN	June 29, 2007 (Note 12)	September 30, 1999
	134,500	\$0.50 CDN	December 29, 2007	May 30, 2001
	98,500	\$0.50 USD	December 29, 2007	June 30, 2002
	43,200	\$0.70 CDN	September 28, 2007	March 28, 2006
	345,600	\$0.70 CDN	November 1, 2007	May 1, 2006
	16,200	\$0.70 CDN	November 15, 2007	May 15, 2006
	2,225,000	\$0.65 CDN	December 16, 2007	June 16, 2006
	458,370	\$0.75 CDN	June 29, 2008	December 29, 2006
	3,844,400			

## PEBBLE CREEK MINING LTD.

### Notes to the Consolidated Financial Statements

March 31, 2007

#### 5. SHARE CAPITAL (continued)

The following share purchase options were outstanding during the period:

##### Options and Broker Options and Warrants

	March 31, 2007 (15 months)		December 31, 2005 (12 months)	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of year	-	\$ -	-	\$ -
Granted	1,200,840	0.50	-	-
Exercised	(91,667)	0.30	-	-
Expired	(91,666)	0.30	-	-
Balance, end of year	1,017,507	\$ 0.50	-	\$ -
Options exercisable, end of year	1,017,507	\$ 0.50	-	\$ -

The contractual weighted average remaining life of the outstanding options at March 31, 2007 is 1.01 years. The following share purchase options and broker options and warrants are outstanding at March 31, 2007:

	Number of Shares	Price Per Share	Expiry Date	Date Granted or Issued
Options	445,000	\$0.50 CDN	December 16, 2007	June 16, 2006
Options	91,667	\$0.30 CDN	March 24, 2011	December 15, 2006
Options	175,000	\$0.30 CDN	September 30, 2007	December 15, 2006
Options	83,340	\$0.75 CDN	June 22, 2008	December 22, 2006
Warrants	222,500	\$0.65 CDN	December 16, 2007	June 16, 2006
	1,017,507			

# PEBBLE CREEK MINING LTD.

## Notes to the Consolidated Financial Statements

March 31, 2007

### 6. INCOME TAXES

	March 31, 2007	December 31, 2005
Future income tax assets		
Other capital assets	\$ 9,178	\$ 5,962
Tax loss carry forwards	440,825	264,978
Total future income tax assets	450,003	270,940
Valuation allowance	(450,003)	(270,940)
Net future income tax assets	\$ -	\$ -

The reconciliation of the provision for income taxes is:

	March 31, 2007 (15 months)	December 31, 2005 (12 months)
Loss before income taxes	\$ 579,728	\$ 218,653
Statutory income tax rates	34.12%	34.12%
Recovery of income taxes based on statutory income tax rates	197,803	74,604
Deduct:		
Tax effect of current period losses not recognized	(197,803)	(74,604)
Provision for income taxes	\$ -	\$ -

As at March 31, 2007, the Company had losses available for deduction against future years' taxable incomes amounting to approximately \$1,298,000. The benefit from these losses has not been recorded in these financial statements. If unused, these losses will expire as follows:

2007	26,059
2008	35,483
2009	67,048
2010	149,510
2011	227,930
2012	212,210
2016	579,554

## PEBBLE CREEK MINING LTD.

### Notes to the Consolidated Financial Statements

March 31, 2007

#### 7. ENVIRONMENTAL

The Company's exploration activities in India are subject to Indian environmental laws and regulations governing the protection of the environment. Currently, Indian law only requires US \$500 for an environmental bond on an exploration property. However, this is expected to increase to an amount more in line with international standards.

The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The ultimate amount of reclamation and other future site restoration costs to be incurred for the Company's existing mineral property interests is currently uncertain.

#### 8. RELATED PARTY TRANSACTIONS

The Company paid fees of \$551,966 for legal expenses and share issue costs to a legal firm one of the partners of which became an officer of the Company during the most recent fiscal period. As at March 31, 2007 accounts payable included \$6,355 payable to this legal firm. The Company also paid management fees of \$179,500, included in general and administrative expenses, and geological and engineering fees of \$86,700, included in mineral property acquisition costs, to directors and officers during the fifteen months ended March 31, 2007, compared to \$100,000 and \$74,560 during the year ended December 31, 2005.

#### 9. SEGMENTED INFORMATION

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

The Company's assets by geographic segment are:

	March 31, 2007		December 31, 2005	
	Canada	India	Canada	India
Cash	\$ 796,610	\$ 148,783	\$ 18,095	\$ 10,248
Mineral property interests	-	2,398,982	-	1,386,108
Furniture, equipment and vehicles	33,137	148,289	4,155	24,772
Accounts receivable, inventory and prepaid expenses	43,102	76,052	12,845	2,746
	<u>\$ 872,849</u>	<u>\$ 2,772,106</u>	<u>\$ 35,095</u>	<u>\$ 1,423,874</u>

## **PEBBLE CREEK MINING LTD.**

### **Notes to the Consolidated Financial Statements**

March 31, 2007

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#### **10. FINANCIAL INSTRUMENTS**

The carrying values of the Company's financial instruments, which are cash and cash equivalents, accounts receivable, and accounts payable approximate their respective 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.

#### **11. PREMISES LEASES**

The Company has entered into a lease for office premises in Vancouver, Canada, expiring in August 2011, which requires estimated minimum annual rental payments of \$46,000 and a similar leases in New Delhi, India, for office premises and staff accommodation, expiring in June 2010 and May 2012, which require estimated minimum annual rental payments of \$113,000.

#### **12. SUBSEQUENT EVENTS**

The Company closed a private placement offering on June 22, 2007 of 2,571,000 units for gross proceeds of \$899,850. Each unit consists of one common share of the Company, one-half of one Series A common share purchase warrant and one-half of one Series B common share purchase warrant. Each whole Series A common share purchase warrant is exercisable for one common share of the Company for a period of two years at a price of \$0.65, with an acceleration provision if the closing trading price of the Company's common shares is \$1.00 per share or higher for any 20 consecutive trading days during the term. Each whole Series B common share purchase warrant is exercisable for one common share of the Company for a period of two years at a price of \$1.00. The Company will pay a finder's fee of up to 8% of the gross proceeds of the private placement in cash or units.

Subsequent to March 31, 2007, the Company also issued 388,280 common shares and received cash of \$116,484 on the exercise of warrants. Also, warrants for the purchase of 134,750 shares at \$0.30 per share were not exercised and expired on June 29, 2007.