

**PEBBLE CREEK MINING LTD.**

**Consolidated Financial Statements**

These interim financial statements are unaudited and prepared by management. The Company's auditors have not performed a review of these financial statements

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

	<b>December 31 2006 (unaudited)</b>	<b>December 31 2005</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,908,100	\$ 28,343
Accounts receivable	16,786	3,064
Inventory	877	1,242
Prepaid expenses	35,024	11,285
	1,960,787	43,934
<b>Mineral Property Interests</b> (Note 3)	2,199,481	1,386,108
<b>Capital Assets</b> (Note 4)	131,298	28,927
	\$ 4,291,566	\$ 1,458,969
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 258,751	\$ 47,534
Payable to directors	148,939	148,290
	407,690	195,824
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 5)		
Authorized		
Unlimited number of common shares		
Unlimited number of preferred shares		
Issued and fully paid	5,255,279	2,507,718
<b>Contributed Surplus</b> (Note 5)	131,352	-
<b>Deficit</b>	(1,502,755)	(1,244,573)
	3,883,876	1,263,145
	\$ 4,291,566	\$ 1,458,969

**Approved By The Board**

“Andrew E Nevin” Director

“Harold S Eisler” Director

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

	<b>Three Months Ended December 31 (unaudited)</b>		<b>Year Ended December 31 (unaudited)</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>INCOME</b>				
Interest	\$ 14,803	\$ -	\$ 26,562	\$ -
<b>EXPENSES</b>				
Accounting	12,000	-	32,000	8,000
Advertising and promotion	2,815	2,904	13,654	19,184
Amortization	5,168	1,889	6,727	7,306
Bank charges and interest	476	995	1,912	2,948
Insurance	700	-	1,006	-
Consulting and geological	-	(2,097)	16,900	9,600
Investor relations	3,714	1,568	4,639	1,568
Management fees	23,200	24,000	74,400	82,400
Office	5,133	2,692	24,873	11,966
Professional fees	(7,822)	13,007	37,740	47,926
Rent	11,110	1,988	16,617	5,964
Salaries	8,434	-	8,434	-
Travel	22,025	961	39,337	11,815
Telephone	4,583	961	8,405	4,221
Foreign exchange	(7,833)	1,352	(1,900)	5,755
	83,703	50,220	284,744	218,653
<b>NET LOSS</b>	68,900	50,220	258,182	218,653
<b>DEFICIT, BEGINNING OF PERIOD</b>	1,433,855	1,194,353	1,244,573	1,025,920
<b>DEFICIT, END OF PERIOD</b>	\$ 1,502,755	\$ 1,244,573	\$ 1,502,755	\$ 1,244,573
<b>Basic and Diluted Loss per share</b>	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.02)
<b>Weighted Average Number of Shares</b>	17,010,721	11,257,521	14,377,645	11,007,823

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

	<b>Three Months Ended December 31 (unaudited)</b>		<b>Year Ended December 31 (unaudited)</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Cash Flows Used for Operating Activities</b>				
Interest income	\$ 14,803	\$ -	\$ 26,562	\$ -
Cash paid for supplies and services	(5,699)	(41,644)	(284,065)	(194,800)
	<u>9,104</u>	<u>(41,644)</u>	<u>(257,503)</u>	<u>(194,800)</u>
<b>Cash Flows From Financing Activities</b>				
Advances from (repayment to) directors	(7,445)	47,831	649	70,985
Notes payable	-	-	-	(2,287)
Shares issued, net of issue costs	385,574	101,213	2,586,671	440,609
	<u>378,129</u>	<u>107,400</u>	<u>2,587,320</u>	<u>509,307</u>
<b>Cash Flows Used In Investing Activities</b>				
Net cash received on acquisition of subsidiary company (Note 1)	400,000	-	400,000	-
Purchase of capital assets	(38,972)	(616)	(109,098)	(4,890)
Mineral property advances	19,194	-	(22,893)	-
Mineral property interests				
Option proceeds	-	-	-	30,075
Acquisition costs	(28,577)	-	(164,368)	(76,257)
Exploration costs	(287,083)	(94,219)	(553,701)	(245,221)
	<u>64,562</u>	<u>(94,835)</u>	<u>(450,060)</u>	<u>(296,293)</u>
<b>Increase in Cash</b>	<b>451,795</b>	<b>12,565</b>	<b>1,879,757</b>	<b>18,214</b>
<b>Cash, Beginning of Period</b>	<b>1,456,305</b>	<b>15,778</b>	<b>28,343</b>	<b>10,130</b>
<b>Cash, End of Period</b>	<b>\$ 1,908,100</b>	<b>\$ 28,343</b>	<b>\$ 1,908,100</b>	<b>\$ 28,343</b>

# 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 & travel expenses	78,560	14,000	-	-	92,560
Consulting engineers fees	21,020	1,068	-	-	22,088
Exploration expenditures					
Geological fees & travel expenses	5,984	-	-	-	5,984
Consulting engineers fees	50,227	-	-	-	50,227
Engineering equipment & 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 & promotion	56,387	1,130	381	-	57,899
Miscellaneous	689	(6,206)	-	-	(5,517)
<b>Underground rehabilitation and exploration</b>	<b>15,560</b>				<b>15,560</b>
Balance, December 31, 2005	1,309,386	60,059	16,662	-	1,386,107
Option proceeds	-	-	-	-	-
Acquisition costs					
Geological fees & travel expenses	81,800	15,500	-	15,035	112,335
Consulting engineers fees	18,495	4,962	-	-	23,458
Exploration expenditures					
Assaying	988	-	-	-	988
Geological fees & travel expenses	4,133	-	-	-	4,133
Consulting engineers fees	1,314	-	-	-	1,314
Drilling	42,100	-	-	-	42,100
Engineering equipment & supplies	7,573	-	1,727	-	9,300
Office	31,894	-	1,664	-	33,558
Professional fees	13,860	-	907	-	14,767
Salaries	51,995	-	-	-	51,995
Telephone	2,402	-	869	-	3,271
Travel & promotion	89,057	15	1,620	-	90,692
Miscellaneous	5,038	-	-	-	5,038
<b>Underground rehabilitation and exploration</b>	<b>9,462</b>				<b>9,462</b>
Balance, September 30, 2006	1,669,496	80,537	23,449	15,035	1,788,517
Option proceeds	-	-	-	-	-
Acquisition costs					
Geological fees & travel expenses	21,000	800	-	-	21,800
Consulting engineers fees	4,561	2,215	-	-	6,777
Exploration expenditures					
Assaying	1,336	-	-	-	1,336
Geological fees & travel expenses	6,296	-	-	-	6,296
Consulting engineers fees	3,262	-	-	-	3,262
Drilling	153,456	-	-	-	153,456
Engineering equipment & supplies	1,360	-	-	-	1,360
Office	89,391	-	171	-	89,562
Professional fees	54,506	-	214	-	54,720
Salaries	23,642	-	-	-	23,642
Telephone	3,970	-	177	-	4,147
Travel & promotion	31,839	7,001	-	-	38,839
Miscellaneous	-	-	-	-	-
<b>Underground rehabilitation and exploration</b>	<b>5,766</b>				<b>5,766</b>
Balance, December 31, 2006	\$ 2,069,883	\$ 90,553	\$ 24,011	\$ 15,035	\$ 2,199,481

# PEBBLE CREEK MINING LTD.

## Notes to Consolidated Financial Statements

(Unaudited)

December 31, 2006

### 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, accepted on October 10, 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”. 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 “reverse take over” 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 existing holders of PCR’s shares and Subscription Receipts and 14.4% were held by existing Broadcast shareholders. Of the options and warrants, 90.0% were held by existing holders of the company’s warrants and 10.0%

# PEBBLE CREEK MINING LTD.

## Notes to Consolidated Financial Statements

(Unaudited)

December 31, 2006

were held by existing holders of Broadcast options.

In accordance with generally accepted accounting principles, PCR was identified as the acquirer at the completion of this transaction since the existing shareholders of PCR control PCM, the legal parent company. In accordance with the requirements of reverse take over accounting, the authorized share capital presented in the consolidated financial statements is that of PCM, the legal parent, the issued share capital is that of PCR, the legal subsidiary and the comparative figures those of PCR as that company is considered to be the continuing company.

The estimated fair values of the net assets of Broadcast acquired by PCR on the reverse take over were:

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

These consolidated financial statements have been prepared on the going concern basis, which presumes that the company will continue operations for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of business. These financial statements do not reflect the adjustments or reclassifications which would be necessary if the company was unable to continue its operations.

## 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. (collectively the "Company") prepared on the basis of reverse take over accounting.

### Capital Assets

Capital assets are recorded at cost. Amortization is calculated using the following annual rate and method:

Furniture and fixtures	20% Declining balance
Computer	30% Declining balance

## **PEBBLE CREEK MINING LTD.**

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

(Unaudited)

December 31, 2006

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

The Company reviews the carrying values of its 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 and the excess is not recoverable.

#### **Mineral Properties**

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 properties 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 earnings. 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 earnings.

The Company is currently in the development stage.

The amounts shown for mineral properties and related costs 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 shareholders who are providing this financing and upon future profitable production.

The Company reviews the carrying values of its mineral properties 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 and the excess is not recoverable.

# PEBBLE CREEK MINING LTD.

## Notes to Consolidated Financial Statements

(Unaudited)

December 31, 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 liability method of accounting for income taxes. Using this method, income tax liabilities and assets 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, using enacted income tax rates. The effect of a change in income tax rates on future tax liabilities and assets is recognized in income in the period in which the change occurs. A future income tax asset is recorded when the probability of the realization is more likely than not.

#### Loss Per Share

The basic loss per share is calculated on the basis of 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 share purchase warrants, calculated using the treasury stock method, in the weighted average number of shares.

#### 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 revenues and expenses are converted at the average exchange rate for the reporting period. Gains or losses on translation are reported in income for the year.

## **PEBBLE CREEK MINING LTD.**

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

(Unaudited)

December 31, 2006

## **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, future income tax assets, 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 km. Any company and its affiliates are limited to holding a maximum of 10,000 square km in any one State. The term 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 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 kilometers, where that PL derives from a Reconnaissance Permit, and to similarly increase the State-wide limit. The term is three years and a PL 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 Consolidated Financial Statements**

(Unaudited)

December 31, 2006

#### **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 or 30 years, and can be renewed twice in increments of 20 years. Granting or renewal of an ML requires a mining plan approved by the Government of India.

In all forms of tenure surface rights are excluded. 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 kilometers 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 December 31, 2006 on this property amounted to \$2,069,883.

## **PEBBLE CREEK MINING LTD.**

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

(Unaudited)

December 31, 2006

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

#### **Gadarwara Property**

In 1996, Adi applied for several Prospecting Licences covering 379.85 square kilometers 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 kilometer tract as a Reconnaissance Permit on December 24, 2004. For a period of five months in 2005 Pebble Creek optioned the area to WMC and collected a US \$25,000 payment. The option was ended by WMC upon its takeover by BHP Billiton in August, 2005.

On February 4, 2005, Adi filed a Reconnaissance Permit application for 3,884 square kilometers, called "Gadarwara Extension," surrounding the existing Gadarwara Reconnaissance Permit as a buffer zone, as is normal industry practice. In February, 2007, subsequent to the year ended December 31, 2006, 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 December 31, 2006 on this property amounted to \$90,533.

#### **Banda Prospect**

In June 2003, Hiraikund applied for a Reconnaissance Permit on a 2,012 square kilometer tract (measured by the government as 2,190 square kilometers) in the Banda District of Uttar Pradesh. The Banda RP was executed in May 2006. The only exploration conducted on the area 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 Prospecting Licence (Note 3) is issued. If the Prospecting Licence 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 December 31, 2006, amounted to \$24,011.

## PEBBLE CREEK MINING LTD.

### Notes to Consolidated Financial Statements

(Unaudited)

December 31, 2006

### 3. MINERAL PROPERTY INTERESTS (Continued)

#### Other Prospects

Adi has submitted other applications for Reconnaissance Permits in the states of Andhra Pradesh, Jharkhand and Uttaranchal. None of these has been granted yet. Acquisition and exploration expenditures on these prospects to December 31, 2006 amounted to \$15,035.

### 4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			December 31, 2006	December 31, 2005
	(unaudited)			
Furniture	\$ 34,750	\$ 10,113	\$ 24,637	\$ 5,223
Computer	39,626	18,865	20,761	6,617
Vehicles	87,624	14,651	72,973	8,514
Equipment	16,273	3,437	12,836	8,574
	<u>\$ 178,274</u>	<u>\$ 47,067</u>	<u>\$ 131,207</u>	<u>\$ 28,928</u>

# PEBBLE CREEK MINING LTD.

## Notes to Consolidated Financial Statements

(Unaudited)

December 31, 2006

### 5. SHARE CAPITAL

#### Authorized

Unlimited number of common shares

Unlimited number of preferred shares

<b>Issued and allotted</b>	<b>Number of Common Shares</b>	<b>Amount</b>
Balance, January 1, 2003	7,421,980	\$ 1,036,082
Issued for Cash	1,733,702	526,106
Balance, December 31, 2003	9,155,682	1,562,188
Issued for Cash	1,448,121	504,921
Balance, December 31, 2004	10,603,803	2,067,109
Issued for Cash		
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		
Placement	405,000	204,555
Exercise of warrants	120,500	48,929
Issued on the exchange of Subscription Receipts which were issued for cash, net of issue costs of \$277,387 and \$112,452 allocated to the issue of warrants and broker options and warrants.	4,450,000	1,835,162
Balance, September 30, 2006	16,387,521	4,596,363
Issued shares of Broadcast (Note 1) and stated capital of PCR at date of acquisition	2,750,002	4,596,363
Shares issued pursuant to reverse take over, net of issue costs of \$293,245 (Note 1)	16,387,521	292,240
Shares issued for cash, net of share issue costs of \$114,464 and \$18,900 allocated to the issue of warrants and broker options and warrants.	833,400	366,676
Balance December 31, 2006	19,970,923	\$ 5,255,279
<b>Contributed Surplus</b>		
Allocated to warrants and broker options and warrants on the issue of Subscription Receipts		\$ 112,452
Allocated to warrants and broker options and warrants on the issue of shares for cash		18,900
		\$ 131,352

## PEBBLE CREEK MINING LTD.

### Notes to Consolidated Financial Statements

(Unaudited)

December 31, 2006

#### 5. SHARE CAPITAL (continued)

The Company has estimated the fair value of the warrants and broker options using a generally accepted option pricing model, such as the Black-Scholes 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	\$-

The following warrants and broker options, which entitle the holder to purchase common shares of the Company, were outstanding at the period end (unaudited):

##### Warrants

	Number of Shares	Price Per Share	Expiry Date	Date Granted
	523,030	\$0.30 CDN	June 29, 2007	September 30, 1999
	134,500	\$0.50 CDN	June 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, 2008	June 16, 2006
	458,370	\$0.75 CDN	June 29, 2008	December 29, 2006
	3,848,400			

##### Options and Broker Options and Warrants

	Number of Shares	Price Per Share	Expiry Date	Date Granted or Issued
Shares	91,667	\$0.30 CDN	March 24, 2011	March 24, 2006
Shares	183,333	\$0.30 CDN	March 15, 2007	March 24, 2006
Shares	175,000	\$0.30 CDN	September 30, 2007	March 24, 2006
Shares	445,000	\$0.50 CDN	December 16, 2007	June 16, 2006
Shares	83,340	\$0.75 CDN	June 22, 2008	December 22, 2006
Warrants	222,500	\$0.65 CDN	December 16, 2007	June 16, 2006
	1,200,840			

## PEBBLE CREEK MINING LTD.

### Notes to Consolidated Financial Statements

(Unaudited)

December 31, 2006

#### 6. INCOME TAXES

	December 31, 2006 (unaudited)	December 31, 2005
Future income tax assets		
Capital Assets	\$ 3,786	\$ 5,962
Tax loss carry forwards	347,878	264,978
Total future income tax assets	<u>351,664</u>	<u>270,940</u>
Valuation allowance	(351,664)	(270,940)
Net future income tax assets	<u>\$ -</u>	<u>\$ -</u>

The reconciliation of the provision for income taxes is:

	December 31, 2006 (unaudited)	December 31, 2005
Loss before income taxes	\$ 258,182	\$ 218,653
Statutory tax rate	34.12%	34.12%
Recovery of income taxes based on statutory income tax rates	88,092	74,604
Deduct:		
Tax effect of current period losses not recognized	(88,092)	(74,604)
Income taxes	<u>\$ -</u>	<u>\$ -</u>

As at December 31, 2006, the Company had losses available for deduction against future years' taxable incomes amounting to approximately \$961,340. 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	243,100

# PEBBLE CREEK MINING LTD.

## Notes to Consolidated Financial Statements

(Unaudited)

December 31, 2006

### 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. 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:

	December 31, 2006 (unaudited)		December 31, 2005	
	Canada	India	Canada	India
Cash	\$ 1,734,502	\$ 173,598	\$ 18,095	\$ 10,248
Mineral property interests	-	2,199,481	-	1,386,108
Capital assets	29,328	101,970	4,155	24,772
Other assets	23,781	28,906	12,845	2,746
	<u>\$ 1,787,611</u>	<u>\$2,503,955</u>	<u>\$ 35,095</u>	<u>\$ 1,423,874</u>

### 9. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial instruments, which are cash and short-term deposits and accounts receivable, on the balance sheet 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.

**PEBBLE CREEK MINING LTD.**

**Notes to Consolidated Financial Statements**

(Unaudited)

December 31, 2006

---

**10. PREMISES LEASES**

The Company has entered into a lease for office premises, expiring in August 2011, which requires estimated minimum annual rental payments of \$38,000 and a similar lease in New Delhi, India, for office premises and staff accommodation, expiring in June 2010, which requires estimated minimum annual rental payments of \$53,000.