

Pebble Creek Mining Ltd.
(An Exploration Stage Company)

Consolidated Financial Statements
(Unaudited)

Three months ended June 30, 2009

Pebble Creek Mining Ltd.

Consolidated Balance Sheets

(see Note 1 – Operations and Going Concern Uncertainty)

June 30, 2009 and March 31, 2009

	June 30 2009 (Unaudited)	March 31 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 29,701	\$ 61,827
Accounts receivable	2,751	3,051
Inventory	1,295	1,295
Prepaid expenses	38,819	37,382
	72,566	103,555
Long-term Security Deposits	50,474	99,740
Mineral Property Interests (Statement)	5,290,324	5,109,360
Other Capital Assets , net of amortization of \$161,419 (March 31, 2009 - \$152,375)	164,008	174,208
	\$ 5,577,372	\$ 5,486,863
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 306,633	\$ 249,886
Payable to directors	310,516	196,290
	617,149	446,176
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)		
Authorized		
Unlimited number of preferred shares without par value		
Unlimited number of common shares without par value		
Issued and fully paid	7,300,339	7,291,357
Contributed Surplus (Note 4)	2,480,216	2,345,440
Deficit	(4,820,332)	(4,596,110)
	4,690,223	5,040,687
	\$ 5,577,372	\$ 5,486,863

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

APPROVED BY THE BOARD

"Andrew E. Nevin" Director

"Gyan C. Singhai" Director

Pebble Creek Mining Ltd.Consolidated Statements of Loss and Deficit
Three months ended June 30, 2009 and 2008

	2009 (unaudited)	2008 (unaudited)
EXPENSES		
Amortization	\$ 1,564	\$ 1,241
Bank charges and interest	501	113
Corporate development	34	11,846
Foreign exchange	3,330	32,518
Insurance	5,268	5,479
Legal and audit	10,821	33,464
Management fees (Note 5)	45,000	65,400
Office	5,360	7,641
Rent	9,658	11,922
Salaries	1,384	20,684
Share-based compensation	5,089	4,365
Shareholder costs	3,150	24,212
Travel	84	700
Telephone	3,751	4,643
Write-down of mineral properties	-	35,102
	94,994	259,330
Interest income	(5)	(6,514)
NET LOSS AND COMPREHENSIVE LOSS	94,989	252,816
DEFICIT, Beginning of Period	4,596,110	3,379,000
Modification of Warrant Terms (Note 4)	129,233	-
DEFICIT, End of Period	\$ 4,820,332	\$ 3,631,816
Loss Per Share – Basic and Fully Diluted	\$ (0.01)	\$ (0.01)
Weighted Average Number Of Shares Outstanding	33,485,548	29,171,219

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

Pebble Creek Mining Ltd.

Consolidated Statements of Cash Flows
Three months ended June 30, 2009 and 2008

	2009		2008
	(unaudited)		(unaudited)
Cash Flows From (Used In) Operating Activities			
Interest income	\$ 5	\$	2,819
Cash paid for supplies and services	(6,799)		(191,661)
	(6,794)		(188,842)
Cash Flows From (Used In) Financing Activities			
Advances from directors	12,000		16,008
Shares issued, net of issue costs	9,436		-
	21,436		16,008
Cash Flows From (Used In) Investing Activities			
Long-term deposits	49,266		-
Mineral property interests			
Acquisition costs	-		(30,804)
Exploration costs	(97,189)		(287,934)
Disposal (purchase) of other capital assets	1,155		(1,085)
	(46,768)		(319,823)
DECREASE IN CASH AND CASH EQUIVALENTS	(32,126)		(492,657)
CASH AND CASH EQUIVALENTS, Beginning of Period	61,827		1,066,193
CASH AND CASH EQUIVALENTS, End of Period	\$ 29,701	\$	573,536
CASH AND CASH EQUIVALENTS COMPOSED OF:			
Cash	\$ 29,701	\$	271,949
Short-term deposits	-		301,595
	\$ 29,701	\$	573,536
Supplemental disclosure of non-cash transactions			
Share based compensation	\$ 5,089	\$	4,365
Mineral property write down	-		35,102

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

Pebble Creek Mining Ltd.

Consolidated Statement of Mineral Property Expenditures
Three months ended June 30, 2009 (unaudited) and year ended March 31, 2009

	Askot	Gadarwara	Banda	Other	Total
Balance, March 31, 2008	\$ 4,175,679	\$ -	\$ 56,104	\$ 31,965	\$ 4,263,748
Option proceeds	-	-	-	-	-
Acquisition costs					
Geological fees and travel expenses	52,059	-	-	3,901	55,960
Compliance costs	16,873	-	-	172	17,046
Exploration expenditures					
Geological fees and travel expenses	123,247	-	111	-	123,358
Assays	33,439	-	-	-	33,439
Drilling	-	35,181	-	-	35,181
Engineering equipment and supplies	130	-	433	-	563
Office	335,069	1,483	1,901	-	338,453
Professional fees	5,156	-	-	-	5,156
Salaries	147,395	-	883	-	148,278
Telephone	9,366	-	121	-	9,487
Travel and promotion	45,182	-	1,695	-	46,877
Miscellaneous	7,496	-	-	-	7,496
Underground rehabilitation and exploration	122,231	-	-	-	122,231
Property write down		(36,663)	(61,248)	-	(97,911)
Balance, March 31, 2009	\$ 5,073,322	\$ -	\$ -	\$ 36,038	\$ 5,109,360
Option proceeds	-	-	-	-	-
Acquisition costs					
Geological fees and travel expenses	-	-	-	-	-
Compliance costs	-	-	-	-	-
Exploration expenditures					
Geological fees and travel expenses	39,000	-	-	-	39,000
Assays	-	-	-	-	-
Drilling	-	-	-	-	-
Engineering equipment and supplies	-	-	-	-	-
Office	83,436	-	-	-	83,436
Professional fees	-	-	-	-	-
Salaries	37,714	-	-	-	37,714
Telephone	1,215	-	-	-	1,215
Travel and promotion	2,947	-	-	-	2,947
Miscellaneous	6	-	-	-	6
Underground rehabilitation and exploration	16,646	-	-	-	16,646
Property write down	-	-	-	-	-
Balance, June 30, 2009 (unaudited)	\$ 5,254,286	\$ -	\$ -	\$ 36,038	\$ 5,290,324

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

Notes to the Consolidated Financial Statements

June 30, 2009

(Unaudited)

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

The information contained in the interim financial statements should be read in conjunction with the Company's latest audited consolidated financial statements for the year ended March 31, 2009.

1. OPERATIONS AND GOING CONCERN UNCERTAINTY

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

PCR incorporated two subsidiary companies in India to acquire rights to the properties under Indian law (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 and in the Gadawara Tenure. The second subsidiary, Hirkund Diamond Exploration Private Ltd. ("Hirkund"), was incorporated in 2003 for the purpose of acquiring and holding the interest in the Banda Prospect.

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

On January 8, 2008, the Company incorporated a third subsidiary, Narsinghpur Gold Mining Private Ltd. ("NGM") under Indian law to hold future property acquisitions. The shares of NGM are held in trust for the Company by two directors.

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

These financial statements have been prepared on the basis that the Company is a going concern, which presumes that the company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a net loss of \$94,989 for the three months ended June 30, 2009 and a working capital deficiency of \$544,583 at June 30, 2009. The ability of the Company to continue as a going concern is in substantial doubt and is dependent upon the continued support from its directors and its ability to continue to raise adequate additional financing. Management is currently seeking equity financing (Note 4) and joint venture opportunities, the outcome of which cannot be predicted at this time. These financial statements do not reflect the adjustments or reclassifications which would be necessary if the Company were unable to continue operations.

2. MANAGEMENT OF CAPITAL

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

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

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

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

3. MANAGEMENT OF FINANCIAL RISK

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

Currency Risk

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

Credit risk

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

Interest rate risk

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

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements
June 30, 2009
(Unaudited)

3. MANAGEMENT OF FINANCIAL RISK (continued)

Liquidity risk

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

Market risk

The Company is exposed to market risk related to the fluctuation in the market price of its investments. The Company minimizes this risk by only investing in highly liquid securities with short term maturities.

4. SHARE CAPITAL

Share Capital

Issued and allotted	Number of Common Shares	Amount
Balance, March 31, 2008	29,171,219	\$ 7,048,434
Issued for cash on private placement, net of share issue costs of \$17,857	3,221,157	191,519
Issued for cash on private placement, net of share issue costs of \$8,947 and \$1,990 allocated to the issue of warrants	850,000	51,404
Balance, March 31, 2009	33,242,376	7,291,357
Issued for cash on private placement, net of share issue costs of \$6,414 (cash) and \$454 (issue of warrants)	269,862	8,982
Balance, June 30, 2009 (unaudited)	33,512,238	\$ 7,300,339

Of the issued and outstanding shares of the Company, 2,955,505 were held in escrow at June 30, 2009, to be released upon the approval of regulatory authorities in stages, ranging from 6 months to 6 years from the closing of the RTO (Note 1).

On June 30, 2009 the Company commenced a private placement of 15,700,000 units at a price of \$0.07 per unit. Each unit is composed of one common share and one warrant to purchase a common share at \$0.15 per share for a period of two years. The Company may pay finders' fees of 8% in cash or 8% in cash and 8% in warrants, exercisable for \$0.07 per common share for one year. This placement has not been completed as of the date of these financial statements.

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements
June 30, 2009
(Unaudited)

4. SHARE CAPITAL (continued)

Contributed Surplus

Balance, March 31, 2008	\$ 1,933,044
Allocated to warrants on the issue of shares for cash	1,990
Share-based compensation expense	410,406
Balance, March 31, 2009	2,345,440
Allocated to warrants on the issue of shares for cash	454
Share-based compensation expense	5,089
Modification of warrant terms	129,233
Balance, June 30, 2009 (unaudited)	\$2,480,216

The Company implemented a rolling share purchase option plan which allows the Company to reserve up to 10% of the issued and outstanding shares of the Company for granting share purchase options. These options vest immediately for directors and officers. Options for employees and consultants vest either immediately or over the course of one year depending on their history of service. The plan was approved by the TSX Venture Exchange on August 13, 2007.

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

	June 30, 2009 (3 months)	March 31, 2009 (12 months)
Average risk-free interest rate	2.82%	2.92%
Expected share price volatility	108%	111%
Expected average period until exercise	4.34 years	4.47 years
Expected dividend yield	\$nil	\$nil

Options

The following share purchase option transactions occurred during the period:

	June 30, 2009 (3 months)		March 31, 2009 (12 months)	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of period	3,010,000	\$ 0.36	1,128,340	\$ 0.59
Granted	-	-	1,990,000	0.24
Exercised	-	-	-	-
Expired	415,000	0.46	(138,340)	0.69
Balance, end of period	2,595,000	0.35	3,010,000	\$ 0.36
Options exercisable, end of period	2,570,000	0.35	2,890,000	\$ 0.36

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements June 30, 2009 (Unaudited)

4. SHARE CAPITAL (continued)

The contractual weighted average remaining life of the outstanding options at June 30, 2009 is 3.85 years (March 31, 2009 – 4.09 years).

The following share purchase options are outstanding at June 30, 2009:

	Number of Shares	Price Per Share	Expiry Date	Date Granted or Issued
Options	745,000	\$0.60	August 10, 2012	August 10, 2007
Options	25,000	\$0.60	January 18, 2013	January 18, 2008
Options	1,725,000	\$0.24	August 25, 2013	August 25, 2008
Options	100,000	\$0.24	August 25, 2013	August 25, 2008
	2,595,000			

The options to purchase 100,000 shares at \$0.24 per share were cancelled in July 2009.

Warrants

The following warrant transactions occurred during the period:

Number of Shares March 31, 2009	Granted	Exercised	Expired	June 30, 2009	Price Per Share	Expiry Date
78,300	-	-	78,300	-	\$0.65	June 22, 2009
78,300	-	-	78,300	-	\$1.00	June 22, 2009
2,635,000	-	-	-	2,635,000	\$0.75	December 14, 2009
2,635,000	-	-	-	2,635,000	\$1.50	December 14, 2009
425,000	-	-	-	425,000	\$0.15	March 24, 2011
-	134,931	-	-	134,931	\$0.15	April 9, 2011
1,575,000	-	-	-	1,575,000	\$0.65	June 22 and July 13, 2011 ¹
1,575,000	-	-	-	1,575,000	\$1.00	June 22 and July 13, 2011 ¹
9,001,600	134,931	-	156,600	8,979,931		

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

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements June 30, 2009 (Unaudited)

4. SHARE CAPITAL (continued)

The following warrants, which entitle the holder to purchase common shares of the Company, were outstanding at June 30, 2009:

Number of Shares	Price Per Share	Expiry Date	Date Granted
2,635,000	\$0.75	December 14, 2009 ¹	December 14, 2007
2,635,000	\$1.50	December 14, 2009	December 14, 2007
425,000	\$0.15	March 24, 2011	March 29, 2009
134,931	\$0.15	April 9, 2011	April 9, 2009
1,575,000	\$0.65 ³	June 22 and July 13, 2011 ^{2,3}	June 22, 2007
1,575,000	\$1.00 ³	June 22 and July 13, 2011 ³	June 22, 2007
<u>8,979,931</u>			

¹ If the closing trading price is \$1.50 per share or higher for any 20 consecutive trading days, the Company may elect to accelerate the term to expire within 30 days of notice to the holders.

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

³ The Company applied, after June 30, 2009, to reprice these warrants, subject to regulatory approval and warrant holder approval, to \$0.10 and \$0.20, respectively, with an automatic expiry 37 days after a closing share price for 10 consecutive days of \$0.135 or more and \$0.27 or more, respectively.

5. RELATED PARTY TRANSACTIONS

The Company paid fees of \$10,708 for the three months ended June 30, 2009 (June 30, 2008 - \$9,964) for legal expenses and share issue costs to a legal firm in which one of the partners is an officer of the Company. As at June 30, 2009, accounts payable included \$21,206 payable to this legal firm (March 31, 2009 - \$22,257).

The Company also paid management, accounting and consulting fees of \$45,000, included in general and administrative expenses, and geological and engineering fees of \$39,000, included in mineral property acquisition and exploration costs, to directors and officers during the three months ended June 30, 2009 (June 30, 2008 - \$65,400 and \$15,600, respectively). At June 30, 2009, \$298,516 is accrued and included in payable to directors (March 31, 2009 - \$196,290).

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

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements
June 30, 2009
(Unaudited)

6. SEGMENTED INFORMATION

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

The Company's assets by geographic segment are:

	June 30, 2009 (unaudited)		March 31, 2009	
	Canada	India	Canada	India
Cash and cash equivalents	\$ 5,270	\$ 24,431	\$ 19,089	\$ 42,738
Mineral property interests	-	5,290,324	-	5,109,360
Other capital assets	30,646	133,362	32,404	141,804
Accounts receivable, inventory, prepaid expenses, and long-term deposits	24,590	68,749	12,670	128,797
	\$ 60,506	\$ 5,516,866	\$ 64,163	\$ 5,422,699

7. PREMISES LEASES

The Company has relocated to a new office in Vancouver, Canada which has a monthly rental of \$650 and a 60 day notice of termination. The Company's lease agreement for its old office in Vancouver is still in force and the Company is in the process of finding a new tenant to sublease it. The lease expires in August 2011 and it requires an estimated minimum annual rental payment of \$50,150.

The Company has also entered into leases in New Delhi, India, for office premises and staff accommodation, expiring in August 2010 and May 2011, which require estimated minimum annual rental payments of \$160,000.

8. CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

9. CONTINGENCY

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

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

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

The Company has engaged legal counsel and responded to the demand, citing the “UP Reorganization Act, 2000” and other legal arguments, and believes that this demand has no merit. At this time the outcome of this claim is not determinable and no amount has been accrued in the financial statements.