

Pebble Creek Mining Ltd.

(An Exploration Stage Company)

Consolidated Financial Statements
(Unaudited)

Three and Six Months Ended September 30, 2008

Pebble Creek Mining Ltd.

Consolidated Balance Sheets

	September 30 2008 (unaudited)	March 31 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 231,279	\$ 1,066,193
Accounts receivable	29,899	41,833
Inventory	1,023	2,630
Prepaid expenses	125,605	124,156
	387,806	1,234,812
Mineral Property Interests (Statement)	4,751,051	4,263,748
Other Capital Assets , net of amortization of \$131,611 (March 31, 2008 - \$109,678)	188,164	204,892
	\$ 5,327,021	\$ 5,703,452
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 201,267	\$ 85,544
SHAREHOLDERS' EQUITY		
Share Capital		
Authorized		
Unlimited number of common shares without par value		
Unlimited number of preferred shares without par value		
Issued and fully paid (Note 4)	7,048,434	7,048,434
Contributed Surplus (Note 4)	2,290,782	1,933,044
Deficit	(4,213,462)	(3,379,000)
	5,125,754	5,602,478
	\$ 5,327,021	\$ 5,703,452

APPROVED BY THE BOARD

“Gyan C. Singhai” _____ Director

“Andrew E. Nevin” _____ Director

Pebble Creek Mining Ltd.

Consolidated Statements of Loss and Deficit

	September 30, 2008 (3 months) (unaudited)	September 30, 2007 (3 months) (unaudited)	September 30, 2008 (6 months) (unaudited)	September 30, 2007 (6 months) (unaudited)
EXPENSES				
Amortization	\$ 1,703	\$ 1,835	\$ 2,944	\$ 3,671
Bank charges and interest	275	489	388	1,296
Corporate development	8,333	12,434	20,178	27,783
Foreign exchange	14,145	10,485	46,663	18,167
Insurance	3,789	4,364	9,267	8,722
Legal and audit	41,531	20,424	74,995	32,278
Management fees (Note 5)	66,860	67,200	132,260	114,600
Office	3,793	6,101	11,435	11,901
Rent	11,672	7,821	23,594	22,854
Salaries	14,252	18,142	34,936	36,238
Share-based compensation	353,373	192,498	357,739	192,498
Shareholder costs	48,154	18,674	72,366	65,875
Travel	12,148	3,742	12,848	54,029
Telephone	2,842	8,149	7,485	11,892
Write-down of mineral property	893	-	35,995	-
	583,763	372,358	843,093	601,804
Interest received	(2,117)	(5,233)	(8,631)	(14,563)
Net Loss and Comprehensive Loss	581,646	367,125	834,462	587,241
DEFICIT, Beginning of Period	3,631,816	2,044,417	3,379,000	1,824,301
DEFICIT, End of Period	\$ 4,213,462	\$ 2,411,542	\$ 4,213,462	\$ 2,411,542
Loss Per Share – Basic and Fully Diluted	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.03)
Weighted Average Number of Shares Outstanding	29,171,219	23,697,384	29,171,219	22,029,367

Pebble Creek Mining Ltd.

Consolidated Statements of Cash Flows

	September 30, 2008 (3 months) (unaudited)	September 30, 2007 (3 months) (unaudited)	September 30, 2008 (6 months) (unaudited)	September 30, 2007 (6 months) (unaudited)
Cash Flows From (Used In) Operating Activities				
Interest income	\$ 2,117	\$ 5,233	\$ 8,631	\$ 14,563
Cash paid for supplies and services	(138,819)	(182,529)	(285,648)	(467,526)
	(136,702)	(177,296)	(277,017)	(452,963)
Cash Flows From Financing Activities				
Shares issued, net of issue costs	-	150,250	-	1,197,599
	-	150,250	-	1,197,599
Cash Flows (Used In) Investing Activities				
Mineral property advances	-	(2,824)	-	1,577
Mineral property interests				
Acquisition costs	(4,471)	(8,629)	(35,275)	(29,507)
Exploration costs	(183,339)	(557,734)	(471,273)	(809,125)
Purchase of other capital assets	(4,120)	(24,105)	(5,206)	(78,805)
	(191,930)	(593,292)	(511,754)	(915,860)
(Decrease) In Cash And Cash Equivalents	(328,632)	(620,338)	(788,771)	(171,224)
Effect of Exchange Rate Changes on Cash	(13,625)	(10,234)	(46,143)	(17,916)
Cash And Cash Equivalents, Beginning Of Period	573,536	1,386,825	1,066,193	945,393
Cash And Cash Equivalents, End Of Period	\$ 231,279	\$ 756,253	\$ 231,279	\$ 756,253
Cash And Cash Equivalents Composed Of:				
Cash	\$ 127,186	\$ 67,407	\$ 127,186	\$ 67,407
Short-term deposits	104,093	688,846	104,093	688,846
	\$ 231,279	\$ 756,253	\$ 231,279	\$ 756,253

Pebble Creek Mining Ltd.

**Consolidated Statement of Mineral Property Expenditures
Three and Six Months Ended September 30, 2008 (unaudited) and Year Ended March 31, 2008**

	Askot	Gadarwara	Banda	Other	Total
Balance, March 31, 2007	\$ 2,254,891	\$ 91,453	\$ 30,403	\$ 22,235	\$ 2,398,982
Option proceeds	-	-	-	-	-
Acquisition costs	-	-	-	-	-
Geological fees and travel expenses	63,167	5,205	6,420	9,730	84,522
Consulting engineers fees	-	-	-	-	-
Exploration expenditures	-	-	-	-	-
Geological fees and travel expenses	75,420	3,600	11,977	-	90,997
Assays	7,522	-	-	-	7,522
Drilling	1,062,007	386,298	-	-	1,448,305
Engineering equipment and supplies	2,905	499	-	-	3,404
Office	264,385	1,511	1,816	-	267,712
Professional fees	135,008	1,972	2,264	-	139,244
Salaries	164,266	812	-	-	165,078
Telephone	12,920	44	995	-	13,959
Travel and promotion	50,454	8,303	2,229	-	60,986
Miscellaneous	3,892	39	-	-	3,931
Underground rehabilitation and exploration	78,842	10,055	-	-	88,897
Property write down	-	(509,791)	-	-	(509,791)
Balance, March 31, 2008	4,175,679	-	56,104	31,965	4,263,748
Option proceeds	-	-	-	-	-
Acquisition costs	-	-	-	-	-
Geological fees and travel expenses	22,063	-	-	2,538	24,601
Compliance costs	6,202	-	-	-	6,202
Exploration expenditures	-	-	-	-	-
Geological fees and travel expenses	16,919	-	-	-	16,919
Assays	30,414	-	-	-	30,414
Drilling	-	35,102	-	-	35,102
Engineering equipment and supplies	5,395	-	-	-	5,395
Office	132,459	-	74	-	132,533
Professional fees	97	-	-	-	97
Salaries	29,026	-	-	-	29,026
Telephone	2,798	-	51	-	2,849
Travel and promotion	12,050	-	-	-	12,050
Miscellaneous	1,098	-	-	-	1,098
Underground rehabilitation and exploration	50,994	-	-	-	50,994
Property write down	-	(35,102)	-	-	(35,102)
Balance, June 30, 2008	4,485,195	-	56,230	34,502	4,575,927
Option proceeds	-	-	-	-	-
Acquisition costs	-	-	-	-	-
Geological fees and travel expenses	(1,505)	-	-	-	(1,505)
Compliance costs	5,975	-	-	-	5,975
Exploration expenditures	-	-	-	-	-
Geological fees and travel expenses	26,067	-	-	2,809	28,875
Assays	3,025	-	-	-	3,025
Drilling	-	-	-	-	-
Engineering equipment and supplies	113	-	-	-	113
Office	67,519	893	-	1,599	70,011
Professional fees	153	-	-	-	153
Salaries	33,397	-	-	-	33,397
Telephone	1,883	-	68	-	1,952
Travel and promotion	13,161	-	-	292	13,453
Miscellaneous	71	-	-	-	71
Underground rehabilitation and exploration	20,497	-	-	-	20,497
Property write down	-	(893)	-	-	(893)
Balance, September 30, 2008	\$ 4,655,551	\$ -	\$ 56,298	\$ 39,202	\$ 4,751,051

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements

September 30, 2008

(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, 2008.

1. OPERATIONS

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

PCR incorporated two subsidiary companies in India to acquire rights to the properties under Indian law. 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 Gadarwara Tenure. 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.

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 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 loss of \$834,462 for the six months ended September 30, 2008 and a working capital of \$186,539 at September 30, 2008. The ability of the Company to continue as a going concern is dependent on obtaining additional financing from time to 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 RISK

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 available working capital, and includes shareholders' equity, cash and cash equivalents, accounts receivable and prepaid expenses when considering management of capital risk.

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 facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. Annual and materially updated budgets are approved by the Board of Directors.

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 from continuing operations.

The Company will have to raise additional capital resources to meet its planned operations and administrative overhead expenses and further 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 activity. The Company believes it will be able to raise capital as required in the long term, but recognize there will be risks involved that may be beyond their control.

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements
September 30, 2008
(unaudited)

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 held in reputable Canadian 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.

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.

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements September 30, 2008 (unaudited)

4. SHARE CAPITAL

Share Capital

	Number of Common Shares	Amount
Issued and allotted		
Balance, March 31, 2007	20,062,590	\$ 5,150,188
Issued for cash on private placement, net of share issue costs of \$98,957 and \$512,388 allocated to the issue of warrants	3,306,599	545,964
Issued for cash on private placement, net of share issue costs of \$37,663 and \$931,818 allocated to the issue of warrants	5,270,000	1,138,519
Issued for cash on exercise of warrants	357,030	107,109
Issued for cash on exercise of options, including transfer from contributed surplus of \$54,154	175,000	106,654
Balance, March 31, 2008, June 30, 2008, and September 30, 2008 (unaudited)	29,171,219	\$ 7,048,434

Contributed Surplus

	Amount
Balance, March 31, 2007	\$ 245,429
Allocated to warrants and broker options and warrants on the issue of shares for cash	1,444,026
Share-based compensation expense	297,563
Transferred to share capital on the exercise of options	(54,154)
Balance, March 31, 2008	1,933,044
Share-based compensation expense	357,738
Balance, September 30, 2008 (unaudited)	\$ 2,290,782

Of the issued and outstanding shares of the Company 3,864,450 were held in escrow at September 30, 2008, 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 September 30, 2008 (unaudited)

4. SHARE CAPITAL (continued)

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

	September 30, 2008 (6 months)	March 31 2008 (12 months)
Average risk-free interest rate	3.08%	4.62%
Expected share price volatility	124.50%	122.80%
Expected average period until exercise	5 years	2.34 years
Expected dividend yield	\$ nil	\$ nil

Warrants

The following warrants, which entitle the holder to purchase common shares of the Company, were outstanding at September 30, 2008:

Number of Shares	Price Per Share	Expiry Date	Date Granted
1,653,300	\$0.65	June 22, 2009 ¹	June 22, 2007
1,653,300	\$1.00	June 22, 2009	June 22, 2007
2,635,000	\$0.75	December 14, 2009 ²	December 14, 2007
2,635,000	\$1.50	December 14, 2009	December 14, 2007
8,576,600			

¹ 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

² 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

Number of Shares				Price Per Share	Per	Expiry Date
2008 March 31	Granted	Exercised	Expired	2008 September 30		
458,370	-	-	458,370	-	\$0.75 Cdn	June 29, 2008
1,653,300	-	-	-	1,653,300	\$0.65 Cdn	June 22, 2009
1,653,300	-	-	-	1,653,300	\$1.00 Cdn	June 22, 2009
2,635,000	-	-	-	2,635,000	\$0.75 Cdn	December 14, 2009
2,635,000	-	-	-	2,635,000	\$1.50 Cdn	December 14, 2009
9,034,970	-	-	458,370	8,576,600		

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements
September 30, 2008
(unaudited)

4. SHARE CAPITAL (continued)

Options

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 following share purchase options transactions occurred during the periods:

	September 30, 2008 (6 months)		March 31, 2008 (12 months)	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of period	1,128,340	\$ 0.60	1,017,507	\$ 0.50
Granted	1,890,000	0.24	1,075,000	0.60
Exercised	-	-	(175,000)	0.30
Expired	(108,340)	0.72	(789,167)	0.55
Balance, end of period	2,910,000	\$ 0.37	1,128,340	\$ 0.61
Options exercisable, end of period	2,570,000	\$ 0.37	964,840	\$ 0.61

The contractual weighted average remaining life of the outstanding options at September 30, 2008 is 4.55 years (March 31, 2008 – 4.15 years).

The following share purchase options are outstanding at September 30, 2008:

	Number of Shares	Price Per Share	Expiry Date	Date Granted or Issued
Options	795,000	\$0.60	August 10, 2012	August 10, 2007
Options	225,000	\$0.60	January 18, 2013	January 18, 2008
Options	1,890,000	\$0.24	August 12, 2013	August 12, 2008
	2,910,000			

5. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise separately disclosed in the financial statements are:

The Company also paid management, accounting and consulting fees of \$132,260, included in general and administrative expenses, and geological and engineering fees of \$30,740, included in mineral property acquisition and exploration costs, to directors and officers during the six months ended September 30, 2008 (2007 - \$114,600 and \$47,400, respectively). At September 30, 2008 \$44,913 was payable to directors (March 31, 2008 - \$15,430).

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements September 30, 2008 (unaudited)

5. RELATED PARTY TRANSACTIONS (continued)

The Company paid fees of \$26,535 for the six months ended September 30, 2008 (2007 - \$55,873) for legal expenses and share issue costs to a legal firm one of the partners of which became an officer of the Company on December 15, 2006. As at September 30, 2008 accounts payable included \$17,009 payable to this legal firm (March 31, 2008 - \$5,569).

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

6. 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:

	September 30, 2008 (unaudited)		March 31, 2008	
	Canada	India	Canada	India
Cash	\$ 133,490	\$ 97,789	\$ 659,444	\$ 406,749
Mineral property interests	-	4,751,051	-	4,263,748
Other capital assets	25,133	163,031	26,249	178,643
Accounts receivable, inventory and prepaid expenses	27,566	128,961	26,159	142,460
	\$ 186,189	\$ 5,140,832	\$ 711,852	\$ 4,991,600

7. NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements issued by the Canadian Institute of Chartered Accountants ("CICA") are evaluated by the Company and, if required, are adopted in the preparation of its future financial statements. These are:

Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, evolving and being converged with International Financial Reporting Standards (IFRS) over a transitional period currently expected to be complete by 2011. The International Accounting Standards Board currently has projects underway that should result in new pronouncements.

This Canadian convergence initiative is very much in its infancy as of the date of these statements. Consequently the Company has not yet assessed the impact of the ultimate adoption of IFRS on the Company.

Pebble Creek Mining Ltd.

Notes to the Consolidated Financial Statements

September 30, 2008

(unaudited)

8. 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 had 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 by supplying UPSMDC with a draft agreement conveying 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.

9. SUBSEQUENT EVENT

On November 12, 2008 the Company commenced a non-brokered private placement of up to 6,000,000 common shares of the Company at a price of \$0.065 per common share for gross proceeds of up to \$390,000. Certain directors of the Company intend to participate in this private placement. The Company may pay to certain finders a cash fee of up to 8% of the gross proceeds from arms length purchasers of the private placement.