

Pebble Creek Mining Ltd.
(An Exploration Stage Company)

Consolidated Financial Statements
(Unaudited)

Three and nine months ended December 31, 2009

Pebble Creek Mining Ltd.

Consolidated Balance Sheets

December 31, 2009 and March 31, 2009

	December 31 2009 (Unaudited)	March 31 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 270,710	\$ 61,827
Accounts receivable	2,410	3,051
Inventory	1,295	1,295
Prepaid expenses	14,876	37,382
	289,291	103,555
Advances and Long-term Deposits (Note 5)	67,619	99,740
Mineral Property Interests (Statement)	5,600,540	5,109,360
Other Capital Assets, net of amortization of \$178,367 (March 31, 2009 - \$152,375)	147,902	174,208
	\$ 6,105,352	\$ 5,486,863
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 130,888	\$ 249,886
Payable to officers	385,598	196,290
	516,486	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	7,813,154	7,291,357
Contributed Surplus (Note 4)	3,542,332	2,345,440
Deficit	(5,766,620)	(4,596,110)
	5,588,866	5,040,687
	\$ 6,105,352	\$ 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

_____ Director

_____ Director

Pebble Creek Mining Ltd.

Consolidated Statements of Loss and Deficit

Three and nine months ended December 31, 2009 and 2008

	3 months ended December 31, 2009 (unaudited)	3 months ended December 31, 2008 (unaudited)	9 months ended December 31, 2009 (unaudited)	9 months ended December 31, 2008 (unaudited)
EXPENSES				
Amortization	\$ 1,548	\$ 1,472	\$ 4,660	\$ 4,416
Bank charges and interest	434	1,174	1,299	918
Corporate development	18,168	23,275	27,450	43,453
Foreign exchange	8,335	(21,724)	8,028	24,939
Insurance	4,057	3,992	13,381	13,259
Legal and audit	23,536	25,279	76,584	100,274
Management fees (Note 5)	56,900	38,700	165,567	170,960
Office	1,963	5,190	8,599	16,625
Rent	15,242	12,537	26,850	36,131
Salaries	-	13,700	1,384	48,636
Share-based compensation	13,758	12,215	175,259	369,954
Shareholder costs	7,319	5,270	22,300	77,636
Travel	13,356	9,704	27,875	22,552
Telephone	3,161	5,445	8,870	12,930
Write-down of mineral properties	-	822	-	36,817
	167,777	137,051	568,106	979,500
Interest income	-	-	(5)	(7,987)
NET LOSS AND COMPREHENSIVE LOSS	167,777	137,051	568,101	971,513
DEFICIT, Beginning of Period	5,125,667	4,213,462	4,596,110	3,379,000
Modification of Warrant Terms (Note 4)	473,176	-	602,409	-
DEFICIT, End of Period	\$ 5,766,620	\$ 4,350,513	\$ 5,766,620	\$ 4,350,513
Loss Per Share – Basic and Fully Diluted	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.03
Weighted Average Number Of Shares Outstanding	48,512,238	30,170,988	39,481,791	29,505,687

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 and nine months ended December 31, 2009 and 2008

	3 months ended December 31, 2009 (unaudited)	3 months ended December 31, 2008 (unaudited)	9 months ended December 31 , 2009 (unaudited)	9 months ended December 31, 2008 (unaudited)
Cash Flows From (Used In) Operating Activities				
Interest income	\$ -	\$ (644)	\$ 5	\$ 7,987
Cash paid for supplies and services	(175,787)	(20,545)	(363,427)	(305,673)
	(175,787)	(21,189)	(363,427)	(297,686)
Cash Flows From (Used In) Financing Activities				
Advances from directors	(12,156)	-	-	-
Shares issued, net of issue costs	-	149,955	940,567	149,955
	(12,156)	149,955	940,567	149,955
Cash Flows From (Used In) Investing Activities				
Advances and deposits	(11,560)	-	41,241	-
Mineral property interests				
Acquisition costs	-	(25,045)	(567)	(60,320)
Exploration costs	(225,897)	(197,241)	(401,216)	(668,514)
Disposal (purchase) of other capital assets	(574)	(10,912)	313	(16,118)
	(238,031)	(233,198)	(360,229)	(744,952)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(425,974)	(104,432)	216,911	(892,683)
Effect of Exchange Rate Changes on Cash	(8,335)	21,724	(8,028)	(24,939)
CASH AND CASH EQUIVALENTS, Beginning of Period	705,019	231,279	61,827	1,066,193
CASH AND CASH EQUIVALENTS, End of Period	\$ 270,710	\$ 148,571	\$ 270,710	\$ 148,571
CASH AND CASH EQUIVALENTS COMPOSED OF:				
Cash	\$ 270,710	\$ 135,472	\$ 270,710	\$ 135,472
Short-term deposits	-	13,099	-	13,099
	\$ 270,710	\$ 148,571	\$ 270,710	\$ 148,571
Supplemental disclosure of non-cash transactions				
Share based compensation	\$ 13,758	\$ 12,125	\$ 175,259	\$ 369,954
Mineral property write down	-	822	-	36,817

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Pebble Creek Mining Ltd.

Consolidated Statement of Mineral Property Expenditures

Three and nine months ended December 31, 2009 and 2008

	Askot	Gadarwara	Banda	Other	Total
Balance, March 31, 2008	\$ 4,175,679	\$ -	\$ 56,104	\$ 31,965	\$ 4,263,748
Acquisition costs					
Geological fees and travel expenses	20,558	-	-	2,538	23,096
Compliance costs	12,177	-	-	-	12,177
Exploration expenditures					
Geological fees and travel expenses	42,986	-	-	2,809	45,795
Assays	33,439	-	-	-	33,439
Drilling	-	35,102	-	-	35,102
Engineering equipment and supplies	5,508	-	-	-	5,508
Office	199,978	893	74	1,599	202,544
Professional fees	250	-	-	-	250
Salaries	62,423	-	-	-	62,423
Telephone	4,681	-	120	-	4,801
Travel and promotion	25,211	-	-	292	25,503
Miscellaneous	1,169	-	-	-	1,169
Underground rehabilitation and exploration	71,491	-	-	-	71,491
Property write down	-	(35,995)	-	-	(35,995)
Balance, September 30, 2008 (unaudited)	4,655,550	-	56,298	39,203	4,751,051
Acquisition costs					
Geological fees and travel expenses	18,000	-	-	456	18,456
Compliance costs	6,589	-	-	-	6,589
Exploration expenditures					
Geological fees and travel expenses	55,435	-	-	-	55,435
Assays	-	-	-	-	-
Drilling	-	-	-	-	-
Engineering equipment and supplies	3,471	-	-	-	3,471
Office	70,522	822	-	78	71,421
Professional fees	274	-	-	2,717	2,991
Salaries	40,880	-	-	-	40,880
Telephone	2,162	-	-	87	2,249
Travel and promotion	18,580	-	-	-	18,580
Miscellaneous	5,764	-	-	-	5,764
Underground rehabilitation and exploration	25,699	-	-	-	25,699
Property write down	-	(822)	-	-	(822)
Balance, December 31, 2008 (unaudited)	\$ 4,902,926	\$ -	\$ 56,298	\$ 42,541	\$ 5,001,765
Balance, March 31, 2009	\$ 5,073,322	\$ -	\$ -	\$ 36,038	\$ 5,109,360
Acquisition costs					
Geological fees and travel expenses	3,000	-	-	-	3,000
Compliance costs	128	-	-	-	128
Exploration expenditures					
Geological fees and travel expenses	56,333	-	-	-	56,333
Assays	-	-	-	-	-
Drilling	-	-	-	-	-
Engineering equipment and supplies	-	-	-	-	-
Office	152,527	-	-	-	152,527
Professional fees	351	-	-	-	351
Salaries	69,986	-	-	-	69,986
Telephone	2,431	-	-	-	2,431
Travel and promotion	4,805	-	-	-	4,805
Miscellaneous	13	-	-	-	13
Underground rehabilitation and exploration	28,268	-	-	-	28,268
Property write down	-	-	-	-	-
Balance, September 30, 2009 (unaudited)	5,391,165	-	-	36,038	5,427,204
Acquisition costs					
Geological fees and travel expenses	-	-	-	-	-
Compliance costs	567	-	-	-	567
Exploration expenditures					
Geological fees and travel expenses	27,100	-	-	-	27,100
Assays	-	-	-	-	-
Drilling	-	-	-	-	-
Engineering equipment and supplies	-	-	-	-	-
Office	89,209	-	-	-	89,209
Professional fees	3,139	-	-	-	3,139
Salaries	30,300	-	-	-	30,300
Telephone	1,359	-	-	-	1,359
Travel and promotion	9,490	-	-	-	9,490
Miscellaneous	194	-	-	-	194
Underground rehabilitation and exploration	11,979	-	-	-	11,979
Property write down	-	-	-	-	-
Balance, December 31, 2009 (unaudited)	\$ 5,564,502	\$ -	\$ -	\$ 36,038	\$ 5,600,540

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

December 31, 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

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 two directors of the Company incorporated a company, Narsinghpur Gold Mining Private Ltd. ("NGM") under Indian law. The shares of NGM are held in trust for the Company by two directors. The Company expects to use NGM as a vehicle for certain future property acquisitions and joint ventures.

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 \$568,000 for the nine months ended December 31, 2009 and a working capital deficit of \$227,000 at December 31, 2009. The ability of the Company to continue as a going concern is dependent upon the continued support from its directors and its ability to continue to raise adequate additional financing. Management has completed a financing during the nine months ended December 31, 2009 (Note 4) and is currently seeking additional equity financing 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.

Notes to the Consolidated Financial Statements

December 31, 2009

(Unaudited)

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 short term maturities. 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, administration and other 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.

Notes to the Consolidated Financial Statements

December 31, 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
Issued for cash on private placement, net of share issue costs of \$118,414 (cash) and \$418,771 (issue of warrants)	15,000,000	512,815
Balance, September 30 and December 31, 2009 (unaudited)	48,512,238	\$ 7,813,154

Of the issued and outstanding shares of the Company, 2,955,503 were held in escrow at December 31, 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).

Notes to the Consolidated Financial Statements

December 31, 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
Allocated to warrants on the issue of shares for cash	418,771
Share-based compensation expense	85,057
Modification of option terms	71,354
Balance, September 30, 2009 (unaudited)	3,055,398
Share-based compensation expense	13,758
Modification of warrant terms	473,176
Balance, December 31, 2009 (unaudited)	\$ 3,542,332

The Company terminated the previous stock option plan implemented on August 13, 2007 and approved a new 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. The new plan is similar to the previous plan with the exception that it has been updated for the revised TSX Venture policy 4.4 for Tier 2 issuers. The options granted vest immediately for directors, officers, employees and consultants. Options for investor relation firms vest over the course of one year.

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

	December 31, 2009 (9 months)	March 31, 2009 (12 months)
Average risk-free interest rate	1.42%	2.92%
Expected share price volatility	101%	111%
Expected average period until exercise	2.40 years	4.47 years
Expected dividend yield	\$nil	\$nil

Notes to the Consolidated Financial Statements

December 31, 2009

(Unaudited)

4. SHARE CAPITAL (continued)

Options

The following share purchase option transactions occurred during the period:

	December 31, 2009 (9 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	2,355,000	0.12	1,990,000	0.24
Exercised	-	-	-	-
Expired	(515,000)	0.41	(138,340)	0.69
Balance, end of period	4,850,000	0.12	3,010,000	\$ 0.36
Options exercisable, end of period	4,130,000	0.12	2,890,000	\$ 0.36

The contractual weighted average remaining life of the outstanding options at December 31, 2009 is 4.02 years (March 31, 2009 – 4.09 years).

The following share purchase options are outstanding at December 31, 2009:

	Number of Shares	Price Per Share	Expiry Date	Date Granted or Issued
Options	745,000 ¹	\$0.12	August 10, 2012	August 10, 2007
Options	25,000 ¹	\$0.12	January 18, 2013	January 18, 2008
Options	1,725,000 ¹	\$0.12	August 25, 2013	August 25, 2008
Options	2,355,000	\$0.12	September 29, 2013	September 29, 2008
	4,850,000			

¹ A total of 2,495,000 outstanding options were re-priced from \$0.60 and \$0.24 to \$0.12 per share on September 29, 2009. The company calculated the incremental fair value of the option re-pricing using the Black-Scholes option pricing model, assuming a risk-free interest rate of 2.02%, expected volatility of 57%, expected life of 3.59 years and a dividend yield of 0%. The increase in fair value of \$71,354 due to the modification of these options has been recorded as a charge to share based compensation and a corresponding increase to contributed surplus.

Notes to the Consolidated Financial Statements

December 31, 2009

(Unaudited)

4. SHARE CAPITAL (continued)

Warrants

Warrant transactions during the nine months ended December 31, 2009 and warrants outstanding at December 31, 2009 are:

March 31, 2009	Number of Shares			December 31, 2009	Price Per Share	Expiry Date
	Issued	Exercised	Expired			
425,000	-	-	-	425,000	\$0.15	March 24, 2011
-	134,931	-	-	134,931	\$0.15	April 9, 2011
1,653,300	-	-	(78,300)	1,575,000	\$0.65	June 22 and July 13, 2011 ¹
1,653,300	-	-	(78,300)	1,575,000	\$1.00	June 22 and July 13, 2011 ¹
-	1,415,045	-	-	1,415,045	\$0.15	August 28, 2011
-	13,584,955	-	-	13,584,955	\$0.15	September 22, 2011
2,635,000	-	-	-	2,635,000	\$0.75	December 19, 2011 ¹
2,635,000	-	-	-	2,635,000	\$1.50	December 19, 2011 ¹
9,001,600	15,134,031	-	(156,600)	23,979,931		

¹ During the nine months ended December 31, 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 extensions using the Black-Scholes option pricing model and assuming a weighted-average risk-free interest rate of 1.21%, expected volatility of 192%, an expected life of 2.04 years and a dividend yield of 0%. The resulting increase in fair value of \$602,409 has been recorded as a charge to deficit and a corresponding increase to contributed surplus.

Notes to the Consolidated Financial Statements
December 31, 2009
(Unaudited)

5. RELATED PARTY TRANSACTIONS

The Company paid fees of \$55,733 for the nine months ended December 31, 2009 (December 31, 2008 - \$41,686) for legal expenses and share issue costs to a legal firm of which one of the partners is an officer of the Company. As at December 31, 2009 accounts payable included \$16,355 payable to this legal firm (March 31, 2009 - \$22,257).

The Company paid management, accounting and consulting fees of \$165,567, included in general and administrative expenses, and geological and engineering fees of \$86,433, included in mineral property acquisition and exploration costs, to officers during the nine months ended December 31, 2009 (December 31, 2008 - \$170,960 and \$76,040, respectively).

The Company advanced \$11,561 during the nine months ended December 31, 2009 (2008 - \$9,275) to NGM (Note 1). As at December 31, 2009 advances and long-term deposits included \$18,395 (March 31, 2009 - \$9,275) owing from this company. The advances have been repaid since the end of the period or are in the process of being converted to share capital in NGM..

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 industry segment, the exploration and development of mineral property interests.

The Company's assets by geographic segment are:

	December 31, 2009		March 31, 2009	
	(unaudited)			
	Canada	India	Canada	India
Cash and cash equivalents	\$ 180,218	\$ 90,492	\$ 19,089	\$ 42,738
Mineral property interests	-	5,600,540	-	5,109,360
Other capital assets	26,930	120,972	32,404	141,804
Accounts receivable, inventory, prepaid expenses, and long-term deposits	21,390	64,810	12,670	128,797
	\$ 228,538	\$ 5,876,814	\$ 64,163	\$ 5,422,699

Notes to the Consolidated Financial Statements

December 31, 2009

(Unaudited)

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 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 \$180,000.

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

In April 2008 the government-owned Uttar Pradesh State Mineral Development Corporation (UPSMDC) reopened a question the Company had thought closed for many years. UPSMDC resurrected a defunct Memorandum of Understanding (MOU) signed by the Company and UPSMDC in 1997, long before the state of Uttarakhand was formed from part of Uttar Pradesh on November 9, 2000.

The Company believes the claim is without merit; however after several exchanges with the claimant the Company has made an offer that will satisfy the claimant's objectives and have minimal impact on the Company's interest and the Company is awaiting UPSMDC's response.