

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

*This Management Discussion and Analysis (“MD&A”) is a discussion and analysis of the operations and financial results of Pebble Creek Mining Ltd. (the “Company”) for the year ended March 31, 2008, with comparisons to the fifteen months ended March 31, 2007 (as required in the regulatory notice filed on SEDAR on January 2, 2007). The following information should be read in conjunction with the audited consolidated financial statements and related notes for the fiscal year ended March 31, 2008. The consolidated financial statements and related notes have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and are filed with various Canadian regulatory authorities in Canadian dollars. The date of this MD&A is July 9, 2008.*

### **FORWARD LOOKING STATEMENTS**

*Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “plan,” or “continue” or the negative thereof or variations thereon or similar terminology. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.*

### **OVERVIEW & OVERALL PERFORMANCE**

The “Company” refers to Pebble Creek Mining Ltd. (“PCM”), formerly Broadcast Capital Corp. (“Broadcast”), and its wholly owned Indian subsidiaries Adi Gold Mining Private Ltd. (“Adi”) and Hirakund Diamond Exploration Private Ltd. (“Hirakund”). PCM and its wholly owned subsidiary company, Pebble Creek Resources Ltd. (“PCR”), completed a vertical amalgamation on May 30, 2007 and the newly amalgamated company continued under the name “Pebble Creek Mining Ltd.”

The Company is a mineral exploration company which has been focused on India for the past 12 years. It is one of few foreign mineral exploration and development companies that has developed a business and technical infrastructure and acquired considerable expertise in India.

The Company holds 100 per cent of the mineral rights on two properties and has active applications pending on 14 more covering 17,000 square kilometres in five states, all in India.

The Company’s principal mineral property is the Askot property in Uttarakhand state (called “Uttaranchal” prior to January, 2007). Askot is a high-grade deposit of copper and zinc, with lead, silver and gold, which is the focus of its exploration and development.

PCR entered into an agreement with Broadcast Capital Corp. (“Broadcast”) dated October 6, 2006, amended on October 24, 2006 and completed on December 15, 2006, pursuant to which the shareholders of PCR acquired control of Broadcast, a company listed for trading on the TSX Venture Exchange, through a “reverse take over.”

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

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

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

The fair values of the net assets of Broadcast acquired by PCR on the RTO were:

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

Pebble Creek Mining Ltd. started trading as "PEB" on the TSX Venture Exchange as a Tier 2 company on December 29, 2006.

The Company changed its financial year ends from September 30 (Broadcast) and December 31 (PCR) to March 31, effective on March 31, 2007, to harmonize the year ends with those of its two Indian subsidiaries, Adi and Hirakund, which are required by law to report with March 31 year ends. The applicable comparative period for the year ended March 31, 2008, as outlined in the regulatory notice dated January 2, 2007, is the fifteen month period ended March 31, 2007.

### **FINANCIAL RESULTS**

#### **Selected Annual Information**

The following table shows the financial results derived from the Company's financial statements for each of the three most recently completed fiscal periods.

	<b>March 31, 2008</b>	<b>March 31, 2007</b>	<b>December 31, 2005</b>
Total Revenue – Interest Income	\$ 36,543	\$ 33,424	\$ -
Net Income (Loss)	\$ (1,554,699)	\$ (579,728)	\$ (218,653)
Net Income (Loss) per Share	\$ (0.06)	\$ (0.04)	\$ (0.02)
Total Assets	\$ 5,703,452	\$ 3,644,955	\$ 1,458,969
Shares Outstanding	29,171,219	20,062,590	11,412,021

## ***Pebble Creek Mining Ltd.***

### Management Discussion and Analysis of Financial Conditions and Results of Operations Year ended March 31, 2008

The Company is in the exploration stage and has no mineral production yet. Incidental revenue is derived solely from interest earned on term deposits. \$36,543 was earned during the year ended March 31, 2008, compared to \$33,424 during the fifteen months ended March 31, 2007.

The Company incurred general and administrative expenses of \$1,081,451 during the year ended March 31, 2008, compared to \$613,152 during the fifteen months ended March 31, 2007, reflecting the overall increase in the Company's activities. Significant general and administrative expenses incurred by the Company during year ended March 31, 2008, compared to the fifteen months ended March 31, 2007, were as follows:

- corporate development costs of \$83,978 (2007 - \$94,993)
- insurance costs of \$14,389 (2007 - \$1,773)
- management fees of \$210,960 (2007 - \$179,500)
- office expenses of \$33,465 (2007 - \$54,264)
- legal and audit fees of \$89,902 (2007 - \$84,451)
- rent of \$46,608 (2007 - \$27,563)
- salaries of \$76,978 (2007 - \$19,367)
- share compensation costs of \$297,563 (2007 - \$nil)
- shareholder costs of \$51,083 (2007 - \$17,344)
- travel of \$145,963 (2007 - \$114,327)
- telephone costs of \$23,056 (2007 - \$11,815).

During the year ended March 31, 2008, acquisition and lobbying, exploration, drilling and underground development costs at Askot were \$1,920,788, compared to \$945,505 during the fifteen months ended March 31, 2007.

The Company also spent \$418,338, primarily composed of drilling costs of \$386,298, on the Gadarwara property during the year ended March 31, 2008, compared to \$31,394 during the fifteen months ended March 31, 2007. The Company also wrote down the accumulated costs of \$509,791 it had incurred on the Gadarwara property to March 31, 2008 as it does not expect any potential future benefits from these expenditures at this time.

Furniture, equipment and vehicles costing \$76,404 were purchased during the year ended March 31, 2008, compared to \$159,157 during the fifteen months ended March 31, 2007. Nearly all of that increase was incurred directly or indirectly to support the Askot project.

Fixed expenses, also to support the Askot project and incurred in Vancouver, New Delhi or at the project site, grew markedly during the current fiscal year and are a major component of the increased loss for the year ended March 31, 2008.

Other costs incurred during the year ended March 31, 2008 that were not incurred in the previous period were share compensation costs of \$297,563, representing the fair value of the portion of the share purchase options issued to employees, directors, officers, and consultants which vested during the current fiscal year. The fair value was calculated using the Black-Scholes option pricing model, using the assumptions described in Note 5 to the consolidated financial statements.

## **Pebble Creek Mining Ltd.**

### Management Discussion and Analysis of Financial Conditions and Results of Operations Year ended March 31, 2008

Total assets increased by \$2,058,497 during the year ended March 31, 2008, compared to \$2,185,986 during the fifteen months ended March 31, 2007. This reflects the financings completed during the current fiscal year. Of the total assets, \$1,234,812 is represented by current assets, \$4,263,748 is invested in the Company's mineral properties and \$204,892 is capital equipment.

At March 31, 2008, the Company had cash of \$1,066,193 as compared to \$945,393 at March 31, 2007.

At March 31, 2008, the Company had working capital of \$1,133,838 as compared to \$990,908 at March 31, 2007.

#### **Selected Quarterly Financial Results**

The following selected unaudited quarterly financial information for the last eight quarters is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with GAAP.

#### **Three months ended**

	<b>Mar 31, 2008</b>	<b>Dec 31, 2007</b>	<b>Sept 30, 2007</b>	<b>June 30, 2007</b>	<b>Mar 31, 2007</b>	<b>Dec 31, 2006</b>	<b>Sep 30, 2006</b>	<b>Jun 30, 2006</b>
Interest Income	\$ 17,451	\$ 4,529	\$ 5,233	\$ 9,330	\$ 6,862	\$ 14,803	\$ 9,275	\$ 2,484
Net Loss	\$ (811,350)	\$ (156,108)	\$ (367,125)	\$ (220,116)	\$ (321,546)	\$ (68,900)	\$ (69,007)	\$ (60,352)
Basic & Diluted (Loss) Per Share	\$ (0.03)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Basic & Diluted Weighted Average Shares	29,171,219	24,871,980	23,697,384	20,342,020	20,032,375	17,010,721	16,387,521	12,551,345

The pace of exploration activities at Askot picked up significantly with drilling in the second half of calendar 2006 and drilling on both Askot and Gadarwara during 2007. The increase led to the accompanying increase in fixed expenses starting in the first quarter of calendar 2007. The fixed expenses increased at the Company's three office sites: Askot, Delhi and Vancouver. All three quarters in calendar 2006 showed losses between \$60,000 and \$70,000. In calendar 2007 the losses increased to the range of \$160,000 to \$370,000, an average of \$266,224. The first quarter of calendar 2008 showed a significant increase in loss to \$811,350 due mainly to the write-off of \$509,791 of the expenditures incurred on the Gadarwara property.

As financings progressed the number of shares increased from 11.445 million at March 31, 2006 to 29.171 million at March 31, 2008.

## ***Pebble Creek Mining Ltd.***

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

---

### **LIQUIDITY AND CAPITAL RESOURCES**

During the 15 months ended March 31, 2007, in anticipation of going public, the Company raised a total of \$2,595,658 after costs, including amounts allocated to the issue of accompanying warrants, broker warrants and broker options.

The largest financing of the 15-month period was a two-tranche private placement brokered by Loewen, Ondaatje, McCutcheon Ltd. ("LOM"). This raised net funds of \$1,940,020 in June 2006 and \$376,654 in December 2006. Funds were also realized from the exercise of 120,500 warrants, 91,667 options, non-brokered private placements of 405,000 shares and retention of Broadcast's treasury of \$581,830 (before costs of the RTO and costs allocated to assuming Broadcast's options and warrants).

Not counting the 2,750,002 shares of Broadcast before the RTO, the Company issued 5,900,567 shares during the fifteen months ended March 31, 2007 on the exchange of Subscription Receipts, private placements of units and the exercise of warrants and options.

During the 15-month period ended March 31, 2007 the Company also issued 2,964,870 new warrants and 1,017,507 options, brokers' warrants, and brokers' options.

In May 2007 the Company initiated a non-brokered private placement in Europe at the prevailing share price at the time of \$0.35. The non-brokered private placement of 3,150,000 units raised an additional \$1,102,500 before costs. The majority of placees were in Europe. There was a 4-month hold period, now expired, on shares issued in this private placement.

Each unit consists of one common share of the Company; one-half of one Series A common share purchase warrant (an "A Warrant"); and one-half of one Series B common share purchase warrant (a "B Warrant"). Each whole A Warrant is exercisable for one common share of the Company for a period of two years at a price of \$0.65. If the closing trading price of the Company's common shares is \$1.00 per share or higher for any 20 consecutive trading days during the term of the A Warrants, the Company may elect to provide notice of acceleration of the exercise term to holders of the A Warrants and the A Warrants will then expire thirty days after such notice is given. Each whole B Warrant is exercisable for one common share of the Company for a period of two years at a price of \$1.00.

The Company paid certain parties finder's fees of \$16,660 in cash and issued 156,599 units. The Company also paid other cash costs related to its financing of \$27,488.

The TSX Venture Exchange approved the private placement on July 20, 2007.

On December 19, 2007 the Company completed a similar non-brokered private placement (the "Private Placement") of 5,270,000 units ("Units") at \$0.40 per Unit for gross proceeds of \$2,108,000. Each Unit was composed of (a) one common share of the Company, one-half of one Series A common share purchase warrant (an "A Warrant"), and one-half of one Series B common share purchase warrant (a "B Warrant") (the A Warrants and the B Warrants are collectively referred to as the "Warrants").

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

Each whole A Warrant is exercisable for one common share of the Company for a period of two years at a price of \$0.75. If the closing trading price of the Company's common shares on the TSX Venture Exchange is \$1.50 per share or higher for any 20 consecutive trading days during the term of the A Warrants, the Company may elect to provide notice of acceleration of the exercise term to holders of the A Warrants and the A Warrants will then expire thirty days after such notice is given.

Each whole B Warrant is exercisable for one common share of the Company for a period of two years at a price of \$1.50.

Included in this Private Placement were 5,000,000 Units purchased by India Resources Limited ("India Resources"), representing approximately 17% of the issued and outstanding common shares of the Company (or 29% of the issued and outstanding common shares assuming the full exercise by India Resources of all Warrants comprising the Units it has purchased).

The Company paid certain parties commissions of \$7,040 in cash and also paid other cash costs related to its financing of \$30,623.

As the exercise of Warrants by India Resources may result in India Resources holding, in the aggregate, greater than 20% of the issued and outstanding common shares of the Company, shareholder approval was obtained at a Special General Shareholder's Meeting on March 13 to approve of the possible change of control resulting from India Resources' increased shareholdings on the exercise of the Warrants. The TSX Venture Exchange subsequently gave final approval to the private placement.

The common shares and warrants comprising the Units and the common shares issuable upon exercise of the warrants were subject to a four-month hold period which expired on April 20, 2008.

The net proceeds from the Private Placement are being used for exploration and development of the Company's projects, particularly the Askot deposit, for acquisitions and for working capital.

### **Warrants, Options and Brokers' Warrants**

As at March 31, 2008, the following options and warrants to purchase shares of the Company were outstanding:

#### **Options, Broker Options and Warrants**

	<b>Number of Shares</b>	<b>Price Per Share</b>	<b>Expiry Date</b>	<b>Date Granted or Issued</b>
Broker Options	83,340	\$0.75	June 22, 2008	December 22, 2006
Options	820,000	\$0.60	August 10, 2012	August 10, 2007
Options	225,000	\$0.60	January 18, 2013	January 18, 2008
	<b>1,128,340</b>			

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

The options granted to brokers for the purchase of 83,340 shares and warrants were not exercised and expired on June 22, 2008. Options to purchase 25,000 shares at \$0.60 also expired in June 2008 on the resignation of an employee.

### **Warrants**

<b>Number of Shares</b>	<b>Price Per Share</b>	<b>Expiry Date</b>	<b>Date Granted</b>
458,370	\$0.75	June 29, 2008	December 29, 2006
1,653,300	\$0.65	June 22, 2009 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	June 22, 2007
1,653,300	\$1.00	June 22, 2009	June 22, 2007
2,635,000	\$0.75	December 14, 2009 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	December 14, 2007
2,635,000	\$1.50	December 14, 2009	December 14, 2007
<b>9,034,970</b>			

The warrants to purchase 458,370 shares at \$0.75 per share were not exercised and expired on June 29, 2008.

### **Other Relevant Share Transactions**

Warrants. At March 31, 2007 the share purchase warrants outstanding included 523,030 warrants which were issued in 1999 with an exercise price of \$0.30 per share and an expiry date of June 29, 2007. Holders of these warrants exercised 357,030 warrants for gross proceeds of \$107,109 and 166,000 warrants expired unexercised.

## ***Pebble Creek Mining Ltd.***

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

Shares Held in Escrow. During the year ended March 31, 2008, an additional 354,431 shares were released from escrow and 82,030 shares purchased on the exercise of warrants were added to the escrowed shares. On March 31, 2008 the balance in escrow was 4,218,881 and a further 354,431 shares were released from escrow in June 2008.

Option Plan. The Company has implemented a rolling share purchase option plan which allows the Company to reserve up to 10% of the issued and outstanding common shares of the Company for granting share purchase options. On August 13, 2007, the plan was approved by the TSX Venture Exchange. The Company has granted 1,045,000 share purchase options to directors, officers and employees, exercisable at \$0.60 per share for a period of five years under this plan.

Prospective Financing of Subsidiary. Subject to approval of the TSX Venture Exchange, on November 7, 2007 the Company and its wholly-owned Indian subsidiary, Adi Gold Mining Pvt. Ltd. ("Adi"), engaged Ernst & Young Pvt. Ltd., of Gurgaon, India, to advise and assist in assembling up to \$10 million of financing for its Askot project. Askot is held as to 100 per cent by Adi.

The engagement will be for a placement of a minority interest in Adi with one or more India investment funds based in India or the Middle East. The Company expects the placement to be at a premium to the valuation that the market is putting on Askot based on the Company's recent market capitalization. No transaction has been undertaken at the date of this MD&A. The transaction visualized would not involve placements of Pebble Creek Mining Ltd. shares, but would dilute the interest of the current shareholders in the Askot project.

The funds are expected to be used for additional drilling and a feasibility study on the Askot property. The placement will be subject to a shareholders' agreement entitling Adi shareholders to subscribe to further shares in order to maintain their relative interests in the Askot project.

### **Third Subsidiary Formed**

On January 8, 2008 two directors of the Company, following Indian law, incorporated an Indian company, Narsinghpur Gold Mining Private Limited ("NGM"). The directors expect to transfer all the outstanding shares of NGM, at cost, to Pebble Creek Mining Ltd. The Company expects to use NGM as a vehicle for certain property acquisitions.

### **CONTRACTUAL OBLIGATIONS**

The Company has entered into premises leases in Vancouver and New Delhi which require minimum annual payments of \$201,000 to August 2009 and \$166,000 to August 2011.

### **OFF BALANCE SHEET OBLIGATIONS**

The Company has not entered into any off-balance sheet obligations other than the leases for premises reported above.

## ***Pebble Creek Mining Ltd.***

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

---

### **RELATED PARTY TRANSACTIONS**

The Company's policy is that all transactions with related parties must be on terms comparable to terms available in arms-length transactions.

During year ended March 31, 2008, the Company paid \$90,726 (\$551,966 for the fifteen months ended December 31, 2006) for legal services and share issue costs to a law firm of which the Company's corporate secretary is a partner. The legal services were rendered in connection with the private placement share issues and general corporate affairs.

The Company also paid management, accounting, and consulting fees of \$210,960, included in general and administrative expenses, and geological and engineering fees of \$113,040, included in mineral property acquisition costs, to directors and officers during the year ended March 31, 2008, compared to \$179,500 and \$86,700, respectively, during the fifteen months ended March 31, 2007.

### **EXPLORATION PROGRESS AND RESULTS**

#### **Askot Property, Uttarakhand, India**

More than 90 percent of the Company's managerial and technical effort was and continues to be directed to the Askot project, a program of advanced exploration of a massive sulphide deposit of copper and zinc that also contains significant silver, lead and gold.

Mineral Title and Permits. The Company has the distinction of being the first foreign company in many decades to receive approval of a Mining Lease ("ML") application in the non-ferrous metals sector by the Ministry of Mines of the Government of India.

The ML was approved on September 26, 2007 and forwarded to the state of Uttarakhand government for granting.

On December 26, 2007 the Secretary of Industry, Government of Uttarakhand ("UA") sent the Company a formal Letter of Intent ("LOI") that it intended to grant the ML. The LOI also directed the state government survey agency to survey the boundary of the 386 Hectare ML and the Company to submit a Mining Plan to the Indian Bureau of Mines. Those tasks were completed immediately after March 31, 2008. The Company also obtained a "No Objection" certificate from the state's Pollution Control Board, which had rejected the certificate a year earlier as fallout from an election and change of government.

In June 2008 the Company obtained two additional required certificates from the District Magistrate and submitted them to the state government: A "Good Character" Certificate and a "No Dues" Certificate (meaning no police record and no taxes owing).

Remaining elements to be satisfied before the final granting and execution of the Mining Lease are as follows:

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

- Final approval of Mining Plan by Indian Bureau of Mines (IBM), Northern District, Ajmer, Rajasthan. It has been cleared by the branch office in Dehradun. Following that, two clearances can be done simultaneously, each before a different branch of the Ministry of Environment and Forests (MoEF):
  1. Environmental Clearance
  2. Forest Clearance
- Two minor prerequisites for the two MoEF clearances (above) are that the Chief Game Warden, DM and others sign off on a map showing that our ML area is outside the Askot Game Sanctuary and that the same persons endorse a list of the fauna known in the region.

In addition the Company has an active Reconnaissance Permit (“RP”) application on 200 square kilometres surrounding the 3.86-square-kilometre ML application. The Company intends to explore this area for outlying prospects similar to the known Askot deposit. The RP application is nearing its final stages of technical review by the District office of the state government.

Community Relations. During the year the Company employed an average of 60 local persons, some in skilled office and technical positions. In addition, the Company’s drilling contractor employed and trained at least a dozen more local people. There is little opportunity for employment in the Askot area. Local people cannot find work without leaving the area. The Company has a pay scale that is generous, without upsetting local sensitivities, and not exploitive; and a hiring protocol that spreads the available jobs fairly throughout the community.

The Company has a policy of sourcing goods and services locally and within the region as much as possible. The Company has taken part in and supported community activities and festivals. The Company’s relations with the Askot and regional community are excellent.

Drilling. In August 2006 the Company started a program to confirm results of holes drilled 20 to 40 years ago. In December 2006 the Company released the contractor for poor performance after drilling 1,137 metres in total. In all, three holes were started and lost before reaching planned total depth; one of these was lost short of the main target.

In June 2007 the Company resumed the program with another contractor. The 2007 phase drilled 14 holes for a total of 3,505 metres before the drill was released in mid-December 2007.

Most of the 17 holes were twins of holes drilled 20 to 40 years ago or fill-ins between those holes. The previous holes were drilled by three public agencies: the Geological Survey of India, the United Nations Development Programme, and the Uttar Pradesh Directorate of Geology and Mining. That work was done before Canada’s National Instrument 43-101 was instituted.

The Company suspended drilling for two reasons:

- It had met its objective of twinning a number of previously drilled holes; and
- Additional drilling requires a smaller, lighter drill that can be moved around the steep mountainous terrain more easily and without cutting up the ecologically sensitive steep mountain slopes with roads that may never be used again.

## ***Pebble Creek Mining Ltd.***

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

---

In general the twinned holes corroborate the old holes. Where results diverge between twinned and old drill holes, the explanations are poor core recovery in the old drill holes, lack of surface and down-hole survey control by prior workers, and omission of gold and silver assays by prior workers.

The Company made this information public in a news release dated December 11, 2007.

As presently known the Askot deposit, which strikes northwest and dips steeply northeast, is open at depth and along strike to the northwest. The strata that host the deposit have a total northwest-southeast length of more than 2,000 metres. At the southeast end the strata fold to the south and then west and continue west for another 1,000 metres.

The following sections describe work to set up future drilling: Down-dip from underground stations; and to the northwest and southeast, prioritized on the basis of geophysical and geochemical anomalies.

Tunnel and Underground Drill Stations. The underground crew has driven a total of 263 metres of 2m X 2m crosscut into the hanging wall for drill stations. One station is installed and another is in progress. A number of stations will be installed, spaced 75 to 100 metres apart in a line parallel to the mineralization.

The new headings are well supported with rock bolts, timbers, steel and concrete where needed. Rails, air line and ventilation pipe are installed. The supervisors emphasize safe practices and continually hold safety workshops.

Geophysical Survey. As previously reported the Company conducted a geophysical survey in 2006 comprised of 88 line-kilometers of magnetic survey on 50-metre line spacings and 27 line-kilometers of Max-Min Horizontal Loop Electromagnetic survey ("EM"). The area covered was 4.4 square kilometers of magnetics and 2.7 square kilometers of EM.

The magnetic belts were resurveyed with EM, which discovered seven significant anomalies – electrical conductors – at shallow depths and at distances of 500 metres to 2,000 metres along strike southeast and 600 metres northwest from the known 550 metres of strike length of the mineralization at Askot.

Soil Geochemical Survey. The Company conducted a geochemical survey of soils in the last quarter of 2007 on four grid areas covering the most significant EM anomalies. The grid lines are 50 metres apart and sample spacing is 25 metres. Approximately 500 samples were collected and analyzed. The "C" horizon, inorganic soil, was sampled.

The purpose was to seek geochemical confirmation of the EM anomalies and to establish priorities for drilling them.

Northwest of the Askot deposit, soil sample results confirmed two EM anomalies along strike and at distances of 300 and 500 metres from the open edge of the known mineralization. The soils are anomalous in two clusters around and down slope from the EM anomalies and have values between 300 and 1,400 parts-per-million copper, 300-1,200 ppm zinc, 150-900 ppm lead and up to 20 parts-per-billion gold.

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

The other EM anomalies are also moderately anomalous in metal content of soils.

Expenditures to Date. During the year a total of \$1,920,788 was spent on the Askot project, to bring the total to date to \$4,175,679. The direct cost of drilling during the year was \$1,062,007. Much of the other costs were indirect costs related to drilling: geology, travel, assays, office costs and salaries.

The direct cost of drilling works out to CDN \$303 per metre, as against an average bid price equivalent to US \$120 per metre. The difference was due to difficult drilling, high cementing and reaming time, difficult moves between holes during the monsoon rains, materials lost in holes, and a 38% import duty on all drilling equipment and supplies.

Plans and Milestones. The Technical Report by Paul M. Boswell, BSc, FIMMM, CEng, dated November 7, 2006, endorsed a Stage I and II program at a total cost of \$1,682,000. The Company has modified the recommended program and essentially completed it, although at higher cost than estimated.

Subsequent to March 31, 2008, the Company engaged the independent consulting firm SRK Consulting of Kolkata, India and Toronto, Canada to review the data and provide a NI 43-101 compliant resource estimate. That work is in progress.

As soon as suitable drills and drillers become available in India, or can be brought into India, the Company plans to drill from underground stations and from the surface. Each program will be designed to seek extensions of the known mineral deposit.

Possible Claim for 11% Carried Interest in Askot. In April 2008 the government-owned Uttar Pradesh State Mineral Development Corporation (UPSMDC) reopened a question the Company had thought closed for the past five years. The UPSMDC demanded that the Company convey it 11% carried interest in the Askot project.

The Company's Filing Statement of December 20, 2006 disclosed a risk that the Government of Uttaranchal (now Uttarakhand) might have a claim on an 11% carried interest in the Askot project. This arose from a Memorandum of Understanding (MOU) executed between the Company and UPSMDC in 1997, long 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 through 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 interest or other involvement in the Askot project. That rejection, along with two separate legal opinions obtained by the Company stating that the MOU gave no other party any rights, caused the Company to believe 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 a formal agreement granting UPSMDC an 11% carried interest in the Askot project.

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

---

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.

### **Gadarwara Property, Madhya Pradesh, India**

Mineral Title and Permits. The Reconnaissance Permit (“RP”) on Gadarwara expired on December 24, 2007. The Company, as the RP holder, has the preferential right to apply for a Prospecting Licence (“PL”) within a reasonable period after expiry. The Company duly applied on December 27, 2007 for a PL on 69.8 square kilometres covering the 50-square-km magnetic anomaly. The Company’s RP application for net 3,884 square kilometres surrounding the PL application is still pending.

Work Performed and Findings. During the period August 24 through November 24 the Company drilled 1,639 metres in four holes, the first two of which were lost in overburden. The program established that the thickness of the overburden is 300 metres, plus or minus 12 metres, and that the cause of the magnetic anomaly is a banded iron formation (“BIF”).

The formation consists of thinly layered jasper, hematite, quartzite, magnetite, carbonate and metatuff. Traces of pyrite, pyrrhotite and chalcopyrite are present. Jarosite (iron sulphate) and goethite (iron oxide) are prominent as oxidized products of the hematite and magnetite. The layers dip 40 to 50 degrees to the north and some are tightly folded. Geologists experienced in the region consider the formation to be Mahakoshal of early Proterozoic age.

Of the 441 metres of bedrock cored in two holes, the iron content ranges from a few percent to 57%. Copper and gold are at subcommercial levels.

Plans. The Company will reexamine the potential for commercial grade gold in the Gadarwara BIF once the PL is granted.

Expenditures on Gadarwara. Between April 1, 2007 and March 31, 2008 the Company spent \$418,338 on Gadarwara, of which \$386,298 was paid to the drilling contractor. The total spent as of March 31, 2008 is \$509,791.

The Company wrote off the amount of \$509,791, being the net costs of both Gadarwara Prospect and Gadarwara Extension incurred to March 31, 2008. Adi has no right to conduct exploration on either application at the present time, but intends to pursue exploration of both RP and PL at such time as the state may grant them.

### **Banda Prospect, Uttar Pradesh, India**

Hirakund Diamond Exploration Pvt. Ltd. executed a Reconnaissance Permit in May 2006 on a 2,012 square km tract (measured by the government as 2,190 square km) in the Banda District of Uttar Pradesh.

The Company entered into an agreement with De Beers India Private Limited (“DBIPL”) on November 6, 2006 pursuant to which De Beers could earn an 85% interest in the Banda prospect in return for managing

## ***Pebble Creek Mining Ltd.***

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

and funding work on the prospect. De Beers terminated the agreement on September 24, 2007 after conducting indicator mineral studies.

In mid-2007 the Company engaged an independent geologist from South Africa to examine the prospect and review the data. The geologist reported that the level of erosion was so deep that if any kimberlite-type pipes had existed there, they might be worn down to narrow root zones of little commercial interest.

The Company plans to hold the prospect for the remainder of the three-year term and will conduct further exploration if results of work done on adjacent properties by other companies are successful.

Acquisition and exploration expenditures on this prospect by the Company to March 31, 2008, amounted to \$56,104. Of this total, \$25,701 was spent on Banda during the year ended March 31, 2008. De Beers advised that its expenditure on the prospect was approximately \$85,000, which was neither billed to nor payable by the Company.

### **Reconnaissance Permit Applications**

The Company has filed 14 Reconnaissance Permit (“RP”) applications covering 17,000 square kilometres in five states. Three of these are contiguous with Askot, Gadarwara and Banda. Target commodities in the others are oxide and sulfide copper, gold, zinc, silver, lead and diamonds.

The total spent on scouting, outside exploration and acquisitions to date is \$31,965. The amount spent in the year ended March 31, 2008 is \$9,730.

### **Qualified Persons**

Andrew E. Nevin, P.Eng., a qualified person under NI 43-101, supervised work at Askot, and jointly with Gyan C. Singhai, P.Eng., also a qualified person under NI 43-101, supervised work at Gadarwara, Banda and elsewhere. Each has read and approved the technical information in this MD&A.

### **Factors and Trends Affecting the Company’s Projects**

Adverse Factors. Some of these are well-known phenomena of our times; others are particular to mineral development in India:

- Shortage of skilled people, equipment and contracting capacity worldwide, especially in the mineral and heavy construction businesses.
- While Askot’s probable products of copper, zinc, silver, lead and gold are trading at peak prices, the other side of that coin is that prices of steel goods, fuels, lubricants and other commodities have also increased to levels higher than the Company foresaw one or two years ago.
- The North American and European fallout from the sub-prime credit crisis has made conventional equity financing of advanced exploration difficult.
- Tariffs in India of 38% on imported drills, ancillary equipment, spare parts, and including drilling muds, chemicals and down-hole additives. Indian-made drill pipe and bits are inferior and do not

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

stand up to performance-oriented drilling. Even drilling muds and special polymers to handle loose and caving rock have to be imported from Australia.

- The Indian bureaucracy is obsessive about the “process” irrespective of the end result. And it is infamous for vetting permits and licences at a snail’s pace. Coping with those practices requires considerable management and staff time and effort. Of the applications the Company has filed for mineral rights cited above, most were filed in 2004, 2005 or 2006. Only four were filed less than one year ago.
- Corruption is endemic within the Indian government system as well. It requires footwork to sidestep numerous overt and implied requests for illegal payments.

Positive Factors. The Company and its competitors in India believe that positive factors outweigh the negative:

- Prices of the Company’s potential metal products are at secular all-time highs.
- For twelve years the Company has been active in India, but only 18 months ago it established a substantial beachhead in India with senior officers permanently resident there. This is truly important – to become a full partner in the Indian business and mining culture.
- India remains one of the least explored countries in the world and its non-ferrous metal mining capacity is the weakest of any society living on a mineral-rich Precambrian Shield.
- India is a heavily industrialized country that manufactures nearly every component needed for a modern mine, some at lower cost than in the West.
- It has a well educated, highly intelligent professional work force.
- It has a hard working and low-cost labor force.
- It has a modern business and commercial infrastructure – banks, insurance companies, transportation network and so on.
- India’s laws are written; written in English; and copies are widely distributed.
- India’s court system is mature and seasoned – unlike some other Asian and Africa countries – and it has a large body of case law.
- India is a pluralistic society and the world’s most populous democracy; it is unlikely to suffer from a catastrophic regime change.
- India has libraries and collections of geologic and geophysical data that form the basis for exploration decisions; geologic work has been carried out with British-type discipline, both in colonial days and since Independence in 1947.
- The central government of India is pushing as hard as politically possible to improve the exploration regime for all participants, and in particular to attract foreign investment into the mineral exploration, development and mining sectors. Recommendations for a new and improved mineral policy (developed by the Anwarul Hoda Committee) have been close to being introduced into law for the past year and the Company expects they will ultimately become law.

### **Outlook**

The Company requires additional capital to pursue development of the Askot project and to pursue its larger goals in India. The Company is confident that such capital will be assembled in a timely manner, if not from Canada and Europe, from institutional investors based in Asia and the Middle East.

## ***Pebble Creek Mining Ltd.***

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

### **ADDITIONAL INFORMATION**

#### **CRITICAL ACCOUNTING 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 accounting estimates used in the preparation of the Company's financial statements are:

#### **Fair value of options and warrants**

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:

Average risk-free interest rate	4.62%
Expected share price volatility	122.80%
Expected average period until exercise	2.34 years
Expected dividend yield	\$nil

#### **Carrying value of mineral property interests**

The amounts shown for mineral property interests represent acquisition, holding and exploration costs, and do not necessarily represent present or future recoverable values. The recoverability of these amounts is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain the necessary financing to successfully complete their development and to meet the requirements, from time to time, of lenders, including shareholders, who are providing this financing and upon future profitable production.

The Company reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets exceeds their fair value.

#### **Carrying value of other capital assets**

The Company reviews the carrying values of its other capital assets whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value of those assets exceeds their fair value.

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

### **Asset retirement obligations**

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mineral properties, 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.

### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

The Company has adopted the recommendations of Sections 3855 and 1530 of the CICA Handbook on financial instruments and comprehensive income during the fiscal year ended March 31, 2008. Canadian generally accepted accounting principles require the Company to report comprehensive income separately in interim and annual financial statements commencing on or after October 1, 2006. Comprehensive income is defined as the change in equity (net assets) of an enterprise during a period from transactions and other events and circumstances from non-owner sources. Examples of items reported in a statement of comprehensive income would be changes in the market value of available for sale assets of a company, foreign exchange adjustments relating to self sustaining operations of a subsidiary company with transactions denominated in another currency and the changes in fair values of a company's effective cash flow hedging instruments.

Other accounting pronouncements issued by the CICA and which the Company intends to evaluate and, if required, adopt in the preparation of its future financial statements are:

### **Capital disclosures**

In December 2006, the CICA issued Section 1535 of the CICA Handbook, Capital Disclosures, which applies to fiscal years beginning on or after October 1, 2007. This section establishes standards for disclosing information about an entity's capital and how it is managed. The Company will implement these disclosures in the first quarter of 2008.

### **Goodwill and intangible assets**

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This section is effective in the first quarter of 2009. The adoption of this section is not currently expected to affect the Company.

## ***Pebble Creek Mining Ltd.***

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

---

### **Business combinations**

The proposed amended recommendations of the CICA for accounting for business combinations will apply to the Company's business combinations, if any, with an acquisition date subsequent to the effective date. Whether the Company would be materially affected by the proposed amended recommendations would depend upon the specific facts of the business combinations, if any. Generally, the proposed recommendations will shift from a parent company conceptual view of consolidation theory (which results in the parent company recording the book values attributable to non-controlling interests) to an entity conceptual view (which results in the parent company recording the fair values attributable to non-controlling interests). Adoption of this section is not expected to affect the Company.

### **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.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments include cash and equivalents, accounts receivable, accounts payable, and payable to directors. They are measured at amortized cost which, as at the end of the fiscal year, approximated their 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.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. To reduce credit risk, cash and cash equivalents are on deposit at major financial institutions.

The Company's financial instruments may include bankers' acceptances and treasury bills. These instruments bear a fixed rate of interest and a fixed maturity date. If the Company is required to liquidate them prior to the maturity date, there is a risk that interest rates will have increased such that the market value of the instrument is less than the expected value.

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

### **DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Company's Chief Financial Officer and Chief Executive Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures ("the Procedures") which provide reasonable assurance that information required to be disclosed by the Company under provincial or territorial securities legislation (the "Required Filings") is reported within the time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Company is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings.

The Company's Certifying Officers are also responsible for establishing and maintaining internal controls over financial reporting ("Internal Controls") and have designed such Internal Controls, or caused it to be designed under their supervision, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

During the year ended March 31, 2008 there were inherent weaknesses in the Company's internal controls which are typical of small companies, which have a limited ability to segregate incompatible functions. The Company expects to remedy these weaknesses by expanding the number of individuals involved in the accounting function as it grows. Effective disclosure controls were achieved, despite the inherent weaknesses in internal control over financial reporting, because of the President and Chief Executive Officer's direct involvement in the disclosure controls and procedures process.

The Certifying Officers evaluate the Company's Internal Controls on a regular basis throughout the year and have certified that there were no changes in the Company's Internal Controls during the Company's most recent interim period that materially affected, or is reasonably likely to materially affect, the Company's Internal Controls.

### **RISKS AND UNCERTAINTIES**

Country Risk. The principal business of the Company is in the exploration and development of mineral properties in India. The Company is subject to the political risks and bureaucratic delays that might transpire.

Exchange Rates. The Company incurs costs and expenses in foreign currencies other than Canadian dollars. The exchange rates covering such currencies, including the U.S. dollar and the Indian rupee, are subject to fluctuations which give rise to foreign currency exposure, either favorable or unfavorable. The Company does not hedge any currencies against others.

Exploration Risk. Exploration for minerals and development of mining operations involve many risks, many of which are outside the company's control. In addition to the normal risks of exploration and mining, the Askot project is in a remote location that lacks certain elements of infrastructure.

## ***Pebble Creek Mining Ltd.***

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Year ended March 31, 2008

---

The Company has no mineral resource with a National Instrument 43-101 compliant estimate. It will take time and money to develop such, and even then commercial production may not be feasible.

Permits and Clearances. The Company requires several permits to perform exploration activities and, as noted above, to enter into commercial production. These are granted by various departments of state and central government. Some departments are ambivalent about mining. There may be delays in acquiring the necessary permits that would be detrimental to the Company's operations.

### **APPROVAL**

The Board of Directors of Pebble Creek Mining Ltd. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be obtained, along with additional information, on the SEDAR website at [www.sedar.com](http://www.sedar.com).