

## **Pebble Creek Mining Ltd.**

Management Discussion and Analysis of Financial Conditions and Results of Operations  
Six months ended September 30, 2007

*This Management Discussion and Analysis (“MD&A”) provides analysis of the financial results of Pebble Creek Mining Ltd. (the “Company”) for the six months ended September 30, 2007, with comparisons to the nine months ended September 30, 2006 (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, 2007 and the unaudited consolidated financial statements and related notes thereto for the six months ended September 30, 2007. The consolidated financial statements and related notes have been prepared in accordance with Canadian generally accepted accounting principles and are filed with various Canadian regulatory authorities in Canadian dollars. The date of this MD&A is November 29, 2007.*

### **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”), Pebble Creek Resources Ltd. (“PCR”), PCM’s wholly-owned Canadian subsidiary which it acquired on December 15, 2006 as part of a plan of arrangement in the “reverse take over” (“RTO”) transaction described below and with which it amalgamated on May 30, 2007, and its wholly owned Indian subsidiaries Adi Gold Mining Private Ltd. (“Adi”) and Hirakund Diamond Exploration Private Ltd. (“Hirakund”). PCM and 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 three properties and has active applications pending on 14 more covering 14,600 square kilometres in five states, all in India.

The Company’s principal mineral property is Askot, in Uttarakhand state (called “Uttaranchal” prior to January, 2007). The Company’s other two prospects are Gadarwara, in Madhya Pradesh, and Banda, in Uttar Pradesh.

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 would acquire control of Broadcast, a company listed for trading on the TSX Venture Exchange, through a “reverse take over.”

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PCR and Broadcast completed a plan of arrangement on December 15, 2006 pursuant to which:

- (a) each issued and outstanding common share of PCR was exchanged for one common share of Broadcast, resulting in the issue of 16,387,521 common shares of Broadcast to the shareholders of PCR
- (b) the jurisdiction of incorporation of Broadcast was continued from the Business Corporations Act (Alberta) to the Business Corporations Act (British Columbia), and Broadcast was renamed "Pebble Creek Mining Ltd." ("PCM")
- (c) the outstanding 3,386,030 warrants and 445,000 broker options to purchase 445,000 common shares and 222,500 broker warrants of PCR were exchanged for an equivalent number of options and warrants to purchase common shares of PCM on the same terms as the options and warrants of PCR
- (d) PCR and Broadcast obtained the approval of the transactions described in (a) through (c) above from its shareholders and the appropriate regulatory authorities, including approval of the transaction as a "qualifying transaction" of Broadcast by the TSX Venture Exchange.

On completion of the 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 these 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 PCR 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	(6,900)
	<u>\$585,485</u>

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

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The Company changed its financial year ends from September 30 (Broadcast) and December 31 (PCR) to March 31 to harmonize the year ends with those of its two Indian subsidiaries, Adi and Hirkund, which are required by law to report with March 31 year ends. The applicable comparative period for the six months ended September 30, 2007, as outlined in the regulatory notice dated January 2, 2007, is the nine month period ended September 30, 2006.

## **FINANCIAL RESULTS**

### **Selected Quarterly Financial Results**

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

#### **Three months ended**

	<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>	<b>Mar 31, 2006</b>	<b>Dec 31, 2005</b>
Interest Income	\$5,233	\$ 9,330	\$ 6,862	\$ 14,803	\$ 9,275	\$ 2,484	\$ -	\$ -
Net Loss	\$ (367,125)	\$ (220,116)	\$ (321,546)	\$ (68,900)	\$ (69,007)	\$ (60,352)	\$ (59,923)	\$ (50,220)
Basic & Diluted (Loss) Per Share	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)
Basic & Diluted Weighted Average Shares	23,697,384	20,342,020	20,032,375	17,010,721	16,387,521	12,551,345	11,444,883	11,257,521

The Company incurred a loss of between \$50,000 and \$70,000 during each of the five quarters ending between September 30, 2005 and December 31, 2006. The accelerated pace of exploration activities at Askot, and accompanying increase in fixed expenses, increased the subsequent quarterly losses, to a total of \$367,125 for the September 30, 2007 quarter.

As financings progressed the weighted average number of shares increased from a little over 11 million at December 31, 2005 to 23,772,192 at September 30, 2007.

The Company incurred general and administrative expenses of \$601,804 during the six months ended September 30, 2007, compared to \$201,041 during the nine months ended September 30, 2006, reflecting this overall increase in the Company's activities. Significant general and administrative expenses incurred by the Company during the six months ended September 30, 2007, compared to the nine months ended September 30, 2006, were corporate development costs of \$27,783 (2006 - \$10,839), shareholder costs of \$65,875 (2006 - \$925), management fees of \$114,600 (2006 - \$88,100), office expenses of \$11,901 (2006 - \$19,738), legal and audit costs of \$32,278 (2006 - \$45,563), rent of \$22,854 (2006 - \$5,507), salaries of \$36,238 (2006 - \$nil) and travel of \$54,029 (2006 - \$17,312).

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At September 30, 2007, the Company had cash of \$756,253 (June 30, 2007 - \$1,386,825) and keeps cash that is surplus to its immediate needs in interest bearing term deposits. Working capital at September 30, 2007 was \$879,998 (June 30, 2007 - \$1,493,008).

#### **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, 2007</b>	<b>December 31, 2005</b>	<b>December 31, 2004</b>
Total Revenues – Interest Income	\$ 33,424	\$ -	\$ -
Net Profit (Loss)	\$ (579,728)	\$ (218,653)	\$ (255,602)
Net Profit (Loss) per Share	\$ (0.04)	\$ (0.02)	\$ (0.03)
Total Assets	\$ 3,644,955	\$ 1,458,969	\$ 1,149,619
Shares Outstanding	20,062,590	11,412,021	10,603,803

The Company is in the exploration stage and has no mineral production yet. Incidental revenue is derived solely from interest earned on term deposits. \$33,424 was earned in the 15 months ended March 31, 2007 whereas each of the two preceding years the Company earned none.

The Company incurred general and administrative expenses of \$613,152 during the fifteen months ended March 31, 2007, compared to \$218,653 during the year ended December 31, 2005, reflecting the overall increase in the Company's activities. Significant general and administrative expenses incurred by the Company during fifteen months ended March 31, 2007, compared to the 2005 twelve month period, were conference costs of \$39,832 (2005 - \$nil), corporate development costs of \$55,161 (2005 - \$19,184), shareholder costs of \$17,344 (2005 - \$1,564), management fees of \$179,500 (2005 - \$100,000), office expenses of \$54,264 (2005 - \$11,966), professional fees of \$84,451 (2005 - \$47,926), rent of \$27,563 (2005 - \$5,964), salaries of \$19,367 (2005 - \$nil) and travel of \$114,327 (2005 - \$11,815).

During the fifteen months ended March 31, 2007 the Company greatly increased its work at Askot. Acquisition and lobbying, exploration, drilling and underground development costs at Askot were \$945,505 compared to \$306,689 during the year ended December 31, 2005.

Furniture, equipment and vehicles costing \$159,157 were purchased during the fifteen months ended March 31, 2007 compared to \$4,890 during the year ended December 31, 2005. Nearly all of that increase was incurred directly or indirectly to support the Askot project.

Fixed expenses, also to support of the Askot project whether incurred in Vancouver, New Delhi or at the project site, grew markedly during the period and are the main component of the increased loss of \$579,728. Even if one "normalized" the loss of \$579,728 for the 15-month period, compared to a 12-month year (\$463,782), it is still double the average loss of the two preceding years.

Total assets increased by \$2,185,986 during the period ended March 31, 2007 over the total at December 31, 2005. This reflects the financings completed during the period. Of the total assets, \$1,064,547 is

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represented by current assets, \$2,398,982 is invested in the Company's mineral properties, and \$181,426 is capital equipment, most purchased during the 15-month period.

At March 31, 2007, the Company had cash of \$945,393 as compared to \$28,343 at December 31, 2005. The Company maintains cash that is surplus to immediate needs in interest bearing term deposits.

At March 31, 2007, the Company had working capital of \$90,908 as compared to a deficiency of \$151,890 at December 31, 2005.

### **Financing**

Before 2006 the Company found it impossible to interest the Canadian equities community in India's mineral sector. Few in the Western world knew anything about Indian mining and few cared.

During the period 2003-2006 the world started to recognize India as a growing economic powerhouse, often compared to China. Institutional investments in India funds performed extremely well and some Canadian institutional investors decided to take a chance on junior companies exploring in India.

During the 15 months ended March 31, 2007, in anticipation of going public, the Company raised a total of \$2,478,372 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 \$1,827,568 in June 2006 and \$355,754 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.

The Company realized in December 2006 that the poor response to the second part of the LOM-led private placement would require additional capital in order to pursue the recommended work on the Askot project.

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 from 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

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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 \$26,849.

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

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

As at September 30, 2007, the following warrants and options to purchase shares of the Company were outstanding:

##### **Warrants**

<b>Number of Shares</b>	<b>Price Per Share</b>	<b>Expiry Date</b>	<b>Date Granted</b>
134,500	\$0.50 CDN	December 29, 2007	May 30, 2001
98,500	\$0.50 USD	December 29, 2007	June 30, 2002
345,600	\$0.70 CDN	November 1, 2007	May 1, 2006
16,200	\$0.70 CDN	November 15, 2007	May 15, 2006
2,225,000	\$0.65 CDN	December 16, 2007	June 16, 2006
458,370	\$0.75 CDN	June 29, 2008	December 29, 2006
1,653,300	\$0.65 CDN	June 22, 2009	June 22, 2007
		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.	
1,653,300	\$1.00 CDN	June 22, 2009	June 22, 2007
6,584,770			

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**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>
Shares	70,000	\$0.30 CDN	September 30, 2007	March 24, 2006
Shares	91,667	\$0.30 CDN	March 24, 2011	December 15, 2006
Shares	445,000	\$0.50 CDN	December 16, 2007	June 16, 2006
Shares	83,340	\$0.75 CDN	June 22, 2008	December 22, 2006
Shares	850,000	\$0.60 CDN	August 10, 2012	August 10, 2007
Warrants	222,500	\$0.65 CDN	December 16, 2007	June 16, 2006
	1,762,507			

Subsequent to the end of the period, the Company issued 70,000 shares for options which were exercised prior to their expiry on September 30, 2007 for cash proceeds of \$21,000.

**Other Relevant Share Transactions**

At March 31, 2007 there were 523,030 share purchase warrants outstanding 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. 166,000 warrants expired unexercised.

At September 30, 2007 there were 361,800 warrants from 2006 outstanding at \$0.70. All of these expired unexercised on November 1 and 15, 2007. The total number of warrants outstanding at November 29, 2007 is 6,222,970.

Prior to the reverse takeover, 1,029,002 shares of Broadcast were subject to escrow. Upon listing on the TSX Venture Exchange 3,919,611 additional shares of the Company held by directors and their spouses and certain relatives were placed in escrow and 102,900 shares which were escrowed prior to the reverse takeover were released from escrow. During the six months ended September 30, 2007, 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 September 30, 2007 the balance in escrow was 4,573,312.

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 granted 850,000 share purchase options to directors, officers and employees, exercisable at \$0.60 per share for a period of five years.

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**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 the six months ended September 30, 2007, the Company paid \$55,873 (\$61,459 for the nine months ended September 30, 2006) for legal services and share issue costs to a law firm of which the Company's corporate secretary is a partner. That person became the Company's corporate secretary on December 15, 2006. 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 \$114,600, included in general and administrative expenses, and geological and engineering fees of \$47,400, included in mineral property acquisition costs, to directors and officers during the six months ended September 30, 2007, compared to \$88,100 and \$58,900 during the nine months ended September 30, 2006.

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### **EXPLORATION PROGRESS AND RESULTS**

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

**Mineral Title and Permits.** The Ministry of Mines of the Government of India approved the Company's Mining Lease application on September 26, 2007 and forwarded it to the state of Uttarakhand for granting.

While granting is in progress the Company is continuing to explore Askot under a Prospecting Licence Deed ("PL") issued in June 2000. A PL normally expires on its fifth anniversary after all extensions have been used; however if the holder files an application for a Mining Lease ("ML") at least 90 days in advance of the scheduled expiry date, the PL continues in force until the Mining Lease is determined.

The Askot ML application is for 3.86 square kilometres. Prerequisites for granting and execution of the ML are several clearances, all of which have been or are being filed, including the following:

- Water Use Permit -- now in front of the State Pollution Control Board for a review after having been rejected once on a technicality;
- Environmental Clearance application – drafted, with submittal to be undertaken shortly;
- Mine Plan – completed by a consultant and submitted to the Indian Bureau of Mines' local office in Uttarakhand;
- Blast Vibration Study – completed by a consultant;
- Support Systems Study – completed by a consultant;
- Subsidence Study – completed by a consultant;
- Forest Clearance Application – completed by a consultant and submitted to the state government.

The Company sees no obstacles to issuance of permits and clearances after technical reviews of its documents by the authorities.

The above contains forward-looking statements anticipating actions or outcomes that may not take place as described or within the time anticipated.

**Historic Mineral Resource Estimate.** The prior work at Askot was done during the period 1965-1988 when several governmental agencies intermittently drilled and tunneled the deposit. The agencies drilled 51 holes totaling 9,000 metres and then discarded or lost the drill cores.

To date no mineral resource compliant with National Instrument 43-101 has been estimated for the Askot deposit.

A Technical Report dated November 7, 2006, by Paul M. Boswell, BSc, FIMMM, a Qualified Person, reviewed the following historic resource estimates:

- Geological Survey of India, ca. 1975, 770,000 tonnes containing 2.32% copper, 2.64% lead and 3.93% zinc, based on results of the first 12 drill holes;
- Mining Exploration Corporation Ltd., a Government of India company, 1988, (a) by means of polygons based upon underground levels and projected onto a longitudinal section, 1.35 million tonnes grading 2.12% copper, 2.87% lead and 5.14% zinc, and (b) by means of polygons drawn

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on cross-sections through the mineralized zone, 1.165 million tonnes containing 2.13% copper, 3.47% lead and 5.32% zinc;

- Uttar Pradesh Directorate of Geology and Mining, 1995, by means of polygons drawn on longitudinal section, 1.6 million tonnes with a combined copper plus lead plus zinc grade of +10%.

The Technical Report notes several deficiencies in the data and estimating methods. One lapse in procedure is that none of the three exploration entities assayed systematically for gold and silver. No cut off grades were stated for any of these estimates and a review of the figures suggests cut off grades were zero. The Company does not regard the historic estimates as anything more than evidence of a mineral deposit of yet unknown size and grade.

#### **Recent Work.**

The Company's recent work includes continued confirmation and step-out drilling, construction of underground drilling stations for future detailed drilling and soil geochemical surveys to confirm geophysical (EM) anomalies. The Company also works at keeping relations with the community on a cooperative plane.

The Company has completed about 4,500 metres of core drilling in August-December 2006 and July 2007, continuing with the sixteenth hole at the present time, November 29, 2007. The first 13 holes were designed to either twin some of the previous workers' drill holes or to fill in gaps between adjacent holes. The current program, in November, 2007, is to test unexplored ground along strike to the northwest.

The Company announces results as soon as meaningful data are acquired. In general, the Company's drill holes have confirmed the earlier work.

Approximately 175 metres of 2metre X 2-metre tunnel have been constructed and one drill station installed. These are in the hanging wall side of the tabular Askot deposit ("hanging wall" means the rocks overlying an inclined body or surface) so as to drill deeper without wasting time and money going through hundreds of metres of barren rock.

The soil geochemical sampling is in progress and no results have been returned by the laboratory as of November 29, 2007. Approximately 700 samples are planned. The survey is being done on three sub-grids covering seven priority conductors found by the magnetic and EM survey conducted in 2006.

Community relations are an important part of the work. The Company employs about 60 local people, several of which have needed skills as clerks, timekeepers, bookkeepers, mine foremen and shift bosses, carpenters and so on. Others are acquiring skills as they work. The project manager, a mining engineer, holds a weekly "durbar" or open house when any person can see him with or without an appointment to make a complaint or request.

**Qualified Person.** Andrew E. Nevin, P.Eng. a qualified person under NI 43-101, supervised work at Askot.

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**Plans and Milestones.** The Company plans to pursue the program laid out in the Technical Report by Paul M. Boswell, BSc, FIMMM, CEng, dated November 7, 2006. The program is to do sufficient drilling to verify historic data and to step out into untested territory. The objective is to acquire enough new information to estimate a NI 43-101 compliant mineral resource.

Costs have escalated sharply in 2007 – particularly drilling costs – and the Company will require additional financing to ensure that the entire program is carried out as planned.

Several of the above statements are forward-looking, anticipating actions or outcomes that may not take place as described.

As of September 30, 2007 a total of \$3,082,185 has been spent on acquisition and exploration at Askot, of which \$827,294 was spent during the six months ended September 30. During the previous 15 months ended March 31, 2007, a total of \$945,505 was spent.

Direct costs of drilling and assays total \$651,757 as of September 30, 2007, of which \$437,965 was incurred during the six months ended September 30.

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

**Mineral Title.** The original Reconnaissance Permit (“RP”) of 379.85 square kilometres executed on December 24, 2004 was reduced to half, 189.9 square kilometres, prior to the second anniversary on December 24, 2006 as required by existing regulations. The reduced RP covers the entire known magnetic anomaly of 50 square kilometres.

In 2005 the Company filed a second RP of net 3884 square kilometres surrounding the original. The state government informed the Company that it had cleared that application and forwarded it to the Indian government’s Ministry of Mines for approval; subsequent to the end of the quarter ended September 30, 2007, the Ministry of Mines found a typographical error in the application and returned it to the Company for correction, which the Company has done.

**Drilling Program.** On August 24 the first hole was started and following the end of the quarter, on November 24, the program was completed with 1,600 metres drilled. Two holes were lost in Quaternary alluvium, loose sand and silt. Two were completed, intersecting bedrock at 307 and 309 metres and drilling 100 to 300 metres into the bedrock.

The cause of the magnetic anomaly is now known to be a banded iron formation (“BIF”). BIFs are often barren of any commercial minerals, but some of the world’s prolific gold deposits occur in BIFs.

Subject to the results of assays that are now in progress, the Company plans to exercise its right to a Prospecting Licence and to further drill and test the prospect for gold.

Future drilling through 300 metres of loose alluvium will be an expensive proposition and the Company plans to seek a partner among gold mining companies.

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The compelling feature of the Gadarwara prospect is that the magnetic anomaly is about 50 square kilometres and the concealed BIF is probably about the same size. If even a small fraction of the BIF carries low-grade gold Gadarwara could be a substantial resource.

This is essentially the Stage I program outlined in the Technical Report by Paul M. Boswell, BSc, FIMMM, CEng, dated November 7, 2006, at an estimated cost of \$200,000 and part of Stage II at an estimated cost of \$300,000.

Paragraphs above are forward-looking and some events may or may not take place as expected.

**Qualified Persons.** Gyan C. Singhai, P.Eng., and Andrew E. Nevin, P.Eng. both qualified persons under NI 43-101, supervised work at Gadarwara.

**Expenditures on Gadarwara.** The total exploration and acquisition spending on Gadarwara to September 30, 2007 is \$96,122, the bulk of which was spent on acquisition, not exploration. During the six months ended September 30, 2007, only \$4,669 was incurred mainly on travel. Drilling costs are paid in arrears.

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

In June 2003, Hirkund applied for a Reconnaissance Permit on a 2,012 square km tract (measured by the government as 2,190 square km) in the Banda District of Uttar Pradesh. The Banda RP was executed in May 2006.

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

The Company engaged an independent geologist to examine the prospect and review the data.

Acquisition and exploration expenditures on this prospect by the Company to September 30, 2007, amounted to \$54,249. De Beers advised that its expenditure on the prospect was approximately \$85,000, which was not billed to nor payable by the Company.

### **Reconnaissance Permit Applications**

The Company has filed 14 Reconnaissance Permit (“RP”) applications covering 14,600 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 \$28,535. The amount spent in the quarter ended September 30, 2007 is \$ nil.

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### **Factors Affecting the Company's Projects**

#### **Favorable Factors.**

India has a very slow-moving bureaucracy – in the minerals sector this usually refers to state governments. This characteristic was addressed in last year's report of a committee chaired by Anwarul Hoda, of India's Planning Commission. The recommendations concerning the non-ferrous, non-fuel mineral sector include imposing deadlines for states to process mineral tenure applications. If the deadlines are not met, a committee of the central government will force action.

The Hoda Committee's recommendations also include increasing the term and size limitations on mineral tenures.

Most importantly for project finance, the Hoda Committee recommends changing the law to give RP holders the absolute right to acquire one or more PLs within their areas, and to give PL holders the absolute right to acquire one or more MLs in their areas. Under present law those rights are "preferential," but not absolute.

The Company understands that the Hoda Committee's recommendations will be introduced into law in December 2007.

Commodities demands and prices are likely to stay firm for the foreseeable future according to most analysts. The corollary to this is that financing is more readily available for exploration and mine development.

**Adverse Factors.** The main adverse factor is the shortage and rising cost of materials, fuels and experienced people required for the Company to pursue its business. Included are a shortage of exploration equipment such as diamond drills, pipe and tools, and experienced crews to operate the drills. Exacerbating this shortage is a 38% import duty on all drilling equipment, spares, bits and additives imported into India.

The second adverse factor is the density of the state and union bureaucracies in India and the slowness with which they vet permits and clearances. However the Company has learned to how to deal with this and it has less effect now than in the past.

#### **Outlook**

The Company is currently seeking additional equity financing which it believes necessary to carry on its work at its key Askot project. Pebble Creek Mining Ltd., the parent company, plans to place a number of units with accredited investors within the next two months. Its Indian subsidiary, Adi Gold Mining Pvt. Ltd., has engaged Ernst & Young Pvt. Ltd. to advise and assist in a private placement of equity capital in Adi as well.

There are segments of the equities markets that are interested only in projects nearing commercial production; and there are other segments that are intrigued by the blue-sky potential of India as one of the last exploration frontiers. The Company believes it is in position to appeal to both segments.

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## **ADDITIONAL INFORMATION**

### **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.

### **Financial Instruments and Other Instruments**

The Company's financial instruments include cash and equivalents, accounts receivable, accounts payable, and payable to directors. 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.

### **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

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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 quarter ended September 30, 2007 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.

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.

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**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).