

INDICATOR MINERALS INC.

(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2009

In Canadian Dollars

(Unaudited)

Notice

No Auditor Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of the Company for the period ended August 31st, 2009 have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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Indicator Minerals Inc.
(An Exploration Stage Company)
Interim Balance Sheet

As at August 31, 2009
Canadian Dollars (Unaudited)

ASSETS	August 31, 2009 (Unaudited)	November 30, 2008 (Audited)
Current		
Cash and cash equivalents	\$ 891,915	\$ 96,402
Cash calls receivable	48,729	38,676
Marketable securities (Note 5)	3,125	5,000
GST recoverable	85,389	89,823
Permit bonds receivable (Note 6)	85,189	643,073
Prepaid expenses	32,218	50,001
	1,146,565	922,975
Permit Deposits (Note 6)	0	411,384
Equipment (Note 7)	138,031	155,552
Resource Property Costs (Note 8)	9,679,935	9,998,812
	\$ 10,964,531	\$ 11,488,723

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued liabilities	\$ 132,540	\$ 174,765

SHAREHOLDERS' EQUITY

Share Capital (Note 9)	17,507,805	17,080,540
Contributed Surplus	4,290,185	3,787,107
Accumulated Other Comprehensive Income	(24,375)	(22,500)
Deficit	(10,941,624)	(9,531,189)
	10,831,991	11,313,958
	\$ 10,964,531	\$ 11,488,723

Nature of Operations and Going Concern (Note 1)

ON BEHALF OF THE BOARD:

"Bruce Counts", President & CEO, Director

"Craig Bentham", Director

- See Accompanying Notes to the Financial Statements -

Indicator Minerals Inc.
(An Exploration Stage Company)
**Interim Statements of Loss and
Comprehensive Loss**
For the Three Month and Nine Month Periods
Ended August 31, 2009
Canadian Dollars (Unaudited)

	For the three months ended		For the nine months ended	
	August 31, 2009	August 31, 2008	August 31, 2009	August 31, 2008
Expenses				
Advertising and promotion	\$ 3,953	\$ 7,631	\$ 10,485	\$ 68,132
Amortization	13,500	9,631	37,872	32,525
Conference and meetings	9,553	38,080	51,651	179,718
Corporate listing and filing fees	7,105	1,104	12,104	14,540
Investor relations	63,588	32,655	149,906	54,468
Office and administration	29,384	31,971	92,554	82,565
Professional fees	31,242	46,109	139,055	117,864
Rent	18,608	21,129	46,877	63,353
Stock-based compensation (Note 9d)	8,916	-	104,856	30,500
Transfer agent fees	1,205	1,781	4,234	8,253
Wages and consulting fees	113,858	135,707	286,777	406,301
Loss before the undernoted	(300,912)	(325,798)	(936,371)	(1,058,219)
Other Income (Expenses)				
Administration fees	-	-	-	999
Interest	-	12,012	1,592	54,241
Write-off of resource property costs (Note 8a)	(558,006)	-	(558,006)	-
	(558,006)	12,012	(556,414)	55,240
Loss before income taxes	(858,918)	(313,786)	(1,492,785)	(1,002,979)
Future income tax recovery (Note 9e)	-	-	82,350	1,433,040
Net Income (loss) for the period	(858,918)	(313,786)	(1,410,435)	430,061
Other comprehensive income (loss) (Note 5)	-	-	(1,875)	-
Comprehensive income (loss) for the period	\$ (858,918)	\$ (313,786)	\$ (1,412,310)	\$ 430,061
Basic and fully diluted (loss) earnings per Share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ 0.01
Weighted Average Number of Shares Outstanding	65,677,540	62,524,854	64,619,290	60,933,157

- See Accompanying Notes to the Financial Statements -

Indicator Minerals Inc.
(An Exploration Stage Company)
Interim Statements of Shareholders' Equity

For the Nine Months Ended August 31, 2009 and the
Year Ended November 30, 2008

Canadian Dollars (Unaudited)

	For the nine months ended August 31, 2009 (Unaudited)	For the year ended November 30, 2008 (Audited)
Share capital		
Balance – beginning of year	\$ 17,080,540	\$ 17,355,633
Issued during the year	509,615	858,907
Flow-through income tax renunciation	(82,350)	(1,134,000)
Balance – end of year	17,507,805	17,080,540
Contributed surplus		
Balance – beginning of year	3,787,107	3,601,109
Fair value of share purchase warrants issued in private placement	398,222	150,093
Fair value of stock-based compensation on options vested	104,856	35,905
Balance – end of year	4,290,185	3,787,107
Deficit		
Balance – beginning of year	(9,531,189)	(9,014,366)
Net loss for the year	(1,410,435)	(516,823)
Balance – end of period	(10,941,624)	(9,531,189)
Accumulated other comprehensive income		
Balance – beginning of year	(22,500)	5,000
Unrealized gain (loss) on available for sale investments	(1,875)	(27,500)
Balance – end of period	(24,375)	(22,500)
TOTAL SHAREHOLDERS' EQUITY	\$ 10,831,991	\$ 11,313,958

- See Accompanying Notes to the Financial Statements -

Indicator Minerals Inc.

(An Exploration Stage Company)

Interim Statements of Cash Flows

For the Three Month and Nine Month Periods Ended August 31, 2009

Canadian Dollars (Unaudited)

	For the three months ended		For the nine months ended	
	August 31, 2009	August 31, 2008	August 31, 2009	August 31, 2008
Cash Flows from Operating Activities				
Net income (loss) for the period	\$ (858,918)	\$ (313,786)	\$ (1,410,435)	\$ 430,061
Future income tax recovery	-	-	(82,350)	(1,433,040)
Stock based compensation	8,916	-	104,856	30,500
Amortization	13,501	9,631	37,872	32,525
Write-off of resource property costs	558,006	-	558,006	-
	(278,495)	(304,155)	(792,051)	(939,954)
Change in non-cash working capital				
Cash calls receivable	(9,412)	189,993	(10,053)	380,004
GST receivable	(41,511)	167,582	4,434	129,708
Permit bonds receivable	(85,189)	-	557,884	-
Prepaid expenses	(2,438)	(527)	17,783	6,738
Accounts payable & accrued liabilities	(54,904)	773,589	(42,225)	743,037
	(471,949)	826,482	(264,228)	319,533
Cash Flows from Investing Activities				
Increase in property & equipment, net	(4,728)	(3,357)	(20,351)	(87,026)
Decrease in permits and bonds	161,676	-	411,384	-
Resource property costs	(64,728)	(1,523,775)	(239,129)	(3,556,568)
	92,220	(1,527,132)	151,904	(3,643,594)
Cash Flows from Financing Activities				
Issuance of share capital and warrants net of issue costs	907,837	242,469	907,837	967,499
	528,108	(458,181)	795,513	(2,356,562)
Net Increase (Decrease) in Cash and Cash Equivalents, beginning of period	363,807	2,050,645	96,402	3,949,056
Cash and Cash Equivalents, end of period	\$ 891,915	\$ 1,592,464	\$ 891,915	\$ 1,592,494
Supplemental Schedule of Non-Cash Investing and Financial Activities				
Fair value of stock based compensation relating to options exercised	\$ -	\$ -	\$ -	\$ -

- See Accompanying Notes to the Financial Statements -

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Interim Financial Statements
August 31, 2009
Canadian Dollars (Unaudited)

1. Nature of Operations and Going Concern

Indicator Minerals Inc. ("Indicator" or the "Company") is an exploration stage enterprise and is currently exploring its mineral interests in Nunavut, Canada in order to bring the properties to the extraction and processing stage. The Company is listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol IME.

The Company is an exploration stage company that engages principally in the acquisition, exploration and development of mineral properties. The Company has a history of operating losses and has an accumulated deficit of \$10,941,624 at August 31, 2009 (November 30, 2008 - \$9,531,189). As an exploration stage company, it is currently unable to self-finance its operations. The development of the Company's resource properties is dependent on the ability of the Company to raise sufficient capital to finance its operations through a combination of equity offerings, joint venture arrangements and the sale of properties.

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and on a basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Management recognizes that the Company will need to generate additional financial resources in order to meet its planned business objectives and to continue as a going concern. There can be no assurance that such resources will be available on acceptable terms or at all. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail its operations and exploration activities.

These financial statements do not include any adjustments relating to the recorded amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Basis of Presentation

The Company prepares its interim financial statements in accordance with Canadian generally accepted accounting principles on a basis consistent with those used and described in the annual financial statements for the year ended November 30, 2008. The disclosures contained in these interim financial statements do not include all the requirements of Canadian generally accepted accounting principles for annual financial statements, and accordingly, these interim financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2008. Certain comparative figures have been restated to conform to the current period's financial statement presentation.

3. Adoption of New Accounting Standards

- (a) On December 1, 2008 the Company adopted Section 3064, Goodwill and Intangible Assets issued by the Canadian Institute of Chartered Accountants ("CICA"). This standard provides guidance on the recognition, measurements, presentation and disclosure of goodwill and intangible assets. Section 3064 requires the expensing of start-up costs unless those costs satisfy specific capitalization criteria. Concurrent with the adoption of this standard, EIC-27, "Revenues and Expenditures in the Pre-operating Period," was withdrawn. Section 3064 is effective for annual or interim periods beginning on or after October 1, 2008. The adoption of this Standard had no impact on the Company's financial statements.

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Interim Financial Statements
August 31, 2009
Canadian Dollars (Unaudited)

3. Adoption of New Accounting Standards – Continued

(b) Future Changes in Accounting Standards

International Financial Reporting Standards ("IFRS")

The CICA has announced it will transition Canadian GAAP for publicly accountable enterprises to IFRS. Under the terms of the transition rules, the Company's financial statements are to be prepared in accordance with IFRS for the fiscal year commencing on December 1, 2011. While the Company has begun assessing the potential impact of the adoption of IFRS in 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

4. Financial Instruments

The Company's financial instrument assets consist of cash and cash equivalents including short-term investments, which are designated as held for trading and measured at fair value; marketable securities, which are classified as available-for-sale and measured at fair value; and cash calls receivable, GST recoverable, and permit bonds receivable, which are designated as loans and receivables and are measured at amortized cost. Financial instrument liabilities are accounts payable and accrued liabilities which are designated as other liabilities and measured at amortized cost. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these investments and/or the ability for prompt liquidation. Marketable securities are recorded at market value based on quoted market prices of the common shares held in another public company.

The Company is exposed to credit and liquidity risk with respect to its financial instruments. It is management's opinion that the Company is not exposed to significant interest, foreign exchange or commodity risks arising from its financial instruments.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, short-term investments and amounts receivable. The Company limits exposure to credit risk arising from its cash and cash equivalents by maintaining its cash and cash equivalents with high credit quality financial institutions.

The Company's cash calls receivable is from one joint exploration partner. The Company has experienced no bad debts resulting from transactions with this partner.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and commitments as they become due. The Company ensures that there is sufficient working capital in order to meet short term business requirements. The Company's cash and cash equivalents and short term investments are highly liquid and available on demand to meet the Company's ongoing obligations. The Company's accounts payable and accrued liabilities are all due within several months.

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Interim Financial Statements
August 31, 2009
Canadian Dollars (Unaudited)

5. Marketable Securities

	<u>August 31, 2009</u>		<u>November 30, 2008</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Common shares of a public company, representing less than a 5% interest in the company	\$3,125	\$27,500	\$5,000	\$27,500

6. Permit Deposits and Permit Bonds Receivable

Prospecting permit deposits are paid to the Receiver General for Canada and recoverable based on exploration spending and filing of requisite geological assessment reports. If the spending commitments are not met, the deposits are forfeited.

The Company has been filing reports with the federal authorities. These reports may result in a refund of amounts paid by the Company. Any such proceeds result in a reduction in the amount recorded for permits with any non-refunded amounts being either written off or transferred to resource property costs.

Permit bonds receivable reflects the amount of deposits receivable for geological assessment reports accepted by the federal authorities, for which refunds are anticipated in the current year.

7. Equipment

Details are as follows:

	<u>August 31, 2009</u>			<u>November 30, 2008</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer equipment	\$ 62,398	\$ 36,128	\$ 26,270	\$ 60,820	\$ 28,807	\$ 32,013
Computer software	70,823	63,892	6,931	63,855	51,493	12,362
Field equipment	90,881	33,139	57,742	90,880	22,948	67,932
Office furniture and equipment	72,089	38,219	33,870	72,089	32,242	39,847
Leasehold improvements	16,204	2,986	13,218	4,399	1,001	3,398
	\$ 312,395	\$ 174,364	\$ 138,031	\$ 292,043	\$ 136,491	\$ 155,552

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Interim Financial Statements
For the Nine Months Ended August 31, 2009

Canadian Dollars (Unaudited)

8. Resource Property Costs

a) The following provides a summary of the costs capitalized and written off with respect to our resource properties:

	August 2009			November 2008		
	Acquisition Costs	Deferred Exploration	Total	Acquisition Costs	Deferred Exploration	Total
Mineral Interests						
Hunter Properties						
Balance, beginning of period	\$ 1,259,937	\$ 6,446,856	\$ 7,706,793	\$1,209,937	\$ 4,520,557	\$5,730,494
Acquisition costs	50,000	-	50,000	50,000	-	50,000
Claims and staking	-	123	123	-	(172,457)	(172,457)
Analytical and sampling	-	22,787	22,787	-	57,735	57,735
Airborne Geophysics	-	(6,676)	(6,676)	-	-	-
Consulting	-	-	-	-	148,678	148,678
Fieldwork	-	111,126	111,126	-	1,892,343	1,892,343
Recovery of costs	-	-	-	-	-	-
Balance end of period	1,309,937	6,574,216	7,884,153	1,259,937	6,446,856	7,706,793
CBR Gold Corp.						
Balance beginning of period	288,934	502,602	791,536	339,998	509,789	849,787
Acquisition costs	-	-	-	-	-	-
Claims and staking	-	8,633	8,633	-	-	-
Analytical and sampling	-	-	-	-	2,771	2,771
Airborne geophysics	-	16	16	-	-	-
Consulting	-	-	-	-	15,835	15,835
Fieldwork	-	47,343	47,343	-	288,491	288,491
Write-off	-	-	-	(51,064)	(314,284)	(365,348)
Balance end of period	288,934	558,594	847,528	288,934	502,602	791,536
Indicator Properties						
Balance, beginning of period	322,813	1,177,670	1,500,483	322,813	276,416	599,229
Claims and staking	-	-	-	-	274,112	274,112
Analytical and sampling	-	25,700	25,700	-	169,517	169,517
Consulting	-	-	-	-	132,556	132,556
Fieldwork	-	(19,923)	(19,923)	-	325,069	325,069
Write-off	-	(558,006)	(558,006)	-	-	-
Balance end of period	322,813	625,441	948,254	322,813	1,177,670	1,500,483
TOTAL	\$ 1,921,684	\$ 7,758,251	\$ 9,679,935	\$1,871,684	\$ 8,127,128	\$9,998,812

During the period, costs related to two Indicator properties were written off. The Company has decided not to pursue any further exploration of these properties.

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Interim Financial Statements
August 31, 2009
Canadian Dollars (Unaudited)

8. Resource Property Costs - Continued

b) Hunter Properties

General

The Company owns an 80% interest in the diamond rights of several properties, including 4 prospecting permits and 500 mineral claims acquired from Hunter Exploration Group ("Hunter"), an arms length party. Hunter retains a 20% carried interest in the properties until a feasibility study is completed. The properties are located near the communities of Kugaaruk and Taloyoak in Nunavut Territory. The properties are subject to a gross overriding royalty of up to 2%. The Company pays an annual advance royalty of \$25,000 to each of Hunter and International Royalty Corp., should the Company elect to retain any of the original properties subject to the Hunter agreement.

Darby

On June 2, 2006 the Company entered into an agreement with Teck Cominco Limited ("Teck Cominco") whereby Teck Cominco has the option to earn a 51% interest in the diamond rights of the Company's 80% owned Darby Project, which is part of the Hunter properties, by spending \$14 million over four years, including reimbursement of limited expenditures by the Company on the property, prior to 200%. The Company had been operating the exploration activities on the Darby properties for Teck Cominco under a service contract that was renewable annually and was incurring the exploration expenditures and being reimbursed by Teck Cominco monthly. The Company was receiving a 10% administrative fee on all disbursements in addition to payment for all overhead directly attributable to the project. As of February 26, 2007, Teck Cominco became the operator of the project. It is estimated that during the year ended November 30, 2008, Teck Cominco surpassed the \$14,000,000 in aggregate exploration spending required for it to earn an undivided 51% interest in the Darby Project; however, no accounting of expenditures has been received by the Company for review and therefore no interest in the project has been assigned to Teck Cominco as at August 31, 2009.

Once Teck Cominco has earned its 51% interest a joint venture is to be formed and the following items will apply:

- While Teck Cominco owns at least a 51% interest in the Darby Project, it will be obliged to carry Indicator's remaining 29% share of exploration expenses through to mine production on a project loan basis. Indicator will be required to repay the loan only in the event of cash flow from the project.
- Teck Cominco will propose a minimum program of \$2.5 million per year to advance the project.
- Indicator will have the right to purchase Teck Cominco's interest in the project, under certain circumstances, if Teck Cominco elects not to develop a mine.

Nanuq North

Under the terms of a letter agreement entered into in 2005, the Company has a 40% interest in 16 core claims covering 11,605 hectares (the "Core Claims"). Peregrine Diamonds Ltd. has a 40% interest and Hunter a 20% interest. Exploration costs on the Core Claims are currently funded on a 50/50 basis by Peregrine and the Company. Hunter's 20% interest is carried through to completion of a scoping study. Peregrine and the Company each have an undivided 50% interest in the remaining 21,451 hectares of claims at Nanuq North.

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Interim Financial Statements
August 31, 2009
Canadian Dollars (Unaudited)

8. Resource Property Costs - Continued

Nanuq North

On July 7, 2009 Indicator, as operator of the Nanuq North Project gave notice to Peregrine Diamonds Ltd. ("Peregrine") and Hunter Exploration Group ("Hunter") of its intention to proceed with a 2009 exploration program with a budget of \$2.34 million. On July 12, 2009 Peregrine advised Indicator that it has commenced arbitration proceedings to assess whether Indicator has the right to unilaterally implement the program and require Peregrine to contribute its 50% of the planned expenditures.

Peregrine did not support the exploration program and did not wish to dilute their interest in the project. The Statement of Claim to the Arbitration Centre submits that Indicator does not have the right to set exploration programs and budgets on Nanuq North without the approval of Peregrine.

On July 24, 2009 Indicator and Hunter each filed a statement of defense and counterclaim. In its counterclaim, Indicator asserts that the Letter Agreement between the Company, Hunter and Peregrine is unenforceable and should be set aside. Hunter is seeking the same outcome in an independent counterclaim. The arbitration hearing is tentatively scheduled for May, 2010.

c) CBR Gold Corp.

The Company and CBR Gold Corp. (formerly Committee Bay), a company with directors in common, finalized agreements in 2006 for three properties, named Borden, Kellet and TIM. In order to earn a 51% interest in the Borden and Kellet properties and a 35% interest in the TIM property, the Company is required to incur costs equal to or greater than the performance bond required over the term of the subject prospecting permits and to incur the staking costs for the associated mineral claims in the final year of the permits.

The Company can then earn a further 19% interest in the Borden and Kellet properties and a further 4% interest in the TIM property by spending \$6 per acre and \$3 per acre, respectively, (minimum of \$4,153,290) over the first two years after staking the claims. Upon earning a 70% interest in the Borden and Kellet properties, the Company and CBR will split diamond exploration costs 80%/20%, respectively. Upon earning a 39% interest in the TIM property, and Company, CBR, and CBR's joint venture partner will split diamond exploration costs 44%/5%/51%, respectively. The properties included in the agreement are located in the Kivalliq region of Nunavut. The properties are subject to a gross overriding royalty of up to 2% of production.

d) Indicator Properties

The Company has several 100% owned grass roots properties across the Nunavut Territory. The most notable of these properties is the Dorset Project located on the Foxe Peninsula of Baffin Island. As at August 31, 2009, the Company has capitalized \$259,760 on the Dorset Project and \$688,594 on the rest of the properties. Each of the grassroots properties held by the Company is being evaluated with heavy mineral sampling in an effort to confirm the presence of kimberlite, the primary source of diamond, and to isolate the general location of the kimberlites.

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Interim Financial Statements
August 31, 2009
Canadian Dollars (unaudited)

8. Resource Property Costs - Continued

e) Marketing Agreement

On March 12, 2008 the Company signed an agreement with Munic Gems N.V. ("Munic Gems") under which Munic Gems will use its best efforts to bring project opportunities to the Company for review with a particular focus on India and Brazil. Munic Gems will retain the following rights on certain projects that they have brought to the Company:

- The right to act as agent on the sale of 50% of Indicator's share of diamond production at a commission of 5%
- A Net Profits Interest (NPI) of 5%.

The Company will continue to generate and acquire projects through its own efforts. Munic Gems will have the following rights on these projects as long as it earns and maintains a 9.9% ownership interest in the common shares of the Company:

- The right to act as agent on 20% of the Company's share of diamond production at a commission of 5%
- The first right-of-offer to underwrite 100% of the Company's share of debt financing for capital costs incurred after the completion of a bankable feasibility study. In exchange, Munic Gems will have the right to market 100% of the Company's share of diamond production for the term of the debt at a commission of 5%.

Under the terms of the Agreement, Munic Gems was required to earn a 9.9% ownership interest in the Company through Private Placement financings at the Company's discretion, beginning with the purchase of 2.5 million units of the Company within 60 days of the Agreement being signed. This initial financing was completed in May 2008 (*Note 9b*) and each unit consisted of one common share and one warrant to purchase one common share. Each unit in the initial financing was priced at \$0.29, and with the exercise price of each warrant being \$0.36.

Once Munic Gems has earned a 9.9% interest in the Company, it is to maintain the 9.9% ownership through the exercise of anti-dilution right on subsequent financings. Munic Gems maintains the anti-dilution right so long as it does not skip more than three financings in total and does not skip two consecutively

At August 31, 2009 the Company has not acquired any projects under the terms of this agreement.

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Interim Financial Statements
August 31, 2009
Canadian Dollars (Unaudited)

9. Share Capital

a) Details are as follows:

	Number		Amount
Authorized:			
Unlimited number of common voting shares without par value			
Unlimited number of preferred shares			
Issued:			
Balance - November 30, 2007	59,941,702	\$	17,355,633
Exercise of share purchase warrants	-		-
Future income taxes on renoucement of flow-through	-		-
Shares issued	-		-
Private placements, net of issuance costs	4,025,000		858,907
Exercise of stock options	-		-
Future income taxes on renoucement of flow-through	-		-
Shares issued (Note 9e) – (1,134,000)	-		(1,134,000)
Balance – November 30, 2008	63,966,702	\$	17,080,540
Private placement, net of issuance costs	9,043,000		509,615
Future income taxes on renoucement of flow-through	-		-
Shares issued (Note 9e)	-		(82,350)
Balance – August 31, 2009	73,009,702	\$	17,507,805

b) **Private Placements**

Private Placement August 2009

During August 2009, the Company completed the first tranche of a non-brokered private placement. The private placement consisted of 8,330,000 non flow-through units at a price of \$0.10 per unit, for total gross proceeds of \$833,000 and 713,000 flow-through units at a price of \$0.13 per unit for total gross proceeds of \$92,690. Each non flow-through unit consisted of one common share and one non transferrable share purchase warrant entitling the holder to purchase one common share at \$0.20 per share until August 10, 2011. An amount of \$374,462 was allocated to the fair value of the warrants on a pro rata basis. Each flow-through unit consisted of one common share and one half of one non transferrable share purchase warrant entitling the holder to purchase one half of one common share at \$0.20 per share until August 10, 2011. An amount of \$16,026 was allocated to the fair value of the warrants on a pro rata basis.

Agents fees and expenses relating to the issue were paid in cash totalling \$17,853 and 172,060 agents warrants were issued which had a fair value of \$7,734. The agents warrants entitle the holder to purchase one common share at \$0.20 until August 10, 2011.

Private Placement May 2008

During May 2008, the Company completed a non-brokered private placement. The private placement consisted of 2,500,000 units at a price of \$0.29 per unit, for total gross proceeds of 725,000, of which \$111,590 was allocated to the fair value of the warrants issued on a prorated basis. Each unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at \$0.36 per share until May 17, 2010.

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9. Share Capital – Continued

b) Private Placements

Private Placement August 2008

During August 2008, the Company completed a non-brokered private placement consisting of 1,275,000 flow-through units at a price of \$0.20 per unit for total gross proceeds of \$255,000 of which \$29,632 was allocated to the fair value of the warrants issued on a prorated basis. Each flow-through unit consisted of one common share and one half of one non-transferable share purchase warrant entitling the holder to purchase one common share at \$0.30 per share until August 25, 2010. Agents fees and expenses relating to the issuance were paid in cash totalling \$17,500 and 87,500 agents warrants were issued which had a fair value of \$4,864. The agents warrants entitle the holder to purchase one common share at \$0.25 to August 25, 2010.

Private Placement September 2008

During September 2008, the Company completed a non-brokered private placement consisting of 250,000 flow-through units at a price of \$0.20 per unit for total gross proceeds of \$50,000, of which \$3,419 was allocated to the fair value of the warrants issued on a prorated basis. Each flow-through unit consisted of one common share and one half of one non-transferable share purchase warrant entitling the holder to purchase one common share at \$0.30 per share until September 10, 2010. Agents fees and expenses relating to the issuance were paid in cash totalling \$3,500 and 17,500 agents warrants were issued which had a fair value of \$588. The agents warrants entitle the holder to purchase one common share at \$0.25 to September 10, 2010.

c) Share Purchase and Agents Warrants

Details of outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, November 30, 2007	8,103,500	\$ 0.49
Issued	3,367,500	0.34
Expired without exercise	(4,683,500)	0.75
Outstanding warrants, November 30, 2008	6,787,500	0.77
Issued	8,858,560	0.20
Expired without exercise	(3,420,000)	1.19
Outstanding warrants, August 31, 2009	12,226,060	\$ 0.24

At August 31, 2009, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life in Years
May 17, 2010	\$0.36	2,500,000	0.69
August 25, 2010	0.25	87,500	0.98
August 25, 2010	0.30	637,500	0.98
September 10, 2010	0.25	17,500	1.03
September 10, 2010	0.30	125,000	1.03
August 10, 2011	0.20	8,858,560	2.00
Weighted average of exercise price	\$0.24	12,226,060	1.66

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9. Share Capital – Continued

c) Share Purchase and Agents Warrants

Period ended August 31, 2009 – Warrants

The fair value of warrants issued during the period was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Estimated risk-free rate	1.41%
Expected volatility	131%
Estimated dividend yield	0.0%
Expected life of warrants	2 years

Year ended November 30, 2008 - Warrants

The fair value of warrants issued at November 30, 2008 was estimated using the Black-Scholes Pricing Model with the following range of assumptions:

Estimated risk-free rate	2.75% - 2.8%
Expected volatility	72.17 – 73.88%
Estimated dividend yield	0.0%
Expected life of warrants	2 years

d) Stock Options

The Company has established a stock option plan (the "Plan") for directors, employees, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Plan, provided that at the time of the grant, the total number of shares so reserved for issuance by the Board shall not exceed 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. No options shall be granted, without regulatory approval, entitling any single individual to purchase in excess of 5% of the then outstanding shares in the Company in any 12 month period and no more than 2% of the optioned shares may be issued to any one consultant in any 12 month period. If the option rights granted under the plan shall expire or terminate for any reason without having been exercised such optioned shares may be made available for other options to be granted under the plan. The shares so reserved by the Board under the Plan shall be authorized but unissued shares.

The options are non-transferable and will expire, if not exercised, immediately upon dismissal by the Company with cause or 90 days following the date the optionee otherwise ceases to be a director, officer, manager, consultant or employee of the corporation for reasons other than death, or one year after the death of an optionee. Pursuant to the policies of the TSXV options granted pursuant to the Plan in excess of 10% of the issued and outstanding common shares at the time of the grant must be subject to vesting.

	Number	Weighted Average Exercise Price
Outstanding November 30, 2007	5,747,000	0.50
Cancelled	(290,000)	0.47
Granted	775,000	0.14
Outstanding November 30, 2008	6,232,000	0.45
Expired	(1,469,500)	-
Granted	1,285,000	0.10
Granted	100,000	0.12
Outstanding August 31, 2009	6,147,500	0.35

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9. Share Capital – Continued

d) **Stock Options**

Period ended August 31, 2009 - Grants

The associated stock-based compensation expense of \$8,916 for the 100,000 options granted to employees, consultants and directors during the period were calculated based on the following assumptions:

Estimated risk-free rate	2%
Expected volatility	99%
Estimated annual dividend yield	0.0%
Expected life of options	5 years

Period ended May 31, 2009 - Grants

The associated stock-based compensation expense of \$91,006 for the 1,125,000 options granted to employees, consultants and directors during the period were calculated based on the following assumptions:

Estimated risk-free rate	2%
Expected volatility	99%
Estimated annual dividend yield	0.0%
Expected life of warrants	5 years

The associated stock-based compensation expense of \$4,934 for the 160,000 options granted to consultants during the period was calculated based on the following assumptions:

Estimated risk-free rate	2.09%
Expected volatility	94.33%
Estimated annual dividend yield	0.0%
Expected life of warrants	5 years

Fiscal year ended November 30, 2008 - Grants

The associated stock-based compensation expense of \$35,905 for the 775,000 options granted to consultants during the 2008 year were calculated based on the following assumptions:

Estimated risk-free rate	3.09% - 3.47%
Expected volatility	79.19%
Estimated annual dividend yield	0.0%
Expected life of warrants	5 years

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9. Share Capital – Continued

d) Stock Options

The stock options vest immediately upon issuance.

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining in Years
November 16, 2009	\$ 0.36	495,000	0.21
April 25, 2010	0.23	225,000	0.65
October 23, 2010	0.32	805,000	1.15
December 19, 2010	0.28	100,000	1.30
April 11, 2011	0.58	360,000	1.61
August 2, 2011	0.75	837,500	1.92
October 1, 2011	0.79	25,000	2.08
November 20, 2011	0.40	150,000	2.22
March 13, 2012	0.45	175,000	2.53
September 17, 2012	0.40	955,000	3.05
February 28, 2013	0.25	100,000	3.50
November 12, 2013	0.10	535,000	4.18
February 1, 2014	0.10	160,000	4.43
May 20, 2014	0.12	1,125,000	4.75
June 15, 2014	0.12	100,000	4.75
	\$ 0.35	6,147,500	3.50

All options were fully vested and exercisable at August 31, 2009.

e) Flow-Through Shares

2009

During the period ended August 31, 2009 the Company issued 713,000 flow-through common shares for total proceeds of \$92,690 which must be used for qualifying exploration expenditures.

2008

During the year ended November 30, 2008, the Company issued 1,525,000 flow-through common shares for total proceeds of \$305,000 which must be used for qualifying exploration expenditures and were renounced to the flow-through shareholders effective December 31, 2008. The future income tax liability estimated to be \$82,350 (by applying a future tax rate of 27%) resulting from the renunciation of these qualifying expenditures will be recorded subsequent to November 30, 2008 when the renunciation tax forms are filed, in accordance with the pronouncement of the CICA Emerging Issues Committee Abstract 146, and share capital was reduced accordingly.

The valuation allowance previously recorded against future income tax assets was reduced by \$82,350 at the time of renunciation to offset the future income tax liability. This resulted in a recovery being recorded in the statement of loss for the period.

The unspent balance of this flow-through issuance at August 31, 2009 was \$nil.

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10. Related Party Transactions

The Company had the following transactions with the corresponding related parties:

Relationship	Nature of Transaction	For the three months ended August 31, 2009	For the nine months ended August 31, 2009
Company of which the Director and VP Exploration is the majority shareholder	Geological Services	\$ 22,950	\$ 73,650
Company of which an independent Director is a shareholder	Marketing	7,350	22,417

Of these amounts \$16,500 was unpaid at August 31, 2009 (November 30, 2008 - \$10,354) and is included in accounts payable and accrued liabilities

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the nine month period the Company both received and repaid an advance of \$50,000 from the spouse of the CEO. No interest was paid on the advance.

11. Commitments

Lease Commitment:

The Company has signed a lease for a period of 44 months for office premises effective April 1, 2009 as follows:

Remainder of 2009	\$14,075
2010	63,338
2011	64,812
2012	66,244