

**Indicator Minerals Inc.**

(Formerly Dev Investments Inc.)

**Interim Management Discussion and Analysis**

For the Three Months ended February 28, 2005 and 2004

Dated March 11, 2005

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Management's Discussion and Analysis supplements, but does not form part of, the unaudited interim financial statements of the Company and the notes thereto for the three month periods ended February 28, 2005 and 2004. Consequently, the following discussion and analysis of the financial condition and results of operations for Indicator Minerals Inc. ("*Indicator*", "*IME*" or the "Company"), should be read in conjunction with the unaudited interim financial statements and related notes therein, which have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied.

Additional information, including unaudited interim financial statements for the preceding quarterly periods; audited financial statements for the years ended November 30, 2004 and 2003; and Management Information Circulars for the Annual and Special Meetings of Shareholders held April 12, 2005 and January 21, 2004 can be found on SEDAR at [sedar.com](http://sedar.com).

**FORWARD-LOOKING STATEMENTS**

Certain statements contained in the following Management's Discussion and Analysis (MD&A) and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below. Aside from factors identified in the annual MD&A and the Management Information Circular for the Shareholders Meeting of January 21, 2004 where the Qualifying Transaction was approved, additional important factors, if any, are identified here.

**Overall Performance**

One year ago, on February 27, 2004, the Company announced the completion of its Qualifying Transaction as set out in Policy 2.4 and became a junior resource exploration company. Shareholders approved amending the name from Dev Investments Inc. to Indicator Minerals Inc. and the Company commenced trading on the TSX Venture Exchange Inc. (the "Exchange" or "TSX-V") under the symbol "*IME*" effective March 2, 2004.

Indicator Minerals Inc. is an innovative Canadian diamond exploration company focused on the discovery of economic diamond deposits. With one of the most experienced technical teams in junior diamond exploration, the Company is technically driven and committed to the efficient and systematic evaluation of its projects. Management has a proven track record in the discovery and development of diamond bearing kimberlites.

*Indicator* is exploring for diamonds on more than 10.5 million acres of ground in the Eastern Arctic of Canada and 750,000 prospective acres in western Botswana. The Canadian land package was specifically

targeted for acquisition based on research of historical information and the recovery of kimberlite indicator minerals from regional heavy mineral samples collected in 2003. This represents a dominant land position in an area where more than 70 million acres of prospecting permits and mineral claims have been acquired by diamond exploration companies in 2004.

The Company also has an exclusive agreement with the Hunter Exploration Group to fund exploration and acquire a majority interest in new diamond properties that they identify.

More information about the Management and Projects of Indicator Minerals Inc. can be found on the Company's website at [indicatorminerals.com](http://indicatorminerals.com).

## **OVERVIEW OF FIRST QUARTER OPERATIONS**

*Indicator* has focused its efforts to execute successful generative, acquisition and exploration strategies that will capitalize on the technical strength and experience of its discovery team with an overriding goal of converting new and compelling exploration areas into major interests in early stage diamond projects. While awaiting lab results for its 2004 exploration program, *Indicator* has continued to increase its project portfolio and add technical expertise to its management team. With capital markets showing some weakness during the period, *Indicator* has pursued several joint venture opportunities and secured interim financing for the planning stages of its upcoming 2005 exploration season. A more significant financing will be undertaken prior to the 2005 field season. The groundwork has been laid during the first quarter for rationalizing *Indicator's* mineral interests during the 2005 exploration season.

### *Identification of Key Projects*

2004 was the foundation year in which the company established itself as a leader in junior diamond exploration. Over the course of the year, *Indicator* acquired a majority interest or an option to earn a majority interest in more than 11 million acres of ground prospective for diamonds and assembled one of the most experienced technical groups in the sector. The Company's objective in 2005 will be to systematically eliminate ground that is less prospective and focus resources on advancing a smaller portfolio of top mineral prospects.

During the 2004 field season, the Company collected approximately 1200 heavy mineral samples on its projects in eastern Nunavut. Sample collection was concentrated on four key projects (Barrow Lake, Darby, Frost and Sanagaak) where regional sampling in 2003 suggested the greatest probability of discovery. Samples were collected on the rest of *IME's* projects to assess their prospectivity with the intention of relinquishing those projects that do not have compelling kimberlite indicator mineral support.

Early results from the 2004 heavy mineral sampling have shown that three of the four key projects have anomalous concentrations of kimberlite indicator minerals. On the Barrow Lake Project, preliminary indications from the 2004 sampling, together with the discovery of diamond bearing kimberlites on neighbouring claims, have prompted the *IME* to contract Fugro Airborne Surveys to fly a helicopter electromagnetic survey over the property in late March. Results from this airborne geophysical survey will help to focus Barrow Lake exploration this summer.

In addition, heavy mineral samples collected on both Darby and Sanagaak have returned kimberlite indicator minerals in several locations. Plans for 2005 include follow-up heavy mineral sampling in an effort to define discreet kimberlite indicator minerals trains. *IME* is still receiving results from the 2004 heavy mineral sampling campaign, with the balance anticipated prior to the beginning of the 2005

sampling season. Regional heavy mineral sampling will continue on the grassroots projects obtained in 2004 and will commence on the new eastern arctic projects acquired from the Hunter Exploration Group in 2005.

#### *Partnership with Trigon Explorations on Nunavut Prospecting Permits*

On December 6, 2004, Committee Bay Resources Ltd. (CBR: TSX-V, "*Committee Bay*") and *Indicator* entered into a partnership with Trigon Explorations Canada Ltd. (TEL: TSX-V, "*Trigon*") to jointly explore for diamonds on two prospecting permits (the Properties) located approximately 115km south of the community Kugaaruk in Eastern Nunavut. The two prospecting permits total 79,493 acres and were acquired by Committee Bay for their gold potential but are centrally located in an area that has become the focus for diamond exploration. This agreement will allow the partners to spread the risk and the expense of evaluating the diamond potential of the Properties.

Under the terms of an agreement between *Committee Bay* and *Trigon*, *Committee Bay* will retain 100% of the gold rights to the Properties, while diamond rights will be divided 51% *Trigon* and 49% *Committee Bay*. Diamond exploration will be conducted by *Trigon* and the costs shared proportionally between the two partners. *Committee Bay* will sole fund and operate gold exploration on the Properties. The separate agreement existing between *Committee Bay* and *IME* dated April 22, 2004 (see April 22 and November 7, 2004 descriptions above) been modified to incorporate the partnership between *Committee Bay* and *Trigon*. Under the terms of the amended agreement, *IME* will have an option to earn a 35% interest in the Properties by meeting the spending commitments outlined in the original agreement. *Committee Bay* will retain a four percent interest in the Properties that is carried to production and will participate for 10% once *IME* has earned its 35% interest.

#### *Technical Expert Added to Discovery Team*

On December 14, 2004, *Indicator* announced the signing of an exclusive consulting agreement with Mr. Grant D. Lockhart of Kelowna, British Columbia. Mr. Lockhart brings 12 years of diamond exploration experience and a proven track record of discovery and project management. In his role as Senior Consultant and Technical Advisor, Mr. Lockhart will help to develop and implement the Company's exploration programs as well as contribute to the continuous refinement of *Indicator's* exploration strategy. Under the terms of the agreement, Mr. Lockhart will provide diamond exploration consulting services exclusively to *Indicator* for a minimum period of two years commencing January 1st, 2005.

Mr. Lockhart holds a degree in Geophysics as well as a degree in Geotechnical Engineering from the University of British Columbia. He began his exploration career in 1987 as a contract geophysicist exploring for precious and base metals throughout North America. Mr. Lockhart has been exploring for diamonds on behalf of BHP Billiton since 1992 and was a member of the group responsible for the discovery and development of the EKATI Diamond Mine. During his tenure with BHP Billiton, Mr. Lockhart's role was expanded from drill target generation and testing to also include supervision of advanced bulk sampling programs. Mr. Lockhart was also involved in the recent discoveries made at BHP Billiton's Qilalugaq Project near the community of Repulse Bay, Nunavut.

#### *Option on Botswana Project*

On February 3, 2005, *Indicator* entered into a Letter Agreement with Helio Resource Corp. (HRC: TSX-V, "*Helio*" or "*the Vendor*") to earn up to an 80% interest in the Lokgwabe project in Botswana, the terms of which were approved by the TSX Venture Exchange. The Lokgwabe project is comprised of

approximately 750,000 acres of exploration permits in central Botswana. Previous heavy mineral sampling on the project has identified five areas with anomalous concentrations of kimberlite indicator minerals, including pyrope garnets with G10 chemistry. The chemical compositions of the indicator minerals suggest that they were derived from diamond bearing kimberlite. The source kimberlites are believed to be located within the project area based on surface textures of the indicator minerals recovered and the local surface geology. Lokgwabe's technical merits coupled with the fact that Botswana is the world's largest producer of rough diamonds by value and has a well established system of land tenure make this a very attractive project for *Indicator*.

Under the terms of the Letter Agreement, *Indicator* can earn up to an 80% interest in Lokgwabe in three stages. In the first stage, *Indicator* can earn a 51% interest in Lokgwabe by making a cash payment to the Vendor of \$20,000, incurring \$2,000,000 in exploration expenses and issuing 500,000 common shares to Helio over a 42 month period. In the second stage, *Indicator* can increase its interest a further 9% (60% total) by making a cash payment to the Vendor of \$20,000, incurring an additional \$2,000,000 in exploration expenses over twelve months and issuing 250,000 shares to Helio. In the third stage, *Indicator* can increase its interest in Lokgwabe a further 20% (80% total) by carrying Helio to the conclusion of a bankable feasibility study and issuing a final 250,000 common shares to the Vendor. Upon the Company vesting an 80% interest, Helio will have the option to convert its interest into a 2% gross over-riding royalty interest. Finally, in addition to the consideration above, 100,000 common shares of *Indicator* will be issued to Pacific International Securities Inc. of Vancouver, British Columbia as a finder's fee.

## **SUBSEQUENT EVENTS**

### *Board Changes*

During the period, *Indicator* accepted the resignation of Dr. Larry Ott as Director of the Company effective February 3, 2005, to focus his efforts full time on Motapa Diamonds Inc. (MTP: TSX-V), where he is CEO and Managing Director.

On March 3, 2005, *Indicator* accepted the resignation of John Williamson as a Director of the Company, who will continue to contribute to *Indicator* as a member of its new Advisory Board, and announced the appointment of its technical experts Mr. David Kelsch and Mr. Grant Lockhart to the Board of Directors.

### *Interest Acquired in 4 Million Acres of Nunavut Prospecting Permits*

On March 1, 2005, *Indicator* exercises its right to an 80% interest in the diamond rights to approximately 4.0 Million acres of Prospecting Permits located throughout the Nunavut Territory acquired by the Hunter Exploration Group (Hunter) in 2005. The 2005 Permits were acquired based on regional work carried out by the Hunter Exploration Group in 2003 and 2004. This includes approximately 2.9 Million acres on Ellesmere Island where micro-probe work on recovered heavy mineral grains confirmed the presence of kimberlite indicator minerals including one G-10 garnet with high chrome composition. *Indicator* is planning a comprehensive follow-up program of regional heavy mineral sampling to establish the distribution of kimberlite indicator minerals over the 2005 Permits. The 2005 Permits fall under the exploration agreement between *Indicator* and the Hunter Exploration Group (see news release dated May 19, 2004) whereby *Indicator* has an exclusive right to acquire an 80% interest in the diamond rights to projects identified by Hunter.

### *Ellesmere Permits Optioned to Stornoway*

On March 31, 2005, Indicator entered into a Letter of Intent with Stornoway Diamond Corporation (SWY: TSX) whereby Stornoway has an option to earn a 41% interest in the Baumann Project located on Ellesmere Island, Nunavut. The Baumann Project is comprised of 87 Prospecting Permits totaling more than 2.8 million acres. The property was acquired based on the recovery of kimberlite indicator minerals from regional heavy mineral samples including one high chrome G-10 pyrope garnet. Under the terms of the option agreement, Stornoway can earn a 41% interest in the Baumann Project by spending \$1.0 million before 31st December, 2009 and incurring 100% of the cost of staking mineral claims. Upon exercise of the option the Bauman Project will be held 41% by Stornoway, 39% by Indicator, and 20% by Hunter Exploration Group, with Stornoway acting as operator. Stornoway has committed to collecting 100 heavy mineral samples from the project area in 2005 and results from this year's program will be used to determine a budget and work program for 2006.

### *Airborne Geophysical Survey Begins at Barrow Lake Project*

On April 7, 2005, *Indicator* commenced a detailed airborne geophysical survey over the Barrow Lake Project near the community of Kugaaruk in Nunavut Territory. The Barrow Lake Project is one of *IME's* key projects and is located adjacent to the diamond bearing kimberlite float discoveries made by BHP-Billiton and Diamonds North Resources in 2004. The airborne geophysical survey will collect magnetic and electromagnetic (conductivity) data along 100m spaced lines over the entire property. The aim of the survey is to identify geophysical anomalies that can be correlated to kimberlite indicator minerals recovered from heavy mineral samples collected in 2004. The survey, which is being performed by Fugro Airborne Surveys, is expected to be complete in approximately three weeks. Mr. Grant Lockhart, *IME's* senior consultant and technical advisor, will be on site to ensure data quality and to evaluate the preliminary data. Results from the survey will be compiled with kimberlite indicator mineral data and geomorphology (glacial) studies to identify potential drill targets on the project.

## **FINANCIAL RESULTS**

*Indicator* did not commence operations as a junior resource exploration company until completing its Qualifying Transaction at the end of the first quarter of 2004. Therefore, the comparison of 2005 first quarter financial results to operations of the former Capital Pool Corporation in prior periods is not a meaningful exercise.

Selected audited financial data for annual operations of Indicator during the year ended November 30, 2004 and of the former Capital Pool Corporation during the years ended November 30, 2003 and 2002 are as follows:

<b>Year ended</b>	<b>Nov 2004</b>	<b>Nov 2003</b>	<b>Nov 2002</b>
Current assets and deposits	1,879,020	191,409	218,111
Mineral properties	4,520,416	0	0
Current liabilities	612,967	9,508	4,172
Total revenue	0	0	0
Net loss	(1,154,584)	(32,038)	(104,814)
Basic loss per share	(0.08)	(0.0092)	(0.0299)
Weighted Avg. shares	3,500,000	3,500,000	3,500,000

Selected unaudited financial data for the last quarter of operations as a Capital Pool Corporation and the first four quarters of *Indicator* operations are as follows:

	3 months ended				
	Feb 28 05	Nov 30 04	Aug 31 04	May 31 04	Feb 28 04
Current assets	1,417,803	1,367,420	2,596,886	3,306,076	646,545
Mineral properties and deposits	5,782,373	5,007,016	3,839,969	3,258,028	78,926
Current liabilities	824,933	612,967	626,197	1,836,532	108,981
Loss from operations (excluding stock based compensation)	(168,727)	(111,903)	(105,475)	(108,865)	(81,230)
Write-off of mineral interest	0	0	(3,672)	(281,976)	0
Net income (loss)	(165,333)	183,065	(109,147)	(390,841)	(80,411)
Basic income (loss) per share	(0.007)	0.008	(0.005)	(0.025)	(0.0222)
Weighted Avg. shares	23,067,664	23,047,942	19,784,998	9,629,066	3,617,582

Key financial results of *Indicator*'s operations during the three-month interim period ending February 28, 2005 are as follows:

- \$ 795,000 raised through gross proceeds of two private placements;
- \$ 488,022 incurred on the acquisition and exploration of mineral interests;
- \$ 87,355 bond posted by Hunter Exploration Group for 2005 prospecting permit deposits;
- \$ 166,742 general & admin expenditures, excluding stock options and amortization;
- \$ 88,129 of G&A spent on promotion, conferences, meetings and investor relations;
- \$ 592,870 in first quarter working capital, down \$161,583 since yearend;
- \$ 438,551 flow through expenditure obligation remains for 2005 Canadian exploration season.

#### **SPENDING OBLIGATIONS RELATED TO FLOW-THROUGH SHARES**

During the fiscal year ended November 30, 2004, the Company issued flow through shares for total proceeds of \$2,570,000 and incurred qualifying expenditures of \$2,131,449 to February 28, 2005. Effective for the calendar year ending December 31, 2004 the Company renounced, to flow through shareholders, qualifying expenditures in the amount of \$2,570,000 and must therefore incur \$438,551 of additional qualifying expenditures during its 2005 fiscal year. This obligation will be largely satisfied by exploration expenditures in the second quarter.

#### **SPENDING OBLIGATIONS RELATED TO ACQUISITIONS**

Pursuant to its Option Agreement with Committee Bay, *Indicator* is required to spend \$3 million on exploration by December 31, 2006, in order to earn a 50% interest in the diamond rights of CBR's Nunavut properties. A further \$2 million must be spent by December 31, 2007 in order to earn an additional 20% interest. Under the agreement, the minimum expenditure for 2004 is \$500,000 of which \$372,227 had been spent as of November 30, 2004, with exploration continuing under mutual agreement with Committee Bay in order to meet the first year obligation.

*Indicator*'s mineral claims and prospecting permits have annual exploration spending obligations in order to maintain them in good standing. Mineral claims require annual exploration expenditures of \$2.00 per acre, based on the anniversary of the date that the claims were filed/recorded. In addition, a \$0.10 per acre filing fee is paid on the second anniversary date and every anniversary thereafter along with the submission of expenditure reports. Prospecting permits are approved annually on February 1 and the related exploration spending requirements are based on the anniversary of that date as well. Accordingly, prospecting permits located south of 68 degrees latitude require an exploration expenditure of \$0.10 per

acre for the first year, \$0.20 per acre for the second year and \$0.40 per acre for the third year. After the third year, the permit is withdrawn and the holder has first refusal to stake (claim) any ground within the permit mineral. Prospecting permits located north of 68 degrees latitude are twice as large as those located south of 68 degrees and therefore require an exploration expenditure of \$0.10 per acre for the first and second years, \$0.20 per acre for the third and fourth years and \$0.40 per acre for the fifth year.

A straight calculation of the spending obligations outlined above for permits and claims would be overstated, as exploration work will allow the company to evaluate the merit of its properties and reduce the size of the land package by dropping un-prospective ground, thereby reducing the expenditure requirements. Expenditures are allocated to the remaining target properties when expenditure reports are filed at the end of the exploration season. If spending commitments related to mineral claims are not met, the claims are forfeited. If spending commitments related to prospecting permits are not met, the permits are forfeited along with related work deposits, which total \$242,780 for Hunter properties and \$243,820 for Committee Bay properties. Indicator does not anticipate any forfeiture due to unmet spending obligations.

*Indicator* will finance exploration on prospective ground through equity placements as share issuance and/or vending of interests in specific properties. If the company is unable to finance the minimum exploration expenditures, it can surrender the mineral rights and eliminate the related spending obligations altogether.

## **FINANCIAL CONDITION, LIQUIDITY and CAPITAL RESOURCES**

In 2004, *Indicator* engaged in an exploration program with planned expenditures of ~\$2.0 million. By yearend, the Company had spent \$1,651,885 on exploration with the program continuing into subsequent periods as planned. By the First Quarter ended February 28, 2005, *Indicator* had spent a total of \$1,883,917 on exploration of Mineral Interests over its first 12 months of operations, excluding acquisitions with a book value of \$3,174,501.

First Quarter working capital as at February 28, 2005, was \$592,870 (versus \$754,453 at year ended Nov.30, 2004) excluding restricted deposits of \$773,955 (\$486,600 at year ended Nov. 30, 2004). *Indicator* will have sufficient working capital to meet its anticipated general and administrative expenses over the next 12 months. Nevertheless, the Company will have a continuous need to secure additional funds through the issuance of equity or debt in order to support its corporate and exploration activities, as well as its share of obligations relating to mineral properties.

As *Indicator* is in the development phase and its properties are early stages of exploration, none of the Company's properties are in production. Mineral exploration expenditures are capitalized and losses are incurred as a result of administrative expenses relating to the operation of the Corporation's business. Consequently, the Company's net income is not a meaningful measure of its performance or potential. The key performance driver for the company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases its chances of finding and developing an economic deposit.

At this time, the Corporation is not anticipating profit from operations. Until such time as the Corporation is able to realize profits from the production and marketing of commodities from its mineral interests, the Corporation will report an annual deficit.

### *\$750,000 Non-Brokered Private Placement*

On January 21, 2005, *Indicator* announced a non-brokered private placement of up to 2,500,000 units at a price of \$0.30 per unit for gross proceeds of up to \$750,000. Each unit will be comprised of one common share and one-half of one share purchase warrant, each whole share purchase warrant exercisable for one common share at a price of \$0.45 per share for a period of two years. The proceeds of the private

placement will be used for working capital. A finder's fee may be paid as part of this Private Placement. The placement closed March 11, 2005 with regulatory approval. As virtually all proceeds were collected prior to Feb 28, 2005, the placement was recognized during the first quarter.

#### *Supplemental Private Placement*

Further to the Private Placement closed March 11, 2004, *Indicator* closed an additional non-brokered private placement on April 8, 2005 of 150,000 units at a price of \$0.30 per unit for gross proceeds of \$45,000. Each unit is comprised of one common share and one-half of one share purchase warrant, each whole share purchase warrant exercisable for one common share at a price of \$0.45 per share until April 1, 2007. All of the shares, warrants and any shares issued upon exercise of the warrants are subject to a hold period and may not be traded until August 2, 2005 except as permitted by Canadian securities legislation and the TSX Venture Exchange. Finder's fees comprising of an aggregate of \$4,500 in cash payments and warrants exercisable for an aggregate of 15,000 common shares of IME at a price of \$0.45 per share until April 1, 2007 were paid to three finders in respect of certain subscriptions in the private placement. The proceeds of the private placement will be used for working capital purposes.

#### *Extension of Warrant Exercise Terms*

On January 21, 2005, *Indicator* applied for regulatory approval to extend the terms for exercise of the following warrants issued pursuant to a private placement by the Company completed on April 16, 2004:

- 1,000,000 warrants issued as part of the issuance of flow-through units, each warrant originally exercisable for one common share at a price of \$0.75 per share until April 16, 2005;
- 1,990,000 warrants issued as part of the issuance of non-flow-through units, each warrant originally exercisable for one common share at a price of \$0.75 per share until October 16, 2005;
- 598,000 agent's warrants, each warrant originally exercisable for one common share at a price of \$0.65 per share until April 16, 2005;
- 47,860 agent's commission warrants issued as part of the issuance of agent's commission units, each warrant originally exercisable for one common share at a price of \$0.75 until October 16, 2005; and
- 70,000 corporate finance warrants issued as part of the issuance of corporate finance units, each warrant originally exercisable for one common share at a price of \$0.75 per share until April 16, 2005.

Approval was granted by the TSX Venture Exchange for the extension of all of the warrants to April 16, 2006. Other than the extension of the warrant exercise terms, the remaining attributes of the warrants, including the respective exercise prices, will remain the same.

#### *Advance Secured to Fund Permit Deposits on Hunter Ground*

On February 1, 2005, *Indicator* entered into a TSX Venture Exchange approved arm's length agreement with Hunter Exploration Group ("Hunter"), whereby Hunter has posted a \$287,355 bond with the Nunavut Mining Recorder on behalf of *Indicator* ("the Hunter Advance") in order to keep prospecting permits and mineral claims located near the communities of Kugaaruk and Taloyoak in Nunavut (the "Property") in good standing for one year. Under the terms of the agreement, *Indicator* has agreed to repay the Hunter Advance on or before July 31, 2005, failing which, the diamond rights associated with

the Property that were originally acquired from Hunter (see press release dated Feb. 27, 2004) will be transferred to Hunter. As consideration for the Hunter Advance, *Indicator* has agreed to provide Hunter with 359,193 common share purchase warrants of *Indicator*, each warrant exercisable for one common share of *Indicator* until January 26, 2007 at an exercise price of \$0.45 per share. The warrants will expire at July 31, 2005, if the diamond rights are transferred to Hunter pursuant to default on repayment of the Hunter Advance.

## OUTSTANDING SHARE DATA

Indicator's authorized share capital is an unlimited number of common voting shares without par value and an unlimited number of preferred shares.

As at February 28, 2005, the following common shares, share options and share purchase warrants were outstanding:

	# of shares	Wt. Avg. Exercise Price	Wt. Avg. Years to or date of Expiry
Issued and outstanding common shares at February 28, 2005	25,590,720		
Purchase warrants	8,392,053	\$0.39	1.02
Stock options	2,279,500	\$0.48	4.30
Agents warrants	965,500	\$0.55	Expire between Feb 18-Apr 16, 2006
<b>Diluted at Feb 28, 2004</b>	<b>37,227,773</b>		

## RELATED PARTY TRANSACTIONS

During the interim period, the Company incurred capitalized mineral interest - geological consulting fees of \$48,594 (2004 - nil) and consulting fees of \$26,406 (2004 - \$26,905) for management services provided by companies controlled by directors and officers. Of this amount, \$26,750 (2004 - \$59,459) was unpaid at year end and 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 2004, the Company acquired interests in certain mineral properties from Committee Bay Resources Ltd. (a company with common directors and management) as explained in Note 5 Mineral Properties - Committee Bay Property. This transaction was recorded at the estimated fair value of the cash and share consideration given up by the Company.

## INVESTOR RELATIONS

With respect to public relations, the Company provides information from its corporate offices to investors and brokers directly.

## MATERIAL VARIANCES

There have been no material variances between financial results and information previously disclosed.

## **RISK FACTORS**

The success of the Company's business is subject to a number of factors, including but not limited to those risks normally encountered in the mining industry, such as exploration uncertainty, operating hazards, increasing environmental regulation, competition with companies having greater resources, and lack of operating cash flow. In addition, there is no quoted market price for diamonds and the market price for rough diamonds is dependent on an efficient market management system. The Company employs many strategies to minimize overhead and reduce financial risk in exploration. For more information about risks and risk management strategies, please refer to the Annual MD&A and other documents on [sedar.com](http://sedar.com) as well as Indicator's website at [indicatorminerals.com](http://indicatorminerals.com).

## **ADDITIONAL INFORMATION**

Additional continuous disclosure regarding Indicator Minerals Inc. and the inherent risks and uncertainties of the mineral exploration industry are available on IME's website at [indicatorminerals.com](http://indicatorminerals.com) or on its SEDAR page site accessed through [sedar.com](http://sedar.com).

## **APPROVAL**

The Audit Committee, on behalf of the Board of Directors of the Company, has approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.