

**Interim Management Discussion and Analysis
For
Indicator Minerals Inc. (“Indicator” or “IME” or “the Company”)**

Containing information up to and including October 30, 2006

Note to Reader

Readers of the following management discussion and analysis should refer to the Company's audited financial statements for the year ended November 30, 2005 and the related Annual Management Discussion and Analysis (“Annual MD&A”) dated March 29, 2006. The following discussion (the “Interim MD&A”) is an update to the Company's Annual MD&A.

This interim MD&A should be read in conjunction with the Company's unaudited financial statements for the nine months ended August 31, 2006 together with the notes thereto. The interim financial statements for the nine months ended August 31, 2006 have been prepared by management in accordance with Canadian generally accepted accounting principles and expressed in Canadian Dollars. The management, discussion and analysis have not been reviewed by the Company's auditors.

Forward-Looking Information

When used in this document, words like “anticipate”, “believe”, “estimate”, “expect” and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects and goals for the Company and therefore, involve inherent risks and uncertainties. The reader is cautioned that actual results, performance, or achievements may be materially different from those implied or expressed in such statements.

Overall Performance

Indicator is a diamond exploration (exploration stage) company involved in the acquisition and exploration of resource properties in Nunavut, Canada and western Botswana, Africa. The Company is exploring for diamonds on more than 6 million acres of ground in the Eastern Arctic of Canada and 750,000 prospective acres in western Botswana. The Company does not have any producing resource properties at this time. The Company is a reporting issuer in British Columbia and Alberta. The Company trades on the TSX Venture Exchange under the symbol IME. In May 2005, the Company continued as a British Columbia company and became a reporting issuer in BC upon the completion of its BC corporate continuance registration on June 13, 2005.

Highlights of the Company's activities during the nine months ended August 31, 2006:

- Completion of a private placement of a brokered and non-brokered private placement. The private placement consisted of 4,713,500 non-flow through units at a price of \$0.50 per unit and 2,105,636 flow-through common shares at a price of \$0.55 per flow-through common share, for total gross proceeds of \$3,514,850. Each non-flow through unit consists of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at \$0.65 per share until February 15, 2007 and at \$0.75 from February 16, 2007 until November 15, 2007. Finders fees relating to the issuance of certain of the units were paid in cash totalling \$175,389 and 320,648 agents warrants were issued. The agents warrants entitle the holder to purchase one common share at \$0.70 to May 15, 2007.

- Exercise of all of the 3,842,500 warrants expiring February 3, 2006, exercise of 87,086 warrants expiring March 15, 2007, and exercise of 169,478 warrants expiring August 12, 2007 for total proceeds of \$674,881.
- Exercise of 465,000 stock options for total proceeds of \$157,375.
- Expiry of 965,500 Agents Warrants without exercise (598,000 at \$0.65 per share and 367,500 at \$0.40 per share) and expiry of 3,107,860 additional warrants exercisable at \$0.75 per share without exercise.
- Grant of 1,512,500 stock options to directors, officers, employees and consultants, 150,000 exercisable at \$0.28 per option, expiring December 19, 2010, 400,000 exercisable at \$0.58 per option, expiring April 11, 2011, 125,000 exercisable at \$0.50 per option, expiring May 31, 2011, 837,500 exercisable at \$0.75 per option, expiring August 2, 2011. The associated stock-based compensation for these options totals \$846,163.
- A drilling program at the Lokgwabe Project was initiated in March. Six magnetic anomalies were tested; however, no kimberlite was intersected. A technical review of the geochemical and geophysical data will be conducted in the fourth quarter of 2006 to determine if a second phase of drilling is warranted.
- During the quarter, the Company settled a debt previously written off for 250,000 shares in a publicly traded company with a market value of \$27,500.
- On June 2, 2006 the Company completed a deal with Teck Cominco Limited whereby Teck Cominco is required to spend \$14 Million over four years to earn a 51% interest in the diamond rights on Indicator's 80% owned Darby Project in Nunavut Territory, as a result all mineral costs capitalized from December 1, 2005 to August 31, 2006 for the Darby Project have been reclassified as exploration costs recoverable as at August 31, 2006. The Company will receive a 10% administrative fee on all disbursements in addition to payment for all overhead directly attributable to the project.
- On July 5, 2006 the Company released results of its diamond drilling on the Darby property which confirmed the presence of kimberlite bodies. Drilling resulted in the discovery of five new kimberlites including the 11 hectare Iceberg kimberlite and the 3.5 hectare Inferno anomaly.
- On July 11, 2006 the Company announced that Teck Cominco had increased their 2006 exploration budget from \$2.0 Million to \$3.0 Million to accommodate a supplementary drilling program which is intended to increase the understanding of size and shape of the Iceberg and Inferno kimberlite bodies as well as to acquire more material from each body for diamond analysis.
- During the period, a detailed airborne geophysical survey was conducted over an additional 30% of the Darby Project. A total of 23 untested high-priority targets were identified in an interpretation of the preliminary geophysical data. In addition, 95 kimberlite float occurrences have now been identified on the property, many of which can be associated with a geophysical anomaly.
- During the quarter, a program of heavy mineral sampling, ground geophysics and prospecting was conducted on the Barrow Project in August. Results from this work will be used to select the best geophysical targets for drill testing in 2007.

- Also, during the quarter, a total of 212 heavy mineral samples were collected on Indicator's grass-roots projects in Nunavut Territory over the course of the 2006 field season. These results will be used to select areas for target identification using airborne geophysical survey methods.

Highlights of the Company's activities subsequent to the nine months ended August 31, 2006:

- Exercise of 80,000 share purchase warrants for total proceeds of \$37,000.
- Grant of 25,000 stock options to an employee exercisable at \$0.79 per option, expiring October 1, 2011.
- Ascenta Capital Partners Inc. was retained to provide investor relations and financial communications services. As compensation to Ascenta an option to purchase 200,000 common shares at an exercise price of C\$0.79 per share were issued, expiring October 1, 2011.
- Initial diamond results from the Iceberg kimberlite were received in late October. A total of 24 diamonds, including 3 macro-diamonds, were recovered from 462 kilograms of kimberlite.
- The Company is in the process of finalizing a renegotiated deal with Committee Bay Resource Ltd. ("CBR"). Over the past two years and as part of the original option agreement dated September 9, 2004, relating to certain mineral claims and prospecting permits owned by CBR in the Nunavut Territory, Indicator Minerals Inc. ("Indicator") has spent in excess of \$1,284,264 evaluating the Committee Bay properties for their diamond potential. As a result of the evaluation, Indicator and CBR negotiated new agreements that are specific to those properties that the Company feels have significant diamond potential. Thus, the Company will formally relinquish its right to earn an interest in the diamond rights to the other properties covered by the original option agreement that will not be covered by new agreements.

The Company also warrants that on those properties relinquished that sufficient work was carried out to cover the performance bonds for each prospecting permit comprising such other properties relinquished. If insufficient work was carried out, then the Company will absorb the cost of any short fall. All data collected and analysed by Indicator relating to such other properties will be provided to Committee Bay in a timely fashion once final results have been received.

The three new agreements will concentrate on property areas named Borden, Kellett and TIM with 14 Prospecting Permits totalling 692,215 acres. The Borden and Kellett agreements have identical terms whereby the Company can earn a 51% interest in the Diamond Rights by incurring costs equal to or greater than the performance bond required over term of the subject prospecting permits and by incurring the cost of staking mineral claims in the final year of the permits. The Company is under no obligation to stake the claims and can relinquish its option on any of the permits by giving notice to CBR by December 31 of the year preceding the expiry of the permits. Upon vesting at 51%, a joint venture will be formed with Indicator as the operator providing semi-annual reports. The Company can earn an additional 19% interest by spending \$6 per acre over the first two years of staking the claims. Upon vesting at 70%, the Company and CBR will split diamond exploration costs 80/20, so that CBR will effectively have a 10% interest carried to production. CBR will retain all non-diamond rights and a 1% Gross Overriding Royalty.

The TIM agreement relates to prospecting permits under CBR's primary agreement with Trigon Exploration Canada Ltd. whereby CBR holds only a 49% interest. The terms are essentially the same as the Borden and Kellett agreements, however the Company will earn into an initial 35% interest and CBR will have a 5% carried interest. The Company can earn an additional 4% interest in the diamond rights by spending \$3 per acre over the first two years after the claims are staked. Upon earning into a 35% interest, the Company will be party to a joint venture agreement with CBR and Trigon.

The Company's net loss for the nine months ended August 31, 2006, totalled \$1,358,292 or \$0.031 per share. The net loss is after provision for future income tax recovery of \$390,845 (2005 – loss \$303,958 after provision for future income tax recovery of \$154,136, or \$0.013 loss per share). The future income tax recovery of \$390,845 resulted from the utilization of the Company's future income tax assets to offset future tax liabilities (Note 12c to the financial statements contains the summary of these future income tax assets). Assets increased from \$6,590,125 as at November 30, 2005 to \$9,968,922 as at August 31, 2006. Capitalized resource property costs increased from \$4,801,385 as at November 30, 2005 to \$6,291,822 as at August 31, 2006. The Company's cash and cash equivalents increased from \$988,302 as at November 30, 2005 to \$1,930,651 as at August 31, 2006, due primarily to the closing of the May private placement from which the Company received net proceeds of \$3,319,795.

The Company is an exploration stage company and engages principally in the acquisition, exploration and development of resource properties. The Company capitalizes all acquisition and exploration costs until the property to which those costs are related is placed into production, sold, or abandoned. The decision to abandon a property is largely determined from exploration results, and the amount and timing of the Company's write-offs of capitalized resource property costs will vary in a fiscal period from one year to the next and typically cannot be predicted in advance. During the nine months ended August 31, 2006, a total of \$1,915,611 of resource property costs were capitalized before netting \$425,174 of resource property costs on outside property examinations and abandoned properties which were written-off. Details of the cost break-down are contained in the Schedule of Resource Property Costs in the financial statements.

Results of Operations

As Indicator is in the exploration phase and its current properties are in the early stages of exploration, none of the Company's current properties are in production. Therefore, mineral exploration expenditures are capitalized and losses are incurred as a result of administrative expenses relating to the operation of the Company's business. Consequently, the Company's net income is not a meaningful indicator 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 Company is not anticipating profit from operations. Until such time as the Company is able to realize profits from the production and marketing of commodities from its mineral interest, the Company will report an annual deficit and will rely on its ability to obtain equity/or debt financing for long-term growth.

Additional financing is required for new exploration and promotional initiatives. Due to the inherent nature of the junior mineral exploration industry, 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.

Nine Months Ended August 31, 2006

Net loss for the nine months ended August 31, 2006 was \$1,358,292 or \$0.031 per share, after provision for future tax recovery of \$390,845 against loss from operations of \$1,457,538; before operators fees of \$81,545, recovery of bad debt of \$27,500, write-off of resource property costs of \$425,174, write-off of leasehold improvements of \$2,684 and interest income of \$27,214 (August 31, 2005, Net Loss - \$303,958 after future income tax recovery of \$154,136 or \$0.013 per share).

Operating expenses for the nine months ended August 31, 2006 totalled \$1,457,538 (2005 - \$467,257). The increase in operating expenses, after excluding stock-based compensation expenses of \$846,163 (August 31, 2005: \$40,162) is 43% of the 2005 expenses, resulting primarily from the increased support activities for the operations of the Company and its resource property management during the current period. Significant operating expenditures are as follows:

- Wages and consulting fees of \$167,118 for the nine months end August 31, 2006 (August 31, 2005 - \$101,768). Consulting fees paid to companies controlled by directors and officers aggregated \$144,809 (August 31, 2005 - \$78,750) for the 2006 period are included in the wages and consulting fees total.
- Conference and meetings expenses of \$124,758 (August 31, 2005 - \$72,086). The current period included travel and other costs for technical conferences held in South Africa, Toronto, New York and San Francisco for several geological and investment relations consultants.
- Advertising and promotions of \$95,112 (August 31, 2005 - \$40,822). Aside from the costs for the maintenance of the Company's website of \$8,587 (2005 - \$2,510), advertising (placement of company information) in periodicals, including design and artwork, totalled \$74,745 for 2006 (August 31, 2005 - \$6,608).
- Professional fees of \$67,768 (August 31, 2005 - \$63,075) resulting from the increased fees incurred during the audit of the November 30, 2005 year end and the ongoing legal and accounting fees incurred in the day to day operations of the Company.
- Office and administration of \$58,385 (August 31, 2005 - \$27,429) includes telephone expenses of \$17,014 (2005 - \$5,638), IT consulting relating to the initial setup and rollout of a new server for the Company as well as ongoing IT support services of \$13,286 (in 2005 - \$3,552) and insurance of \$3,612 (in 2005 - \$2,927). Aside from normal office supplies, courier, bank charges and postage expenses.
- Investor relations expenses of \$37,138 (August 31, 2005 - \$77,009). In the comparative 2005 period, this category of expenses included the costs of disseminating press releases, maintenance and refinement of investor data base, and other investor-related activities, totalling \$39,198 and IR consulting fees of \$31,241. In 2006, the cost of disseminations, investor data base and other investor-related activities amounted to \$32,311 while IR consulting fees were minimal, \$1,567 (the consultant left the Company).

All other operating costs, excluding stock-based compensation and amortization during the nine months ended August 31, 2006, were comparable to the 2005 period, totalled \$43,805 (2005 - \$35,678) representing just 3% (2005 - 8%) of total operating expenses including corporate listing and filing fees, transfer agent fees and rent.

Three Months Ended August 31, 2006

The Company's net loss for the three month period ended August 31, 2006 was largely influenced by stock based compensation and general and administrative expenses. Net loss for the three months ended March 31, 2006 totalled \$976,759 or \$0.020 per share (2005 - \$69,904 and \$0.003 per share)

Operating expenses for the three months ended August 31, 2006 totalled \$203,431 (2005 - \$108,035) excluding stock based compensation totalling \$628,496 or 76% (2005 - Nil) of the total operating expenses of \$831,927 (2005 - \$108,035).

- Wages and consulting fees of \$63,413 (2005 - \$29,521). Consulting fees paid to companies controlled by directors and officers aggregated \$49,309 (2005 - \$21,012) for the three months ended August 31, 2006 are included in the wages and consulting fees total.
- Office and administrative expenses of \$34,865 (2005 - \$10,692) includes telephone expenses of \$8,300 (2005 - \$1,870), and IT consulting relating to the initial setup and rollout of a new server for the Company of \$12,323 (in 2005 - \$3,338). Aside from normal office supplies, courier, bank charges and postage expenses.
- Conference and meetings expenses of \$30,452 (2005 - \$8,432). The current period included travel and other costs for technical conferences held in South Africa, Toronto, New York and San Francisco for several geological and investment relations consultants.
- Advertising and promotions of \$23,829 (2005 - \$15,324). Aside from the costs for the maintenance of the Company's website totalling \$2,877 (2005 - \$2,450), 2006's advertising (placement of company information) in periodicals, including its design and artwork, totalled \$20,428 (2005 - \$11,634).
- Professional fees of \$16,128 (2005 - \$13,159). During the period the Company continued to pay accounting and legal fees related to ongoing operations.
- All other operating costs, excluding stock-based compensation and amortization during the three months ended August 31, 2006, which were comparable to the 2005 period, totalled \$27,261 (2005 - \$27,187) representing 3% of total operating expenses which includes corporate listing and filing fees, office and administration, transfer agent fees and rent.

Selected Annual Financial Information

Selected audited financial data for annual operations of Indicator during the years ended November 30, 2005 and 2004 and of the former Capital Pool Corporation during the year ended November 30, 2003:

Year ended	Nov 2005	Nov 2004	Nov 2003
Current assets and GIC	\$ 1,182,849	\$ 1,392,420	\$ 191,409
Resource properties and deposit	\$ 5,362,080	\$ 5,007,016	\$ 0
Property and equipment	\$ 45,196	\$ 19,116	\$ 0
Current liabilities	\$ 447,697	\$ 612,967	\$ 9,508
Total revenue	\$ 0	\$ 0	\$ 0
Net loss	\$ (2,500,772)	\$ (1,673,471)	\$ (32,038)
Basic loss per share	\$ (0.09)	\$ (0.11)	\$ (0.0092)
Weighted Avg. shares	28,555,625	14,614,217	3,500,000

Note: The November 2004 Net loss has been restated to reflect the correct accounting for future income taxes (see Note 17 to the annual audited financial statements)

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Issuer for the quarter ended August 31, 2006 and the previous seven quarters.

	Aug 31 06	May 31 06	Feb 28 06	Nov 30 05	Aug 31 05	May 31 05	Feb 28 05	Nov 30 04
Current assets	3,097,952	3,861,766	598,344	1,182,849	2,156,185 ¹	543,437	1,417,803	1,367,420
Resource properties and permits and bond	6,291,822	5,744,993	5,742,699	5,362,080	6,694,168	6,159,962	5,782,373	5,007,016
Current liabilities	550,285	247,541	108,543	447,697	219,526	397,384	824,933	612,967
Loss from operations	(831,927)	(419,175)	(206,436)	(467,460)	(108,035)	(190,495)	(168,727)	(111,903)
Write-off of mineral interest	216,997	21,183	186,994	2,453,167	1,420	4,930	0	0
Net income (loss) – before error correction	(979,759)	(379,996)	(1,537)	(2,235,230)	14,088*	(114,297)	(165,333)	183,065
Basic income (loss) per share – before error correction	(0.020)	(0.009)	(0.000)	(0.079)	0.001	(0.004)	(0.007)	0.027
Revised Net income (loss)	(979,759)	(379,996)	(1,537)	(2,196,814)	(69,904)	(125,133)	(108,921)	(335,822)
Revised Basic income (loss) per share	(0.020)	(0.009)	(0.000)	(0.077)	(0.003)	(0.005)	(0.005)	(0.003)
Weighted Avg. Shares	48,302,476	41,972,472	38,751,526	28,555,625	28,019,744	25,951,046	23,067,664	23,047,942

Note:

*Net loss (before error correction) for quarter May 31, 2005 is after recovery of future income taxes of \$73,091. Net income (before error correction) for the quarter August 31, 2005 is after recovery of future income taxes of \$119,461. Net loss for the quarter November 30, 2005 is after recovery of future income taxes of \$684,332.

¹Current Assets as at August 31, 2005 include \$1,187,395 of subscription receivable.

*May 31, 2004 – quarterly results were restated to reflect the retroactive application of stock-based compensation calculation.

The November 2004 quarter net loss has been restated to correct for the accounting for future income taxes.

Revised Net Income (loss) and Revised Loss Per Share – as a result of a prior period adjustment (disclosed in Note 17 to the annual financial statements) which related to the timing of the recording of future income taxes liability and recoveries, the quarterly figures for the quarters November 2004, February 2005, May 2005, August 2005, and November 2005 have been restated to reflect the correct treatment.

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no regular cash flow. At August 31, 2006, the Company had working capital of \$2,547,667 (November 30, 2005- \$735,152).

Cash and cash equivalents totalled \$1,930,651 as at August 31, 2006 (November 31, 2005 – \$988,302)

Nine months ended August 31, 2006

Cash and cash equivalents increased by \$942,349 during the nine months ended August 31, 2006 from \$988,302 as at November 30, 2005 to \$1,930,651 as at August 31, 2006.

Cash utilized in operating activities during the nine months ended August 31, 2006 was \$485,325 (2005 – \$402,354) before any changes in non-cash working capital. After adjusting for cash flows applied to non-cash working capital, cash used in operating activities was \$523,116 for 2006 (2005 - \$711,008).

Cash used for investing activities during the nine months ended August 31, 2006 was \$2,685,249 (2005 - \$1,575,767). The investing activities were as follows: acquisition and exploration of resource properties of \$2,793,913 (2005 - \$1,814,588), \$73,476 for the purchase of equipment (2005 - \$23,146), net of decrease (refunds in excess of expenditure) from prospecting permits and bonds of \$179,140 (2005 – \$172,991), and the decrease in related party debt of \$3,000 (2005 – nil).

During the nine months ended August 31, 2006, the Company's cash flows from financing activities, being proceeds from share issuance and related party repayments and advances totalled \$4,150,714 (2005 – \$1,972,932).

At August 31, 2006, the Company's investment in resource properties aggregated \$6,291,822 (November 30, 2005 - \$4,801,385), prospecting permit deposits and bond totalled \$480,451 (November 30, 2005 - \$560,695) and property plant and equipment, net of amortization, was \$98,697 (November 30, 2005 - \$45,196). The Company continues to file the appropriate reports with the Territorial authorities, which reports may result in a refund of amounts paid by the Company for prospecting permits. Any such proceeds will be used to reduce the amount on the Company's books with any non-refunded amounts being transferred to resource property costs. At August 31, 2006, a total of \$513,567 of refunds had been received since November 30, 2005.

At August 31, 2006, share capital of \$12,830,892 comprised of 48,899,115 issued and outstanding common shares (November 30, 2005 - \$8,880,532, comprising of 37,415,915 outstanding). Contributed Surplus which arises from the recognition of the estimated fair value of stock options and agents warrants was \$2,265,373 (November 30, 2005 - \$1,580,364).

As a result of the net loss for the nine month period of \$1,358,292, deficit at August 31, 2006 increased to \$5,679,848 from \$4,321,556 at November 30, 2005. Accordingly, shareholders equity was \$9,416,417 as compared to \$6,139,340 at the year end November 30, 2005.

Three months ended August 31, 2006

Cash and cash equivalents decreased by \$930,351 during the three months ended August 31, 2006 from \$2,861,002 as at May 31, 2006 to \$1,930,651 as at August 31, 2006.

Cash utilized in operating activities during the three months ended August 31, 2006 was \$151,283 (2005 – \$138,773) before any changes in non-cash working capital. After adjusting for cash flows applied to non-cash working capital, cash received from operating activities was \$3,521 for 2006.

Cash used for investing activities during the three months ended August 31, 2006 was \$1,174,536 (2005 - \$678,192). The investing activities were as follows: acquisition and exploration of resource properties of \$901,117 (2005 - \$492,506), \$13,148 for the purchase of equipment (2005 - \$12,695), net of increases in prospecting permits and bonds of \$145,858 (2005 – \$172,991) and the decrease in related party debt of \$114,413 (2005 – nil).

During the three months ended August 31, 2006, the Company's cash flows from financing activities, being proceeds from share issuance and related party repayments and advances totalled \$240,664 (2005 – \$1,251,764).

At present, the Company's operations do not generate cash flow and its financial success is dependant on management's ability to discover economically viable diamond deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties".

The Company currently has sufficient financial resources to meet its administrative overhead expenses and exploration expenditures for at least the next twelve months and is confident that it can raise additional funds to undertake all of its planned exploration activities.

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and from optioning its resource properties. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

Exploration Update

The 2006 exploration season on Indicator's Nunavut projects commenced in May and was completed in mid-September. The main focus of this year's efforts was the Darby Project, where five kimberlites were discovered by drilling. Exploration on the Barrow property was geared toward target development in anticipation of a 2007 drilling program.

CANADIAN PROJECTS

Darby Project

The Darby Project is comprised of approximately 420,000 acres of mineral claims and prospecting permits. The property is located approximately 200 kilometres south of the hamlet of Taloyoak and 120 kilometres southwest of the hamlet of Kugaaruk, both in the Nunavut Territory.

Over the course of the last two years, Indicator has identified kimberlite indicator minerals with diamond inclusion (DI) chemistry in heavy mineral samples collected on the property. This prompted the Company to conduct a high resolution airborne geophysical survey over approximately 10% of the project, in an area where the highest concentration of kimberlite indicator minerals had been recovered. Interpretation of the airborne data resulted in the identification of more than 30 targets, several of which were considered high priority.

In May 2006, Indicator entered an agreement with Teck Cominco Limited ("Teck Cominco") giving it the option to earn an interest in the project. The agreement allows Teck Cominco the option to earn a 51% interest in the project by spending \$14 million over a four year period. Once Teck Cominco has earned its interest a joint venture will be formed and the following terms 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, under certain circumstances, if Teck Cominco elects not to develop a mine.

At the request of Teck Cominco, Indicator continues to operate the project under a Management Services Agreement that is renewable annually.

The signing of the option agreement with Teck Cominco was quickly followed with the beginning of the exploration program at Darby. Over the course of the first three weeks, five geophysical anomalies were drill tested and five kimberlites were intersected. The new kimberlites discovered included the 11 hectare Iceberg kimberlite and the 3.5 hectare Inferno kimberlite. Representative samples from all of the kimberlites drilled were sent to SRC Geoanalytical Laboratories, an independent laboratory, for diamond analysis.

Initial diamond results from the Iceberg kimberlite were received in late October. A total of 24 diamonds, including 3 macro-diamonds, were recovered from 462 kilograms of kimberlite. The three largest diamonds measure as follows: 1.22mm x 0.86mm x 0.78mm, 1.22mm x 0.96mm x 0.52mm and 1.10mm x 0.90mm x 0.90 mm. Results from four other kimberlites drilled on the property this year are expected by the end of November.

In addition to the drilling conducted on the property, the airborne geophysical survey area was expanded to cover an additional 30% of the property. An interpretation of the preliminary data has identified 23 untested, high-priority targets as well as a number of lower priority anomalies. The high-priority targets have surface areas up to 7 hectares in size.

Prospecting conducted on the property lead to the discovery of 95 kimberlite float occurrences. Many of these float occurrences can be associated with geophysical anomalies and form distinct "trains" parallel to last direction of glacial ice. One float train was identified outside of the area where airborne geophysical surveying has been conducted, suggesting that additional kimberlite targets may be identified in the future.

Kimberlite occur in clusters or fields and the anomalies tested to date represent a fraction of the targets identified by the existing airborne geophysical survey which now covers 40% of the property. In addition, the drill intercepts at Iceberg and Inferno are suggestive of the region's potential for kimberlite bodies with large surface areas and substantial tonnage.

Barrow Project

The Barrow Project is a 100,000 acre drill-ready project located approximately 15km south of the hamlet of Kugaaruk. Results from heavy mineral sampling in 2004 have confirmed the presence of kimberlite indicator minerals with diamond inclusion chemistry on the property. In March 2005, the company completed a detailed airborne geophysical survey over the property. Several high priority targets located up-ice from the kimberlite indicator minerals were identified in a review of the airborne data.

The 2005 field program on the Barrow Project was designed to increase the level of confidence in the geophysical anomalies with prospecting as well as target specific heavy mineral and mobile metal ion samples. During the course of investigating one geophysical anomaly, a single occurrence of kimberlite float was discovered.

A 6.8kg sample of the kimberlite float was submitted to an independent laboratory for rock type classification and indicator mineral analysis. During the extraction of the indicator minerals a macro diamond was recovered. This is considered important since the extraction progress is not designed specifically for the recovery of mineral grains less than 0.33mm or more significantly the detection of diamonds.

Subsequently, a 25.5kg sample of kimberlite float from the same occurrence was submitted for micro diamond analysis using caustic fusion. A total of 171 micro diamonds and five macro diamonds were recovered. Indicator is confident that the kimberlite float originated on its property; however, this cannot be definitively established without drilling.

In 2006 a program of heavy mineral sampling, ground geophysics and prospecting was conducted on the Barrow property. This program was geared toward developing targets for a drilling campaign anticipated for 2007.

Sanagak Project

The Sanagak Project is located on the Boothia Peninsula and includes approximately 1.1 million acres of Prospecting Permits. In 2004, heavy mineral samples were collected on the project on a 3km by 3km grid. Kimberlite indicator minerals have been recovered in five spatially separate locations.

One of the five areas, where high chrome, low calcium G10 pyrope garnet was recovered, was adjacent to the eastern boundary of the Prospecting Permits. Heavy mineral samples were collected on the open ground to the east of the project early in the 2005 exploration season. These samples were expedited to the laboratory where processing began immediately. Results were received in time to initiate a staking campaign that captured over 100,000 acres where indicator minerals with diamond inclusion chemistry were recovered.

In 2006 additional heavy mineral samples were collected in areas where kimberlite indicator minerals have been identified. Results from this year's sampling campaign will be used to select areas for target development in 2007 using airborne geophysical surveying.

Nunavut Regional Projects

Regional heavy mineral sampling continued on grassroots projects located throughout the Nunavut Territory. Results from heavy mineral samples collected in 2005 indicate that the Borden Project, located on Baffin Island as well as the Kellett and TIM properties warrant further investigation. In 2006 additional heavy mineral samples were collected on all of these projects. Results from these samples will be used to determine if and where airborne geophysical surveying is warranted.

AFRICAN PROJECT

Lokgwabe Project

In January 2005, Indicator entered into an option agreement with Helio Resources in which it can earn an 80% interest in the 750,000 acre Lokgwabe Project in western Botswana. Previous sampling campaigns have identified five areas with anomalous concentrations of indicator minerals that include G10 pyrope garnets.

Over the course of 2005, Indicator collected repeat heavy mineral samples on the Lokgwabe project in order to confirm the mineral chemistry, species and abundances identified in the original exploration campaign. The sample results were successfully repeated and the decision was made to proceed to the collection of detailed aeromagnetic data over the entire property. Interpretation of the geophysical data yielded 22 kimberlite targets. Ground geophysics conducted on 15 of these targets identified 7 that warrant drilling.

In March 2006, six magnetic targets were tested using down-hole hammer drilling over the course of a two week period. All of the geophysical anomalies tested were satisfactorily explained by the

rocks encountered and no additional work is planned on these targets. No kimberlite was intersected in any of the drill holes. A second phase of drilling to test the remaining targets has been budgeted and the decision to proceed will be based on the results of a review of existing data by technical staff.

Risks and Uncertainties

The Company is in the business of acquiring, exploring and developing diamond properties, and is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subjected to variations in commodity prices, market sentiment, exchange rates for currency, inflations and other risks. The Company currently has no other source of revenue other than interest on cash balances. The Company will rely mainly on equity financing to fund exploration activities on its resource properties.

The risks and uncertainties affecting the Company remain unchanged from those disclosed in its Annual MD&A.

Proposed Transactions

At the present time, there are no proposed transactions that should be disclosed.

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning Indicator's general and administrative expenses and resource property costs is provided in the Company's Interim Statement of Loss and Deficit and Schedule of Resource Property Costs contained in its unaudited Financial Statements for August 31, 2006 that is available on Indicator's website at www.indicatorminerals.com or on its SEDAR Page Site accessed through www.sedar.com.

Outstanding Share Data

Indicator's authorized capital is unlimited common shares without par value. As at October 30, 2006, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares at October 30, 2006	48,979,115		
Warrants			
Share purchase warrants	359,193	\$0.45	Jan. 26, 2007
	1,218,000	\$0.45	Mar. 15, 2007
	75,000	\$0.45	April 1, 2007
	1,789,000	\$0.35	August 12, 2007
	3,802,217	\$0.35	August 22, 2007
	4,683,500	\$0.65/\$0.75	November 17, 2007
Agents Warrants	97,414	\$0.45	Mar. 15, 2007
	15,000	\$0.45	April 1, 2007
	320,648	\$0.70	May 15, 2007
Employee Stock Options	1,149,500	\$0.58	April 19, 2009
	180,000	\$0.355	April 19, 2009
	495,000	\$0.355	Nov. 16, 2009
	225,000	\$0.23	April 25, 2010
	980,000	\$0.32	October 23, 2010
	150,000	\$0.275	December 19, 2010
	400,000	\$0.58	April 11, 2011

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	125,000	\$0.50	May 31, 2011
	837,500	\$0.75	August 2, 2011
	225,000	\$0.79	October 1, 2011
Fully Diluted at October 30, 2006	66,106,087		

Transactions with Related Parties

During the period ended August 31, 2006, the Company incurred capitalized mineral interest - geological consulting fees of \$311,104 (August 31, 2005 - \$86,773), mineral property costs recoverable of \$552,668 and consulting fees of \$144,809 (August 31, 2005 - \$78,750) for management services provided by companies controlled by directors and officers in common with the Company. Of this amount, \$240,682 (November 30, 2005 - \$1,337) was unpaid at August 31, 2006. 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.

300,000 of the shares issued on the exercise of options during the period were to directors of the Company.

350,000 units issued during the May 2006 private placement (Note 9(b)) were to related parties: 320,000 to the CEO/director, and 30,000 to other directors and officers of the Company.

110,000 shares issued during the March 2005 private placement (Note 9(b)) were to related parties: 80,000 to the CEO/director, and 30,000 to a company controlled by a director. 118,500 non-flow-through shares issued during the August 2005 private placement (Note 9(b)) were to directors and officers.

675,000 of the 837,000 options granted in August 2006, 125,000 of the options granted in June 2006 and 700,000 of the 1,200,000 options granted in October 2005 were to directors and officers of the Company.

Commitments:

a) Lease Commitment:

On May 25, 2005, the Company entered into an operating lease for office premises to be effective July 1, 2005, for 36 months. As inducement for entering into the lease, the Company was given a two month rent-free period (July 1 to August 31, 2005) and contribution (maximum \$7,435) towards leasehold improvements. The monthly lease payments include rent, operating costs and property taxes. Minimum remaining payments are as follows:

2006	\$ 13,569
2007	40,687
2008	20,294
Totals	\$ 74,550

The two month rent-free period is recorded as deferred rent inducement, (a liability) to be amortized on a straight-line basis over the term of the lease.

b) Service Contracts:

The Company has the following consulting and management service contract commitments:

2006	\$ 135,150
2007	23,850
Totals	\$ 159,000

**One of the consulting contracts also contains a potential payment of up to \$51,000 for termination.

Accounting Policies and Changes to Prior Year:

No new significant accounting policies were adopted in the nine months ended August 31, 2006.

The Company will continue to carry out exploration of its resource properties, and to evaluate new prospects and opportunities. The Company expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing of the Company's properties to qualified mineral exploration companies.

The financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional financing and to generate profitable operations in the future. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned, such as future equity financings, search for optionees for resource properties, will mitigate the adverse conditions and events which raise doubts about the validity of the going concern assumption used in preparing these financial statements. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

During the audit of the November 30, 2005 fiscal year, it was determined that an error had been made in the recording of the renunciation of flow-through expenditures. In fiscal 2004, the Company recognized the renunciation of \$1,757,487 Qualifying Canadian Exploration Expenditures, which had been incurred by November 30, 2004 and a corresponding \$591,978 was recognized as a recovery of future income taxes. The flow-through issuances had been completed on April 16, 2004 for \$1,100,000 and on August 18, 2004 for \$1,470,000. Emerging Issues Committee abstract for discussion 146 ("EIC-146") had an effective date of March 19, 2004. EIC-146 requires the recognition of the renouncement of Qualifying Canadian Exploration Expenditures from the proceeds of flow-through shares on the date of filing of the renouncement documents with the tax authorities. The renouncement documents were filed with the tax authorities for the 2004 fiscal flow-through issuances in February 2005; hence the recognition of the renouncement should have been recognized in fiscal 2005. The November 30, 2004 net loss, shareholders' equity, and deficit had been restated to comply with the correct accounting treatment. See Note 16 to the unaudited financial statements for the nine months ended August 31, 2006 for detail breakdown of these restatements.

As a result of this prior period adjustment, the statements of loss and deficit for the quarters within the fiscal year November 30, 2005 were restated to account for the adjustments for future income tax liability flowing from 2004. The operating results for the quarter ended August 31, 2005, used for comparison, were restated to reflect a provision for future income tax recovery. Whenever figures for August 31, 2005 are mentioned in this Management Discussion and Analysis, the restated figures are used, unless otherwise indicated.

Recent Developments and Outlook

The Company expects to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its resource properties.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, advance receivable, GST receivable, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that Indicator is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates. It is the opinion of management, however, that the foreign exchange risk to which the Company is exposed is minimal.

Approval

The Board of Directors of Indicator has approved the disclosure contained in this interim MD&A. A copy of this interim MD&A will be provided to anyone who requests it.

Additional Information

Additional Information relating to Indicator is on SEDAR at www.sedar.com.