

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

Containing information up to and including March 28, 2008.

**Note to Reader**

The following information should be read in conjunction with the Company’s audited financial statements for the year ended November 30, 2007, together with the notes thereto, prepared by management in accordance with Canadian generally accepted accounting principles and expressed in Canadian Dollars.

**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 mainly in Canada. The Company is exploring for diamonds on more than 5.5 million acres of ground in the Eastern Arctic of Canada. 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.

Highlights of the Company’s activities during the year ended November 30, 2007:

***Financing and Corporate***

- Completion of a brokered private placement consisting of 6,000,000 flow-through units at a price of \$0.70 per unit for total gross proceeds of \$4,200,000. Each flow-through unit consists of one flow-through common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at \$1.25 per share until December 28, 2008. Agent’s fees relating to the issuance of certain of the units were paid in cash totalling \$317,710 and 420,000 agents warrants were issued. The agents warrants entitle the holder to purchase one common share at \$0.75 to December 28, 2008.
- Exercise of 4,737,587 warrants for total cash proceeds of \$1,762,169.
- Exercise of 225,000 stock options for total cash proceeds of \$69,750.
- Over \$2,000,000 in resource property spending on the Company’s properties.

### ***Property Agreements***

- The Company finalized 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 held by CBR in the Nunavut Territory, Indicator Minerals Inc. (“Indicator”) has spent in excess of \$1.25 million 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 analyzed 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 concentrate on property areas named Borden, Kellett and TIM with 14 Prospecting Permits totaling 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 after 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, with up to a 1% Gross Overriding Royalty to other parties.

- The TIM agreement relates to prospecting permits under CBR's primary agreement with Trigon Exploration Canada Ltd. [now Diamondex Resources Ltd. (“Diamondex”)] 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 Diamondex.

### ***Exploration***

- Teck Cominco Limited (“Teck Cominco”) announced in February 2007 an exploration budget of \$8.5 million for the Darby Project for 2007. This represented a \$6.5 million increase over their required financial commitment.
- Four new kimberlites were discovered on the Darby Project, three of which proved to be diamond bearing.
- 16,000 line-km of airborne geophysical data and more than 900 heavy mineral samples were collected on the Darby Project.

- The first phase of drilling was completed at Barrow. Five targets were tested, however, no kimberlites were intersected.
- Heavy mineral sampling conducted in 2007 isolated an area of the Borden Project believed to host the sources of the high interest kimberlite indicator minerals identified on the property.
- 3,700 line-km of airborne Magnetic and Electromagnetic data were collected over a portion of the Grail property.

**Subsequent to the year ended November 30, 2007:**

- The Company set a budget of \$1.3 million for the 2008 exploration program on the Company's Barrow Project in Nunavut. The budgeted program for 2008 includes a two-stage drill program and an airborne magnetic survey. The first phase of drilling, scheduled to commence in the spring, is designed to test previously identified targets located within lakes which must be drilled from ice. The second phase of drilling, planned for the summer months, will focus on following up land based targets identified in the detailed airborne magnetic survey that is scheduled to start prior to phase one of drilling.
- In January 2008, the Company was notified that Teck Cominco had set a budget of \$2.1 million for the 2008 exploration program on the Company's Darby Project in Nunavut.
- 1.71 million acres of Prospecting Permits in Nunavut Territory were awarded to Indicator in February 2008. The land includes the new Indigo Project, comprising 1.22 million contiguous acres approximately 200km south west of the Darby Project.
- On February 29, 2008, the Company issued 200,000 incentive stock options to consultants. These options expire February 28, 2013 and are exercisable at a price of \$0.25 per share.
- 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%

**Projects acquired or generated by Indicator**

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 is 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. Each unit will consist of one common share and one warrant to purchase one common share. Each unit in the initial financing will be priced at \$0.29, a 20% premium to the ten-day volume-weighted average of the trading price of the common shares of the Company ending on the day preceding the date of execution of the Agreement. The exercise price of the warrant will be \$0.36, a 50% premium to the ten-day volume weighted average of the trading price of the common shares of the Company ending on the day preceding the date of execution of the Letter Agreement.

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

The Company's net loss for the year ended November 30, 2007, totalled \$1,614,024 or \$0.03 per share. The net loss is after provision for future income tax recovery of \$382,173 (2006 – loss \$3,081,286 after provision for future income tax recovery of \$377,850, or \$0.06 loss per share). The future income tax recovery of \$382,173 (2006 - \$377,850) resulted from the utilization of the Company's future income tax assets to offset future tax liabilities (Note 12 to the financial statements contains the summary of these future income tax assets). Assets increased from \$8,796,215 as at November 30, 2006 to \$12,259,279 as at November 30, 2007. Capitalized resource property costs increased from \$5,476,456 as at November 30, 2006 to \$7,178,510 as at November 30, 2007. The Company's cash and cash equivalents increased from \$848,027 as at November 30, 2006 to \$2,938,090 as at November 30, 2007, due primarily to the June 2007 Financing of \$4,200,000 and the use of the proceeds to fund exploration activities. At November 30, 2007 there were cash calls receivable from Teck Cominco of \$433,092 (2006 - \$1,947,802) relating to the exploration work on the Darby Property performed and funded by the Company, which is reimbursed under the agreement with Teck Cominco.

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 year ended November 30, 2007, a total of \$2,093,631 of resource property costs were capitalized before the write off of \$391,577 (2006 - \$2,486,698 resource property costs were capitalized and \$1,811,627 resource property costs 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 to fund on-going operations.

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.

#### Year Ended November 30, 2007

Net loss for the year ended November 30, 2007 was \$1,614,024 or \$0.03 per share, after provision for future tax recovery of \$382,173 against loss from operations of \$1,996,197; before administration fees of \$74,353, interest income of \$101,312, and write-off of resource property costs of \$391,577 (November 30, 2006, Net Loss - \$3,081,286 after future income tax recovery of \$377,850 or \$0.06 per share). The main reason for the reduction in the net loss during the 2007 year is the amount of resource property costs written off was reduced from \$1,811,627 to \$391,577 as a result of the Company's continued efforts to focus its resources on core properties in the current year, while the Company was reducing its holdings in the previous year.

Operating expenses for the year ended November 30, 2007 totalled \$1,780,285 (2006 - \$1,847,640). The increase in operating expenses, after excluding stock-based compensation expenses of \$381,411 (2006: \$964,962) was 58% of the 2006 expenses, resulting primarily from the increased spending by the company to increase its profile through attendance at investor conferences, the use of investor relations staff and consultants and the development and printing of investor materials. Significant operating expenditures are as follows:

- Wages and consulting fees of \$489,468 for the year ended November 30, 2007 (2006 - \$278,888). The increase was primarily due to the addition of a full-time corporate communications manager for a portion of the year, a part-time Chief Financial Officer, a full-time geological staff member, and the use of consultants for technical advice.
- Conference and meetings expenses of \$330,699 (2006 - \$152,435). The company continued its efforts to expand its profile by having personnel attend technical conferences held in South Africa, Toronto, Nunavut and Vancouver as well as investor events in Vancouver, Toronto, New York, San Francisco and Nunavut.
- Advertising and promotions of \$141,628 (2006 - \$128,961). Advertising (placement of company information) in periodicals, including design and artwork, totalled \$94,951 for 2007 (2006 - \$87,032), research totalled \$7,708, fees for advertising services of \$19,500 and donations by the Company totalled \$19,469 (2006 - \$20,905).
- Professional fees of \$129,315 (2006 - \$104,341) resulting from the fees incurred during the audit of the November 30, 2006 year end, the ongoing review of the Company's quarterly financial statements and the ongoing legal and accounting fees incurred in the day to day operations of the Company.
- Office and administration of \$102,770 (2006 - \$68,661) includes telephone expenses of \$25,112 (2006 - \$22,213), ongoing IT support services of \$9,859 (2006 - \$13,286) and insurance of \$11,246 (2006 - \$3,612), aside from normal office supplies, courier, bank charges and postage expenses.

- Investor relations expense was \$85,495 (2006 - \$67,736). This category of expenses included the costs of disseminating press releases, maintenance and refinement of investor data base, and other investor-related activities, totalling \$25,442 (2006 - \$45,329) and IR consulting fees of \$60,503.
- All other operating costs, excluding stock-based compensation and amortization during the year ended November 30, 2007, were comparable to the 2006 year. These other operating expenses totalled \$79,761 (2006 - \$56,155) representing just 4% (2006 - 3%) of total operating expenses including corporate listing and filing fees, rent and transfer agent fees.

## **Fourth Quarter**

Included in the Company's results for the fourth quarter are the Company's capitalized mineral property costs which increased by \$1,539,284. In addition, the Company's net loss for the period totalled \$566,571 which resulted from the loss from operations of \$614,400. The loss from operations included an increase of \$249,946 in the stock based compensation expense as well as an increase of \$123,044 in wages and consulting fees resulting from the expenditures on staffing for administration, management and corporate communications.

## **Selected Annual Financial Information**

Selected audited financial data for annual operations of Indicator during the years ended November 30, 2007, 2006 and 2005:

| <b>Year ended</b>      | <b>Nov 2007</b>     | <b>Nov 2006</b>     | <b>Nov 2005</b>     |
|------------------------|---------------------|---------------------|---------------------|
| Current assets and GIC | \$ 4,628,447        | \$ 2,874,123        | \$ 1,182,849        |
| Resource properties    | \$ 7,178,510        | \$ 5,476,456        | \$ 4,801,385        |
| Property and equipment | \$ 120,298          | \$ 103,882          | \$ 45,196           |
| <b>Total Assets</b>    | <b>\$12,259,279</b> | <b>\$ 8,796,215</b> | <b>\$ 6,590,125</b> |
| Current liabilities    | \$ 311,903          | \$ 909,998          | \$ 450,785          |
| Total revenue          | \$ 0                | \$ 0                | \$ 0                |
| Net loss               | \$(1,614,024)       | \$(3,057,286)       | \$(2,500,772)       |
| Basic loss per share   | \$ (0.03)           | \$ (0.06)           | \$ (0.09)           |
| Weighted Avg. shares   | 53,575,880          | 44,739,380          | 28,555,625          |

## Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the quarter ended November 30, 2007 and the previous seven quarters.

|  | Nov 30 07  | Aug 31 07  | May 31 07  | Feb 28 07  | Nov 30 06   | Aug 31 06  | May 31 06  | Feb 28 06  |
|--|------------|------------|------------|------------|-------------|------------|------------|------------|
| Current assets                           | 4,628,447  | 6,238,495  | 2,025,929  | 2,303,467  | 2,874,123   | 3,097,952  | 3,861,766  | 598,344    |
| Resource properties and permits and bond | 7,510,534  | 5,971,250  | 5,576,892  | 5,113,167  | 5,476,456   | 6,291,822  | 5,744,993  | 5,742,699  |
| Current liabilities                      | 311,903    | 419,460    | 304,268    | 256,718    | 933,998     | 550,285    | 247,541    | 108,543    |
| Loss from operations                     | (614,400)  | (332,259)  | (498,672)  | (334,954)  | (390,102)   | (831,927)  | (419,175)  | (206,436)  |
| Write-off of mineral interest            | (19,661)   | (326,025)  | (28,844)   | (17,047)   | (1,386,453) | (216,997)  | (21,183)   | (186,994)  |
| Net income (loss)                        | (566,571)  | (598,038)  | (494,856)  | 45,441     | (1,722,994) | (976,759)  | (379,996)  | (1,537)    |
| Basic income (loss) per share            | (0.01)     | (0.01)     | (0.01)     | 0.00       | (0.04)      | (0.02)     | (0.01)     | (0.00)     |
| Weighted Avg. Shares                     | 53,575,880 | 55,299,195 | 49,590,330 | 49,036,665 | 44,739,380  | 48,302,476 | 41,972,472 | 38,751,526 |

## Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no regular cash flow. At November 30, 2007, the Company had working capital of \$4,316,544 (2006- \$1,940,125).

Cash and cash equivalents totalled \$2,938,090 as at November 30, 2007 (2006 – \$848,027)

### Year ended November 30, 2007

Cash and cash equivalents increased by \$2,090,063 during the year ended November 30, 2007 from \$848,027 as at November 30, 2006 to \$2,938,090.

Cash utilized in operating activities during the year ended November 30, 2007 was \$1,183,471 (2006 – \$555,364) 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 \$2,329,553 for 2007 (2006 - \$687,875).

Cash used for investing activities during the year ended November 30, 2007 was \$1,272,829 (2006 - \$3,643,114). The investing activities were as follows: acquisition and exploration of resource properties of \$1,894,273 (2006 - \$3,651,186), \$56,154 for the purchase of equipment (2006 - \$86,871), net of decrease (refunds in excess of expenditure) from prospecting permits of \$9,730 (2006 - \$94,943) and recovery of resource property costs of \$667,868 (2006 – Nil).

During the year ended November 30, 2007, the Company's cash flows from financing activities, being net proceeds from the June 2007 brokered private placement and the stock option and warrant exercises totalled \$5,692,445 (2006 – \$4,190,714).

At November 30, 2007, the Company's investment in resource properties aggregated \$7,178,510 (2006 - \$5,476,456), prospecting permits totalled \$332,024 (2006 - \$341,754) and equipment, net of amortization, was \$120,298 (2006 - \$103,882). 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 November 30, 2006, share capital of \$17,355,633 comprised of 59,941,702 issued and outstanding common shares (November 30, 2006 - \$12,397,731, comprising of 48,979,115 outstanding). Contributed Surplus which arises from the recognition of the estimated fair value of stock options and warrants was \$3,601,109 (2006 - \$2,867,328).

As a result of the net loss for the year of \$1,614,024, and the transitional adjustment to the opening balance, which reverses the write down of the marketable securities in 2006, the deficit at November 30, 2007 increased to \$9,014,366 from \$7,402,842 at November 30, 2006. Accordingly, shareholders equity was \$11,947,376 as compared to \$7,862,217 at November 30, 2006.

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 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**

Fiscal 2007 was a busy year for Indicator Minerals. An aggressive budget of \$8.5 million was allocated to the Darby Project by partner Teck Cominco. This allowed for a significant expansion of the camp facilities, the collection of important exploration data over a large area of the property and the discovery of four new kimberlites. In addition, five targets on the Barrow Project were tested in the first phase of a multi-phase drill program; however, no kimberlites were discovered.

### **Darby Project**

The Darby Project is comprised of approximately 687,000 acres of mineral claims. 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 first two field seasons, Indicator identified kimberlite indicator minerals with diamond inclusion chemistry in heavy mineral samples collected on the property. In 2005, the Company conducted a high resolution airborne geophysical survey over approximately 40,000 acres (or 10% of the original 415,000 acre project), in the 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 (“the option agreement”) with Teck Cominco granting 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 before June 2010. 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 in the Project, under certain circumstances, if Teck Cominco elects not to develop a mine

The signing of the option agreement with Teck Cominco was quickly followed with the beginning of the exploration program at Darby. Five geophysical anomalies were drill tested during the 2006 exploration program and five kimberlites were discovered. Two of the kimberlites proved to be diamond bearing.

In addition to the drilling conducted on the property in 2006, the airborne geophysical survey area was expanded to cover an additional 30% of the original 415,000 acre property. An interpretation of the data 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 in 2006 led to the discovery of 95 kimberlite float occurrences. Many of these float occurrences are associated with geophysical anomalies and form distinct “trains” parallel to the last direction of glacial ice. One float train was identified outside of the area where airborne geophysical surveying has been conducted, suggesting that kimberlites are widely distributed across the property.

Kimberlites occur in clusters or fields and the anomalies tested to date represent a fraction of the targets identified in the existing airborne geophysical data. In addition, the drill results are suggestive of the region’s potential for kimberlite bodies with large surface areas and substantial tonnage. This led to the decision to expand the Project with the acquisition of mineral claims totalling more than 272,000 acres, which brings the Project to its present size of 687,000 acres.

In February of 2007, Teck Cominco set the exploration budget for the field season at \$8.5 million. The main focus of the program was to expand the airborne geophysical coverage to areas where kimberlite indicator minerals and float were recovered in 2006 and to mount an aggressive drilling campaign, testing a minimum of 30 new targets on the property. Heavy mineral sampling and prospecting was also planned for the mineral claims that were acquired in 2006 and incorporated into the Option Agreement.

The drilling program was conducted over the course of three months and tested a total of 32 new geophysical targets. This led to the discovery of four new kimberlite bodies on the property, bringing the total to nine. The discoveries made have expanded the breadth of the kimberlite field on the property and reinforced the belief that there are many more kimberlites to be discovered at Darby. Samples of the new kimberlites were shipped to an independent laboratory for diamond analysis and results were received in November. Thirteen diamonds were recovered from a 171.6 kg sample of the DR042 kimberlite with the two largest stones greater than 0.15mm in two dimensions. A 278.7 kg sample from the DR034 kimberlite produced two diamonds and one diamond was recovered from a 66.9 kg of the DR093 kimberlite. No diamonds were recovered from a 109.4 kg sample of the DR036 kimberlite. Finally, a 411.8 kg sample from a previously

untested portion of the 11 hectare Iceberg kimberlite yielded 10 diamonds, with the largest stone exceeding 0.3 mm in two dimensions.

A 16,000 line-km airborne geophysical survey began in early June expanding the existing coverage to the whole of the original property. Preliminary interpretations of the data identified numerous new targets, of which one was tested and confirmed kimberlite. A detailed evaluation of the new data will be conducted over the coming months and targets will be selected for the 2008 drill program.

A heavy mineral sampling and prospecting program was also conducted on the property. This program focused primarily on the new mineral claims that were acquired in 2006 and incorporated into the Darby Project. Results from the 2007 program will guide the scope of the 2008 exploration program on this area of the property.

In January of 2008, partner Teck Cominco Limited announced that it had set a budget of \$2.1 million for the Darby Project for the year. Details of the exploration program will be announced once all of the data from 2007 has been received and evaluated.

### **Barrow Project**

The Barrow Project is comprised of 110,000 acres of mineral claims 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 at Barrow 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 process 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 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, drilling is required to determine this.

A ground geophysical crew mobilised to the property in early May 2007. Surveys were conducted over 27 airborne geophysical targets and eleven high-priority targets and numerous lower priority targets were identified. Based on these results, a multi-phase drill program was planned with the first phase testing land-based targets in 2007 and the second phase testing a combination of land and lake based targets in early 2008.

The first phase of drilling commenced in mid-September and was completed in early October. During the program, five targets were tested but no kimberlites were discovered. The Company remains confident that there are diamond bearing kimberlites on the property and is committed to the second phase of drilling in 2008.

Indicator has set a \$1.3 million budget for the Barrow Project for 2008. The program will include the collection of detailed magnetic data over selected areas of the property. In addition, a two

stage drill program will be conducted. The first stage of drilling, scheduled to commence in the spring, is designed to test previously identified targets located within lakes which must be drilled from ice. The second stage of drilling, planned for the summer months, will focus on following up land based targets identified in the detailed airborne magnetic survey that is scheduled to start prior to phase one of drilling.

### **Grail Project**

The Grail Project (a combination of the Sanagak and Mayo Projects) 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 3 km 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 is adjacent to the eastern boundary of the prospecting permits. Heavy mineral samples were collected on the open ground to the east of the Grail 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 had been identified in previous sampling campaigns. Results from last year's work isolated an area where the company believes kimberlite sources may exist.

The 2007 exploration program included a detailed airborne geophysical survey over a small portion of the project thought to be the source area for one of the indicator mineral anomalies. Several anomalies were selected from the preliminary airborne data to be surveyed with ground geophysics. Finally, a summer program of heavy mineral sampling was conducted to further delineate the areas where kimberlite indicator minerals have been recovered.

### **Borden Project**

The Borden Project is located on the Borden Peninsula of Baffin Island and includes approximately 389,000 acres of prospecting permits. Indicator acquired an option on Borden in 2004 from Committee Bay Resources Ltd. and can earn up to 70% of the diamond rights to the project.

High interest kimberlite indicator minerals were identified on the property through heavy minerals sampling programs in 2004 and 2005. Subsequent sampling programs conducted in 2006 and 2007 have isolated an area on the property believed to contain the kimberlite sources. Plans for 2008 include flying the area believed to host the kimberlites with the goal of bring the property to the drill ready stage by the end of the calendar year.

### **Nunavut Regional Projects**

Indicator acquired two new regional projects in Nunavut in 2007 and 2008. The Dorset project is located on the Foxe Peninsula of Baffin Island. Dorset is composed of 24 prospecting permits obtained in February 2007 and 2008. Regional samples were collected on the permits issued in 2007 and the recovery of kimberlite indicator minerals prompted the acquisition of the additional Permits in February 2008.

The second regional project, Indigo, was acquired in February 2008 and is located approximately 200km south west of Darby. The permits were selected by Indicator's technical team based on generative work carried out in 2007. The Indigo property is composed of thirty-two contiguous permits, totalling 1.22 Million acres.

Indicator also collected heavy minerals samples on the TIM, Kellett and Sheppard Projects in 2007. Results obtained from the samples collected on Sheppard led to the expansion of that project. Results from the TIM and Kellett sampling are expected before the end of April and will determine the program undertaken in summer 2008.

## **Risks and Uncertainties**

### ***Exploration Stage Company***

Indicator is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. All of its properties are in the early stages of exploration and are without known deposits of diamonds. Development of Indicator's properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that Indicator's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, that it can be commercially mined.

### ***Mineral Exploration and Development***

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral deposit or orebody may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof, cannot be accurately predicted but could have an adverse impact on Indicator.

### ***Mining Operations and Insurance***

Mining operations generally involve a high degree of risk. Indicator's operations are subject to all of the hazards and risks normally encountered in mineral exploration and development. Such risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, flowing and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, political unrest and in the case of diamonds, theft of production. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. Indicator does not currently carry insurance against these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or acceptable terms. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may cause substantial delays and require significant capital outlays.

### ***No Operating History and Financial Resources***

Indicator does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its existing cash resources following the private placements will be sufficient to cover its projected funding requirements for the ensuing year. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. Additional funds will also be required for Indicator to acquire and explore other mineral interests. Indicator has limited financial resources and there is no assurance that sufficient additional funding will be available to it fulfill its obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause Indicator to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

### ***Government Regulation***

The current or future operations of Indicator, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various foreign federal, state and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. There can be no assurance, however, that Indicator will obtain on reasonable terms, or at all, the permits and approvals, and the renewals thereof, which it may require for the conduct of its current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which Indicator may undertake. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays to Indicator's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### ***Competition***

The mineral exploration and mining business is competitive in all of its phases. Indicator will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. Indicator's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that Indicator will be able to compete successfully with others in acquiring such prospects.

### ***Title to Property***

Many of Indicator's properties are held in the names of others. Indicator has taken precautions to ensure that legal titles to its property interests are properly recorded. There can be no assurance that Indicator will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments in the jurisdictions in which the properties are situated will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. Third parties may have valid claims underlying portions of Indicator's interests and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that Indicator may lose all or part of its interest in the properties to which such defects relate.

### ***Environmental Risks and Hazards***

All phases of Indicator's operations will be subject to environmental regulation in the jurisdictions in which it intends to operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which Indicator holds interests or on properties that will be acquired which are unknown to Indicator at present and which have been caused by previous or existing owners or operators of the properties.

### ***Commodity Prices***

The price of Indicator's securities, its financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of precious or base minerals. Precious or base minerals prices fluctuate widely and are affected by numerous factors beyond Indicator's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of precious or base metals has fluctuated widely in recent years, and future serious price declines could cause continued development of Indicator's properties to be impracticable.

Further, reserve calculations and life-of-mine plans using significantly lower precious or base minerals prices could result in material write-downs of Indicator's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### ***Price Volatility and Lack of Active Market***

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for Indicator's securities will be subject to such market trends and that the value of such securities may be affected accordingly. There is currently no market through which the securities of Indicator can be sold and there can be no assurance that one will develop or be sustained. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price under the Private Placement.

### ***Key Executives***

Indicator will be dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of Indicator are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of Indicator, the loss of these persons or Indicator's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. Indicator does not currently carry any keyman life insurance on any of its executives. The directors and officers of Indicator will only devote part of their time to the affairs of Indicator.

### ***Potential Conflicts of Interest***

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

### ***Dividends***

Indicator has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of Indicator and will depend on Indicator's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of Indicator deem relevant.

### ***Nature of the Securities***

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Company's securities should not constitute a major portion of an investor's portfolio.

### **Proposed Transactions**

At the present time, there are no proposed transactions that are required to 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 Statement of Loss and Deficit and Schedule of Resource Property Costs contained in its audited Financial Statements for November 30, 2007 that is available on Indicator's website at [www.indicatorminerals.com](http://www.indicatorminerals.com) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com).

## Outstanding Share Data

Indicator's authorized capital is unlimited common shares without par value. As at March 13, 2008, the following common shares, options and share purchase warrants were outstanding:

|  | # of Shares       | Exercise Price | Expiry Date        |
|--|-------------------|----------------|--------------------|
| Issued and Outstanding Common Shares at March 13, 2008 | 59,941,702        |                |                    |
| Warrants   |                   |                |                    |
| Share purchase warrants                                | 4,683,500         | \$0.75         | May 15, 2008       |
|  | 3,000,000         | \$1.25         | December 28, 2008  |
| Agents Warrants  | 420,000           | \$0.75         | December 28, 2008  |
| 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     |
|  | 805,000           | \$0.32         | October 23, 2010   |
|  | 100,000           | \$0.275        | December 19, 2010  |
|  | 380,000           | \$0.58         | April 11, 2011     |
|  | 125,000           | \$0.50         | May 31, 2011       |
|  | 837,500           | \$0.75         | August 2, 2011     |
|  | 25,000            | \$0.79         | October 1, 2011    |
|  | 150,000           | \$0.40         | November 20, 2011  |
|  | 275,000           | \$0.45         | March 13, 2012     |
|  | 1,000,000         | \$0.40         | September 19, 2012 |
|  | 200,000           | \$0.25         | February 28, 2013  |
| Fully Diluted at March 13, 2008                        | <b>73,992,202</b> |                |                    |

## Transactions with Related Parties

During the year ended November 30, 2007, the Company incurred expenditures which were recoverable from Teck Cominco under the Darby property agreement totaling \$2,129 (2006 – \$546,807) from a company with a common director. Also during the year, the Company incurred management fees of \$52,500 (2006 – \$82,203) from an unincorporated entity controlled by a director and \$21,000 (\$19,000) from a private company controlled by a director.

In addition, during the year ended November 30, 2007, the Company incurred \$68,580 (2006 - \$83,534) in geological consulting fees, \$1,000 in acquisition costs, \$19,000 in Airborne Geophysics and \$80,653 (2006 - \$157,046) in Fieldwork capitalized to resource property costs, \$41,626 (2006 - \$85,033) in expenditures which were recoverable Teck Cominco under the Darby property agreement, \$26,913 office and conference expenditures and \$11,685 in consulting fees from companies controlled by directors of the Company.

Of these amounts \$13,633 was unpaid at November 30, 2007 (2006 – \$148,297).

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.

158,500 of the shares issued on the exercise of share purchase warrants during the year were to directors and officers of the Company.

725,000 of the options granted in September 2007, 150,000 of the options granted in March 2007, 150,000 of the options granted in November 2006, 675,000 of the options granted in August 2006, and 125,000 of the options granted in June 2006 were to directors and officers of the Company.

**Commitments:**

a) Lease Commitment:

On October 5, 2007 the Company entered into a sub-lease agreement for office premises to be effective December 1, 2007, for 16 months. The monthly lease payments include rent, operating costs and property taxes. Minimum payments are as follows:

|                      |           |
|----------------------|-----------|
| To November 30, 2008 | 58,155    |
| To March 30, 2009    | 19,385    |
|                      | \$ 77,540 |

On May 25, 2005, the Company entered into an operating lease for office premises to be effective July 1, 2005, for 36 months. The monthly lease payments include rent, operating costs and property taxes. Minimum payments are as follows:

|                  |           |
|------------------|-----------|
| To June 30, 2008 | 24,198    |
|                  | \$ 24,198 |

**Accounting Policies and Changes to Prior Year:**

Effective January 1, 2007, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") accounting standards:

**Section 1530 – Comprehensive Income**

This new standard requires the presentation of comprehensive income and its components and the inclusion of accumulated other comprehensive income as a component of shareholders' equity. Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders. Other comprehensive income includes items that would not normally be included in net earnings until realized, such as cumulative translation adjustments resulting from the translation of foreign currency denominated financial statements to US dollars using the current rate method and unrealized gains or losses on available-for-sale securities. Other comprehensive income is presented as a new category of shareholder's equity on the balance sheet and included a \$2,500 restatement of opening deficit and other accumulated comprehensive income related to a change in market value of marketable securities as at January 1, 2007.

**Section 3855 – Financial Instruments – Recognition and Measurement**

This new standard requires that all financial instruments are classified as one of the following: held-to-maturity investments, loans and receivables, available-for-sale, held for trading or other financial liabilities. Financial assets and liabilities held for trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to maturity, loans and receivables and financial liabilities other than those held for trading are measured at amortized cost, and interest is calculated using the effective interest method. Available-for-sale instruments

are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits the designation of any financial instrument as held for trading upon initial recognition. The Company has not optionally designated any financial instruments as available-for-sale or held for trading.

All derivative instruments, including certain embedded derivatives that are required to be separated from their host contracts, are recorded on the balance sheet at fair value and mark-to-market adjustments on these instruments are included in net income. Under the transitional provisions for the standard, only embedded derivatives in instruments acquired or substantively modified on or after January 1, 2003 are required to be considered for recognition and measurement.

All other financial instruments are recorded at cost or amortized cost, subject to impairment assessments. Interest is calculated using the effective interest method.

Transaction costs incurred to acquire or issue financial instruments are included in the initial carrying amount of the relevant financial instrument.

Where a financial asset classified as held-to-maturity or available-for-sale has a loss in value which is considered to be other than temporary, the financial asset is written down to recognize the loss by a charge to earnings.

### **Section 3865 – Hedges**

This new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed for each of the permitted hedging strategies: fair value hedges, cash flow hedges and hedges of foreign currency exposure of a net investment in self-sustaining foreign operations. The Company has not designated any instruments as hedges.

### **Section 1506 – Accounting Changes**

In 2006, the CICA issued Handbook Section 1506 – Accounting Changes. The new standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimates, disclosure of enacted but not yet effective accounting policies and correction of errors, replacing former CICA Handbook Section 1506.

## **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, restricted cash, marketable securities, GST receivable and payable, 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.

### **Critical Accounting Estimates**

The Company's accounting policies are presented in note 3 of the November 30, 2006 audited financial statements. The preparation of financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. These include:

- the carrying values of mineral properties; and
- the valuation of stock-based compensation expense.

#### ***Mineral properties and deferred exploration costs***

The Company records its interest in mineral properties at cost. Resource exploration and development costs are capitalized on an individual area of interest basis until such time as an economic resource body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the reserves, while costs for the prospects abandoned are written off.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. When it is determined that a mineral property is impaired, it is written down to its estimated fair value.

Management's estimates of mineral prices, mineral resources, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of deferred mineral property costs. Although management has made its best estimate of these factors, it is possible that material changes could occur which may adversely affect management's estimate of the net cash flows expected to be generated from its properties.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to continue operations and to complete the development and upon future profitable production or proceeds from the disposition thereof. The discovery or establishment of adequate reserves is dependent on successful exploration. Competition for exploration resources at all levels is currently very intense, particularly affecting availability of manpower, drill rigs and helicopters. As a result of this, and other factors inherent in exploration, the Company has uncertainty that it will be able to carry out its planned exploration programs.

#### ***Stock-based compensation expense***

From time to time, the Company may grant share purchase options to directors, employees, and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model, and other models which are used to value options, require inputs such as expected volatility, expected life to exercise, and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation recorded in a period.

## Disclosure Controls and Procedures

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, is made known to management by others within those entities, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the year ended November 30, 2007 in accordance with Canadian Generally Accepted Accounting Principles. There has been no change in the Company's disclosure controls and procedures or in the Company's internal control over financial reporting that occurred during the most recently completed quarter that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at November 30, 2007. Based on this evaluation, it was determined that certain weaknesses existed in internal controls over financial reporting. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is compensated for by senior management monitoring which exists. The Company is continually taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting.

## Approval

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

## Additional Information

Additional Information relating to Indicator is on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting:

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Attention: Bruce Counts, President and Chief Executive Officer

/s/ "Bruce Counts"  
Bruce Counts  
President and Chief Executive Officer

/s/ "Christopher Twells"  
Christopher Twells  
Chief Financial Officer