

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

Containing information up to and including July 25, 2007

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, 2006 and the related Annual Management Discussion and Analysis (“Annual MD&A”) dated March 9, 2007. 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 six months ended May 31, 2007 together with the notes thereto. The interim financial statements for the six months ended May 31, 2007 have been 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 4.3 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. 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 period ended May 31, 2007:

Financing and Corporate

- During the period a total of 1,185,131 share purchase warrants were exercised for proceeds of \$518,809 and 225,000 stock options were exercised for cash proceeds of \$69,750.
- Ascenta Capital Partners Inc.'s contract was terminated effective February 13, 2007 at which point 150,000 unvested stock options at an exercise price of C\$0.79 per share expiring October 1, 2011 were cancelled. 50,000 vested stock options exercisable at \$0.79 per share expiring October 1, 2011 were cancelled without exercise 30 days after the cancellation of the investor relations contract.

- The Company granted a total of 275,000 stock options to directors, employees, and consultants exercisable at \$0.45 per option, expiring March 13, 2012.
- During the period 239,476 share purchase warrants expiring January 26, 2007, 480,000 share purchase warrants expiring March 15, 2007, 5,000 share purchase warrants expiring April 1, 2007, and 320,648 share purchase warrant expiring May 15, 2007 expired without exercise.

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 specific to those properties that the Company feels have significant diamond potential. Thus, the Company relinquished its right to earn an interest in the diamond rights to the other properties covered by the original option agreement that are not covered in the 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 shortfall. 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 the 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.

Exploration

- In February 2007, the Company was notified that Teck Cominco Limited ("Teck Cominco") had set a budget of \$8.5 million for the 2007 exploration program on the Company's Darby Project in Nunavut.

Subsequent to the six month period ended May 31, 2007:

- The Company completed a brokered private placement. The private placement consisted of 6,000,000 flow-through units at a price of \$0.70 per unit for total gross proceeds of \$4,200,000, of which \$490,481 was allocated to the fair value of the warrants issued on a prorated basis. Each flow through unit consists of one flow-through share and one-half of one transferable non flow-through share purchase warrant entitling the

holder to purchase one common share at \$1.25 per share until December 28, 2008. Agent's fees totalled \$317,710 and an aggregate of 420,000 agent's warrants were issued. The agent's warrants entitle the holder to purchase one common share at \$0.75 to December 28, 2007.

The Company's net loss for the six months ended May 31, 2007, totalled \$449,415 or \$0.01 per share. The net loss is after provision for future income tax recovery of \$382,173 (May 31, 2006 – loss \$381,533 or \$0.01 loss per share). The future income tax recovery of \$382,173 (2006 - \$390,845) resulted from the utilization of the Company's future income tax assets to offset future tax liabilities (Note 13 to the audited November 30, 2006 year end financial statements contains the summary of these future income tax assets). Total assets decreased from \$8,796,215 as at November 30, 2006 to \$8,060,542 as at May 31, 2007. Capitalized resource property costs increased from \$5,476,456 as at November 30, 2006 to \$5,570,931 as at May 31, 2007. The Company's cash and cash equivalents increased from \$848,027 as at November 30, 2006 to \$1,031,178 as at May 31, 2007, due primarily to the collection of the cash calls receivable at November 30, 2006 from Teck Cominco. At May 31, 2007 there were cash calls receivable from Teck Cominco of \$684,650 (November 30, 2006 - \$1,947,802) relating to the exploration work on the Darby Property performed and funded by the Company, which are to be 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 six months ended May 31, 2007 a total of \$667,868 of resource property costs were recovered, \$762,343 were capitalized and \$45,892 of 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 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 diamond deposit.

At this time, the Company is not anticipating profit from its operations. Until such time as the Company is able to realize profits from the production and marketing of commodities from its mineral interests, 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 its mineral properties.

Six Months Ended May 31, 2007

Net loss for the six months ended May 31, 2007 was \$449,415 or \$0.01 per share, after provision for future tax recovery of \$382,173 against loss from operations of \$833,626; before operators fees of \$29,629, interest income of \$17,705 and write-off of resource property costs of \$45,892 (May 31, 2006, Net Loss - \$381,533 after future income tax recovery of \$390,845 or \$0.01 per share).

Operating expenses for the six months ended May 31, 2007 totalled \$833,626 (2006 - \$625,611). The increase in operating expenses, after excluding stock-based compensation expenses of \$131,465 (2006: \$217,667) was 72% of the 2006 expenses, resulting primarily from increased conferences and meetings, office and administration and wages and consulting expenses of the Company during the current period. Significant operating expenditures are as follows:

- Wages and consulting fees of \$262,814 (2006 - \$103,705). The increase was primarily due to an increase in existing staff salaries, the addition of full time office support staff, and full time geological staff.
- Conference and meetings expenses of \$175,701 (2006 - \$94,306). The current year included travel and other costs for technical conferences held in Africa, Toronto and Vancouver for several staff, and geological consultants.
- Advertising and promotions of \$81,203 (2006 - \$71,283). The Company engaged in an advertising campaign to expand its profile.
- Professional fees of \$59,410 (2006 - \$51,640) resulting from the fees incurred during the audit of the November 30, 2006 year end and the ongoing legal and accounting fees incurred in the day to day operations of the Company.

All other operating costs, excluding stock-based compensation and amortization during the period ended May 31, 2007, were comparable to the 2006 year. These other operating expenses totalled \$104,358 (2006 - \$77,202) representing just 13% (2006 - 12%) of total operating expenses including corporate listing and filing fees, investor relations expenses, office and administration, rent and transfer agent fees.

Three Months Ended May 31, 2007

Net loss for the three months ended May 31, 2007 was \$494,856 or \$0.01 per share, after operators fees of \$23,479, interest income of \$8,586 and write-off of resource property costs of \$28,845 (May 31, 2006, Net Loss - \$379,996 or \$0.01 per share).

Operating expenses for the three months ended May 31, 2007 totalled \$498,672 (2006 - \$419,175). The increase in operating expenses, after excluding stock-based compensation expenses of \$119,029 (2006: \$185,094) was 62% of the 2006 expenses, resulting primarily from the increased advertising and promotion, professional fees and staff expenses of the Company during the current period. Significant operating expenditures are as follows:

- Wages and consulting fees of \$153,825 (2006 - \$55,569). The increase was primarily due to an increase in existing staff salaries, including, the addition of full time office support staff, and full time geological staff.
- Advertising and promotions of \$12,688 (2006 - \$45,402). The Company terminated its contract with Ascenta Capital Partners Inc.'s effective February 13, 2007 and reduced its advertising and promotions expenditures at the same time.

- Conference and meetings expenses of \$115,785 (2006 - \$49,309). The current period included travel and other costs for technical conferences held in Africa, Toronto and Vancouver for several staff, and geological consultants.
- Professional fees of \$35,233 (2006 - \$38,517) resulting from the ongoing legal and accounting fees incurred in the day to day operations of the Company.
- Office and administration expenditures of \$22,367 (2006 - \$8,948) resulting from the ongoing costs incurred in the day to day operations of the Company.

All other operating costs, excluding stock-based compensation and amortization during the period ended May 31, 2007, were comparable to the 2006 year. These other operating expenses totalled \$28,824 (2006 - \$29,837) representing just 6% (2006 – 7%) of total operating expenses including corporate listing and filing fees, investor relations, rent and transfer agent fees.

Selected Annual Financial Information

Selected audited financial data for annual operations of Indicator during the years ended November 30, 2006, 2005 and 2004:

Year ended	Nov 2006	Nov 2005	Nov 2004
Current assets and GIC	\$ 2,874,123	\$ 1,182,849	\$ 1,392,420
Resource properties and deposit	\$ 5,476,456	\$ 4,801,385	\$ 5,007,016
Property and equipment	\$ 103,882	\$ 45,196	\$ 19,116
Total Assets	\$ 8,796,215	\$ 6,590,125	\$ 6,590,125
Current liabilities	\$ 933,998	\$ 450,785	\$ 612,967
Total revenue	\$ 0	\$ 0	\$ 0
Net loss	\$(3,057,286)	\$(2,500,772)	\$(1,154,584)
Basic loss per share	\$ (0.06)	\$ (0.09)	\$ (0.08)
Weighted Avg. shares	44,739,380	28,555,625	14,614,217

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 Company for the quarter ended May 31, 2007 and the previous seven quarters.

	May 31 07	Feb 28 07	Nov 30 06	Aug 31 06	May 31 06	Feb 28 06	Nov 30 05	Aug 31 05
Current assets	2,025,929	2,303,467	2,874,123	3,097,952	3,861,766	598,344	1,182,849	2,156,185 ¹
Resource properties and permits and bond	5,576,892	5,113,167	5,476,456	6,291,822	5,744,993	5,742,699	5,362,080	6,694,168
Current liabilities	304,268	256,718	933,998	550,285	247,541	108,543	450,785	219,526
Loss from operations	(498,672)	(334,954)	(390,102)	(831,927)	(419,175)	(206,436)	(467,460)	(108,035)
Write-off of resource property costs	(28,844)	(17,047)	(1,386,453)	(216,997)	(21,183)	(186,994)	(2,453,167)	(1,420)
Net income (loss) – before error correction	(494,856)	45,441	(1,722,994)	(976,759)	(379,996)	(1,537)	(2,235,230)	14,088*
Basic income (loss) per share – before error correction	0.01	0.00	(0.04)	(0.02)	(0.01)	(0.00)	(0.08)	0.00
Revised Net income (loss)	(494,856)	45,441	(1,722,994)	(979,759)	(379,996)	(1,537)	(2,196,814)	(69,904)
Revised Basic income (loss) per share	0.01	0.00	(0.04)	(0.02)	(0.01)	(0.00)	(0.08)	(0.00)
Weighted Avg. Shares	49,590,330	49,036,665	44,739,380	48,302,476	41,972,472	38,751,526	28,555,625	28,019,744

Note:

*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.

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 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 cash inflows from operations as it has no source of revenue. At May 31, 2007, the Company had working capital of \$1,728,217 (November 30, 2006 - \$1,940,125).

Cash and cash equivalents totalled \$1,031,178 as at May 31, 2007 (November 30, 2006 - \$848,027)

Six months ended May 31, 2007

Cash and cash equivalents increased by \$183,151 during the six months ended May 31, 2007 from \$848,027 as at November 30, 2006 to \$1,031,178.

Cash utilized in operating activities during the six months ended May 31, 2007 was \$635,556 (2006 - \$334,042) 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 \$760,065 for 2007 (2006 - \$526,637). The increase in cash used in operating activities is a result of the increased level of prepaid expenses the company made during the period, as well as increased levels of GST refunds, and the increased level of operating expenditures.

Cash flows from investing activities during the six months ended May 31, 2007 totalled \$354,657 (2006 - a use of \$1,512,050). The investing activities were as follows: recovery of exploration costs on resource properties of \$667,868 (2006 - Nil), utilization of \$278,667 for resource property exploration (2006 - \$1,892,796), \$44,274 utilized for the purchase of equipment (2006 - \$60,328), decrease (refunds in excess of expenditure) from prospecting permits of \$9,730 (2006 - \$324,998).

During the six months ended May 31, 2007, the Company's cash flows from financing activities, being proceeds from share issuance totalled \$588,559 (2006 - \$3,911,387).

At May 31, 2007, the Company's investment in resource properties aggregated \$5,570,931 (November 30, 2006 - \$5,476,456), prospecting permits totalled \$332,024 (November 30, 2006 - \$341,754) and equipment, net of amortization, was \$129,481 (November 30, 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 May 31, 2007, share capital of \$12,659,284 comprised of 50,389,246 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 \$2,943,626 (November 30, 2006 - \$2,867,328).

As a result of the net loss for the period of \$449,415, the deficit at May 31, 2007 increased to \$7,849,842 from \$7,402,842 at November 30, 2006. Accordingly, shareholders equity was \$7,760,653 as compared to \$7,862,217 at November 30, 2006.

Three months ended May 31, 2007

Cash and cash equivalents decreased by \$221,792 during the three months ended May 31, 2007 from \$1,252,970 as at February 28, 2007 to \$1,031,178.

Cash utilized in operating activities during the three months ended May 31, 2007 was \$336,061 (2006 - \$167,220) 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 \$516,237 for 2007

(2006 - \$384,199). The increase in cash used in operating activities is a result of the increased level of prepaid expenses made by the company during the period, as well as the increased level of GST refunds, and the increased level of operating activities.

Cash utilized for investing activities during the three months ended May 31, 2007 totalled \$216,242 (2006 – \$718,396). The investing activities were as follows: utilization of \$199,693 for resource property exploration (2006 - \$1,049,277), \$25,762 utilized for the purchase of equipment (2006 - \$53,869), decrease (refunds in excess of expenditure) from prospecting permits of \$9,213 (2006 - \$268,674).

During the three months ended May 31, 2007, the Company's cash flows from financing activities, being proceeds from share issuance totalled \$510,687 (2006 – \$3,335,012).

At present, the Company's operations do not generate cash inflows 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. The Company's spending commitments to keep its mineral property permits in good standing with the Nunavut government are \$388,715 before November 30, 2007.

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

Field operations were initiated on three of Indicator's exploration properties during the second quarter of 2007. Teck Cominco mobilised equipment and supplies to the Darby Project and launched an \$8.5 million exploration program. A ground geophysical program was completed on the Barrow Project and airborne geophysical surveys commenced over specific areas of the Grail Project.

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 with Teck Cominco granting it the option to earn an interest in the Project (the option agreement). 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 tested with drilling 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 had 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 current field season at \$8.5 million. The main focus of the program is 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 that will test a minimum of 30 new targets on the property. Heavy mineral sampling and prospecting will be conducted on the mineral claims that were acquired in 2006 and incorporated into the Option Agreement.

Crews mobilised to the Darby Project in mid-April and immediately began the construction of an airstrip capable of landing a Hercules transport plane. Over the course of the following five weeks, equipment and supplies were brought to the property in preparation for the exploration season.

A 16,000 line-km airborne geophysical survey began in early June and will expand existing coverage to areas of the property where kimberlite indicator minerals and boulders have been recovered. Ground geophysical surveys over high-interest airborne targets were initiated in the last week of May and will continue for the duration of the program. Ground surveys provide added detail about the size, shape and position of an airborne target.

Drilling commenced in June and will continue until the end of the 2007 program in late September. To date two new kimberlites have been discovered and an additional hole has been drilled into an untested section of the largest kimberlite drilled in 2006. Samples of the new kimberlites have been shipped to an independent laboratory for diamond analysis and results are expected in the autumn.

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 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 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.

A ground geophysical crew was mobilised to the property in early May 2007. Surveys were conducted over 27 airborne geophysical targets and eleven high-priority targets that warrant drill testing were identified. A crew will be deployed to the property in early August to prospect the most compelling geophysical targets and a drill program is planned for later in the month.

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 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 have isolated an area where the company believes kimberlite sources may exist.

The 2007 exploration program commenced in early June and includes airborne geophysical surveys over areas where kimberlite indicator minerals have been recovered. This will be followed with a ground geophysical program covering the most compelling targets identified in the flying. Finally, a summer program of heavy mineral sampling will be conducted to further delineate the areas where kimberlite indicator minerals have been recovered.

Nunavut Regional Projects

Regional heavy mineral sampling will continue on early stage exploration projects located throughout the Nunavut Territory. Results from heavy mineral samples collected in 2006 indicate that the Borden Project, located on Baffin Island as well as the Kellett and TIM properties warrant further investigation. Additional heavy mineral samples will be collected on all of these projects in July and August 2007. Results from these samples will be used to determine if and where airborne geophysical surveying is warranted.

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 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, 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 July 25, 2007, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares at July 25, 2007	56,389,246		
Warrants			
Share purchase warrants	1,644,000	\$0.35	August 12, 2007
	3,802,217	\$0.35	August 25, 2007
	4,683,500	\$0.65/\$0.75	November 15, 2007
	6,000,000	\$1.25	December 28, 2008
Agents Warrants	420,000	\$0.75	December 28, 2007
Incentive 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
Fully Diluted at July 25, 2007	77,685,963		

Transactions with Related Parties

There were no significant transactions with related parties during the quarter.

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 payments are as follows:

2007	31,111
2008	24,198
	\$ 55,309

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:

2007	\$ 95,770
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**One of the consulting contracts also contains a potential payment of up to \$51,000 for termination.

Accounting Policies and Changes to Prior Year:

During the period ended May 31, 2007, the Company adopted the new accounting recommendations of the Canadian Institute of Chartered Accountants for the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income effective for the current fiscal year. This requires that all non-derivative financial assets be measured at fair value with changes in fair value of available-for-sale marketable securities disclosed in other comprehensive income. Since this is the first year in which this policy has been applied, the opening balance of accumulated other comprehensive income includes the difference between cost and fair value for marketable securities at the end of the previous fiscal year. The current quarter's gains or losses in value are recognized in other comprehensive income.

When securities are sold and gains or losses are realized, these gains or losses will be removed from other comprehensive income and reported in the Statement of Loss and Deficit. The transition provisions do not require restatement of previous financial statements. The fair values of securities which are traded on a recognized exchange are reported at the closing price on the balance sheet date or the last date on which the shares traded. When the Company's holdings exceed 20 days of average trading volume, appropriate discounts from closing price will be applied to reflect the net realizable market value.

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, 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 six months ended May 31, 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 May 31, 2007. Based on this evaluation, it was determined that certain weaknesses existed in internal controls over financial reporting. In addition, the Company has not fully completed its review and evaluation of the design of internal control over financial reporting as envisioned under 52-109. The Company expects to complete its assessment in fiscal 2007. 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 to be mitigated by senior management monitoring which exists. The Company is 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 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 or by contacting:

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

/s/ "Stuart Peterson"
Stuart Peterson
Chief Financial Officer