

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

Containing information up to and including April 28th, 2008

**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, 2007 and the related Annual Management Discussion and Analysis (“Annual MD&A”) dated March 28th, 2008. 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 three months ended February 29, 2008 together with the notes thereto. The interim financial statements for the three months ended February 29, 2008 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 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 three month period ended February 29, 2008:

***Financing and Corporate***

- 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.

***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***

- 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. These permits include the new Indigo Project, comprising 1.22 million contiguous acres approximately 200km south west of the Darby Project.

**Subsequent to the three month period ended February 29, 2008:**

- 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 the Company's share of diamond production at a commission of 5%
  - A Net Profits Interest (NPI) equal to 5% of the Net Profits, calculated and payable on projects put into production

**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 income for the three months ended February 29, 2008, totalled \$1,106,020 (February 28, 2007 – 45,441) or \$0.02 per share (February 28, 2007 - \$0.00). The net income is after provision for future income tax recovery of \$1,433,040 (February 28, 2007 – \$382,173) which resulted from the utilization of the Company's future income tax assets to offset future tax liabilities (Note 12 to the audited November 30, 2007 year end financial statements contains the summary of these future income tax assets). Total assets decreased from \$12,259,279 as at

November 30, 2007 to \$11,711,445 as at February 29, 2008. Capitalized resource property costs increased from \$7,178,510 as at November 30, 2007 to \$7,983,485 as at February 29, 2008 as a result of the recovery of additional costs from Teck Cominco. The Company's cash and cash equivalents decreased from \$2,938,090 as at November 30, 2007 to \$1,744,105 as at February 29, 2008, due primarily to the collection of the payment of accounts payable from November 30, 2007. At February 29, 2008 there were cash calls receivable from Teck Cominco of \$256,676 (November 30, 2007 - \$447,096) 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 three months ended February 29, 2008 a total of \$nil of resource property costs were recovered, \$804,795 were capitalized and \$nil 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 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 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.

### Three Months Ended February 29, 2008

Net income for the three months ended February 29, 2008 was \$1,106,020 or \$0.02 per share, after provision for future tax recovery of \$1,433,040 against loss from operations of \$358,781; before operators fees of \$999, and interest income of \$30,762 (February 28, 2007, Net income - \$45,441 after future income tax recovery of \$382,173 or \$0.00 per share).

Operating expenses for the three months ended February 29, 2008 totalled \$358,781 (2007 - \$334,954). The increase in operating expenses, after excluding stock-based compensation expenses of \$30,500 (2007: \$12,436) was 1.8% of the 2007 expenses, Significant operating expenditures are as follows:

- Wages and consulting fees of \$138,680 (2007 - \$108,989). The increase was primarily due to an increase in existing staff salaries and a full time geologist, hired in January 2008.
- Advertising and promotions of \$27,383 (2007 - \$68,515). The Company, at the urging of its Investor Relations Consultant, was engaged in an advertising campaign to expand its profile during 2007 but scaled back expenditures in 2008.
- Conference and meetings expenses of \$75,098 (2007 - \$59,916). These costs include travel and other costs for technical conferences held in Toronto and Vancouver for several staff, and geological consultants. The increase is due to more consultants and employees attending the conference.
- Professional fees of \$29,067 (2007 - \$24,177) resulting from the increased fees incurred during the audit of the November 30, 2007 year end and the ongoing legal and accounting fees incurred in the day to day operations of the Company.
- Investor relations recovery of \$6,604 (expense of 2007 - \$17,238). The change is a result of the Company's engagement of Ascenta Capital Partners Inc. to perform investor relations services beginning in October 2007 which was not incurred in 2008.
- Rent of \$20,538 (2007 - \$11,174). The change is a result of the Company moving its corporate office and having to pay rent for both locations during the period.
- Office and administration of \$26,562 (2007 – \$16,402). The increase is due to the move of the corporate office.

### **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 and deposit	\$ 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	\$ 933,998	\$ 450,785
<b>Total revenue</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net loss</b>	<b>\$(1,614,024)</b>	<b>\$(3,081,286)</b>	<b>\$(2,500,772)</b>
Basic loss per share	\$ (0.03)	\$ (0.07)	\$ (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 February 29, 2008 and the previous seven quarters.

	Feb 29 08	Nov 30 07	Aug 31 07	May 31 07	Feb 28 07	Nov 30 06	Aug 31 06	May 31 06
Current assets	3,245,299	4,628,447	6,238,495	2,025,929	2,303,467	2,874,123	3,097,952	3,861,766
Resource properties and permits and bond	7,983,485	7,510,534	5,971,250	5,576,892	5,113,167	5,476,456	6,291,822	5,744,993
Current liabilities	59,339	311,903	419,460	304,268	256,718	933,998	550,285	247,541
Loss from operations	(358,781)	(614,400)	(332,259)	(498,672)	(334,954)	(390,102)	(831,927)	(419,175)
Write-off of mineral interest	-	(19,661)	(326,025)	(28,844)	(17,047)	(1,386,453)	(216,997)	(21,183)
Net income (loss)	1,106,020	(566,571)	(598,038)	(494,856)	45,441	(1,722,994)	(976,759)	(379,996)
Basic income (loss) per share	0.02	(0.01)	(0.01)	(0.01)	0.00	(0.04)	(0.02)	(0.01)
Weighted Avg. Shares	59,941,702	53,575,880	55,299,195	49,590,330	49,036,665	44,739,380	48,302,476	41,972,472

## 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 February 29, 2008, the Company had working capital of \$3,185,960 (November 30, 2007- \$4,316,544).

Cash and cash equivalents totalled \$1,744,105 as at February 29, 2008 (November 30, 2007 – \$2,938,090)

### Three months ended February 29, 2008

Cash and cash equivalents decreased by \$1,193,985 during the three months ended February 29, 2008 from \$2,938,090 as at November 30, 2007 to \$1,744,105.

Cash utilized in operating activities during the three months ended February 29, 2008 was \$349,078 (2007 – \$90,249). The increase in cash used in operating activities is a result of the increased level of operations of the Company.

Cash flows from investing activities during the three months ended February 29, 2008 totalled a use of \$44,907 (2007 – a recovery of \$570,899). The investing activities were as follows: recovery of exploration costs on resource properties of \$nil (2007 – \$667,868), utilization of \$804,795 for resource property exploration (2007 - \$78,974), \$40,112 utilized for the purchase of equipment (2007 - \$18,512), decrease (refunds in excess of expenditure) from prospecting permits of \$nil (2007 - \$517).

During the three months ended February 29, 2008, the Company's cash flows from financing activities, being proceeds from share issuance totalled \$nil (2007 – \$77,872).

At February 29, 2008, the Company's investment in resource properties aggregated \$7,983,485 (November 30, 2007 - \$7,178,510), prospecting permits totalled \$332,024 (November 30, 2007 - \$332,024) and equipment, net of amortization, was \$150,637 (November 30, 2007 - \$120,298). 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 February 29, 2008, share capital of \$15,922,593 comprised of 59,941,702 issued and outstanding common shares (November 30, 2007 - \$17,355,633, comprising of 59,941,702 outstanding). Contributed Surplus which arises from the recognition of the estimated fair value of stock options and warrants was \$3,631,609 (November 30, 2007 - \$3,601,109).

As a result of the net income for the period of \$1,106,020, the deficit at February 29, 2008 decreased to \$7,908,346 from \$9,014,366 at November 30, 2007. Accordingly, shareholders equity was \$11,652,106 as compared to \$11,947,376 at November 30, 2007.

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 \$1,049,299 before November 30, 2008.

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**

### **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 bringing 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

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 dated March 28, 2008.

## 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 April 28, 2008, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares at April 28, 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
	360,000	\$0.58	April 11, 2011
	837,500	\$0.75	August 2, 2011
	25,000	\$0.79	October 1, 2011
	150,000	\$0.40	November 20, 2011
	175,000	\$0.45	March 13, 2012
	955,000	\$0.40	September 19, 2012
	200,000	\$0.25	February 28, 2013
Fully Diluted at April 28, 2008	<b>73,682,202</b>		

## Transactions with Related Parties

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

### 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, and accounts payable and accrued liabilities. 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, 2007 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 in the period in which they are abandoned.

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 three months ended February 29, 2008 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 February 29, 2008. 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 2008. 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. 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](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/ "Louis Blom"  
Louis Blom, CA  
Chief Financial Officer