

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

Containing information up to and including October 29, 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 August 31, 2008 together with the notes thereto. The interim financial statements for the three months ended August 31, 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 August 31, 2008:

Financing and Corporate

- On July 3, 2008 the Company announced that Mr. John Robins was elected to the Board of Directors of Indicator Minerals Inc.
- On July 8, 2008 the Company signed an agreement with Renmark Financial Communications Inc. to assist with its expansion of its investor relations and corporate communications activities. On August 25th, 2008, the Company completed a non-brokered private placement consisting of 1,275,000 flow-through units at a price of \$0.20 per unit for total gross proceeds of \$255,000, of which \$28,632 was allocated to the fair value of the warrants issued on a prorated basis. Each flow-through unit consists of one common share and one half of one non-transferable share purchase warrant entitling the holder to purchase one common share at \$0.30 per share until August 25, 2010. Agents fees and expenses relating to the issuance were paid in cash totalling \$17,500 and 87,500 agents warrants were issued which had a fair value of \$4,864. The agents warrants entitle the holder to purchase one common share at \$0.25 to August 25, 2010.

Property Agreements

- Indicator Minerals did not enter into any new Property Agreements in the third quarter of FY 2008.

Exploration

- An airborne magnetic survey was conducted on the Borden Project over an area believed to contain the sources of kimberlite indicator minerals recovered in previous heavy mineral sampling campaigns. Several high priority targets were identified in the preliminary data. A field geologist was dispatched to the project to prospect and collect heavy mineral samples immediately down-ice of the targets. Kimberlite boulders were discovered while investigating one of the targets, greatly increasing the confidence that kimberlites exist on the property. The Company in conjunction with its partner Committee Bay has converted 58,000 acres of permits to claims.
- Exploration on the Darby Project was initiated by partner, Teck Cominco Limited. A 16,000 line-km airborne survey was conducted on the project, completing coverage of the property with detailed Magnetic and Electromagnetic data. Three separate kimberlite boulder occurrences in two spatially separate areas were discovered by Teck Cominco while following-up geophysical targets identified in the preliminary airborne data. These discoveries increase the size of the Darby kimberlite field significantly and prompted Teck Cominco to increase the budget on the project from \$2.1 Million to \$2.5 Million. Diamond results from the boulders are expected in late 2008 or early 2009.
- In August Indicator initiated an airborne survey of an area of the Grail Project thought to host the sources of the kimberlite indicator minerals recovered on the property. Numerous kimberlite targets were identified in the preliminary data and the project is now considered ready for drilling.
- In late August, the Company mounted a drill program on the Nanuq North Project with partner Peregrine Diamonds Ltd. Five airborne geophysical targets were tested resulting in the discovery of the first kimberlite on the property. The kimberlite, NQN-001, is estimated to have a minimum surface area of 4.2 hectares. 850kg of kimberlite was recovered and 150kg were sent to the laboratory for diamond analysis. Diamond results are expected in late 2008 or early 2009.

Subsequent to the three month period ended August 31, 2008:

Subsequent to August 31, 2008 the Company completed the second tranche of its non-brokered private placement consisting of 250,000 flow-through units at a price of \$0.20 per unit for total gross proceeds of \$50,000. Each flow-through unit consists of one common share and one half of one non-transferable share purchase warrant entitling the holder to purchase one common share at \$0.30 per share for a period of 24 months. Agent's fees and expenses relating to the issuance were paid in cash totalling \$3,500 and 17,500 agents warrants were issued. The agents warrants entitle the holder to purchase one common share at \$0.25 to for a period of 24 months.

Financial Summary

The Company's net income for the three months ended August 31, 2008, totalled \$(313,786) (2007 - (598,038)), and for the nine months ended August 31, 2008, totalled \$430,061 (2007 - \$437,363). The net income is after provision for future income tax recovery of \$1,433,040 (August 31, 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 increased from \$12,259,279 as at November 30, 2007 to \$12,984,806 as at August 31, 2008. Capitalized resource property costs increased from \$7,178,510 as at November 30, 2007 to \$10,735,078 as at August 31, 2008. The Company's cash and cash equivalents

decreased from \$2,938,090 as at November 30, 2007 to \$1,592,464 as at August 31, 2008, due primarily to the payment of accounts payable related to the spring and summer field season. At August 31, 2008 there were cash calls receivable from Teck Cominco of \$67,092 (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 August 31, 2008 a total of \$nil resource property costs were recovered, \$1,523,775 were capitalized and \$nil resource property costs were written-off. During the nine month period ended August 31, 2008 a total of \$nil resource property costs were recovered, \$3,556,568 were capitalized and \$nil 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 August 31, 2008

Net loss for the three months ended August 31, 2008 was \$313,786 or \$0.01 per share, against loss from operations of \$325,798; before operators fees of \$nil, and interest income of \$12,012 (August 31, 2007, Net loss - \$598,038 or \$0.01 per share).

Operating expenses for the three months ended August 31, 2008 totalled \$325,798 (2007 - \$332,259). Significant operating expenditures are as follows:

- Wages and consulting fees of \$135,707 (2007 - \$103,610). The increase was primarily due to a difference in timing of field season activities from 2007.
- Conference and meetings expenses of \$38,080 (2007 - \$77,480). These costs include travel and other costs for technical conferences held in Toronto and Vancouver for several staff, and geological consultants. The decrease is due to lower investor relations related travel in the first part of 2008.

- Professional fees of \$46,109 (2007 - \$45,482) and have increased marginally from the prior year and relates to the ongoing legal and accounting fees incurred in the day to day operations of the Company.
- Rent of \$21,129 (2007 - \$11,415). The change is a result of the Company moving its corporate office and having to pay rent for both locations during the period.

Nine Months Ended August 31, 2008

Net income for the nine months ended August 31, 2008 was \$430,061 or \$0.01 per share, after provision for future tax recovery of \$1,433,040 against loss from operations of \$(1,058,219); before operators fees of \$999, and interest income of \$54,241 (August 31, 2007, Net loss - \$1,047,453 after future income tax recovery of \$382,173 or \$0.01 per share).

Operating expenses for the nine months ended August 31, 2008 totalled \$1,058,219 (2007 - \$1,165,885). The decrease in operating expenses was 26% of the 2007 expenses. Significant operating expenditures are as follows:

- Wages and consulting fees of \$406,301 (2007 - \$366,424). 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 \$68,132 (2007 - \$103,225). The Company was engaged in an advertising campaign to expand its profile during 2007 but scaled back expenditures in 2008.
- Conference and meetings expenses of \$179,718 (2007 - \$253,181). These costs include travel and other costs for technical conferences held in Toronto and Vancouver for several staff, and geological consultants. The decrease is due to less investor relations related travel in first part of 2008.
- Professional fees of \$117,864 (2007 - \$104,892) 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 of \$54,468 (expense of 2007 - \$61,654). The decrease is a result of less investor relations activities being performed in the first part of 2008.
- Rent of \$63,353 (2007 - \$32,608). 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 \$82,565 (2007 - \$61,993). 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:

Year ended	Nov 2007	Nov 2006	Nov 2005
Current assets	\$ 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
Total Assets	\$ 12,259,279	\$ 8,796,215	\$ 6,590,125
Current liabilities	\$ 311,903	\$ 933,998	\$ 450,785
Total revenue	\$ 0	\$ 0	\$ 0
Net loss	\$(1,614,024)	\$(3,081,286)	\$(2,500,772)
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 August 31, 2008 and the previous seven quarters.

	Aug 31 08	May 31 08	Feb 29 08	Nov 30 07	Aug 31 07	May 31 07	Feb 28 07	Nov 30 06
Current assets	1,742,905	2,568,134	3,245,299	4,628,447	6,238,495	2,025,929	2,303,467	2,874,123
Resource properties and permits and bond	10,735,078	9,211,303	7,983,485	7,510,534	5,971,250	5,576,892	5,113,167	5,476,456
Current liabilities	1,054,940	281,351	59,339	311,903	419,460	304,268	256,718	933,998
Loss from operations	(325,798)	(373,640)	(358,781)	(614,400)	(332,259)	(498,672)	(334,954)	(390,102)
Write-off of mineral interest	-	-	-	(19,661)	(326,025)	(28,844)	(17,047)	(1,386,453)
Net income (loss)	313,786	362,173	1,106,020	(566,571)	(598,038)	(494,856)	45,441	(1,722,994)
Basic income (loss) per share	0.01	0.01	0.02	(0.01)	(0.01)	(0.01)	0.00	(0.04)
Weighted Avg. Shares	60,322,137	60,322,137	59,941,702	53,575,880	55,299,195	49,590,330	49,036,665	44,739,380

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. August 31, 2008, the Company had working capital of \$687,965 (November 30, 2007- \$4,316,544).

Cash and cash equivalents totalled \$1,592,464 as at August 31, 2008 (November 30, 2007 – \$3,949,056)

Nine months ended August 31, 2008

Cash and cash equivalents decreased by \$2,356,592 during the nine months ended August 31, 2008 from \$3,949,056 as at November 30, 2007 to \$1,592,464.

Cash utilized in operating activities during the nine months ended August 31, 2008 was (\$319,533) (2007 – \$1,178,113). 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 nine months ended August 31, 2008 totalled a use of \$3,643,594 (2007 – a recovery of \$249,602). The investing activities were as follows: recovery of exploration costs on resource properties of \$nil (2007 – \$667,868), utilization of \$3,556,568 for resource property exploration (2007 - \$371,332), \$87,026 utilized for the purchase of equipment (2007 - \$56,664), decrease (refunds in excess of expenditure) from prospecting permits of \$nil (2007 - \$9,730).

During the nine months ended August 31, 2008, the Company's cash flows from financing activities, being proceeds from share issuance totalled \$967,499 (2007 – \$5,692,445).

At August 31, 2008, the Company's investment in resource properties aggregated \$10,735,078 (November 30, 2007 - \$7,178,510), prospecting permits totalled \$332,024 (November 30, 2007 - \$332,024) and equipment, net of amortization, was \$174,799 (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 August 31, 2008, share capital of \$16,855,596 comprised of 60,933,157 issued and outstanding common shares (November 30, 2007 - \$17,355,633, comprised of 59,941,702 outstanding). Contributed Surplus which arises from the recognition of the estimated fair value of stock options and warrants was \$3,666,105 (November 30, 2007 - \$3,601,109).

As a result of the net income for the period of \$430,061, the deficit at August 31, 2008 decreased to \$8,584,305 from \$9,014,366 at November 30, 2007. Accordingly, shareholders equity was \$11,929,896 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 believes it can raise additional funds to undertake its planned exploration activities.

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

Exploration Update

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 2007. 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.

In January of 2008, partner Teck Cominco announced that it had set a budget of \$2.1 million for the Darby Project for the year. In June the Company was notified that work had commenced with a 16,000 line-km detailed helicopter-borne survey that extends geophysical coverage to the western mineral claims and completes the coverage of the entire Darby property.

In July, boulders from two visually distinct types of kimberlite were discovered while prospecting in the vicinity of coincident geophysical and kimberlite indicator mineral anomalies. These discoveries are located more than 28 kilometres from the nearest known kimberlite and may represent a new cluster of kimberlites on the property. Prospecting and ground geophysical surveys are being conducted in the area

in an effort to locate the sources of the boulders. Diamond results are expected in late 2008 or early 2009.

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 2007 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 committed to a second phase of drilling in 2008.

Indicator set a \$1.3 million budget for the Barrow Project for 2008. The program was designed to include the collection of detailed magnetic data over selected areas of the property. In addition, a two stage drill program was contemplated. The first stage of spring drilling was designed to test previously identified targets located within lakes which must be drilled from ice. The second stage of drilling focused on following up land based targets identified in the detailed airborne magnetic survey conducted in 2007.

The Company commenced field operations at Barrow in early May 2008 with the spring drilling program. Five lake based kimberlite targets were tested with a drill rig capable of retrieving core samples. No kimberlites were discovered and the spring drilling campaign was terminated in early June.

In late June 2008, airborne magnetic survey equipment was deployed to the Barrow Project. This highly sensitive helicopter-borne system developed for the US military flew selected areas of the property where evidence of local kimberlite bodies has been recovered. Targets identified in the magnetic survey may be tested in a subsequent drilling program.

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 3km grid. Kimberlite indicator minerals have been recovered in five spatially separate locations.

One of the five areas where high chrome, low calcium G10 pyrope garnet was recovered 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 work carried out in 2005 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.

In August 2008 Indicator initiated an airborne survey of an area of the Grail Project thought to host the sources of the kimberlite indicator minerals recovered on the property. Numerous kimberlite targets were identified in the preliminary data and the project is now considered ready for drilling.

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.

In 2008, an airborne magnetic survey was conducted on the Borden Project over an area believed to contain the sources of kimberlite indicator minerals recovered in previous heavy mineral sampling campaigns. Several high priority targets were identified in the preliminary data. A field geologist was dispatched to the project to prospect and collect heavy mineral samples immediately down-ice of the targets. Kimberlite boulders were discovered while investigating one of the targets, greatly increasing the confidence that kimberlites exist on the property.

Nanuq North Project

The Nanuq North Project is located south of Wager Bay in Nunavut Territory and includes approximately 847,000 acres of mineral claims. Indicator has a 40% interest in the Nanuq North Project.

In late August 2008, the Company mounted a drill program on the Nanuq North Project with partner Peregrine Diamonds Ltd. Five airborne geophysical targets were tested resulting in the discovery of the first kimberlite on the property. The kimberlite, NQN-001, is estimated to have a minimum surface area of 4.2 hectares. 850kg of kimberlite was recovered and 150kg were sent to the laboratory for diamond analysis. Diamond results are expected in late 2008 or early 2009.

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 the Darby Project. 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 mounted a heavy mineral sampling program that saw samples collected on all of its regional projects, including Dorset and Indigo. Results from this sampling program will determine the scope of exploration work contemplated for 2009.

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 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 or on its SEDAR Page Site accessed through www.sedar.com.

Outstanding Share Data

Indicator's authorized capital is unlimited common shares without par value. As at October 29, 2008, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares at October 29, 2008	63,716,702		
Warrants			
Share purchase warrants	2,500,000	\$0.36	May 17, 2010
	3,000,000	\$1.25	December 28, 2008
	637,500	\$0.30	August 25, 2010
Agents Warrants	420,000	\$0.75	December 28, 2008
	87,500	\$0.25	August 25, 2010
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 October 29, 2008	<u>76,018,702</u>		

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 July 8, 2008, the Company re-engaged Renmark Financial Communications Inc. to assist with expansion of its investor relations and corporate communications activities. The Company will pay a monthly fee of \$6,000 for a term of one year.

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

These interim financial statements do not include all disclosures required by Canadian Generally Accepted Accounting Principles for annual financial statements and accordingly, the interim financial statements should be read in conjunction with the audited financial statements and notes thereto of the Company as at November 30, 2007.

These interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and follow the same accounting policies and methods of their application as the most recent annual financial statements except that effective December 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a retrospective basis with no restatement to prior period financial statements.

(a) Newly Adopted Accounting Standards

(i) Section 1535 – Capital Disclosures

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any externally imposed capital requirements and, if it has not complied, the consequences of such non-compliance.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company considers the components of shareholders' equity, as well as its cash and equivalents and debt (if any), as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. Since the Company is in the exploration stage, the Company may issue new shares through private placements in order to maintain or adjust the capital structure.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company's cash resources at August 31, 2008 are sufficient for its present needs, specifically to continue administrative and exploration operations at current levels through the end of 2008.

There were no changes to the Company's approach to capital management during the three months ended August 31, 2008. The Company is not subject to externally imposed capital requirements as at August 31, 2008.

(ii) Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures previously required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, due to/from related parties and term loan approximate their fair value.

(iii) Amendments to Section 1400 – Going Concern

CICA Handbook Section 1400, "General Standards of Financial Statement Presentation", was amended to include requirements to assess and disclose an entity's ability to continue as a going concern.

(b) Accounting Policies Not Yet Adopted

(i) International Financial Reporting Standards ("IFRS")

In 2006, the Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to apply IFRS. The changeover is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement of comparative amounts reported by the Company for the year ending November 30, 2010. While the Company has begun assessing the potential impact of the adoption of IFRS in 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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.

Critical Accounting Estimates

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 August 31, 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 August 31, 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 or by contacting:

Indicator Minerals Inc.
Suite 275 - 1075 West Georgia Street
Vancouver, BC CANADA
V6E 3C9
Tel: (604) 331-4605
Fax: (604) 331-4654
www.indicatorminerals.com
Email: Brucec@indicatorminerals.com
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