

Financial Statements of

Indicator Minerals Inc.

(Formerly Dev Investments Inc.)

November 30, 2003 and 2002

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INDICATOR MINERALS INC.
(Formerly DEV INVESTMENTS INC.)

November 30, 2003 and 2002

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Auditors' Report

March 31, 2004
Edmonton, Alberta

An independent member firm



To the shareholders of Indicator Minerals Inc.:

We have audited the balance sheets of Indicator Minerals Inc. (formerly Dev Investments Inc.) as at November 30, 2003 and 2002 and the statements of loss and deficit and cash flow for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at November 30, 2003 and 2002 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Accountants

Statement of Loss and Deficit

INDICATOR MINERALS INC. (Formerly DEV INVESTMENTS INC.)

Years ended November 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
EXPENSES		
Professional fees	\$ 19,945	\$ 11,149
Corporate fees	8,744	9,027
Rent	6,053	5,125
Office and sundry	1,076	672
Feasibility and due diligence costs (Note 7)	-	83,500
LOSS FROM OPERATIONS	(35,818)	(109,473)
OTHER INCOME		
Interest	3,780	4,659
NET LOSS	(32,038)	(104,814)
DEFICIT, BEGINNING OF YEAR	(115,275)	(10,461)
DEFICIT, END OF YEAR	\$ (147,313)	\$ (115,275)
BASIC LOSS PER SHARE (Note 9)	\$ (0.0092)	\$ (0.0299)

Balance Sheet

INDICATOR MINERALS INC.
(Formerly DEV INVESTMENTS INC.)

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ASSETS

	2003	2002
CURRENT ASSETS		
Cash and short-term deposits	\$ 100,454	\$ 128,390
Accrued interest	-	88
Funds held in lawyer's trust account	1,002	1,002
Prepaid expenses (Note 3)	38,323	119
Advances to related party (Note 4)	3,096	6,000
Loan receivable (Note 5)	48,534	82,512
	<u>\$ 191,409</u>	<u>\$ 218,111</u>

**LIABILITIES AND
SHAREHOLDERS'
EQUITY**

CURRENT LIABILITY		
Accounts payable and accrued liabilities	\$ 9,508	\$ 4,172
SHARE CAPITAL (Note 6)		
	329,214	329,214
DEFICIT		
	(147,313)	(115,275)
	<u>181,901</u>	<u>213,939</u>
	<u>\$ 191,409</u>	<u>\$ 218,111</u>

APPROVED BY THE BOARD

(signed) "Sean Mager" Director

(signed) "John Williamson" Director

Statement of Cash Flow

INDICATOR MINERALS INC.
(Formerly DEV INVESTMENTS INC.)

Years ended November 30, 2003 and 2002

	2003	2002
OPERATING ACTIVITIES		
Cash paid to suppliers	\$ (68,686)	\$ (103,803)
Interest received	1,331	2,539
	<u>(67,355)</u>	<u>(101,264)</u>
INVESTING ACTIVITY		
Advances from related party	170,304	13,000
Advances to related party	(167,400)	(10,000)
Advances to Hypower Fuel Inc.	(51,085)	(79,850)
Repayments from Hypower Fuel Inc.	87,600	-
	<u>39,419</u>	<u>(76,850)</u>
CASH REQUIRED	(27,936)	(178,114)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	129,392	307,506
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 101,456	\$ 129,392
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash in bank	\$ 58,454	\$ 98,390
Guaranteed investment certificate		
Due January 16, 2004 at prime less 2.4%	17,000	-
Due January 22, 2004 at prime less 2.15%	25,000	-
Cashable at prime less 2.4%	-	30,000
Funds held in lawyer's trust account	1,002	1,002
	<u>\$ 101,456</u>	<u>\$ 129,392</u>

INDICATOR MINERALS INC.
(Formerly DEV INVESTMENTS INC.)

November 30, 2003 and 2002

Note 1
General

The Corporation was incorporated by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta) on November 7, 2000 and commenced operations with the initial issuance of shares the same day. The Articles of the Corporation were amended by a Certificate of Amendment issued on April 9, 2001 to remove the private company provisions and the restrictions on share transfers. The principal business of the Corporation is to identify and evaluate corporations, assets or businesses with a view to their potential acquisition. The Corporation has completed a Capital Pool Company public offering by way of prospectus and its shares are listed for trading on the TSX Venture Exchange. Subsequent to the year-end the company changed its name, acquired options on certain mineral properties and became involved in diamond exploration (refer to Note 10).

Note 2
Significant Accounting
Policies

Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with Canadian generally accepted accounting principles.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flow

The company is using the direct method in its presentation of the Statement of Cash Flow.

Revenue Recognition

Interest income, the company's sole source of revenue, is recognized on an accrual basis in accordance with the terms of the underlying financial instrument.

Financial Instruments

The company's financial instruments consist of cash, short-term deposits, funds held in lawyer's trust account, loan receivable, advances to related party, accrued interest and accounts payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

INDICATOR MINERALS INC.
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Note 2
Significant Accounting
Policies
Continued...

Future Income Taxes

The company follows the asset and liability method of accounting for income taxes. Under the asset and liability method, the change in the net future tax asset or liability is to be included in income. Future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Earnings (loss) per Share

Basic earnings or loss per share information as applicable, is calculated on the basis of the weighted average number of common shares outstanding during the year, and diluted earnings or loss per share is calculated using the treasury stock method. This method recognizes the use of proceeds that could be obtained upon exercise of options and warrants in computing diluted earnings per share. It assumes that any proceeds would be used to purchase common shares at average market price during the period.

Stock-Based Compensation

The company follows the intrinsic value based method to account for stock-based compensation. Under this method, no compensation expense is recorded in the accounts of the company when stock or stock options are granted to employees. For share options granted after 2001, proforma disclosure is provided to show the effect had the fair value based model been applied. No options have been granted after 2001.

Consideration paid by employees on the exercise of stock options is credited to share capital. For consideration paid to an employee for the repurchase of stock options, the excess consideration paid over the carrying amount of the stock option cancelled is charged to retained earnings.

In addition, the company uses a fair value based method of accounting for all other stock-based payments.

Notes to the Financial Statements

INDICATOR MINERALS INC. (Formerly DEV INVESTMENTS INC.)

November 30, 2003 and 2002

Note 3

Prepaid Expenses

Prepaid expenses are comprised of costs relating to the company's Qualifying Transaction (refer to Note 10) which was completed subsequent to year-end. In the subsequent fiscal year, a portion of these costs will be capitalized with the mineral property acquisition and a portion will be charged to share capital as costs of the equity offering.

	<u>2003</u>	<u>2002</u>
Professional fees	\$ 26,500	\$ -
Exchange fees	9,095	-
Other	2,728	119
	<u>\$ 38,323</u>	<u>\$ 119</u>

Note 4

Advances to Related Party

The corporation advanced \$3,096; (2002 - \$6,000), net of repayments received, to a director and a company controlled by the director. These advances are due on demand, bear no interest, are unsecured and have been repaid subsequent to the year-end.

Note 5

Loan Receivable

	<u>2003</u>	<u>2002</u>
Hypower Fuel Inc.	\$ 48,534	\$ 82,512

Advances to Hypower Fuel Inc., an unrelated company, are unsecured, bear interest at 4% per annum and are due on demand. These advances plus interest have been repaid subsequent to the year-end.

Note 6

Share Capital

Authorized:

- Unlimited number of common voting shares without nominal par value
- Unlimited number of preferred shares

The Preferred Shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

INDICATOR MINERALS INC.
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Note 6
Share Capital
Continued...

Issued voting common shares:	Number of Shares	Amounts
November 7, 2000		
- initial share subscription for cash	1,500,000	\$ 112,500
October 10, 2001 - public offering	2,000,000	300,000
	3,500,000	412,500
Deduct: Costs related to the public offering		(83,286)
Balance, end of year	3,500,000	\$ 329,214

Upon incorporation, the Corporation issued 1,500,000 common shares at \$0.075 per share for total cash proceeds of \$112,500. Under the requirements of the Alberta Securities Commission and the TSX Venture Exchange Inc., the 1,500,000 issued common shares are held in escrow. The escrowed shares will be released as to 10% thereof immediately following the issuance of the bulletin of the TSX Venture Exchange announcing final acceptance of the Qualifying Transaction and as to 15% thereof on each of the six, twelve, eighteen, twenty-four, thirty, and thirty-six month anniversary dates following the initial release. In the event a Qualifying Transaction is not completed there will be no release from escrow. All shares held in escrow have been deposited with an escrow agent pursuant to an escrow agreement containing the above noted terms and conditions.

Should the corporation not identify a Qualifying Transaction within 18 months of its initial public listing, all listed common shares issued at less than the initial public offering price are subject to possible forfeiture and cancellation. The corporation received an extension of this 18 month deadline and the Qualifying Transaction was completed in February 2004 (refer to Note 10).

On October 10, 2001, the Corporation issued 2,000,000 common shares at \$0.15 per share to the public, for total cash proceeds net of agent's commission and other related expenses of \$216,714.

INDICATOR MINERALS INC.
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Note 6

Share Capital
Continued...

In connection with the initial public offering, the Agent was granted an option to purchase up to 200,000 common shares at \$0.15 per share. This option was exercisable at any time between issuance of the options and 18 months from the date of listing of the Corporation's shares on the TSX Venture Exchange Inc., being April 24, 2003. This option expired during the current year.

Directors and Officers Stock Option Plan

During the 2001 fiscal year the company established an Incentive Stock Option Plan for certain directors and officers of the company. Under this plan the company has granted options for a total of 275,000; (2002 - 350,000) common shares. These options may be exercised within five years of issuance at a price of \$0.15 per common share, expiring on July 19, 2006. In addition, options must be exercised within 90 days that the optionee ceases to be a director or officer or within 12 months of the date of death of the optionee. During the current year 75,000 options expired upon the resignation of a director.

Note 7

Feasibility and Due
Diligence Costs

During the previous fiscal year, the corporation incurred costs in the amount of \$83,500 with respect to the evaluation of a business with an unrelated party with a view to a potential acquisition. In the event that this transaction would not be completed, the corporation received promissory notes in the aggregate amount of \$75,000 as a way of recouping its costs. The promissory notes are unsecured, bear interest at 10% per annum and were due on May 31, 2003. The transaction is not proceeding as at the current or previous year-ends, however, these promissory notes have not been recognized due to uncertainty over the likelihood of collection.

INDICATOR MINERALS INC.
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Note 8
Income Taxes

Income taxes differ from the amount that would be computed by applying combined federal and provincial statutory income tax rates to the loss before income taxes. A reconciliation of this difference is as follows:

	<u>2003</u>	<u>2002</u>
Loss before income taxes	\$ (32,038)	\$ (104,814)
Combined tax rate	36.6%	39.1%
Expected tax recovery	\$ (9,451)	\$ (40,222)
Increase (decrease) resulting from:		
Share issuance costs deductible over 5 years	(6,096)	(6,513)
Loss available for future use; not recognized	15,547	46,735
Income tax recovery	\$ -	\$ -

The company has non-capital tax losses carried forward for tax purposes in the amount of \$195,037; (2002 - \$144,519) which are available for the reduction of future years' taxable income. The losses will expire as listed below:

2008	\$ 24,749
2009	121,593
2010	48,695
	<u>\$ 195,037</u>

The income tax loss carryforward exceeds the deficit balance, primarily due to share issuance costs which are an offset to share capital for financial statement purposes, but deductible for income tax purposes over 5 years at 20% per year. In addition to the loss carryforward, the company has share issuance costs in the amount of \$33,315; (2002 - \$49,972) which are available for tax deduction in future years.

No recognition has been given in these financial statements to any potential tax savings arising from application of these items, as it is likely that the loss carryforwards will expire prior to the achievement of profitable operations.

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Note 9

Loss Per Share

The numerator used in the calculation of basic loss per common share is the company's net loss of \$32,038; (2002 - \$104,814); the denominator used in the calculation is the weighted average number of common shares outstanding during the year of 3,500,000; (2002 - 3,500,000). This results in a basic loss per common share of \$0.0092; (2002 - \$0.0299).

Diluted loss per share is not presented for 2003 or 2002; the effect of potential dilutive securities were not included in the calculation of diluted earnings per share in 2003 and 2002 as the result would be anti-dilutive.

Note 10

Subsequent Events

Name Change

On January 12, 2004 the shareholders approved changing the name of the company from Dev Investments Inc. to Indicator Minerals Inc.

Qualifying Transaction

Pursuant to a letter of intent dated April 17, 2003 and an option agreement dated September 19, 2003, as well as shareholder and regulatory approvals on January 12, 2004 and February 27, 2004, respectively, the company entered into an arm's length transaction with Shear Minerals Ltd., Mantle Minerals Inc. and 974134 NWT Ltd., pursuant to which this company has the option, in two stages, to acquire up to a 60% working interest in certain mineral claims located in the Northwest Territories.

As consideration for entering into the Option Agreement, the company issued 50,000 common shares to each of Shear Minerals Ltd. and Mantle Minerals Inc. at a deemed price of \$0.10 per share for an aggregate consideration of \$10,000.

In addition, a finder's fee of 250,000 common shares have been issued to 660327 BC Ltd. at a deemed price of \$0.10 per share. 660327 BC Ltd. is a company wholly owned by the new President and Chief Executive Officer of this company, appointed subsequent to the year-end.

This company must expend \$300,000 of exploration costs on the property within 18 months of the date of the Option Agreement, being March 19, 2005, to acquire a 51% working interest (the "First Stage Option"); the company must expend an additional \$500,000 of exploration costs on the property within a further 18 month period to acquire an additional 9% working interest (the "Second Stage Option"). As well, the company must issue an additional 100,000 common shares to each of Shear Minerals Ltd. and Mantle Minerals Inc. upon the exercise of the First Stage Option.

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Note 10

Subsequent Events
Continued...

The closing of the transaction underlying the Option Agreement constitutes the company's "Qualifying Transaction" as defined in the policies of the TSX Venture Exchange. Concurrent with closing the above noted transaction, the company completed an equity private placement financing of 5,000,000 units at \$0.10 per unit for gross proceeds of \$500,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.15 per share for a period of 24 months from issuance, being February 3, 2006.

The costs incurred with respect to this equity financing are estimated to be \$20,000 and costs with respect to the Qualifying Transaction are estimated to be \$70,000.

Proposed Acquisition

Effective February 26, 2004 the company entered into a letter agreement to acquire an 80% interest in the diamond rights to land in the Nunavut Territory totalling more than three million acres from an arm's length vendor. As consideration for the properties, the company proposes to issue 3,000,000 common shares at a deemed price of \$0.40 per share and reimburse the vendor for the acquisition and exploration costs associated with the properties, estimated at \$1,650,000. The agreement is subject to a number of conditions, including TSX Venture Exchange approval, an appropriate geological report and the company obtaining financing of a minimum of \$2,000,000.

Private Placement

Effective March 8, 2004 the company entered into an agreement for a brokered private placement with Canaccord Capital Corporation (the "Agent") to raise gross proceeds of \$2,600,000. Pursuant to the Private Placement, the company proposes to issue 2,000,000 flow-through units (FT units) at a price of \$0.55 per FT unit and 3,000,000 non-flow-through units (NFT units) at a price of \$0.50 per NFT unit. Each FT unit will consist of one flow-through common share and one-half of one purchase warrant (FT warrant), while each NFT unit will consist of one non-flow-through common share and one-half of one purchase warrant (NFT warrant). Each whole FT warrant will entitle the holder to acquire one non-flow-through common share at an exercise price of \$0.75 for a period of one year from issuance. Each whole NFT warrant will have the same terms as the FT warrant except that they will expire 18 months from issuance. The proceeds from the Private Placement are intended to be used for working capital and to assist the company in financing its proposed acquisition of the 80% interest in the diamond rights described above.

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Note 10
Subsequent Events
Continued...

Pursuant to the above agreement, the Agent will receive a commission of 8% of the gross proceeds, one-half of which the Agent may elect to be paid in NFT units, and be entitled to an over-allotment option of up to \$500,000 pursuant to the Private Placement. In addition, the Agent will receive warrants equal to 10% of the number of total units sold under the Private Placement. Each Agent's warrant will entitle the holder to acquire one common share of the Corporation at an exercise price of \$0.65 for a period of 12 months from the closing of the Private Placement. The Agent shall be paid a corporate finance fee of 70,000 units, wherein each unit will consist of one common share and one whole common share purchase warrant exercisable for a period of 12 months at a price of \$0.75.

Proposed Stock Option Grant

Concurrent with completion of the above Private Placement, the company intends to grant 1,514,500 stock options at an exercise price of \$0.58 per share. 1,164,500 of these options will be granted to directors and officers of the company with the remaining 350,000 to employees and consultants.