

Interim Financial Statements of

Indicator Minerals Inc.

For the Three and Six months ended May 31, 2004

(unaudited - prepared by management)

Index to Financial Statements

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

page number

1	Interim Statement of Loss and Deficit
2	Interim Balance Sheet
3	Interim Statement of Cash Flow
4 - 14	Notes to the Interim Financial Statements

Interim Statement of Loss and Deficit

INDICATOR MINERALS INC.

Three and six months ended May 31, 2004

(unaudited)

	May 31, 2004 (3 months)	May 31, 2004 (6 months)	May 31, 2003 (3 months)	May 31, 2003 (6 months)
EXPENSES				
Consulting fees	\$ 27,057	\$ 80,377	\$ -	\$ -
Professional fees	15,380	26,918	-	-
Corporate fees	13,392	21,325	4,163	4,163
Travel	15,749	19,656	-	-
Business promotion	2,561	4,521	-	-
Rent	-	1,421	2,250	3,010
Office and sundry	17,939	19,090	-	400
Donation	5,000	5,000	-	-
Investor relations	11,787	11,787	-	-
LOSS FROM OPERATIONS	108,865	190,095	6,413	7,573
OTHER INCOME (LOSS)				
Interest	-	819	550	774
Write off of mineral interest	(281,976)	(281,976)	-	-
NET LOSS	390,841	471,252	5,863	6,799
DEFICIT, BEGINNING OF PERIOD	227,724	147,313	116,211	115,275
DEFICIT, END OF PERIOD	\$ 618,565	\$ 618,565	\$ 122,074	\$ 122,074
LOSS PER SHARE (Note 7)	\$ 0.025	\$ 0.049	\$ 0.034	\$ 0.034

Interim Balance Sheet

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

<u>ASSETS</u>		May 31, 2004	Nov. 30, 2003
	CURRENT ASSETS		
	Cash and short-term deposits	\$ 2,794,358	\$ 100,454
	Funds held in lawyer's trust account	-	1,002
	Prepaid expenses (Note 2)	-	38,323
	Advances to a former related party	-	3,096
	Loan receivable	-	48,534
	GST receivable	25,188	-
		<hr/> 2,819,546	191,409
	PROSPECTING PERMIT DEPOSITS (Note 3)	486,530	-
	MINERAL INTERESTS (Note 4)	3,258,028	-
	CAPITAL ASSETS	625	-
		<hr/> \$ 6,564,729	\$ 191,409
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
	CURRENT LIABILITIES		
	Accounts payable and accrued liabilities	\$ 1,836,532	\$ 9,508
		<hr/> 1,836,532	9,508
	SHARE CAPITAL (Note 5)	5,346,762	329,214
	DEFICIT	(618,565)	(147,313)
		<hr/> 4,728,197	181,901
		<hr/> \$ 6,564,729	\$ 191,409

APPROVED BY THE BOARD

(signed) "Sean Mager" _____ Director

(signed) "Bruce Counts" _____ Director

Interim Statement of Cash Flow

INDICATOR MINERALS INC.

Three and six months ended May 31, 2004

(unaudited)

	May 31, 2004 (3 months)	May 31, 2004 (6 months)	May 31, 2003 (3 months)	May 31, 2003 (6 months)
OPERATING ACTIVITIES				
Cash paid to suppliers	\$ (346,042)	\$ (353,414)	\$ (8,413)	\$ (11,065)
Goods and services tax recovered (paid)	(25,188)	(25,188)	-	-
Interest income received	466	819	550	774
	(370,764)	(377,783)	(7,863)	(10,291)
INVESTING ACTIVITIES				
Purchase of capital assets	(625)	(625)	-	-
Expenditures on mineral interests	(145,369)	(154,047)	-	-
Prospecting permit deposit	(243,820)	(243,820)	-	-
Advance from related party	(75,000)	(233,304)	-	-
Advance to related party	158,400	236,400	-	-
Repayment of loan receivable	-	49,536	24,000	24,000
	(306,414)	(345,860)	24,000	24,000
FINANCING ACTIVITIES				
Issuance of shares for cash less share issue costs	2,920,177	3,417,547	-	-
	2,920,177	3,417,547	-	-
NET INCREASE IN CASH	2,242,999	2,693,904	16,137	13,709
CASH, BEGINNING OF PERIOD	551,359	100,454	125,962	128,390
CASH, END OF PERIOD	\$2,794,358	\$2,794,358	\$ 142,099	\$ 142,099
Cash and cash equivalents is comprised of the following:				
Cash	\$2,769,358	\$2,769,358	\$ 22,009	\$ 22,009
Short term deposits	25,000	25,000	100,000	100,000
Funds held in trust	-	-	20,000	20,000
	\$2,794,358	\$2,794,358	142,009	\$ 142,099

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

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 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. During the current period, the company changed its name, acquired options on certain mineral properties and became involved in diamond exploration.

On January 21, 2004 the shareholders approved changing the name of the Company from Dev Investments Inc. to Indicator Minerals Inc.

The information presented for the three and six months ended May 31, 2004 has been presented in accordance with the accounting standards for interim financial reporting. These interim financial statements follow the same accounting policies and methods of their application as, and should be read in conjunction with, the most recent annual audited financial statements for the year ended November 30, 2003.

In addition, during the current year, the Company adopted the following significant accounting policy upon the acquisition of mineral interests:

Mineral interests

Acquisition, exploration and development costs relating to mineral properties are deferred until the properties are brought into production at which time they will be amortized on the unit-of-production method. The carrying value of properties are subject to review at each reporting period. When a property is sold, abandoned or deemed not to be economic, all related mineral property and deferred exploration and development costs are written off. The carrying value represents costs incurred to date less any amounts written off or written down, and do not necessarily represent present or future values.

Notes to the Interim Financial Statements

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 2

Prepaid Expenses

Prepaid expenses are comprised of costs relating to the company's Qualifying Transaction (refer to Note 4) which was completed during the first quarter, and accordingly, a portion of these costs have been capitalized with the mineral property acquisition and a portion have been charged to share capital as costs of the equity offering.

	<u>May 31,</u> <u>2004</u>	<u>Nov. 30,</u> <u>2003</u>
Professional fees	\$ -	\$ 26,500
Exchange fees	-	9,095
Other	-	2,728
	<u>\$ -</u>	<u>\$ 38,323</u>

Note 3

Prospecting Permit
Deposits

Prospecting permit deposits paid in the amount of \$0.10 per acre are recoverable at the rate of \$0.10 per acre of exploration spending within the first year of permit ownership upon filing of requisite geological assessment reports. If the spending commitments are not met the deposits are forfeited. The deposits relate to the following areas of interest.

	<u>May 31,</u> <u>2004</u>	<u>Nov. 30,</u> <u>2003</u>
Hunter properties	\$ 242,710	\$ -
Committee Bay properties	243,820	-
	<u>\$ 486,530</u>	<u>\$ -</u>

Notes to the Interim Financial Statements

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 4

Mineral Properties

	<u>May 31,</u> <u>2004</u>	<u>Nov. 30,</u> <u>2003</u>
Mineral property costs are comprised as follows:		
Hunter Properties		
Acquisition	\$ 2,256,678	\$ -
Exploration	-	-
	<u>2,256,678</u>	<u>-</u>
Committee Bay property		
Acquisition	400,000	-
Exploration	176,350	-
	<u>576,350</u>	<u>-</u>
International Samuel JV property		
Acquisition	425,000	-
Exploration	-	-
	<u>425,000</u>	<u>-</u>
Alymer lake property		
Acquisition	35,000	-
Exploration	243,926	-
	<u>278,926</u>	<u>-</u>
	<u>3,536,954</u>	<u>-</u>
Less: write-down of Alymer lake property	<u>(278,926)</u>	<u>-</u>
	<u>\$ 3,258,028</u>	<u>\$ -</u>

Of the above noted mineral interest costs, \$78,926 were incurred in the first quarter and the balance of \$3,458,028 were costs incurred during the current quarter.

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 4

Mineral Properties

Continued...

Hunter Properties

On February 26, 2004, Indicator entered into a letter agreement to acquire an 80% interest in the diamond rights to several parcels of land that total 3,298,437 acres from Hunter Exploration Group, an arms length party. Hunter retains a 20% carried interest in the properties until a bankable feasibility study is completed. The properties consist of 54 prospecting permits and 24 mineral claims located near the communities of Kugaaruk and Taloyoak in Nunavut Territory. As consideration for the Properties, Indicator has issued 3,000,000 common shares at a deemed price of \$0.40 per share and must reimburse the vendor in the amount of \$1,056,678 (plus \$63,433 gst) for property acquisition costs and \$242,710 for work deposits on the permits. The outstanding conditions were cleared and the deal was closed effective July 19, 2004. The share issuance and reimbursement of costs have been recorded during the second quarter ended May 31, 2004. (see Note 5 Share Capital)

Committee Bay Properties

On April 22, 2004, Indicator signed a letter of intent ("LOI") with Committee Bay Resources Ltd. (CBR:TSX-V) ("CBR"), a company with common directors and management, whereby Indicator can earn up to a 70% interest in only the diamond rights of the CBR's areas of interest in Nunavut Territory, which total more than three million acres of land. The properties included in the deal are located in the Kivilliq region of Nunavut and comprise more than 400,000 acres of mineral claims and 2.6 million acres of prospecting permits. Under the terms of the LOI, Indicator can earn a 50% interest by spending \$3,000,000 on exploration by December 31, 2006, including a committed expenditure of \$500,000 by December 31, 2004. An additional 20% interest can be earned by spending a further \$2,000,000 by December 31, 2007. Furthermore, Indicator must issue 1,000,000 common shares to CBR which have been recorded at a deemed price of \$0.40 per share and reimburse approximately \$243,820 in work deposits posted by CBR to acquire prospecting permits. The properties are subject to a gross overriding royalty of up to 2%.

The LOI is subject to the following conditions being met: (a) Indicator securing sufficient financing; (b) Approval by both companies' Board of Directors; and (c) Regulatory approval. Of these, only regulatory approval remains outstanding, but it is expected to be received. Therefore, the share issuance and reimbursement of permit costs have been recorded at the quarter-end. (see Note 5 Share Capital)

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 4
Mineral Properties
Continued...

International Samuel JV

On May 31, 2004, Indicator entered into a letter agreement with International Samuel Exploration Corp. (SAZ: TSX-V) ("Samuel") to jointly explore approximately 1.36 million acres of prospecting permits and mineral claims located southwest of Wager Bay, Nunavut Territory. The Naniruaq Project consists of 12 prospecting permits totaling 490,000 acres and is part of the land package that Indicator has acquired from Hunter (see Hunter Properties above). Qulliq Project is composed of approximately 870,000 acres of mineral claims that were recently staked by Samuel (80%) and Hunter (20%) under a letter agreement dated May 4th, 2004. This joint venture pools their respective interests on two adjoining projects.

Under the terms of the agreement, which is subject to regulatory approval, Hunter will retain a 20% interest and a 2% Gross Over-riding Royalty (GORR) in the projects and will be carried equally by Indicator and Samuel to the conclusion of a positive feasibility study. Indicator and Samuel will each have a 40% participating interest in the diamond rights to the combined properties and will share the acquisition and exploration costs equally. Indicator and Samuel have each paid their \$425,000 share of the acquisition costs for the Qulliq claims and Indicator and Samuel will fund future exploration expenditures equally on the combined properties. Samuel will be operator of the project.

Alymer Lake Property

A description of this project is disclosed in the financial statements for the first quarter when the property was acquired.

On May 7, 2004, the company announced that the exploration program on the Alymer Lake Diamond Project, located approximately 300km northeast of Yellowknife, is complete. Three targets were tested with drilling and no kimberlite was intersected. As a result, Indicator has elected to terminate the option agreement. Therefore, the acquisition cost and the exploration costs that were capitalized in the first quarter were written off.

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 5**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.

Issued voting common shares:

	<u>Number of Shares</u>	<u>Amounts</u>
Balance, December 1, 2003		
November 7, 2000 - initial subscription for cash	1,500,000	\$ 112,500
October 10, 2001 - public offering (net of costs)	2,000,000	216,714
	<u>3,500,000</u>	<u>329,214</u>
Issued during the first quarter		
Issued for mineral property	350,000	35,000
Issued for cash - private placement	5,000,000	500,000
Less: costs of share issuance		(20,000)
	<u>8,850,000</u>	<u>844,214</u>
Balance, February 29, 2004	8,850,000	844,214
Issued during the second quarter:		
Issued for cash - options exercised	275,000	41,250
Issued for cash - private placements	5,980,000	3,090,000
Issued for services	165,720	86,360
Less: costs of share issuances		(315,062)
	<u>15,270,720</u>	<u>3,746,762</u>
Balance May 31, 2004	15,270,720	3,746,762
Add: shares to be issued for mineral property acquisitions	4,000,000	1,600,000
	<u>19,270,720</u>	<u>\$ 5,346,762</u>

A description of shares issued for the acquisition of certain mineral properties is disclosed in Note 4.

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 5

Share Capital

Continued...

Brokered Placement

On April 16, 2004, Indicator completed a private placement of \$3,090,000 (the "Offering"), including an over-allotment issue of \$490,000, through Canaccord Capital Corporation (the "Agent"). Pursuant to the Offering, the Corporation issued 2,000,000 flow-through units ("FT Units") at a price of \$0.55 per FT Unit and 3,980,000 non-flow-through units (the "NFT Units") at a price of \$0.50 per NFT Unit. Each FT Unit consisted of one flow-through common share and one-half of one purchase warrant (the "FT Warrant"), while each NFT Unit consisted of one non-flow-through common share and one-half of one purchase warrant (the "NFT Warrant"). Each whole FT Warrant will entitle the holder to acquire a 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, except they will expire 18 months from issuance.

Pursuant to the Offering, the Agent received a cash commission of 8% of the gross proceeds and elected to receive 95,720 NFT Units in lieu of a portion of its cash commission. In addition, the Agent received 598,000 warrants (the "Agent's Warrants"). Each Agent's Warrant entitles the holder to acquire a common share of the Corporation at an exercise price of \$0.65 for a period of 12 months from closing. Furthermore, the Agent was paid an administration fee of \$5,000 and a corporate finance fee of 70,000 units (the "CF Units"). Each CF Unit consisted of one common share and one whole common share purchase warrant exercisable for a period of 12 months at a price of \$0.75.

The proceeds from the Offering are intended to be used to assist the company in financing its proposed acquisition as described above. In addition, funds raised in the offering will be used for working capital and exploration expenditures.

Refer to Note 8 for a description of an additional private placement negotiated subsequent to the period end.

Escrowed Shares

Certain of the issued voting common shares are held in escrow, as follows:

	May 31, 2004	Nov. 30, 2003
Balance, beginning of period	1,575,000	1,500,000
Balance, end of period	1,575,000	1,500,000

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 5

Share Capital

Continued...

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 which the company granted options for a total of 275,000 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. All of these stock options were exercised during the current period.

The company applies the intrinsic value base method of accounting for stock-based compensation. Accordingly, no compensation expense is recorded in the accounts for the share option plans. For share options granted subsequent to January 1, 2002, disclosure of the impact on earnings as if the fair value based method of accounting for the share-based compensation has been applied is required.

Options granted in the period

On April 19, 2004, the company granted 1,514,500 stock options at an exercise price of \$0.58 per share. 1,164,500 of these options were granted to directors and officers of the company with the remaining 350,000 to employees and consultants. These options may be exercised within five years of issuance or 90 days that the optionee ceases to be a director or officer or within 12 months of the date of death of the optionee. These stock options remain outstanding at the period end.

An estimate of the fair value of the options has been calculated to be \$0.37 per option using the Black Scholes Model. The common assumptions utilized in determining this fair value were a spot rate of \$0.62, a strike price of \$0.58, a risk-free rate of 4.0%, a volatility of 65.1% and a maturity period of five years.

Had the Company elected to recognize the cost of its stock based compensation using the fair value method of accounting for stock-based compensation, the Company's results would have been as follows:

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 5

Share Capital

Continued...

	Three Months Ended May 31, 2004	Six Months Ended May 31, 2004	Three Months Ended May 31, 2003	Six Months Ended May 31, 2003
Net loss, as reported	\$ (390,841)	\$ (471,252)	\$ (5,863)	\$ (6,799)
Options granted in period	(557,336)	(557,336)	-	-
Pro forma loss	\$ (948,177)	\$ (1,028,588)	\$ (5,863)	\$ (6,799)
Pro forma basic and diluted loss per share	\$ (0.06)	\$ (0.11)	\$ (0.03)	\$ (0.03)

Share Purchase Warrants

	Warrants	Weighted avg. exercise price
Outstanding, December 1, 2003	-	\$ -
Issued during the first quarter		
Issued for private placement expiring on February 3, 2004	5,000,000	0.15
Outstanding, February 29, 2004	5,000,000	0.15
Issued during the second quarter		
Issued for private placement expiring on April 16, 2005	1,000,000	0.75
expiring on October 16, 2005	1,990,000	0.75
Issued for services		
expiring on April 16, 2005	598,000	0.65
expiring on April 16, 2005	47,860	0.75
expiring on October 16, 2005	70,000	0.75
Outstanding, May 31, 2004	8,705,860	\$ 0.40

Refer to Brokered Placement note above for details on the private placement and agent's warrants issued in the current quarter.

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 6

Income Taxes

As at the last fiscal year ended November 30, 2003, the company had non-capital income tax losses carried forward for tax purposes in the amount of \$22,009, which are available for the reduction of future years' taxable income. The losses will expire as follows:

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

In addition to the loss carryforward, as at the last fiscal year ended November 30, 2003, the company had share issuance costs in the amount of \$33,315, 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.

Note 7

Loss Per Share

The numerator used in the calculation of basic loss per common share is the company's net loss of \$390,841 and \$471,252; (2003 - \$5,863 and \$6,799) for the three and six months periods respectively; the denominator used in the calculation is the weighted average number of common shares outstanding during the three and six month periods of 15,509,988 and 9,629,066; (2003 - 3,500,000 and 3,500,000). The weighted average number of shares reflects the 4,000,000 shares to be issued at the period end which have been recorded in these financial statements. This results in a basic loss per common share of \$(0.0252) and \$(0.0489); (2003 - \$(0.0340) and \$(0.0340)) for the three and six month periods respectively.

Diluted loss per share is calculated using the treasury stock method. Diluted loss per share is not presented for 2004 or 2003, since the effect of the conversion of warrants and options is anti-dilutive.

INDICATOR MINERALS INC.

May 31, 2004

(unaudited)

Note 8

Subsequent Events

Brokered Placement

Effective July 9, 2004 the company has negotiated a brokered private placement with Canaccord Capital Corporation (the "Agent") to raise up to \$1,800,000 by issuing up to 4,500,000 flow-through shares at a price of \$0.40 per share. In addition, Canaccord will have an over allotment option to acquire up to 500,000 additional shares for additional gross proceeds of \$200,000, exercisable at any time until the closing date, which will be on or about August 6, 2004.

The Agent will be paid a cash fee equal to 8% of the gross proceeds raised in the offering. The agent will also receive broker warrants entitling them to purchase that number of common shares which is equal to 10% of the number of units sold. The broker warrants will expire eighteen months after the closing date and have an exercise price of \$0.40 per common share. The flow-through shares and the broker warrant will be subject to a hold period of four months from the closing date.

The proceeds of the private placement will be used to advance the company's mineral exploration projects in eastern Nunavut.