

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

Containing information up to and including March 9, 2007.

**Note to Reader**

The following information should be read in conjunction with the Company’s audited financial statements for the year ended November 30, 2006, together with the notes thereto, prepared by management in accordance with Canadian generally accepted accounting principles and expressed in Canadian Dollars.

**Forward-Looking Information**

When used in this document, words like “anticipate”, “believe”, “estimate”, “expect” and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management’s future plans, objects and goals for the Company and therefore, involve inherent risks and uncertainties. The reader is cautioned that actual results, performance, or achievements may be materially different from those implied or expressed in such statements.

**Overall Performance**

Indicator is a diamond exploration (exploration stage) company involved in the acquisition and exploration of resource properties mainly in Canada. The Company is exploring for diamonds on more than 4.3 million acres of ground in the Eastern Arctic of Canada. The Company does not have any producing resource properties at this time. The Company is a reporting issuer in British Columbia and Alberta. The Company trades on the TSX Venture Exchange under the symbol IME. In May 2005, the Company continued as a British Columbia company and became a reporting issuer in BC upon the completion of its BC corporate continuance registration on June 13, 2005.

Highlights of the Company’s activities during the year ended November 30, 2006:

***Financing and Corporate***

- Completion of a private placement of a brokered and non-brokered private placement. The private placement consisted of 4,713,500 non-flow through units at a price of \$0.50 per unit and 2,105,636 flow-through common shares at a price of \$0.55 per flow-through common share, for total gross proceeds of \$3,514,850. Each non-flow through unit consists of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at \$0.65 per share until February 15, 2007 and at \$0.75 from February 16, 2007 until November 15, 2007. Finders fees relating to the issuance of certain of the units were paid in cash totalling \$175,389 and 320,648 agents warrants were issued. The agents warrants entitle the holder to purchase one common share at \$0.70 to May 15, 2007.
- Ascenta Capital Partners Inc. was retained to provide investor relations and financial communications services. As compensation Ascenta was granted options to purchase 200,000 common shares at an exercise price of C\$0.79 per share expiring October 1, 2011. On February 13, 2007 notice was given to Ascenta that the Company was terminating their agreement and their unvested options. The 50,000 vested options would be forfeited as of March 15, 2007 if they were not exercised.

- Exercise of all of the 3,842,500 warrants expiring February 3, 2006, exercise of 87,086 warrants expiring March 15, 2007, and exercise of 169,478 warrants expiring August 12, 2007 for total proceeds of \$674,881.
- Settlement of a debt previously written off in the amount of \$66,000 for 250,000 shares in a publicly traded company with a market value of \$27,500.

### ***Property Agreements***

- On June 2, 2006 the Company completed a deal with Teck Cominco Limited whereby Teck Cominco has the option to spend \$14 Million over four years to earn a 51% interest in the diamond rights on Indicator's 80% owned Darby Project in Nunavut Territory, as a result all mineral costs capitalized from December 1, 2005 to November 30, 2006 for the Darby Project have been reclassified as cash calls receivable as at November 30, 2006. The Company will receive a 10% administrative fee on all disbursements in addition to payment for all overhead directly attributable to the project. Furthermore, once Teck has earned its 51%, it will be obliged to carry Indicator's remaining 29% to production on a project loan basis.
- On July 11, 2006 the Company announced that Teck Cominco had increased their 2006 exploration budget from \$2.0 Million to \$3.0 Million to accommodate a supplementary drilling program which is intended to increase the understanding of size and shape of the Iceberg and Inferno kimberlite bodies as well as to acquire more material from each body for diamond analysis.
- The Company is in the process of finalizing a renegotiated deal with Committee Bay Resource Ltd. ("CBR"). Over the past two years and as part of the original option agreement dated September 9, 2004, relating to certain mineral claims and prospecting permits held by CBR in the Nunavut Territory, Indicator Minerals Inc. ("Indicator") has spent in excess of \$1.25 million evaluating the Committee Bay properties for their diamond potential. As a result of the evaluation, Indicator and CBR are in negotiations for new agreements that are specific to those properties that the Company feels have significant diamond potential. Thus, the Company will formally relinquish its right to earn an interest in the diamond rights to the other properties covered by the original option agreement that will not be covered by new agreements.

The Company also warrants that on those properties relinquished that sufficient work was carried out to cover the performance bonds for each prospecting permit comprising such other properties relinquished. If insufficient work was carried out, then the Company will absorb the cost of any short fall. All data collected and analyzed by Indicator relating to such other properties will be provided to Committee Bay in a timely fashion once final results have been received.

The three new agreements will concentrate on property areas named Borden, Kellett and TIM with 14 Prospecting Permits totaling 692,215 acres. The Borden and Kellett agreements have identical terms whereby the Company can earn a 51% interest in the Diamond Rights by incurring costs equal to or greater than the performance bond required over term of the subject prospecting permits and by incurring the cost of staking mineral claims in the final year of the permits. The Company is under no obligation to stake the claims and can relinquish its option on any of the permits by giving notice to CBR by December 31 of the year preceding the expiry of the permits. Upon vesting at 51%, a joint venture will be formed with Indicator as the operator providing semi-annual reports. The Company can earn an additional 19% interest by spending \$6 per acre over the first two years after staking the claims. Upon vesting at 70%, the Company and CBR will split diamond exploration costs 80/20, so that CBR will effectively have a 10% interest

carried to production. CBR will retain all non-diamond rights and a 1% Gross Overriding Royalty, with up to a 1% Gross Overriding Royalty to other parties.

- The TIM agreement relates to prospecting permits under CBR's primary agreement with Trigon Exploration Canada Ltd. whereby CBR holds only a 49% interest. The terms are essentially the same as the Borden and Kellett agreements, however the Company will earn into an initial 35% interest and CBR will have a 5% carried interest. The Company can earn an additional 4% interest in the diamond rights by spending \$3 per acre over the first two years after the claims are staked. Upon earning into a 35% interest, the Company will be party to a joint venture agreement with CBR and Trigon.

### ***Exploration***

- A new field of diamond bearing kimberlites was discovered on the Darby Project when five geophysical targets were tested with drilling and five kimberlites were intersected.
- Airborne geophysical surveys were expanded on Darby and now cover 40% of the original property. Interpretation of the geophysical data collected to date has identified 23 untested, high priority targets. In addition, 95 kimberlite float occurrences were discovered while prospecting on the property, including one that was found outside of the airborne survey area.
- The Darby project was expanded to 687,000 acres during 2006 with the staking of an additional 272,000 acres of mineral claims.
- 25.5 kilograms of the kimberlite float discovered on the Barrow Project in 2005 was submitted for diamond analysis in early 2006. The float yielded 176 diamonds, including 5 macro-diamonds (defined as  $\geq 0.50$  mm in 2 dimensions).
- Heavy mineral sampling, prospecting and ground geophysics were conducted on the Barrow property in an effort to define the best targets for drilling in 2007.
- Six magnetic targets were drill tested on the Lokgwabe Project during 2006; however, no kimberlite was intersected and the decision was made to terminate the option agreement with Helio Resources on the property.
- A total of 212 heavy mineral samples were collected on Indicator's early stage exploration projects in Nunavut Territory over the course of the 2006 field season. These results will be used to select areas for target identification using airborne geophysical survey methods.

### **Subsequent to the year ended November 30, 2006:**

- 119,717 share purchase warrants and 75,000 stock options were exercised for total proceeds of \$77,872.
- In February 2007, the Company was notified that Teck Cominco has set a budget of \$8.5 million for the 2007 exploration program on the Company's Darby Project in Nunavut.

The Company's net loss for the year ended November 30, 2006, totalled \$3,081,286 or \$0.06 per share. The net loss is after provision for future income tax recovery of \$377,850 (2005 – loss \$2,500,772 after provision for future income tax recovery of \$876,884, or \$0.09 loss per share). The future income tax recovery of \$377,850 resulted from the utilization of the Company's future income tax assets to offset future tax liabilities (Note 13 to the financial statements contains the summary of these future income tax assets). Assets increased from \$6,590,125 as at November 30, 2005 to \$8,796,215 as at November 30, 2006. Capitalized resource property costs increased from \$4,801,385 as at November 30, 2005 to \$5,476,456 as at November 30, 2006. The Company's cash and cash equivalents decreased from \$725,864 as at November 30, 2005 to \$563,962 as at November 30, 2006, due primarily to the use of the proceeds from the closing of the May private placement from which the Company received net proceeds of \$3,319,795 to fund exploration activities. At November 30, 2006 there were cash calls receivable from Teck Cominco of \$1,947,802 relating to the exploration work on the Darby Property performed and funded by the Company, which is reimbursed under the agreement with Teck Cominco. This amount was fully paid subsequent to the year end.

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 year ended November 30, 2006, a total of \$2,486,698 of resource property costs were capitalized and \$1,811,627 of resource property costs were written-off. Details of the cost break-down are contained in the Schedule of Resource Property Costs in the financial statements.

## Results of Operations

As Indicator is in the exploration phase and its current properties are in the early stages of exploration, none of the Company's current properties are in production. Therefore, mineral exploration expenditures are capitalized and losses are incurred as a result of administrative expenses relating to the operation of the Company's business. Consequently, the Company's net income is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases its chances of finding and developing an economic deposit.

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

### Year Ended November 30, 2006

Net loss for the year ended November 30, 2006 was \$3,081,286 or \$0.06 per share, after provision for future tax recovery of \$377,850 against loss from operations of \$1,823,640; before operators fees of \$261,881, interest income of \$39,932, recovery of bad debt of \$27,500, write-off

of leasehold improvements of \$2,684, write-down of marketable securities of \$2,500, write-off of permits not renewed of \$123,998 and write-off of resource property costs of \$1,811,627 (November 30, 2005, Net Loss - \$2,500,772 after future income tax recovery of \$876,884 or \$0.09 per share).

Operating expenses for the year ended November 30, 2006 totalled \$1,847,640 (2005 - \$934,717). The increase in operating expenses, after excluding stock-based compensation expenses of \$964,962 (2005: \$346,240) was 46% of the 2005 expenses, resulting primarily from the increased support activities for the operations of the Company and its resource property management during the current year. Significant operating expenditures are as follows:

- Wages and consulting fees of \$278,888 for the year ended November 30, 2006 (2005 - \$149,991). The increase was primarily due to the addition of full time office support staff and the full time general manager who was hired in May 2005.
- Conference and meetings expenses of \$152,435 (2005 - \$106,776). The current year included travel and other costs for technical conferences held in South Africa, Toronto, New York and San Francisco for several geological and investment relations consultants.
- Advertising and promotions of \$128,961 (2005 - \$51,476). Aside from the costs for the maintenance of the Company's website of \$9,244 (2005 - \$17,525), advertising (placement of company information) in periodicals, including design and artwork, totalled \$87,032 for 2006 (2005 - \$8,264) and donations by the Company totalled \$20,905 (2005 - \$11,084).
- Professional fees of \$104,341 (2005 - \$77,256) resulting from the increased fees incurred during the audit of the November 30, 2005 year end and the ongoing legal and accounting fees incurred in the day to day operations of the Company.
- Office and administration of \$68,661 (2005 - \$40,949) includes telephone expenses of \$22,213 (2005 - \$8,437), IT consulting relating to the initial setup and rollout of a new server for the Company as well as ongoing IT support services of \$13,286 (2005 - \$3,552) and insurance of \$3,612 (2005 - \$2,927), aside from normal office supplies, courier, bank charges and postage expenses.
- Investor relations expense was \$67,736 (2005 - \$95,452). In the comparative 2005 year, this category of expenses included the costs of disseminating press releases, maintenance and refinement of investor data base, and other investor-related activities, totalling \$45,329 and IR consulting fees of \$39,240. In 2006, the cost of disseminations, investor data base and other investor-related activities amounted to \$26,841 while the company incurred IR consulting fees \$36,336.

All other operating costs, excluding stock-based compensation and amortization during the year ended November 30, 2006, were comparable to the 2005 year. These other operating expenses totalled \$56,155 (2005 - \$52,113) representing just 3% (2005 - 6%) of total operating expenses including corporate listing and filing fees, rent and transfer agent fees.

## Fourth Quarter

Included in the Company's results for the fourth quarter are write-offs of the Company's capitalized mineral property costs. Capitalized resource property costs are written-down when management has determined there to be an impairment of value, and/or where no further work is warranted. \$1,386,453 was written off in the fourth quarter representing 76% of the total resource property costs written off during the year. The write off resulted from management's decision not to renew certain claims.

General and administrative expenses increased from the third quarter by \$366,102 resulting from the vesting of stock options granted which increased the stock based compensation expenses by \$118,799 as well as the ongoing operating expenditures of the company.

## Selected Annual Financial Information

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

Year ended	Nov 2006	Nov 2005	Nov 2004
Current assets and GIC	\$ 2,874,123	\$ 1,182,849	\$ 1,392,420
Resource properties and deposit	\$ 5,476,456	\$ 4,801,385	\$ 5,007,016
Property and equipment	\$ 103,882	\$ 45,196	\$ 19,116
Total Assets	\$ 8,796,215	\$ 6,590,125	\$ 6,590,125
Current liabilities	\$ 909,998	\$ 450,785	\$ 612,967
Total revenue	\$ 0	\$ 0	\$ 0
Net loss	\$(3,057,286)	\$(2,500,772)	\$(1,154,584)
Basic loss per share	\$ (0.06)	\$ (0.09)	\$ (0.08)
Weighted Avg. shares	44,739,380	28,555,625	14,614,217

Note: The November 2004 Net loss has been restated to reflect the correct accounting for future income taxes (see Note 17 to the annual audited financial statements)

## Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the quarter ended November 30, 2006 and the previous seven quarters.

	Nov 30 06	Aug 31 06	May 31 06	Feb 28 06	Nov 30 05	Aug 31 05	May 31 05	Feb 28 05
Current assets	2,874,123	3,097,952	3,861,766	598,344	1,182,849	2,156,185 <sup>1</sup>	543,437	1,417,803
Resource properties and permits and bond	5,476,456	6,291,822	5,744,993	5,742,699	5,362,080	6,694,168	6,159,962	5,782,373
Current liabilities	933,998	550,285	247,541	108,543	450,785	219,526	397,384	824,933
Loss from operations	(390,102)	(831,927)	(419,175)	(206,436)	(467,460)	(108,035)	(190,495)	(168,727)
Write-off of mineral interest	1,386,453	216,997	21,183	186,994	2,453,167	1,420	4,930	0
Net income (loss) – before error correction	(1,722,994)	(976,759)	(379,996)	(1,537)	(2,235,230)	14,088*	(114,297)	(165,333)
Basic income (loss) per share – before error correction	(0.04)	(0.020)	(0.009)	(0.000)	(0.079)	0.000	(0.004)	(0.007)
Revised Net income (loss)	(1,722,994)	(979,759)	(379,996)	(1,537)	(2,196,814)	(69,904)	(125,133)	(108,921)
Revised Basic income (loss) per share	(0.04)	(0.020)	(0.009)	(0.000)	(0.077)	(0.003)	(0.005)	(0.005)
Weighted Avg. Shares	44,739,380	48,302,476	41,972,472	38,751,526	28,555,625	28,019,744	25,951,046	23,067,664

**Note:**

\*Net loss (before error correction) for quarter May 31, 2005 is after recovery of future income taxes of \$73,091. Net income (before error correction) for the quarter August 31, 2005 is after recovery of future income taxes of \$119,461. Net loss for the quarter November 30, 2005 is after recovery of future income taxes of \$684,332.

<sup>1</sup>Current Assets as at August 31, 2005 include \$1,187,395 of subscription receivable.

\*May 31, 2004 – quarterly results were restated to reflect the retroactive application of stock-based compensation calculation.

The November 2004 quarter net loss has been restated to correct for the accounting for future income taxes.

Revised Net Income (loss) and Revised Loss Per Share – as a result of a prior period adjustment (disclosed in Note 17 to the annual financial statements) which related to the timing of the recording of future income taxes liability and recoveries,

the quarterly figures for the quarters November 2004, February 2005, May 2005, August 2005, and November 2005 have been restated to reflect the correct treatment.

## Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no regular cash flow. At November 30, 2006, the Company had working capital of \$1,940,125 (2005- \$732,064).

Cash and cash equivalents totalled \$563,962 as at November 30, 2006 (2005 – \$725,864)

### Year ended November 30, 2006

Cash and cash equivalents decreased by \$161,902 during the year ended November 30, 2006 from \$725,864 as at November 30, 2005 to \$563,962.

Cash utilized in operating activities during the year ended November 30, 2006 was \$555,364 (2005 – \$557,435) before any changes in non-cash working capital. After adjusting for cash flows applied to non-cash working capital, cash used in operating activities was \$711,324 for 2006 (2005 - \$438,131).

Cash used for investing activities during the year ended November 30, 2006 was \$3,663,179 (2005 - \$3,207,163). The investing activities were as follows: increase in restricted cash \$21,627 (2005 – increase of \$237,438), acquisition and exploration of resource properties of \$3,649,624 (2005 - \$2,855,552), \$86,871 for the purchase of equipment (2005 - \$40,078), net of decrease (refunds in excess of expenditure) from prospecting permits of \$94,943 (2005 increase of \$74,095).

During the year ended November 30, 2006, the Company's cash flows from financing activities, being proceeds from share issuance and related party repayments and advances totalled \$4,212,601 (2005 – \$3,208,775).

At November 30, 2006, the Company's investment in resource properties aggregated \$5,476,456 (2005 - \$4,801,385), prospecting permits totalled \$341,754 (2005 - \$560,695) and equipment, net of amortization, was \$103,882 (2005 - \$45,196). 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. Since November 30, 2005, a total of \$528,266 of refunds were processed for the Hunter and Committee Bay permits.

At November 30, 2006, share capital of \$12,397,731 comprised of 48,979,115 issued and outstanding common shares (November 30, 2005 - \$8,880,532, comprising of 37,415,915 outstanding). Contributed Surplus which arises from the recognition of the estimated fair value of stock options and warrants was \$2,867,328 (2005 - \$1,580,364).

As a result of the net loss for the year of \$3,081,286, the deficit at November 30, 2006 increased to \$7,402,842 from \$4,321,556 at November 30, 2005. Accordingly, shareholders equity was \$7,862,217 as compared to \$6,139,340 at November 30, 2005.

At present, the Company's operations do not generate cash flow and its financial success is dependant on management's ability to discover economically viable diamond deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties".

The Company currently has sufficient financial resources to meet its administrative overhead expenses and exploration expenditures for at least the next twelve months and is confident that it

can raise additional funds to undertake its planned exploration activities. The Company's spending commitments to keep its mineral property permits in good standing with the Nunavut government are \$388,715 before November 30, 2007.

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

## **Exploration Update**

Fiscal 2006 was an active year for Indicator Minerals. Over the course of the year Indicator engaged a new partner and confirmed the presence of a new kimberlite field on the Darby Project. The discovery led to the expansion of the project with acquisition of 272,000 acres of additional mineral claims. Positive results were also obtained on the Barrow Project. The processing of 25.5 kilograms of kimberlite float that was discovered in 2005 yielded 176 diamonds, the majority of which were octahedral crystals described as clear and colourless.

### **Hunter Properties**

#### *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 (DI) chemistry in heavy mineral samples collected on the property. In 2005, the Company conducted a high resolution airborne geophysical survey over approximately 10% of the project, in the area where the highest concentration of kimberlite indicator minerals had been recovered. Interpretation of the airborne data resulted in the identification of more than 30 targets, several of which were considered high priority.

In May 2006, Indicator entered an agreement with Teck Cominco Limited giving 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 over a four year period. 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, under certain circumstances, if Teck Cominco elects not to develop a mine.

At the request of Teck Cominco, Indicator was the operator of the project under a Management Services Agreement that was renewable annually.

The signing of the option agreement with Teck Cominco was quickly followed with the beginning of the exploration program at Darby. Over the course of the first three weeks, five geophysical

anomalies were drill tested and five kimberlites were intersected. The new kimberlites discovered included the 11 hectare Iceberg kimberlite and the 3.5 hectare Inferno kimberlite. Representative samples from all of the kimberlites drilled were sent to an independent laboratory for diamond analysis.

In addition to the drilling conducted on the property, the airborne geophysical survey area was expanded to cover an additional 30% of the property. An interpretation of the preliminary data has 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 led to the discovery of 95 kimberlite float occurrences. Many of these float occurrences can be 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 additional kimberlite targets will be identified in the future.

Kimberlites occur in clusters or fields and the anomalies tested to date represent a fraction of the targets identified by the existing airborne geophysical survey. In addition, the drill intercepts at Iceberg and Inferno 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.

#### *Barrow Project*

The Barrow Project is a 100,000 acre drill-ready project located approximately 15km south of the hamlet of Kugaaruk. Results from heavy mineral sampling in 2004 have confirmed the presence of kimberlite indicator minerals with diamond inclusion chemistry on the property. In March 2005, the company completed a detailed airborne geophysical survey over the property. Several high priority targets located up-ice from the kimberlite indicator minerals were identified in a review of the airborne data.

The 2005 field program on the Barrow Project was designed to increase the level of confidence in the geophysical anomalies with prospecting as well as target specific heavy mineral and mobile metal ion samples. During the course of investigating one geophysical anomaly, a single occurrence of kimberlite float was discovered.

A 6.8kg sample of the kimberlite float was submitted to an independent laboratory for rock type classification and indicator mineral analysis. During the extraction of the indicator minerals a macro diamond was recovered. This is considered important since the extraction process is not designed specifically for the recovery of mineral grains less than 0.33mm - or more significantly - the detection of diamonds.

Subsequently, a 25.5kg sample of kimberlite float from the same occurrence was submitted for micro diamond analysis using caustic fusion. A total of 171 micro diamonds and five macro diamonds were recovered. Indicator is confident that the kimberlite float originated on its property; however, this cannot be definitively established without drilling.

In 2006 a program of heavy mineral sampling, ground geophysics and prospecting was conducted on the Barrow property. This program was geared toward developing targets for a drilling campaign anticipated for 2007.

### *Sanagak Project*

The Sanagak Project is located on the Boothia Peninsula and includes approximately 1.1 million acres of prospecting permits. In 2004, heavy mineral samples were collected on the project on a 3km by 3 km grid. Kimberlite indicator minerals have been recovered in five spatially separate locations.

One of the five areas, where high chrome, low calcium G10 pyrope garnet was recovered, was adjacent to the eastern boundary of the prospecting permits. Heavy mineral samples were collected on the open ground to the east of the project early in the 2005 exploration season. These samples were expedited to the laboratory where processing began immediately. Results were received in time to initiate a staking campaign that captured over 100,000 acres where indicator minerals with diamond inclusion chemistry were recovered.

In 2006 additional heavy mineral samples were collected in areas where kimberlite indicator minerals have been identified. Results from this year's sampling campaign will be used to select areas for target development in 2007 using airborne geophysical surveying.

### **Lokgwabe Project**

In January 2005, Indicator entered into an option agreement with Helio Resources in which it could earn an 80% interest in the 750,000 acre Lokgwabe Project in western Botswana. Previous sampling campaigns have identified five areas with anomalous concentrations of indicator minerals that include G10 pyrope garnets.

Over the course of 2005, Indicator collected repeat heavy mineral samples on the Lokgwabe project in order to confirm the mineral chemistry, species and abundances identified in the original exploration campaign. The sample results were successfully repeated and the decision was made to proceed to the collection of detailed aeromagnetic data over the entire property. Interpretation of the geophysical data yielded 22 kimberlite targets. Ground geophysics conducted on 15 of these targets identified 7 that warranted drilling.

In March 2006, six magnetic targets were tested using down-hole hammer drilling over the course of a two week period. All of the geophysical anomalies tested were satisfactorily explained by the rocks encountered and no additional work is planned on these targets. No kimberlite was intersected in any of the drill holes and the the option agreement with Helio Resources on the property was terminated.

### **Nunavut Regional Projects**

Regional heavy mineral sampling continued on early stage exploration projects located throughout the Nunavut Territory. Results from heavy mineral samples collected in 2005 indicate that the Borden Project, located on Baffin Island as well as the Kellett and TIM properties warrant further investigation. In 2006 additional heavy mineral samples were collected on all of these projects. Results from these samples will be used to determine if and where airborne geophysical surveying is warranted.

New early stage exploration projects were also added over the course of 2006. These include prospecting permits and mineral claims in the vicinity of the Darby Project as well as prospecting permits on the Dorset peninsula of Baffin Island. These new projects will be evaluated with heavy mineral sampling in 2007 to determine what further work is warranted in the future.

## **Risks and Uncertainties**

### ***Exploration Stage Company***

Indicator is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. All of its properties are in the early stages of exploration and are without known deposits of diamonds. Development of Indicator's properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that Indicator's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, that it can be commercially mined.

### ***Mineral Exploration and Development***

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral deposit or orebody may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof, cannot be accurately predicted but could have an adverse impact on Indicator.

### ***Mining Operations and Insurance***

Mining operations generally involve a high degree of risk. Indicator's operations are subject to all of the hazards and risks normally encountered in mineral exploration and development. Such risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, flowing and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, political unrest and in the case of diamonds, theft of production. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. Indicator does not currently carry insurance against these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or acceptable terms. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may cause substantial delays and require significant capital outlays.

### ***No Operating History and Financial Resources***

Indicator does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its existing cash resources following the private placements, will be sufficient to cover its projected funding requirements for the ensuing year. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. Additional funds will also be required for Indicator to acquire and explore other mineral interests. Indicator has limited financial resources and there is no assurance that sufficient additional funding will be available to it fulfill its obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause Indicator to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

### ***Government Regulation***

The current or future operations of Indicator, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various foreign federal, state and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. There can be no assurance, however, that Indicator will obtain on reasonable terms, or at all, the permits and approvals, and the renewals thereof, which it may require for the conduct of its current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which Indicator may undertake. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays to Indicator's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### ***Competition***

The mineral exploration and mining business is competitive in all of its phases. Indicator will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. Indicator's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that Indicator will be able to compete successfully with others in acquiring such prospects.

### ***Title to Property***

Many of Indicator's properties are held in the names of others. Indicator has taken precautions to ensure that legal titles to its property interests are properly recorded. There can be no assurance that Indicator will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments in the jurisdictions in which the properties are situated will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. Third parties may have valid claims underlying portions of Indicator's interests and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that Indicator may lose all or part of its interest in the properties to which such defects relate.

### ***Environmental Risks and Hazards***

All phases of Indicator's operations will be subject to environmental regulation in the jurisdictions in which it intends to operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is

evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which Indicator holds interests or on properties that will be acquired which are unknown to Indicator at present and which have been caused by previous or existing owners or operators of the properties.

### ***Commodity Prices***

The price of Indicator's securities, its financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of precious or base minerals. Precious or base minerals prices fluctuate widely and are affected by numerous factors beyond Indicator's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of precious or base metals has fluctuated widely in recent years, and future serious price declines could cause continued development of Indicator's properties to be impracticable.

Further, reserve calculations and life-of-mine plans using significantly lower precious or base minerals prices could result in material write-downs of Indicator's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### ***Price Volatility and Lack of Active Market***

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for Indicator's securities will be subject to such market trends and that the value of such securities may be affected accordingly. There is currently no market through which the securities of Indicator can be sold and there can be no assurance that one will develop or be sustained. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price under the Private Placement.

### ***Key Executives***

Indicator will be dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of Indicator are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of Indicator, the loss of these persons or Indicator's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. Indicator does not currently carry any keyman life insurance on any of its executives. The directors and officers of Indicator will only devote part of their time to the affairs of Indicator.

### ***Potential Conflicts of Interest***

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

### ***Dividends***

Indicator has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of Indicator and will depend on Indicator's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of Indicator deem relevant.

### ***Nature of the Securities***

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Company's securities should not constitute a major portion of an investor's portfolio.

### **Proposed Transactions**

At the present time, there are no proposed transactions that are required to be disclosed.

### **Additional Disclosure for Venture Issuers Without Significant Revenue**

Additional disclosure concerning Indicator's general and administrative expenses and resource property costs is provided in the Company's Statement of Loss and Deficit and Schedule of Resource Property Costs contained in its audited Financial Statements for November 30, 2006 that is available on Indicator's website at [www.indicatorminerals.com](http://www.indicatorminerals.com) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com).

## Outstanding Share Data

Indicator's authorized capital is unlimited common shares without par value. As at March 9, 2007, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares at March 9, 2007	49,173,832		
Warrants			
Share purchase warrants	1,218,000	\$0.45	Mar. 15, 2007
	75,000	\$0.45	April 1, 2007
	1,789,000	\$0.35	August 12, 2007
	3,802,217	\$0.35	August 25, 2007
	4,683,500	\$0.65/\$0.75	November 15, 2007
Agents Warrants	97,414	\$0.45	Mar. 15, 2007
	15,000	\$0.45	April 1, 2007
	320,648	\$0.70	May 15, 2007
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
	905,000	\$0.32	October 23, 2010
	150,000	\$0.275	December 19, 2010
	380,000	\$0.58	April 11, 2011
	125,000	\$0.50	May 31, 2011
	837,500	\$0.75	August 2, 2011
	225,000	\$0.79	October 1, 2011
	150,000	\$0.40	November 20, 2011
Fully Diluted at March 9, 2007	<b>65,996,611</b>		

## Transactions with Related Parties

During the year ended November 30, 2006, the Company incurred capitalized mineral interest - fieldwork costs of \$118,895, mineral property costs recoverable of \$546,807 (2005 - \$Nil) and permit costs of \$156,759 from a company with a common director. Of this amount, \$123,249 (2005 - \$1,337) was unpaid at November 30, 2006; these payables are non-interest bearing, unsecured and have no fixed terms of repayment. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

300,000 of the shares issued on the exercise of options during the year were to directors of the Company.

350,000 units issued during the May 2006 private placement were to related parties: 320,000 to the CEO/director, and 30,000 to other directors and officers of the Company.

110,000 shares issued during the March 2005 private placement were to related parties: 80,000 to the CEO/director, and 30,000 to a company controlled by a director. 118,500 non-flow-through shares issued during the August 2005 private placement were to directors and officers.

150,000 of the options granted in November 2006, 675,000 of the options granted in August 2006, 125,000 of the options granted in June 2006 and 700,000 of the options granted in October 2005 were to directors and officers of the Company.

**Commitments:**

a) Lease Commitment:

On May 25, 2005, the Company entered into an operating lease for office premises to be effective July 1, 2005, for 36 months. As inducement for entering into the lease, the Company was given a two month rent-free period (July 1 to August 31, 2005) and contribution (maximum \$7,435) towards leasehold improvements. The monthly lease payments include rent, operating costs and property taxes. Minimum payments are as follows:

	2007	41,482
	2008	24,198
		\$ 65,680

The two month rent-free period is recorded as deferred rent inducement (a liability), to be amortized on a straight-line basis over the term of the lease.

b) Service Contracts:

The Company has the following consulting and management service contract commitments:

	2007	\$ 104,970
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\*\*One of the consulting contracts also contains a potential payment of up to \$51,000 for termination.

**Accounting Policies and Changes to Prior Year:**

No new significant accounting policies were adopted in the year ended November 30, 2006.

The Company will continue to carry out exploration of its resource properties, and to evaluate new prospects and opportunities. The Company expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing of the Company's properties to qualified mineral exploration companies.

The financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional financing and to generate profitable operations in the future. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned, such as future equity financings, search for optionees for resource properties, will mitigate the adverse conditions and events which raise doubts about the validity of the going concern assumption used in preparing these financial statements. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

Subsequent to November 30, 2006, the Company adopted the new accounting recommendations of the Canadian Institute of Chartered Accountants for the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income effective for the current fiscal year. This requires that all non-derivative financial assets be measured at fair value with changes in fair value of available-for-sale marketable securities disclosed in other comprehensive income. Since this is the first year in which this policy has been applied, the opening balance of

accumulated other comprehensive income includes the difference between cost and fair value for marketable securities at the end of the previous fiscal year. The current quarter's gains or losses in value are recognized in other comprehensive income.

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

During the audit of the November 30, 2005 fiscal year, it was determined that an error had been made in the recording of the renunciation of flow-through expenditures. In fiscal 2004, the Company recognized the renunciation of \$1,757,487 Qualifying Canadian Exploration Expenditures, which had been incurred by November 30, 2004 and a corresponding \$591,978 was recognized as a recovery of future income taxes. The flow-through issuances had been completed on April 16, 2004 for \$1,100,000 and on August 18, 2004 for \$1,470,000. Emerging Issues Committee abstract for discussion 146 ("EIC-146") had an effective date of March 19, 2004. EIC-146 requires the recognition of the renouncement of Qualifying Canadian Exploration Expenditures from the proceeds of flow-through shares on the date of filing of the renouncement documents with the tax authorities. The renouncement documents were filed with the tax authorities for the 2004 fiscal flow-through issuances in February 2005; hence the recognition of the renouncement should have been recognized in fiscal 2005. The November 30, 2004 net loss, shareholders' equity, and deficit had been restated to comply with the correct accounting treatment. See Note 17 to the audited financial statements for the year ended November 30, 2006 for detail breakdown of these restatements.

As a result of this prior period adjustment, the statements of loss and deficit for the quarters within the fiscal year November 30, 2005 were restated to account for the adjustments for future income tax liability flowing from 2004. The operating results for the year ended November 30, 2005, used for comparison, were restated to reflect a provision for future income tax recovery. Whenever figures for November 30, 2005 are mentioned in this Management Discussion and Analysis, the restated figures are used, unless otherwise indicated.

## **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, accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that Indicator is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign

currency rates. It is the opinion of management, however, that the foreign exchange risk to which the Company is exposed is minimal.

### **Critical Accounting Estimates**

The Company's accounting policies are presented in note 3 of the November 30, 2006 audited financial statements. The preparation of financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. These include:

- the carrying values of mineral properties; and
- the valuation of stock-based compensation expense.

#### ***Mineral properties and deferred exploration costs***

The Company records its interest in mineral properties at cost. Resource exploration and development costs are capitalized on an individual area of interest basis until such time as an economic resource body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the reserves, while costs for the prospects abandoned are written off.

Management of the Company reviews and evaluates the carrying value of each mineral property for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. When it is determined that a mineral property is impaired, it is written down to its estimated fair value.

Management's estimates of mineral prices, mineral resources, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of deferred mineral property costs. Although management has made its best estimate of these factors, it is possible that material changes could occur which may adversely affect management's estimate of the net cash flows expected to be generated from its properties.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to continue operations and to complete the development and upon future profitable production or proceeds from the disposition thereof. The discovery or establishment of adequate reserves is dependent on successful exploration. Competition for exploration resources at all levels is currently very intense, particularly affecting availability of manpower, drill rigs and helicopters. As a result of this, and other factors inherent in exploration, the Company has uncertainty that it will be able to carry out its planned exploration programs.

#### ***Stock-based compensation expense***

From time to time, the Company may grant share purchase options to directors, employees, and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model, and other models which are used to value options, require inputs such as expected volatility, expected life to exercise, and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation recorded in a period.

## Disclosure Controls and Procedures

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, is made known to management by others within those entities, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements for the year ended November 30, 2006 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 November 30, 2006. Based on this evaluation, it was determined that certain weaknesses existed in internal controls over financial reporting. In addition, the Company has not fully completed its review and evaluation of the design of internal control over financial reporting as envisioned under 52-109. The Company expects to complete its assessment in Fiscal 2007. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring which exists. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting.

## Approval

The Board of Directors of Indicator has approved the disclosure contained in this annual MD&A. A copy of this annual MD&A will be provided to anyone who requests it.

## Additional Information

Additional Information relating to Indicator is on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting:

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Attention: Lisa May, Manager of Corporate Communications

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

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