Management Discussion and Analysis
For
Indicator Minerals Inc. ("Indicator" or "IME" or "the Company")

Containing information up to and including April 30, 2010.

Note to Reader

Readers of the following management discussion and analysis (MD&A) should refer to the Company's audited financial statements for the period ended November 30, 2009 and the related Management Discussion and Analysis as filed with SEDAR, available at www.sedar.com.

The interim MD&A is an update to the Annual Management Discussion and Analysis and should be read in conjunction with the Company's Unaudited interim financial statements for the three months ended February 28, 2010 together with the notes thereto, prepared by management in accordance with Canadian generally accepted accounting principles and expressed in Canadian Dollars, 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 gem 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 2.3 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.

Highlights of the Company's activities during the three months ended February 28, 2010:

Property Agreements

Indicator did not enter into any new Property Agreements in the first quarter of the 2010 Fiscal Year.

On July 12, 2009, Peregrine Diamonds Ltd. ("Peregrine") notified Indicator Minerals Inc. and Hunter Exploration Group ("Hunter") that it had initiated arbitration proceedings with respect to the Nanuq North Project. Indicator, Hunter and Peregrine had been jointly exploring the project under a letter agreement.

The arbitration followed a cash call issued by Indicator to Peregrine for their portion of the planned 2009 exploration program on Nanuq North. Indicator is operator of the project and issued the cash call as part of the planned 2009 exploration program. Peregrine did not support the program and did not wish to dilute their interest in the project. The Statement of Claim to the Arbitration Centre submits that Indicator does not have the right to set exploration programs and budgets on Nanuq North without the approval of Peregrine.

When it became apparent that the Arbitration hearing would not happen before the end of the field season, Indicator felt it was in the best interest of its shareholders to postpone activities at Nanuq North until the issue with Peregrine could be resolved.

Indicator and Hunter have each filed a statement of defense and counterclaim. In its counterclaim, Indicator asserts that the Letter Agreement between the Company, Hunter and

Peregrine is unenforceable and should be set aside. Hunter is seeking the same outcome in an independent counterclaim. The arbitration hearing is scheduled for May 2010.

Option Agreement

On November 20, 2009 the Company entered into a Letter Agreement whereby it was granted the right to acquire a 60% interest in Rio Verde Enterprises Inc. ("Rio Verde"), a private Canadian Company entitled to acquire Colombian emeralds and export such emeralds.

Under the terms of the Letter Agreement (as amended), the Company had until February 28, 2010 for initial due diligence. On March 4, 2010 the Company announced it had completed its due diligence review and has elected to proceed with the Letter Agreement subject to financing. The Company must issue 100,000 common shares to Rio Verde within 30 days of completion of the due diligence period and fund an aggregate of $1,000,000 over the next 18 months (the "Evaluation Period") including $500,000 on exploration and development and $500,000 on marketing and sales. There is no formal commitment to this funding. Upon completion of the initial 18 month period, Indicator will have the right to purchase a 60% share ownership of Rio Verde by investing $5,000,000 into Rio Verde and issuing a further 2.4 million common shares to Rio Verde. In addition, the Company will have a onetime right to extend the Evaluation Period by an additional 18 months under certain conditions that include an additional $1,000,000 evaluation expenditure.

Private Placement August 2009

During August 2009, the Company completed the first tranche of a non-brokered private placement. The private placement consisted of 8,330,000 non flow-through units at a price of $0.10 per unit, for total gross proceeds of $833,000 and 713,000 flow-through units at a price of $0.13 per unit for total gross proceeds of $92,690. Each non flow-through unit consisted of one common share and one non transferrable share purchase warrant entitling the holder to purchase one common share at $0.20 per share until August 10, 2011. An amount of $374,462 was allocated to the fair value of the warrants on a pro rata basis. Each flow-through unit consisted of one common share and one half of one non transferrable share purchase warrant entitling the holder to purchase one half of one common share at $0.20 per share until August 10, 2011. An amount of $16,026 was allocated to the fair value of the warrants on a pro rata basis.

Agents fees and expenses relating to the issue were paid in cash totalling $17,853 and 172,060 agents warrants were issued which had a fair value of $7,734. The agents warrants entitle the holder to purchase one common share at $0.20 until August 10, 2011.

Three Months Ended February 28, 2010:

The Company completed its due diligence on the option agreement with Rio Verde as discussed above.

Subsequent to the Three Month period Ended February 28, 2010

Private Placement April 2010

During April 2010 the Company completed the first tranche of a non-brokered private placement. The private placement consisted of 8,997,500 non flow-through units at a price of $0.08 per unit, for total gross proceeds of $719,800 and 4,270,000 flow-through units at a price of $0.10 per unit for total gross proceeds of $427,000. Each non flow-through unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at $0.12 per share until April 28, 2012. Each flow-through unit consisted of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share at $0.15 per share until April 28, 2012.

Agents fees and expenses relating to the issue were paid in cash totalling $48,748 and 731,375 agents warrants were issued. The agents warrants entitle the holder to purchase one common share at $0.15 per share unit April 28, 2012.

In addition, 45,525 non flow-through units were issued in payment of agents fees. The agents units consist of 45,525 non flow-through shares and 45,525 warrants entitling the holder to purchase one common share at $0.15 per share until April 28, 2012.

Resource Property Costs

Nanuq North

On April 30, 2010 the Company announced that the arbitration hearing with Peregrine had been adjourned to allow a negotiated settlement. In addition, the Company and Peregrine have agreed to conduct a $2.0 million program at Nanuq North in 2010.

Financial Summary

The Company's net loss for the three months ended February 28, 2009, totalled $272,188 or $0.01 per share as compared to a net loss of $164,866, or $0.01 per share in 2009. The net loss/income is after a provision for future income tax recovery of $24,100 (2009 – $82,350), resulting from the utilization of the Company's future income tax assets to offset future tax liabilities arising as a result of the renunciation of flow through exploration expenditures. Total assets decreased from $10,153,201 as at November 30, 2009 to $9,908,851 as at February 28, 2010. Capitalized resource property costs increased from $9,342,216 as at November 30, 2009 to $9,380,062 as at February 28, 2010. The Company's cash and cash equivalents decreased from $490,372 as at November 30, 2009 to $203,626 as at February 28, 2010.

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 quarter ended February 28, 2010, a total of $37,846 (2009 - $139,676) of resource property costs were capitalized. Details of the cost break-down are contained in the Schedule of Resource Property Costs in the financial statements.

The Company's expenditures on the Rio Verde Option Agreement amounted to $107,609 at February 28, 2010 compared to $5,743 at November 30, 2009.

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 in the near future as the Company is still in the process of determining whether its properties contain economically recoverable reserves. 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.

<u>Three Months Ended February 28, 2010</u>

Net loss for the three months ended February 28, 2010 was $272,118 as compared to $164,866 in 2009. The 2009 loss was reflective of future income tax recovery of $24,100 (2009 - $82,350) resulting from the recognition of future income tax assets to offset future income tax liabilities arising on renunciation of flow through exploration expenditures. The net loss before income taxes for the quarter ended February 28, 2010 was $296,218, an increase of 19% from $247,216 in the preceding year. Significant variances include:

- Operating expenses for the three months ended February 28, 2009 totalled $296,218 (2009 - $248,644). The increase in operating expenses was 19% of the 2009 expenses. Significant operating expenditures are as follows:
    - Wages and consulting fees of $81,564 for the three months ended February 28, 2010 (2009 - $92,275) are consistent with the previous year.
    - Conference and meetings expenses of $6,358 (2009 - $29,560). As a result of market conditions, the Company decreased its efforts to expand its profile.
    - Advertising and promotions of $10,751 (2009 - $4,566). An increase in advertising and promotion as we ramp up for the private placement.
    - Investor relations expenses of $14,853 (2009 - $46,637) decreased as a result of the Company terminating its contract with an outside investor relations firm.
    - Office and administration of $31,466 (2009 - $9,377). Biggest expenditure is $15,500 on travel and accommodation.
    - Rent of $18,783 (2009 - $10,936).
    - Stock-based compensation of $0 (2009 - $4,934) has decreased as the Company issued no options during the period to directors, officers, employees and consultants.
    - Professional fees of $117,008 (2009 - $31,959). These fees have increased as we move towards arbitration with Peregrine and as we ramp up our private placement efforts.
    - All other operating costs, excluding amortization during the three months ended February 28, 2010, were comparable to the 2009 year in aggregate.
- There were no other income and expenses in the period.
    - The amount written off with respect to resource property costs will vary from year to year depending on the exploration results and the Company's plans and intentions. Costs written off in 2009 relate to properties where the Company chose not to renew the permits on certain claims.

Selected Annual Financial Information

Selected audited financial data for annual operations of Indicator during the years ended November 30, 2009, 2008, 2007, 2006 and 2005:	Nov 2009	Nov 2008	Nov 2007	Nov 2006	Nov 2005
Current assets	$ 683,342	$ 922,925	$ 4,628,447	$ 2,874,123	$ 1,182,849
Resource properties	$ 9,342,216	$ 9,998,812	$ 7,178,510	$ 5,476,456	$ 4,801,385
Option Agreement	$ 5,743	$ -	$ -	$ -	$ -
Property and equipment	$ 121,900	$ 155,552	$ 120,298	$ 103,882	$ 45,196
Total Assets	$ 10,153,201	$ 11,488,723	$ 12,259,279	$ 8,796,215	$ 6,590,125
Current liabilities	$ 115,905	$ 174,765	$ 311,903	$ 909,998	$ 450,785
Total revenue	$ -	$ -	$ -	$ -	$ -
Net loss	$ (2,208,180)	$ (516,823)	$ (1,614,024)	$ (3,057,286)	$ (2,500,772)
Basic loss per share	$ (0.03)	$ (0.01)	$ (0.03)	$ (0.06)	$ (0.09)
Weighted Avg. shares	66,741,540	61,623,299	53,575,880	44,739,380	28,555,625

Summary of Quarterly Results

Quarterly results fluctuate depending on the timing of the granting and vesting of stock options, the write-off of resources property costs, and future income tax recoveries resulting from the renunciation of flow through exploration expenditures.

The following table summarizes selected financial data reported by the Company for the quarter ended February 28, 2010 and the previous seven quarters.

	Feb 28 10	Nov 30 09	Aug 31 09	May 31 09	Feb 28 09	Nov 30 08	Aug 31 08	May 31 08
Current assets	292,221	$ 683,342	$1,146,565	$ 479,907	$ 552,992	$ 922,925	$1,742,905	$2,568,134
Resource properties & permits	9,391,833	9,342,216	9,679,935	10,334,889	10,508,097	10,410,196	10,735,078	9,211,303
Option Agreement	107,609	5,743	-	-	-	-	-	-
Current liabilities	165,148	115,905	132,540	187,443	150,312	174,765	1,054,940	281,351
Loss from operations	(296,218)	(275,394)	(300,912)	(386,815)	(248,645)	(294,942)	(325,798)	(373,640)
Write-off of mineral interest	-	(519,503)	(558,006)	-	-	(365,348)	-	-
Net income (loss)	(296,218)	(797,744)	(858,918)	(386,652)	(164,866)	(946,884)	(313,786)	(362,173)
Future income tax recovery (expense)	24,100	(3,050)	-	-	82,350	(299,040)	-	-
Basic income (loss) per share	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)
Weighted Avg. Shares	73,009,702	73,009,702	65,677,540	63,996,702	63,966,702	63,936,482	62,524,854	60,322,137

Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no cash inflows from operations as it has no source of revenue. At February 28, 2010, the Company had working capital of $127,073 (November 30, 2009 - $567,437).

Cash and cash equivalents totalled $203,626 as at February 28, 2010 (November 30, 2009 – $490,372).

<u>Three months ended February 28, 2010</u>

Cash and cash equivalents decreased by $286,746 during the three months ended February 28, 2010 from $490,372 as at November 30, 2009 to $203,626.

Cash utilized in operating activities during the three months ended February 28, 2009 was $288,878 (2009 – $230,506).

Cash flows from investing activities during the three months ended February 28, 2010 totalled a use of $154,111 (2009 – $113,149). The investing activities were as follows: utilization of $37,846 for resource property exploration (2009 - $139,676) and 2,628 utilized for the purchase of equipment (2009 - $15,248) and an increase in Permit deposits of $11,771 (2009 – refund of $41,775). In addition, the Company invested $101,866 (2009 - $0) in the Option Agreement.

At February 28, 2010, the Company's investment in resource properties aggregated $9,380,062 (November 30, 2009 - $9,342,216), prospecting permits totalled $11,771 (November 30, 2009 - $0) and equipment, net of amortization, was $117,188 (November 30, 2009 - $121,900). The Company continues to file the appropriate reports with the Territorial authorities, which reports may result in a refund of amounts paid by the Company for prospecting permits. Any such proceeds will be used to reduce the amount on the Company's books with any non-refunded amounts being transferred to resource property costs.

At February 28 2010, share capital of $17,486,755 comprised of 73,009,702 issued and outstanding common shares (November 30, 2009 - $17,510,855, comprising of 73,009,702 outstanding). Contributed Surplus which arises from the recognition of the estimated fair value of stock options and warrants was $4,290,185 (November 30, 2009 - $4,290,185).

As a result of the net loss for the period of $272,118, the deficit at February 28, 2010 increased to $12,011,487 from $11,739,369 at November 30, 2009. Accordingly, shareholders equity was $9,908,851 as compared to $10,153,201 at November 30, 2009.

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

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

Exploration Update

Darby Project – Hunter Property

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 (2004 and 2005), Indicator identified kimberlite indicator minerals with diamond inclusion chemistry in heavy mineral samples collected on the property. In 2005, the Company conducted a high resolution airborne geophysical survey over approximately 40,000 acres (or 10% of the original 415,000 acre project), in the area where the highest concentration of kimberlite indicator minerals had been recovered. Interpretation of the airborne data resulted in the identification of more than 30 targets, several of which were considered high priority.

In June 2006, Indicator entered an agreement ("the option agreement") with Teck granting it the option to earn an interest in the Darby Project. The agreement allows Teck the option to earn a 51% interest in the project by spending $14 million before June 2009. Once Teck has earned its interest a joint venture will be formed and the following terms will apply:

- While Teck 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 will propose a minimum program of $2.5 million per year to advance the Project
- Indicator will have the right to purchase Teck's interest in the Project, under certain circumstances, if Teck elects not to develop a mine

The signing of the option agreement with Teck was quickly followed with the beginning of the exploration program at Darby. Five geophysical anomalies were drill tested during the 2006 exploration program and five kimberlites were discovered. Two of the kimberlites proved to be diamond bearing.

In addition to the drilling conducted on the property in 2006, the airborne geophysical survey area was expanded to cover an additional 30% of the original 415,000 acre property. An interpretation of the data identified 23 untested, high-priority targets as well as a number of lower priority anomalies. The high-priority targets have surface areas up to 7 hectares in size.

Prospecting conducted on the property in 2006 led to the discovery of 95 kimberlite float occurrences. Many of these float occurrences are associated with geophysical anomalies and form distinct "trains" parallel to the last direction of glacial ice. One float train was identified outside of the area where airborne geophysical surveying has been conducted, suggesting that kimberlites are widely distributed across the property.

Kimberlites occur in clusters or fields and the anomalies tested to date represent a fraction of the targets identified in the existing airborne geophysical data. In addition, the drill results are suggestive of the region's potential for kimberlite bodies with large surface areas and substantial tonnage. This led to the decision to expand the Project with the acquisition of mineral claims totalling more than 272,000 acres, which brings the Project to its present size of 687,000 acres.

In 2007, Teck set the exploration budget for the field season at $8.5 million. The main focus of the program was to expand the airborne geophysical coverage to areas where kimberlite indicator minerals and float were recovered in 2006 and to mount an aggressive drilling campaign, testing a minimum of 30 new targets on the property. Heavy mineral sampling and prospecting was also planned for the mineral claims that were acquired in 2006 and incorporated into the option agreement.

The drilling program was conducted over the course of three months and tested a total of 32 new geophysical targets. This led to the discovery of four new kimberlite bodies on the property, bringing the total to nine. The discoveries made have expanded the breadth of the kimberlite field on the property and reinforced the belief that there are many more kimberlites to be discovered at Darby. Samples of the new kimberlites were shipped to an independent laboratory for diamond analysis and results were received in November 2007. Thirteen diamonds were recovered from a 171.6 kg sample of the DR042 kimberlite with the two largest stones greater than 0.15mm in two dimensions. A 278.7 kg sample from the DR034 kimberlite produced two diamonds and one diamond was recovered from a 66.9 kg of the DR093 kimberlite. No diamonds were recovered from a 109.4 kg sample of the DR036 kimberlite. Finally, a 411.8 kg sample from a previously untested portion of the 11 hectare Iceberg kimberlite yielded 10 diamonds, with the largest stone exceeding 0.3 mm in two dimensions.

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

In July 2008, boulders of kimberlite were discovered in two separate locations while prospecting in the vicinity of coincident geophysical and kimberlite indicator mineral anomalies. Analysis of the boulders showed that they were insignificantly diamondiferous; however, their discovery is significant since the area over which kimberlite has been discovered has increased from 100km^2 to 1,200km^2, implying a much larger field. Furthermore, the boulders may represent two new clusters of kimberlites within the larger field.

It is estimated that in 2008, partner Teck surpassed the $14,000,000 in aggregate exploration spending required for it to earn an undivided 51% interest in the Darby Project; however, no accounting of expenditures has been received by the Company for review and no interest in the project has been assigned to Teck. Indicator Minerals and Teck are currently discussing options for advancing the Darby Project in 2010; however, no exploration work was carried out on the Project in 2009. It is important to note that the core mineral claims at Darby will remain in good standing well into 2011; so, there is no concern that valuable land will lapse while the partnership evaluates the options for proceeding in the future.

Nanuq North Project – Hunter Property

The Nanuq North Project is located south of Wager Bay in Nunavut Territory and includes approximately 81,684 acres of mineral claims. Indicator has a 40% interest in the Nanuq North Project.

In late August 2008, the Company mounted a drill program on the Nanuq North Project with partner Peregrine Diamonds Ltd. Five airborne geophysical targets were tested resulting in the discovery of the first kimberlite on the property. The kimberlite, NQN-001, is estimated to have a minimum surface area of 4.2 hectares based on ground geophysical data. The drill hole was inclined at -58° and collared into kimberlite 8.8m and terminated in kimberlite at 86.5m.

A total of 206 diamonds were recovered from 153kg of kimberlite submitted to the Saskatchewan Research Council Geoanalytical Laboratory for analysis using caustic fusion. The largest diamond measured 0.97mm x 0.7mm x 0.7mm and was described as colourless and without inclusions. Furthermore, the diamond results coupled with geologic information suggest that two phases of kimberlite were intersected. Both phases are significantly diamondiferous; however, the second phase, intersected in the last 13.7m of the drill hole, is exceptionally diamondiferous. The results from the NQN-001 kimberlites are very compelling and the Company planned a core drilling program for 2009 that will help to further evaluate the body. On July 12th, Peregrine Diamonds Ltd. Notified Indicator Minerals Inc. and Hunter Exploration Group that it had initiated arbitration proceedings with respect to the Nanuq North Project. Indicator, Hunter and Peregrine had been jointly exploring the project under a letter agreement.

The arbitration followed a cash call issued by Indicator to Peregrine for their portion of the planned 2009 exploration program on Nanuq North. Indicator is operator of the project and issued the cash call as part of the planned 2009 exploration program. Peregrine did not support the program and did not wish to dilute their interest in the project. The Statement of Claim to the Arbitration Centre submits that Indicator does not have right to set exploration programs and budgets on Nanuq North without the approval of Peregrine.

Indicator felt it was in the best interest of its shareholders to postpone activities at Nanuq North until the issue with Peregrine could be resolved when it became apparent that the Arbitration hearing would not happen before the end of the field season.

Indicator and Hunter have each filed a statement of defence and counterclaim. In its counterclaim, Indicator asserts that the Letter Agreement between the Company, Hunter and Peregrine is unenforceable and should be set aside. Hunter is seeking the same outcome in an independent counterclaim.

On April 30, 2010 the Company announced that the arbitration hearing with Peregrine had been adjourned to allow a negotiated settlement. In addition, the Company and Peregrine have agreed to conduct a $2.0 million program at Nanuq North in 2010.

For an update on the arbitration hearing and the status of Nanuq North refer to Page 3 Subsequent to the Three Month period Ended February 28, 2010.

Barrow Project – Hunter Property

The Barrow Project is comprised of 110,000 acres of mineral claims located approximately 15km south of the hamlet of Kugaaruk. Results from heavy mineral sampling in 2004 have confirmed the presence of kimberlite indicator minerals with diamond inclusion chemistry on the property. In March 2005, the Company completed a detailed airborne geophysical survey over the property. Several high priority targets located up-ice from the kimberlite indicator minerals were identified in a review of the airborne data.

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

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

Subsequently, a 25.5kg sample of kimberlite float from the occurrence was submitted for micro diamond analysis using caustic fusion. A total of 171 micro diamonds and five macro diamonds were recovered. Indicator is confident that the kimberlite float originated on its property; however, drilling is required to determine this.

A ground geophysical crew mobilised to the property in early May 2007. Surveys were conducted over 27 airborne geophysical targets and eleven high-priority targets and numerous lower priority targets were identified. Based on these results, a multi-phase drill program was planned with the first phase testing land-based targets in 2007 and the second phase testing a combination of land and lake based targets in early 2008.

The first phase of drilling commenced in mid-September 2007 and was completed in early October. During the program, five targets were tested but no kimberlites were discovered. The

Company remains confident that there are diamond bearing kimberlites on the property and committed to a second phase of drilling in 2008.

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

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

In June 2008, airborne magnetic survey equipment was deployed to the Barrow Project. This highly sensitive helicopter-borne system developed for the US military flew selected areas of the property where evidence of local kimberlite bodies has been recovered. Targets that were identified in the magnetic survey may be tested in a future drilling program; however, no exploration work was conducted on the Project in 2009.

Grail Project – Hunter Property

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

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

In 2006 additional heavy mineral samples were collected in areas where kimberlite indicator minerals had been identified in previous sampling campaigns. Results from work carried out in 2005 isolated an area where the company believes kimberlite sources may exist.

The 2007 exploration program included a detailed airborne geophysical survey over a small portion of the project thought to be the source area for one of the indicator mineral anomalies. Several anomalies were selected from the preliminary airborne data to be surveyed with ground geophysics. Finally, a summer program of heavy mineral sampling was conducted to further delineate the areas where kimberlite indicator minerals have been recovered.

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

In fall of 2009, Indicator staked and additional 16 claims encompassing 41,320 acres of land contiguous to the Grail property. This acquisition was for the purposes of securing strategic ground in close proximity to positive results returned from previous exploration campaigns.
As a result of focussed exploration, the project is now 236,000 acres.

Borden Project – Committee Bay Property

The Borden Project is located on the Borden Peninsula of Baffin Island and includes approximately 389,000 acres of prospecting permits. Indicator acquired an option on Borden in 2004 from Committee Bay Resources Ltd. and can earn up to 70% of the diamond rights to the project.

High interest kimberlite indicator minerals were identified on the property through heavy minerals sampling programs in 2004 and 2005. Subsequent sampling programs conducted in 2006 and 2007 have isolated an area on the property believed to contain the kimberlite sources.

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

In fall of 2009, Indicator staked 24 claims encompassing 61,980 acres of land. This staking campaign was for the purposes of converting Prospecting Permits in their final year of tenure into claims. The land converted to claims is highly strategic as it lies in close proximity to the positive results recovered in 2008 including the discovery of kimberlite float.

As a result of focussed exploration, the project is now 180,000 acres.

Grass Roots Projects

In September 2009, Indicator collected a total of 60 heavy minerals samples on it 100% owned Dorset Property located on southern Baffin Island. Dorset is an ongoing grass roots project that has shown positive sampling results during exploration campaigns commencing in 2007. Results from the 2009 program are still outstanding.

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 ore body 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 there under, 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 is 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 a 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.

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 Comprehensive Loss and Note 9 in its audited Financial Statements for November 30, 2009 that is available on Indicator's website at www.indicatorminerals.com or on its SEDAR Page Site accessed through www.sedar.com.

Outstanding Share Data

Indicator's authorized capital is unlimited common shares without par value. As at __________, 2010, the following common shares, options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares at March 24, 2010	73,009,702		
Warrants			
Share purchase warrants	2,500,000	$ 0.36	May 10, 2010
	637,500	$ 0.30	August 25, 2010
	125,000	$ 0.30	September 10, 2010
	8,686,500	$ 0.20	August 10, 2011
Agents Warrants	87,500	$ 0.25	August 25, 2010
	17,500	$ 0.25	September 10, 2010
	172,060	$ 0.20	August 10, 2011
Employee Stock Options	225,000	$ 0.23	April 25, 2010
	805,000	$ 0.32	October 23, 2010
	100,000	$ 0.28	December 19, 2010
	360,000	$ 0.58	April 11, 2011
	837,500	$ 0.75	August 2, 2011
	25,000	$ 0.79	October 1, 2011
	150,000	$ 0.40	November 20, 2011
	175,000	$ 0.45	March 13, 2012
	955,000	$ 0.40	September 17, 2012
	100,000	$ 0.25	February 28, 2013
	535,000	$ 0.10	November 12,2013
	160,000	$ 0.10	February 1, 2014
	1,125,000	$ 0.12	May 20, 2014
	100,000	$ 0.12	June 15, 2014
Fully Diluted at March 24, 2010	**90,888,262**		

Transactions with Related Parties

The Company had the following transactions with the corresponding related parties:

Relationship	Nature of Transaction	**2009**	2008
Company of which the Director and VP Exploration is the majority shareholder	Geological Services	**$19,650**	$25,350
Company of which an independent Director is a shareholder	Marketing	**$ -**	$ 7,350

Of these amounts $0 was unpaid at February 28, 2010 (2009 – $9,900) and included in accounts payable and accrued liabilities.

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.

Commitments:

a) Lease Commitment:

The Company signed a lease for a period of 44 months for office premises effective April 1, 2009 as follows:

Remainder of	2010	$	60,837
	2011		73,139
	2012		68,399
		$	202,375

Adoption of New and Future Changes in Accounting Standards

a) **Adoption of New Accounting Standards**

On December 1, 2008 the Company adopted Section 3064, Goodwill and Intangible Assets issued by the Canadian Institute of Chartered Accountants ("CICA"). This standard provides guidance on the recognition, measurements, presentation and disclosure of goodwill and intangible assets. Section 3064 requires the expensing of start-up costs unless those costs satisfy specific capitalization criteria. Concurrent with the adoption of this standard, EIC-27, "Revenues and Expenditures in the Pre-operating Period," was withdrawn. Section 3064 is effective for annual or interim periods beginning on or after October 1, 2008. The adoption of this Standard had no impact on the Company's financial statements.

b) **Future Changes in Accounting Standards**

International Financial Reporting Standards

In February 2008, the Accounting Standards Board confirmed that Canadian Generally Accepted Accounting Principles for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective for the Company's interim and annual consolidated financial statements beginning on December 1, 2011.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant potential differences in recognition, measurement, and disclosures. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all accounting policies, the initial key areas of assessment include:

- Information technology and data systems
- Deferred exploration and development expenditures (Mineral properties)
- Stock based compensation
- Accounting for income taxes
- First time adoption of International Financial Reporting Standards (IFRS 1)

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on internal controls; contractual arrangements; and employee training.

The Company does not currently have a timetable for its IFRS implementation plan, but proposes to outline its timetable by Q3 (August 31, 2010) of the current fiscal year.

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, short-term investments, cash calls receivable, marketable securities, GST recoverable, permit bonds receivable, and accounts payable and accrued liabilities. It is management's opinion that Indicator is not exposed to significant interest, foreign exchange or credit risks arising from financial instruments. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these investments and/or the ability for prompt liquidation.

Critical Accounting Estimates

The Company's accounting policies are presented in note 2 of the November 30, 2009 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. Significant estimates include:

- the carrying values of mineral properties;
- the valuation of stock-based compensation expense; and
- the determination of valuation allowances for future income tax assets
- the assessment of the Company's ability to continue as a going concern

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 producing properties will be 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 always competitive, 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 the Company, particularly during the period in which the annual filings are being prepared and that such information is properly recorded or disclosed in the financial statements. 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, 2009 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, 2009. Based on this evaluation, it was determined that certain weaknesses existed in internal controls over financial reporting. 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 compensated for by senior management monitoring which exists. The Company is continually 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 or by contacting:

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Attention: Bruce Counts, President and Chief Executive Officer

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

/s/ "Andrew Wilton"
Andrew Wilton
Chief Financial Officer