

INDICATOR MINERALS INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED AUGUST 31, 2011
In Canadian Dollars

NOTICE

No Auditor Review of the Consolidated Interim Financial Statements

The accompanying unaudited consolidated interim financial statements of the Company for the three and nine month periods ended August 31, 2011 have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Indicator Minerals Inc.
(An Exploration Stage Company)
Consolidated Balance Sheets
As at August 31, 2011 and November 30, 2010
(Amounts are expressed in Canadian Dollars)

	Note	August 31, 2011 (Unaudited)	November 30, 2010
Assets			
Current assets			
Cash and cash equivalents	4	\$ 737,132	1,631,413
Restricted cash	4	65,000	50,000
Amounts receivable		290	2,092
Marketable securities	5	2,500	4,000
HST recoverable		57,165	86,621
Prepaid expenses		58,465	29,287
		<u>920,552</u>	<u>1,803,413</u>
Permit deposits	6	11,771	11,771
Equipment	7	138,665	95,981
Resource property costs	9	13,734,115	11,369,306
		<u>\$ 14,805,103</u>	<u>\$ 13,280,471</u>
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 335,018	\$ 547,678
Future income taxes		439,200	439,200
		<u>774,218</u>	<u>986,878</u>
Shareholders' Equity			
Share capital	10	21,707,868	20,009,290
Contributed surplus		7,055,729	6,261,571
Accumulated other comprehensive loss		(25,000)	(23,500)
Deficit		<u>(14,707,712)</u>	<u>(13,953,768)</u>
		<u>14,030,885</u>	<u>12,293,593</u>
		<u>\$ 14,805,103</u>	<u>\$ 13,280,471</u>

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 9 and 12)

ON BEHALF OF THE BOARD:

"Bruce Counts", President, CEO and Director

"Craig Bentham", Director

Indicator Minerals Inc.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the Three and Nine Month Periods Ended August 31, 2011 and 2010

(Amounts are expressed in Canadian Dollars - unaudited)

	Three Months Ended August 31		Nine Months Ended August 31	
	2011	2010	2011	2010
Expenses				
Advertising and promotion	\$ 71,611	\$ 15,718	\$ 129,702	\$ 35,272
Amortization	13,287	7,517	30,293	22,551
Conference and meetings	3,412	12,861	19,293	50,321
Corporate listing and filing fees	(252)	16,343	23,611	35,179
Investor relations	7,798	28,061	44,395	109,895
Office and administration	22,332	23,021	101,261	100,317
Professional fees	23,004	91,342	177,555	358,836
Rent	26,150	18,331	63,233	55,585
Stock based compensation	18,445	-	383,612	127,828
Transfer agent fees	2,387	1,469	10,322	7,615
Wages and consulting fees	4,782	15,137	332,134	206,797
	<u>(192,956)</u>	<u>(229,800)</u>	<u>(1,315,411)</u>	<u>(1,110,196)</u>
Other income				
Equipment rental	-	884	-	3,634
Interest	4,488	817	18,067	817
	<u>4,488</u>	<u>1,701</u>	<u>18,067</u>	<u>4,451</u>
Loss before income taxes	(188,468)	(228,099)	(1,297,344)	(1,105,745)
Future income taxes recovery	-	-	543,400	24,100
Net loss for the period	(188,468)	(228,099)	(753,944)	(1,081,645)
Other comprehensive income (loss)				
Unrealized gain (loss) on available for sale investment	(1,000)	(3,250)	(1,500)	2,000
Comprehensive loss for the period	\$ (189,468)	\$ (231,349)	\$ (755,444)	\$ (1,079,645)
Weighted average shares outstanding				
Basic and fully diluted	132,582,223	98,728,791	126,459,683	83,620,406
Loss per common share				
Basic and fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

- See Accompanying Notes -

Indicator Minerals Inc.
(An Exploration Stage Company)
Consolidated Statements of Shareholders' Equity
For the Nine Month Period Ended August 31, 2011 and 2010
(Amounts are expressed in Canadian Dollars - unaudited)

	Common Shares		Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
	Number of shares	Amount				
Balance, November 30, 2009	73,009,702	\$ 17,510,855	\$ 4,290,185	\$ (24,375)	\$ (11,739,369)	\$ 10,037,296
Issued for cash:						
Common shares issued, net of issuance costs	28,419,225	1,727,773	-	-	-	1,727,773
Issued under option agreement	100,000	9,000	-	-	-	9,000
Flow-through income tax renunciation	-	(24,100)	-	-	-	(24,100)
Stock-based compensation	-	-	127,828	-	-	127,828
Share purchase warrants issued in private placements	-	-	1,286,265	-	-	1,286,265
Unrealized loss on available for sale investments	-	-	-	(625)	-	(625)
Loss for the period	-	-	-	-	(1,081,645)	(1,081,645)
Balance, August 31, 2010	101,528,927	19,223,528	5,704,278	(25,000)	(12,821,014)	12,081,792
Issued for cash:						
Common shares issued, net of issuance costs	9,000,000	385,759	-	-	-	385,759
Acquisition of Bluestone Resources Inc.	5,000,040	400,003	-	-	-	400,003
Stock-based compensation	-	-	263,302	-	-	263,302
Share purchase warrants issued in private placements	-	-	293,991	-	-	293,991
Unrealized gain on available for sale investments	-	-	-	1,500	-	1,500
Loss for the period	-	-	-	-	(1,132,754)	(1,132,754)
Balance, November 30, 2010	115,528,967	20,009,290	6,261,571	(23,500)	(13,953,768)	12,293,593
Issued for cash:						
Common shares issued, net of issuance costs	11,005,055	1,286,091	-	-	-	1,286,091
Redemption of warrants	5,487,658	677,739	-	-	-	677,739
Exercise of options	585,000	64,404	-	-	-	64,404
Fair value of warrants redeemed	-	178,262	(178,262)	-	-	-
Fair value of options exercised	-	35,482	(35,482)	-	-	-
Value assigned to warrants issued	-	-	624,290	-	-	624,290
Stock-based compensation	-	-	383,612	-	-	383,612
Flow-through income tax renunciation	-	(543,400)	-	-	-	(543,400)
Unrealized loss on available for sale investments	-	-	-	(1,500)	-	(1,500)
Loss for the period	-	-	-	-	(753,944)	(753,944)
Balance, August 31, 2011	132,606,680	\$ 21,707,868	\$ 7,055,729	\$ (25,000)	\$ (14,707,712)	\$ 14,030,885

- See Accompanying Notes -

Indicator Minerals Inc.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Three and Nine Month Periods Ended August 31, 2011 and 2010

(Amounts are expressed in Canadian Dollars - unaudited)

	Three Months Ended August 31		Nine Months Ended August 31	
	2011	2010	2011	2010
Operating activities				
Net loss for period	\$ (188,468)	\$ (228,099)	\$ (753,944)	\$ (1,081,645)
Items not affecting cash				
Future income tax recovery	-	-	(543,400)	(24,100)
Stock based compensation	18,445	-	383,612	127,828
Amortization	13,287	7,517	30,293	22,551
Change in non cash working capital				
Restricted cash	-	-	(15,000)	-
Amounts receivable	4,521	-	1,802	40,142
HST recoverable	3,150	(5,795)	29,456	75,505
Permit bonds receivable	-	41,815	-	17,396
Prepaid expenses	14,854	15,579	(29,178)	8,047
Accounts payable and accrued liabilities	(187,774)	575,005	(212,660)	1,017,426
Cash generated by (used in) operating activities	(321,985)	406,022	(1,109,019)	203,150
Financing activity				
Issuance of share capital and warrants, net of issue costs	30,000	1,653,786	2,652,524	3,023,038
Cash generated by financing activity	30,000	1,653,786	2,652,524	3,023,038
Investing activities				
Loan receivable	-	(175,000)	-	(175,000)
Equipment, net	(49,806)	-	(72,977)	(4,149)
Increase in permit and deposits	-	-	-	(11,771)
Resource property costs	(955,588)	(935,089)	(2,364,809)	(1,329,358)
Option agreement	-	(30,945)	-	(123,002)
Cash used in investing activities	(1,005,394)	(1,141,034)	(2,437,786)	(1,643,280)
Increase (decrease) in cash and cash equivalents	(1,297,379)	918,774	(894,281)	1,532,908
Cash and cash equivalents - beginning of period	2,034,511	1,104,506	1,631,413	490,372
Cash and cash equivalents - end of period	\$ 737,132	\$ 2,023,280	\$ 737,132	\$ 2,023,280
Supplementary cash flow information				
Interest received	\$ 4,488	\$ 817	\$ 18,067	\$ 817

- See Accompanying Notes -

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
For the Three and Nine Month Periods Ended August 31, 2011 and 2010
(Amounts are expressed in Canadian Dollars - unaudited)

1. Nature of Operations and Going Concern

Indicator Minerals Inc. ("Indicator" or the "Company") is an exploration stage enterprise and is currently exploring its mineral interests in Nunavut, Canada and in Arizona, United States with the objective of bringing the properties to the extraction and processing stage. The Company is listed on the TSX Venture Exchange ("TSX-V") and trades under the symbol IME.

The Company is in the process of exploring its mineral resource properties and has not yet determined whether these properties contain economically recoverable mineral reserves. The recoverability of the amounts capitalized to resource property costs is ultimately dependent upon the existence of economically recoverable ore reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to continue to explore and develop the properties, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as resource property costs represent costs incurred to date, less amounts recovered from third parties and/or written-off, and do not necessarily represent current or future fair values.

These consolidated interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and on a basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has a history of losses with no operating revenue, other than interest income which raises substantial doubt about the Company's ability to continue as a going concern. The Company has forecast financial results and cash flows for next year. The forecast is based on management's best estimates of operating conditions in the context of current economic conditions and today's capital market climate. Based on its forecast, the Company expects that sufficient liquidity and equity financing will be available to meet its obligations over the next year.

The ability of the Company to carry out its planned business objectives and continue as a going concern is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow from its mineral resource properties. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

The consolidated interim financial statements do not include any adjustments relating to the recorded amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
For the Three and Nine Month Periods Ended August 31, 2011 and 2010
(Amounts are expressed in Canadian Dollars - unaudited)

2. Significant Accounting Policies

a) Basis of presentation

The Company prepares its consolidated interim financial statements in accordance with Canadian generally accepted accounting principles on a basis consistent with those used and described in the annual consolidated financial statements for the year ended November 30, 2010. The disclosures contained in these interim financial statements do not include all the requirements of Canadian generally accepted accounting principles for annual financial statements and accordingly, these interim financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2010. Certain comparative figures have been restated to conform to the current period's financial statements presentation.

b) International Financial Reporting Standards ("IFRS")

The Canadian Institute of Chartered Accountants has announced it will transition Canadian GAAP for publicly accountable enterprises to IFRS. Under the terms of the transition rules, the Company's financial statements are to be prepared in accordance with IFRS for the fiscal year commencing on December 1, 2011 with restatement of the Company's November 30, 2011 comparative figures. While the Company has begun assessing the potential impact of the adoption of IFRS in 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Acquisition of Bluestone Resources Inc.

On November 1, 2010, the Company completed the acquisition of Bluestone Resources Inc. ("Bluestone") and its 100% owned subsidiary Four Point Construction, Inc.

Bluestone's assets consist of the Mohave Copper-Moly-Silver Porphyry Project located in Mohave County, Arizona. The Company agreed to acquire the shares of Bluestone in return for the issue of 5,000,040 common shares (approximately 4.7% of the number of outstanding common shares post-transaction).

The value of the consideration was based on the value of the Indicator shares on the closing date of the transaction. This cost of the acquisition was allocated to the fair value of the net assets acquired.

Prior to acquisition, Indicator loaned Bluestone \$175,000 to keep their property in good standing. The loan was repayable on demand bearing interest at Canadian Western Bank prime plus 3.0% per annum. This amount is included as consideration for the acquisition.

The President and Vice-President of Exploration of Bluestone are both directors of Indicator and received 314,270 and 377,124 Indicator shares respectively on closing of the transaction. In addition, two other directors of Indicator were non-material shareholders of Bluestone.

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
For the Three and Nine Month Periods Ended August 31, 2011 and 2010
(Amounts are expressed in Canadian Dollars - unaudited)

3. Acquisition of Bluestone Resources Inc. - Continued

Cost of Acquisition	
Share consideration (5,000,040 shares)	\$ 400,003
Acquisition costs	55,537
Amounts advanced prior to acquisition	175,000
	<u>\$ 630,540</u>
Fair Value of net assets	
Resource property cost	\$ 1,111,054
Working capital deficit	(41,314)
Future income tax liability	(439,200)
	<u>\$ 630,540</u>

4. Cash and Cash Equivalents

	August 31, 2011	November 30, 2010
Operating funds	\$ 597,097	\$ 402,483
Flow-through funds	<u>140,035</u>	<u>1,228,930</u>
	<u>\$ 737,132</u>	<u>\$ 1,631,413</u>

Flow-through funds may only be used for Canadian mineral exploration costs.

The amounts in the preceding table exclude \$65,000 (November 30, 2010 - \$50,000) that is subject to restrictions under a credit card arrangement and is separately presented as restricted cash.

5. Marketable Securities

	August 31, 2011		November 30, 2010	
	Market Value	Cost	Market Value	Cost
Common shares of a public company, representing less than a 5% interest in the company	\$ 2,500	\$ 27,500	\$ 4,000	\$ 27,500

Indicator Minerals Inc.
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Notes to Consolidated Financial Statements
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6. Permit Deposits

Prospecting permit deposits are paid to the Receiver General for Canada and recoverable based on exploration spending and filing of requisite geological assessment reports. If the spending commitments are not met, the deposits are forfeited.

The Company has been filing reports with the federal authorities. These reports may result in a refund of amounts paid by the Company. Any such proceeds result in a reduction in the amount recorded for permits with any non-refunded amounts being either written off or transferred to resource property costs.

7. Equipment

Details of the Company's equipment are as follows:

	August 31, 2011			November 30, 2010		
	Cost	Accum. Amort.	Net Book Value	Cost	Accum. Amort.	Net Book Value
Computer equipment	\$ 85,813	\$ (54,592)	\$ 31,221	\$ 63,558	\$ (46,285)	\$ 17,273
Computer software	86,048	(83,697)	2,351	76,962	(76,962)	-
Field equipment	90,880	(53,926)	36,954	90,880	(47,404)	43,476
Office furniture and equipment	99,395	(53,140)	46,255	72,089	(46,587)	25,502
Leasehold improvements	30,534	(8,650)	21,884	16,204	(6,474)	9,730
	\$ 392,670	\$ (254,005)	\$ 138,665	\$ 319,693	\$ (223,712)	\$ 95,981

8. 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 had elected to proceed with the Letter Agreement subject to financing.

Under the terms of the Letter Agreement on April 5, 2010, the Company issued 100,000 common shares to Rio Verde and must by August 31, 2011 fund an aggregate of \$1,000,000 including \$500,000 on exploration and development and \$500,000 on marketing and sales.

During the year ended November 30, 2010 the Company incurred costs of \$183,506 (2009 - \$5,743) related to the property. At November 30, 2010 the Company wrote off the entire balance of \$189,249, as the Company had determined it was unlikely to proceed with any further investment.

On March 21, 2011 the Company formally terminated its Letter Agreement with Rio Verde.

Indicator Minerals Inc.
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Notes to Consolidated Financial Statements
For the Three and Nine Month Periods Ended August 31, 2011 and 2010
(Amounts are expressed in Canadian Dollars - unaudited)

9. Resource Property Costs

- a) The following provides a summary of the costs capitalized and written off with respect to our resources properties:

	As at nine month period ended August 31, 2011			As at year ended November 30, 2010		
	Acquisition Costs	Deferred Exploration	Total	Acquisition Costs	Deferred Exploration	Total
Mineral Interests						
Hunter Properties						
Balance, beginning of the year	\$ 1,347,059	\$ 7,554,688	\$ 8,901,747	\$ 1,297,059	\$ 6,431,508	\$ 7,728,567
Acquisition costs	-	-	-	50,000	-	50,000
Claims and staking	-	-	-	-	1,399	1,399
Airborne geophysics	-	266,733	266,733	-	-	-
Analytical and sampling	-	-	-	-	248,396	248,396
Fieldwork	-	426,864	426,864	-	873,385	873,385
Balance, end of period	<u>1,347,059</u>	<u>8,248,285</u>	<u>9,595,344</u>	<u>1,347,059</u>	<u>7,554,688</u>	<u>8,901,747</u>
North Country Gold Corp Properties						
Balance, beginning of the year	288,934	657,896	946,830	288,934	630,449	919,383
Claims and staking	-	-	-	-	1,075	1,075
Analytical and sampling	-	-	-	-	1,133	1,133
Fieldwork	-	12,117	12,117	-	25,239	25,239
Balance, end of period	<u>288,934</u>	<u>670,013</u>	<u>958,947</u>	<u>288,934</u>	<u>657,896</u>	<u>946,830</u>
Indicator Properties						
Balance, beginning of the year	322,813	61,832	384,645	322,813	371,453	694,266
Claims and staking	-	-	-	-	(697)	(697)
Analytical and sampling	-	-	-	-	31,342	31,342
Fieldwork	-	10,772	10,772	-	48,306	48,306
Write-off	-	-	-	-	(388,572)	(388,572)
Balance, end of period	<u>322,813</u>	<u>72,604</u>	<u>395,417</u>	<u>322,813</u>	<u>61,832</u>	<u>384,645</u>
Bluestone Resource Inc. - Mohave Project						
Balance, beginning of the year	1,111,054	25,030	1,136,084	1,111,054	-	1,111,054
Claims and staking	-	91,436	91,436	-	-	-
Fieldwork	-	1,556,887	1,556,887	-	25,030	25,030
Balance, end of period	<u>1,111,054</u>	<u>1,673,353</u>	<u>2,784,407</u>	<u>1,111,054</u>	<u>25,030</u>	<u>1,136,084</u>
Total	\$ 3,069,860	\$ 10,664,255	\$ 13,734,115	\$ 3,069,860	\$ 8,299,446	\$ 11,369,306

Indicator Minerals Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
For the Three and Nine Month Periods Ended August 31, 2011 and 2010
(Amounts are expressed in Canadian Dollars - unaudited)

9. Resource Property Costs - Continued

b) Hunter Properties

General

The Company owns an 80% interest in the diamond rights of several properties, acquired from Hunter Exploration Group ("Hunter"), an arm's length party. Hunter retains a 20% carried interest in the properties until a feasibility study is completed. The properties are located near the communities of Kugaaruk and Taloyoak in Nunavut Territory. The properties are subject to a gross overriding royalty of up to 2%. The Company pays an annual advance royalty of \$25,000 to each of Hunter and Royal Gold Inc. (formerly International Royalty Corp.), should the Company elect to retain any of the original properties subject to the Hunter agreement

Barrow

The Barrow Project is comprised of 72,310 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.

On March 4, 2011 the Company entered into a Letter Agreement with Diamonds North Resources Ltd. ("Diamonds North") whereby Diamonds North has the option to earn up to a 60% interest in any diamond rights on the Barrow property.

To earn the 60% interest on the Barrow property Diamonds North must incur up to \$2,000,000 in exploration expenditures according to the following schedule:

(a) to maintain the option incur \$200,000 in exploration expenditures on or before December 31, 2013 of which \$50,000 must be incurred on or before December 31, 2011.

(b) to earn a 51% interest in the property incur an additional \$800,000 in exploration expenditures for an aggregate of \$1,000,000 in total exploration expenditures on or before December 31, 2015.

(c) to earn an additional 9% for an aggregate 60% in the property incur an additional \$1,000,000 for an aggregate of \$2,000,000 in total exploration expenditures on or before December 31, 2016.

Darby

In June 2006 the Company entered into an agreement with Teck Resources Ltd. (formerly Teck Cominco Limited ("Teck")) whereby Teck has the option to earn a 51% interest in the diamond rights of the Company's 80% owned Darby Project, which is part of the Hunter properties, by spending \$14 million over four years, including reimbursement of limited expenditures by the Company on the property, prior to June 2, 2009. The Company had been operating the exploration activities on the Darby properties for Teck under a service contract that was renewable annually and was incurring the exploration expenditures and being reimbursed by Teck monthly. The Company was receiving a 10% administrative fee on all disbursements in addition to payment for all overhead directly attributable to the project. As of February 26, 2007, Teck became the operator of the project.

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9. Resource Property Costs - Continued

b) Hunter Properties - Continued

Darby - Continued

In August 2010 Teck informed the Company that they have surpassed \$14,000,000 in aggregate exploration expenditures to earn its 51% interest in the project. No accounting of expenditures has been received by the Company for review and none of the other terms of the agreements have been fulfilled, therefore no interest in the project has been assigned to Teck as at August 31, 2011. No exploration work was carried out on the project in 2009 and only care and maintenance of the project was conducted in 2010. The core mineral claims at Darby will remain in good standing; and the partners in the agreement continue to evaluate the options for proceeding in the future. Teck has informed Indicator that no minimum work program is proposed for 2011.

Once Teck has earned its 51% interest a joint venture is to be formed and the following items 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.

During the third quarter ended August 31, 2011 Teck completed the removal of the camp facilities.

No joint venture agreement has been signed, and the Company continues to work with Teck on alternative options.

Nanuq North

Under the terms of a letter agreement entered into in 2005, the Company has a 40% interest in 16 core claims covering 11,605 hectares (the "Core Claims"). Peregrine Diamonds Ltd. ("Peregrine") has a 40% interest and Hunter a 20% interest. Exploration costs on the Core Claims are currently funded on a 50/50 basis by Peregrine and the Company. Hunter's 20% interest is carried through to completion of a scoping study.

Peregrine and the Company each have an undivided 50% interest in the remaining 21,451 hectares of claims at Nanuq North.

On July 7, 2009 the Company, as operator of the Nanuq North Project gave notice to Peregrine and Hunter of its intention to proceed with a 2009 exploration program with a budget of \$2.34 million. On July 12, 2009 Peregrine advised Indicator that it had commenced arbitration proceedings to assess whether the Company has the right to unilaterally implement the program and require Peregrine to contribute 50% of planned expenditures.

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9. Resource Property Costs - Continued

b) Hunter Properties - Continued

Nanuq North – Continued

The Statement of Claim submitted by Peregrine to the Arbitration Centre asserted that the Company does not have the right to set exploration programs and budgets on Nanuq North without the approval of Peregrine. (Peregrine also sought an award of costs, in an amount that was not quantified at the time).

On April 30, 2010 the Company announced that they had reached an agreement with Peregrine to adjourn arbitration hearings scheduled for May 2010 in order to allow Indicator and Peregrine to negotiate a Joint Venture Agreement with respect to the Nanuq North Project. As a term of the Adjournment Agreement, Indicator and Peregrine agreed to conduct a \$2.0 million exploration program at Nanuq North in 2010.

Indicator and Peregrine agreed to equally fund the \$2.0 million 2010 exploration program at Nanuq North. The program was conducted in late May and June of 2010 and had a primary goal of evaluating the NQN-001 kimberlite for the following:

- Obtain preliminary estimates of the size of the kimberlite body;
- Determine the number of phases (types) of kimberlite present;
- Obtain an initial understanding of the distribution of diamonds in the different kimberlite phases identified.

A short exploration program was conducted on the property during the quarter ended August 31, 2011. Airborne geophysical anomaly NNQ-408 was covered with 16.8 line kilometers of ground magnetics. The anomaly was down graded and no further work recommended. Magnetic anomaly NQN-024 was drill tested with a single core hole inclined at -50°. The hole was terminated at 214 meters having passed through the anomaly not intersecting kimberlite. The magnetic low is interpreted to be the result of a mag destructive zone resulting from intercepting faults.

The process of completing a joint venture agreement is still ongoing.

Grail

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.

In fall of 2009, Indicator staked an 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. No work was conducted on the Grail Project in 2010; however, all core mineral claims on the project remain in good standing.

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9. Resource Property Costs - Continued

b) Hunter Properties - Continued

Grail - Continued

During the quarter ended August 31, 2011 a small helicopter borne magnetic survey was conducted on the Grail property. A total of 1,653.9 line kilometers of total field magnetics data was collected using a stinger mag mounted on a 206 Jet Ranger. The objective of the survey was to collect additional geophysical data in the down ice direction, proximal to high interest indicator minerals recovered in previous heavy mineral sampling campaigns. The survey was successful in identifying several high priority magnetic anomalies with signatures comparable to known kimberlites in the region.

c) North Country Gold Corp.

The Borden Project is located on the Borden Peninsula of Baffin Island and initially included approximately 389,000 acres of prospecting permits. The Company acquired an option on Borden in 2004 from Committee Bay Resources Ltd. (now North Country Gold Corp.) and can earn up to 70% of the diamond rights to the project. Upon earning a 70% interest in the Borden property, the Company and North Country Gold will split diamond exploration costs 80% / 20% respectively. The property included in the agreement is located in the Kivalliq region of Nunavut. The Borden property is subject to a gross overriding royalty of up to 1% of production.

As a result of focussed exploration, the project is now 180,000 acres. No work was conducted on the project in 2010 and 2011; however, all core mineral claims on the project remain in good standing.

d) Indicator Properties

The Company has narrowed its investments in Nunavut to one 100% owned grass roots property. The Dorset project is located on the Foxe Peninsula of Baffin Island. The property is being evaluated with heavy mineral sampling in an effort to confirm the presence of kimberlite, the primary source of diamond, and to isolate the location of kimberlites. No work is planned for 2011.

e) Mohave Copper Porphyry Project

On November 1, 2010 the Company completed the acquisition of private company Bluestone Resources Inc. which includes its 100% owned Mohave Copper-Moly-Silver Porphyry Project in Arizona. The Company agreed to acquire all of the issued and outstanding shares of Bluestone in return for the issue of 5,000,040 common shares (approximately 4.7% of the number of outstanding common shares post-transaction).

The Mohave Project is located in north-western Arizona and is interpreted as a large-scale, copper porphyry deposit with silver and molybdenum byproducts. Exploration work conducted by Bluestone in 2008, identified extensive copper mineralization over a large area of the project and the geology of the Mohave Project is believed to be analogous to the Bagdad Copper Porphyry Mine, which is located within 33km and along the same structural trend.

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9. Resource Property Costs – Continued

e) Mohave Copper Porphyry Project - Continued

The Mohave Project was acquired by Bluestone under the terms of an option agreement entered into with Southwest Exploration Group on July 8, 2008 and amended on March 26, 2009 and July 30, 2010. Bluestone has exercised the option and earned its 100% interest in the Mohave Project, however to maintain this ownership interest, Bluestone was required to make a payment to the previous owners of US\$240,000 on or before September 1, 2011 (paid) and will be required to make an additional payment to the previous owners of US\$360,000 on or before September 1, 2012.

The Mohave Project is subject to a 3% net smelter return royalty (the "Royalty") payable in cash to the previous owners. Bluestone has the option to purchase one-third of the Royalty for the fixed amount of US\$1,500,000 at any time during the ninety day period commencing on the date Bluestone receives a Bankable Feasibility Study with respect to the properties comprising the Mohave Project.

In the next 12 months Indicator will be undertaking a two phase exploration program on the Mohave property including up to 10,000 meters of core drilling. Phase One of the drill program was completed during the quarter ended August 31, 2011. Geological, geochemical and geophysical surveys indicate that the Mohave Project is part of an extensive sulphide-bearing hydrothermal system. A broad IP/chargeability anomaly measuring 4.0km long and up to 3.0km in width, flanked by bounding faults to the north and east, is coincident with strong copper-molybdenum and silver rock and soil geochemical anomalies coinciding with an easterly trending intrusive and structural corridor.

The potential for Phase Two of the 2011 exploration program is being discussed.

f) Marketing Agreement

On March 12, 2008 the Company signed an agreement with Munic Gems N.V. ("Munic Gems") under which Munic Gems will use its best efforts to bring project opportunities to the Company for review with a particular focus on India and Brazil. Munic Gems will retain the following rights on certain projects that they have brought to the Company:

- The right to act as agent on the sale of 50% of Indicator's share of diamond production at a commission of 5%
- A Net Profits Interest (NPI) of 5%.

The Company will continue to generate and acquire projects through its own efforts. Munic Gems will have the following rights on these projects as long as it earns and maintains a 9.9% ownership interest in the common shares of the Company:

- The right to act as agent on 20% of the Company's share of diamond production at a commission of 5%
- The first right-of-offer to underwrite 100% of the Company's share of debt financing for capital costs incurred after the completion of a bankable feasibility study. In exchange, Munic Gems will have the right to market 100% of the Company's share of diamond production for the term of the debt at a commission of 5%.

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9. Resource Property Costs - Continued

f) **Marketing Agreement - Continued**

Under the terms of the Agreement, Munic Gems was required to earn a 9.9% ownership interest in the Company through Private Placement financings at the Company's discretion, beginning with the purchase of 2.5 million units of the Company within 60 days of the Agreement being signed. This initial financing was completed in May 2008 and each unit consisted of one common share and one warrant to purchase one common share. Each unit in the initial financing was priced at \$0.29, with the exercise price of each warrant being \$0.36.

Once Munic Gems has earned a 9.9% interest in the Company, it is to maintain the 9.9% ownership through the exercise of anti-dilution right on subsequent financings. Munic Gems maintains the anti-dilution right so long as it does not skip more than three financings in total and does not skip two consecutively. Munic Gems is currently in default of its anti-dilution right agreement, and as a consequence certain rights Munic Gems has on diamond exploration and development projects are currently suspended.

At August 31, 2011 the Company has not acquired any projects under the terms of this agreement.

10. Share Capital

a) Details are as follows:

	Number	Amount
Authorized:		
Unlimited number of common voting shares without par value		
Unlimited number of preferred shares		
Issued:		
Balance - November 30, 2009	73,009,702	\$ 17,510,855
Private placements, net of issuance costs	37,419,225	2,113,532
Issued under terms of option agreements (note 8)	100,000	9,000
Issued on acquisition Bluestone Resources Inc. (note 3)	5,000,040	400,003
Future income taxes on renouncement of flow-through shares issued (note 10e)	-	(24,100)
Balance - November 30, 2010	115,528,967	20,009,290
Private placement, net of issuance costs	11,005,055	1,286,091
Cash received on exercise of warrants	5,487,658	677,739
Fair value of warrants exercised	-	178,262
Cash received on exercise of options	585,000	64,404
Fair value of options exercised	-	35,482
Future income taxes on renouncement of flow-through shares issued (note 10e)	-	(543,400)
Balance - August 31, 2011	132,606,680	\$ 21,707,868

b) **Private Placements**

Private Placement February 24, 2011

On February 24, 2011 the Company issued 11,005,055 units (the "Units") at a price of \$0.18 per Unit for gross proceeds of \$1,980,910 (the "Private Placement"). Each Unit is comprised of one common share and one transferable share purchase warrant of the

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10. Share Capital – Continued

b) Private Placements – Continued

Company (the “Warrants”). Each Warrant is exercisable to purchase one common share of the Company at a price of \$0.27 per share until February 23, 2013. An amount of \$624,290 was allocated to the fair market value of the warrants on a relative fair value basis.

Finder’s fees consisting of \$70,529 in cash and 391,828 non-transferable finder warrants, representing 5% of the proceeds raised and 5% of the number of Units issued, respectively, were paid in aggregate to six finders in respect of certain subscriptions under the Private Placement. Each finder warrant is exercisable to purchase one common share of the Company at a price of \$0.27 per share until February 23, 2013.

The fair value of finder’s fees and expenses related to the private placement totalled \$102,985, of which \$70,529 was allocated to the cost of the share issuance and the remaining \$32,456 was allocated to contributed surplus as a cost of the warrants issued.

All securities issued or issuable under the Private Placement were subject to a hold period and could not be traded until June 24, 2011 except as permitted by Canadian securities legislation and the TSX Venture Exchange.

Private Placement October 2010

During October 2010 Indicator issued 9,000,000 non flow-through units (the “Units”) at a price of \$0.08 per unit for gross proceeds of \$720,000 (the “Private Placement”). Each unit was comprised of one common share and one transferable share purchase warrant of the Company (the “Warrants”). Each Warrant is exercisable to purchase one common share of the Company at a price of \$0.12 per share until October 29, 2012, subject to an acceleration provision in the event the closing price of the Company’s shares on the TSX Venture Exchange (the “Exchange”) is \$0.16 or higher for at least 10 consecutive trading days beginning after March 1, 2011. An amount of \$295,068 was allocated to the fair market value of the warrants on a relative fair value basis.

Finder’s fees consisting of \$40,250 in cash and 503,125 non-transferable finder warrants (with a fair value of \$26,125), representing 7% of the proceeds raised and 7% of the number of Units issued, respectively, were paid to seven finders in respect of certain subscriptions under the Private Placement. Each finder warrant is exercisable to purchase one common share of the Company at a price of \$0.15 per share until October 29, 2012.

The fair value of finder’s fees and expenses related to the private placement totalled \$66,375, of which \$39,173 was allocated to the cost of the share issuance, and the remaining \$27,202 was allocated to contributed surplus as a cost of the warrants issued.

All securities issued or issuable under the Private Placement are subject to a hold period and may not be traded until March 1, 2011 except as permitted by Canadian securities legislation and the Exchange.

Private Placement June and July 2010

During June and July 2010, the Company completed two tranches of a non-brokered private placement. The private placement consisted of 2,037,500 non flow-through units

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10. Share Capital - Continued

b) Private Placements – Continued

at a price of \$0.12 per unit for total gross proceeds of \$244,500 and 10,000,000 flow-through units at a price of \$0.15 per unit for total gross proceeds of \$1,500,000. Each non-flow through unit consisted of one non flow-through common share and one share purchase warrant entitling the holder to purchase one common share at a price of \$0.16 per share until July 14, 2012. The warrants are subject to an acceleration provision in the event the closing price of the Company's shares on the TSX Venture Exchange exceeds \$0.30 for at least 10 consecutive trading days. An amount of \$95,092 was allocated to the fair value of these warrants on a relative fair value basis. Each flow-through unit consisted of one flow-through common share and one share purchase warrant entitling the holder to purchase one common share at \$0.20 per share until June 17, 2012. The warrants are subject to the same acceleration provision that applies to the non flow-through units. An amount of \$588,129 was allocated to the fair market value of the warrants on a relative fair value basis.

Finder's fees and expenses relating to the issue were paid in cash totaling \$90,714, 700,000 finder's units (with a fair value of \$95,560) and 5,950 non-transferrable agents warrants (with a fair value of \$454).

The fair value of finder's fees and expenses related to the private placement totaled \$186,728, of which \$113,519 was allocated to the cost of the share issuance and the remaining \$73,209 was allocated to contributed surplus as a cost of the finders units and warrants issued.

Each finder's unit is comprised of an option to purchase one common share of the Company at a price of \$0.15 until June 17, 2012 and one quarter of one non-transferrable share purchase warrant of the Company. Each whole warrant is exercisable to purchase one common share of the Company at a price of \$0.20 until June 17, 2012. These warrants are subject to the same acceleration provision as the units issued above. The non-transferrable agents warrants enable the holder to purchase one common share at a price of \$0.16 per share until July 14, 2012. The warrants are subject to an acceleration provision in the event the closing price on the TSX Venture Exchange exceeds \$0.24 for at least 10 consecutive trading days.

Private Placement April and May 2010

During April and May 2010 the Company completed two tranches of a non-brokered private placement. The private placement consisted of 10,288,750 non flow-through units at a price of \$0.08 per unit for total gross proceeds of \$823,100 and 5,985,000 flow-through units at a price of \$0.10 per unit for total gross proceeds of \$598,500. 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. 8,997,500 of these warrants expire on April 28, 2012 and 1,291,250 on May 5, 2012. An amount of \$327,366 was allocated to these warrants on a relative fair value basis. Each flow-through unit consisted of one common share and one non transferrable share purchase warrant entitling the holder to purchase one common share at \$0.15 per share. 4,270,000 of these warrants expire on April 28, 2012 and 1,715,000 on May 5, 2012. An amount of \$232,906 was allocated to the fair value of the warrants on a relative fair value basis.

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10. Share Capital - Continued

b) Private Placements – Continued

The fair value of agents fees and expenses related to the private placement totalled \$162,701, of which \$97,774 was allocated to the cost of the share issuance and the remaining \$64,927 was allocated to contribute surplus as a cost of the warrants issued. The agents fees and expenses are comprised of \$61,348 in cash payments, 1,032,288 warrants (with a fair value of \$84,894), and 107,975 common shares (with a fair value of \$16,459). Each agent warrant entitles the holder to purchase one common share at a price of \$0.15. 773,900 of the agent warrants expire on April 28, 2012 and 258,388 expire on May 5, 2012.

c) Share Purchase and Agents Warrants

Details of outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding November 30, 2009	12,226,060	\$ 0.24
Issued	38,852,613	0.15
Expired	(3,367,500)	(0.34)
Outstanding November 30, 2010	47,711,173	0.16
Issued	11,396,883	0.27
Expired without exercise	(8,858,560)	(0.20)
Exercised	(5,487,658)	(0.12)
Outstanding August 31, 2011	44,761,838	\$ 0.18

At August 31, 2001, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining in Years
April 28, 2012	\$ 0.12	4,150,500	0.67
April 28, 2012	0.15	4,403,242	0.67
May 5, 2012	0.12	1,291,250	0.68
May 5, 2012	0.15	1,973,388	0.68
June 17, 2012	0.20	10,000,000	0.79
July 14, 2012	0.16	2,043,450	0.88
October 29, 2012	0.12	9,503,125	1.17
February 23, 2013	0.27	11,396,883	1.48
Weighted average of exercise price	\$ 0.18	44,761,838	1.02

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10. Share Capital – Continued

c) Share Purchase and Agents Warrants - Continued

Nine months ended August 31, 2011

The fair value of warrants issued during the period was estimated using the Black-Scholes option pricing model with the following assumption:

Estimated risk-free rate	1.82%
Expected volatility	106%
Estimated dividend yield	0.0 %
Expected life of warrants	2 years

Year ended November 30, 2010

The fair value of warrants issued during the year was estimated using the Black-Scholes option Pricing Model with the following rank of assumptions:

Estimated risk-free rate	1.42% – 1.97%
Expected volatility	134% - 140%
Estimated dividend yield	0.0 %
Expected life of warrants	2 years

Finder's units

In addition to the share purchase and agents warrants described above, during the year ended November 30, 2010, the Company issued 700,000 Finder's Units in relation to a private placement. Each finder's unit is comprised of an option to purchase one common share of the Company and one quarter of one share purchase warrant.

The details of outstanding finder's units are as follows:

	Number of Options	Exercise Price	Remaining contractual life in years
Expiring June 17, 2012	700,000	\$ 0.15	0.54

	Number of Warrants	Exercise Price	Remaining contractual life in years
Expiring June 17, 2012	175,000	\$ 0.20	0.54

d) Stock Options

The Company has established a stock option plan (the "Plan") for directors, employees, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Plan, provided that at the time of the grant, the total number of shares so reserved for issuance by the Board shall not exceed 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. No options shall be granted, without regulatory approval, entitling any single individual to

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10. Share Capital – Continued

d) **Stock Options – Continued**

purchase in excess of 5% of the then outstanding shares in the Company in any 12 month period and no more than 2% of the optioned shares may be issued to any one consultant in any 12 month period. If the option rights granted under the Plan shall expire or terminate for any reason without having been exercised, such optioned shares may be made available for other options to be granted under the Plan. The shares so reserved by the Board under the Plan shall be authorized but unissued shares.

The options are non-transferable and will expire, if not exercised, immediately upon dismissal by the Company with cause or 90 days following the date the optionee otherwise ceases to be a director, officer, manager, consultant or employee of the corporation for reasons other than death, or one year after the death of an optionee. Pursuant to the policies of the TSX-V options granted pursuant to the Plan in excess of 10% of the issued and outstanding common shares at the time of the grant must be subject to vesting.

	Number of Options	Weighted Average Exercise Price
Outstanding November 30, 2009	5,652,500	\$ 0.35
Issued	4,900,000	0.11
Expired without exercise	(1,055,000)	(0.25)
Outstanding November 30, 2010	9,497,500	0.23
Issued	2,675,000	0.18
Expired without exercise	(1,757,500)	(0.57)
Exercised	(585,000)	(0.11)
Outstanding August 31, 2011	9,830,000	\$ 0.16

Three month period ended August 31, 2011

There were no options granted during the three month period ended August 31, 2011.

Three month period ended May 31, 2011 – Grants

During the three month period ended May 31, 2011 the Company granted 575,000 options to employees, directors and consultants that vested immediately. The average grant date fair value of options issued during the period was \$0.18. Stock based compensation for the three month period ended May 31, 2011 was \$119,545. The fair value of the stock options was calculated using a Black-Scholes Pricing model with the following assumptions:

Estimated risk-free rate	2.24 – 2.65
Expected volatility	240% - 248%
Estimated annual dividend yield	0.0%
Expected life of options	5 years

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10. Share Capital – Continued

d) Stock Options – Continued

Three month period ended February 28, 2011 – Grants

During the three month period ended February 28, 2011 the Company granted 1,750,000 options to employees, directors and consultants that vested immediately. A further 350,000 options were granted to consultants and vest over 12 months.

The average grant date fair value of options issued during the period was \$0.12. Stock based compensation expense for the three month period ended February 28, 2011 was \$245,622. The fair value of the stock options was calculated using a Black-Scholes Pricing model with the following assumptions:

Estimated risk-free rate	2.10% – 2.53%
Expected volatility	106% – 111%
Estimated annual dividend yield	0.0%
Expected life of options	5 years

Year ended November 30, 2010 – Grants

During the year ended November 30, 2010 the Company granted 4,900,000 options to employees, directors and consultants and recorded stock based compensation expense of \$391,130. The fair value of the stock options was calculated using a Black-Scholes Pricing model with the following assumptions:

Estimated risk-free rate	2.02% – 2.75%
Expected volatility	105% – 111%
Estimated annual dividend yield	0.0%
Expected life of options	5 years

At August 31, 2011 the following stock options were outstanding:

<u>Expiry Date</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options</u>	<u>Weighted Average Remaining in Years</u>
November 20, 2012	\$ 0.40	150,000	0.22
March 13, 2012	0.45	150,000	0.53
September 18, 2012	0.40	730,000	1.05
February 28, 2013	0.25	100,000	1.50
November 11, 2013	0.10	475,000	2.20
May 20, 2014	0.12	650,000	2.72
June 15, 2014	0.12	100,000	2.79
May 31, 2015	0.15	1,100,000	3.75
October 7, 2015	0.10	3,350,000	4.12
November 8, 2015	0.10	350,000	4.20
January 5, 2016	0.16	350,000	4.37
January 12, 2016	0.18	1,750,000	4.38
May 8, 2016	0.20	575,000	4.69
Weighted average of exercise price	\$ 0.16	9,830,000	3.60

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10. Share Capital – Continued

d) Stock Options – Continued

All options were fully vested and exercisable at August 31, 2011, except for 350,000 options with a weighted average exercise price of \$0.14, which will vest during the 2011 fiscal year, and 87,500 options with an exercise price of \$0.16 per option, which will vest during the 2012 fiscal year.

e) Flow-Through Shares

2010 Issuance

During the year ended November 30, 2010 the Company issued 15,985,000 flow-through common shares for total proceeds of \$2,098,500 which must be used for qualifying exploration expenditures and were renounced to the flow-through shareholders in February 2011. The unspent balance of this flow-through issuance at May 31, 2011 was \$857,206. The future tax liability estimated to be \$543,400 (by applying a future tax rate of 26% resulting from the renunciation of these qualifying expenditures) was recorded during the three month period ended May 31, 2011 when the renunciation forms were filed and share capital was reduced accordingly.

The valuation allowance previously recorded against future income tax assets was reduced by \$543,400 at the time of renunciation to offset the future income tax liability. This resulted in a recovery being recorded in the statement of loss during the three months ended February 28, 2011.

2009 Issuance

During the year ended November 30, 2009, the Company issued 713,000 flow-through common shares for total proceeds of \$92,690, which must be used for qualifying exploration expenditures and were renounced to the flow-through shareholders in February 2010. The future tax liability estimated to be \$24,100 (by applying a future tax rate of 26% resulting from the renunciation of these qualifying expenditures) was recorded during the three month period ended February 28, 2010 when the renunciation tax forms were filed and share capital was reduced accordingly.

The valuation allowance previously recorded against future income tax assets was reduced by \$24,100 during the three month period February 28, 2010 at the time of renunciation to offset the future income tax liability. This resulted in a recovery being recorded in the statement of loss during the three month period ended February 28, 2010.

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11. Related Party Transactions

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

		For the three months ended		For the nine months ended	
		August 31,	August 31,	August 31,	August 31,
		2011	2010	2011	2010
Company of which the Director and VP Exploration are the majority shareholder	Geological Services	\$ 42,750	\$ 55,350	\$ 125,250	\$ 93,600
Company of which an Independent director is a shareholder	Marketing	\$ 25,722	\$ 14,722	\$ 72,747	\$ 37,457

Of these amounts \$42,833 was unpaid at August 31, 2011 (November 30, 2010 - \$12,450) and is included in accounts payable and accrued liabilities. An amount of \$14,520 is included in prepaid expenses (November 30, 2010 - \$nil)

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. For further related party information see Note 3 - Acquisition of Bluestone Resources Inc.

12. Commitments

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

Remainder of	2011	\$ 24,015
	2012	70,706
		<u>\$ 94,721</u>

- b) Effective May 1, 2011 the Company entered into an agreement with a related party to share office space under a 60 month lease. Commitments under this lease are as follows:

Remainder of	2011	\$ 22,266
	2012	66,797
	2013	66,797
	2014	66,797
	2015	66,797
	2016	22,266
		<u>\$ 311,720</u>