

CANADA VENTURE: Indicator Hunts Nanuq North For Diamonds

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VANCOUVER (**Dow Jones**)-- Indicator Minerals Inc. (IME.V) is trying to make the best of these uncertain economic times by reining in costs and focusing on its best chance of enhancing shareholder value.

The five-year-old company has three projects in Nunavut - Darby, Borden and the one it will focus on this year: Nanuq North.

"Nanuq is our flagship project; we drilled a kimberlite there last year, put in 152 (kilograms) for processing and got a great result," Indicator's President and Chief Executive Bruce Counts said.

Indicator and Peregrine Diamonds Ltd. (PGD.T) each own 40% of the claim containing Nanuq North and split costs 50/50. The Hunter Exploration Group owns 20% through to the completion of a scoping study and retains a 2% gross overriding royalty.

"(Nanuq) not only had a good abundance of diamonds - 206 stones - it also had good diamond-sized distribution," Counts said.

Stone variety is important because it gives some indication that "if you take a large enough sample, you'll end up with commercial stones," he said.

The 2009 program: Drill five to eight holes around the one established diamond-bearing kimberlite.

"And for every dollar we put in, Peregrine puts another dollar into the ground," Counts said.

That's important. Indicator has C\$650,000 in the bank and, following a cut-back in late 2008, the burn rate is about C\$55,000 a month.

Three Key Words: Geometry, Geology, Grade

While a base-metal company looks for kilograms of ore per metric ton, diamond companies look for percentages of grams per ton if the grade is, say, one carat per ton.

Read: Needle in a haystack.

The 2010 goal? Undertake a 50-200 ton mini-bulk sample by next summer.

"The only way you can evaluate (kimberlites) is to take a very large sample," he said.

First things first.

Geometry. Find out how big the kimberlite is - that's the drilling part.

"We're confident it's at least (11 acres) in size and it could be substantially larger," he said.

Geology. What has the kimberlite, which acts like an elevator, brought up to the surface, in terms of diamonds, during numerous geological phases?

Grade. The mini-bulk sample will generate a parcel of various-sized diamonds to be valued. There are some 1,500 categories of diamond so pricing will be all over the place.

"Determining if a kimberlite is economic is a two-part equation - what are the number of carats per ton and what is the average dollar value per carat," Counts said.

Indicator is focused on Nanuq, but its two other key properties, Darby and Borden, won't be ignored, he said. But progress will be slow.

Darby is under option to Teck Cominco Ltd. (TCK) which can earn 51% by spending C\$14 million by June 2010. Teck is going through a financial reckoning of its own.

"If Teck takes a holiday for a year or so, it won't hurt the project; it will simply lose some of its momentum," he said.

Company Web Site: <http://www.indicatorminerals.com>

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