

INDICO RESOURCES LTD
(An Exploration Stage Company)

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

November 30 2007

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company 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 standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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INDICO RESOURCES LTD
BALANCE SHEETS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	November 30, 2007	May 31, 2007
		(Audited)
ASSETS		
Current		
Cash	\$ 457,181	\$ 551,635
Prepaid expenses	486	2,155
Investments held for trading (Note 5)	15,706	1
	473,373	553,791
Equipment (Note 4)	3,015	3,524
Resource properties (Note 6)	249,518	199,518
	\$ 725,906	\$ 756,833

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 9)	\$ 49,659	\$ 51,768
Shareholders' equity		
Capital stock (Note 7)	288,787	284,703
Contributed surplus (Note 7)	13,082,587	12,926,254
Deficit	(12,695,127)	(12,505,892)
	676,247	705,065
	\$ 725,906	\$ 756,833

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 11)

Subsequent Events (Note 12)

On behalf of the Board:

Leonard Harris (signed) Director
Leonard Harris

Michael Kinley (signed) Director
Michael Kinley

The accompanying notes are an integral part of these financial statements.

INDICO RESOURCES LTD
(An Exploration Stage Company)
STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three Month Period		Six Month Period	
	November 30, 2007	November 30, 2006	November 30, 2007	November 30, 2006
Expenses				
Accounting and auditing	\$ 6,179	\$ 4,391	\$ 12,121	\$ 17,599
Administration (Note 9)	5,874	6,601	12,049	12,454
Amortization	245	149	509	305
Bank charges and interest	383	760	857	2,228
Consulting (Note 9)	31,911	185,584	64,676	200,584
Investor relations (Note 9)	15,566	5,299	32,650	8,095
Legal	18,750	5,094	21,662	42,306
Listing and filing fees	14,742	7,851	15,680	24,190
Office supplies and sundries	2,703	4,639	4,943	8,942
Property investigations	-	-	37,227	-
Rent	1,304	514	2,846	514
Telecommunications	554	2,007	1,990	2,906
Travel	396	14,392	6,569	20,936
Loss Before Other Items	(98,607)	(237,281)	(213,779)	(341,059)
Other Items				
Interest income	2,632	6,404	5,818	14,188
Foreign exchange gain	2,299	5,910	3,021	7,011
Unrealized loss on held for trading investment	(10,694)	-	(11,170)	-
	(5,763)	12,314	(2,331)	21,199
Net Loss and Comprehensive Loss for the Period	(104,370)	(224,967)	(216,110)	(319,860)
Deficit, Beginning of Period	\$ (12,590,757)	\$ (12,057,255)	\$ (12,505,892)	\$ (11,962,362)
Adoption of new accounting policy for financial instruments (note 3)	-	-	26,875	-
Deficit, End of Period	(12,695,127)	(12,282,222)	(12,695,127)	(12,282,222)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.05)
Weighted average number of common shares outstanding	6,662,202	6,542,700	6,606,496	6,342,100

The accompanying notes are an integral part of these financial statements.

INDICO RESOURCES LTD
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three Month Period		Six Month Period	
	November 30, 2007	November 30, 2006	November 30, 2007	November 30, 2006
CASH PROVIDED BY (USED IN):				
Operating Activities				
Net loss for the period	\$ (104,370)	\$ (224,967)	\$ (216,110)	\$ (319,860)
Items not affecting cash:				
Amortization	245	149	509	305
Unrealized loss on held for trading investment	10,694	-	11,170	-
Stock based compensation	-	149,584	-	149,584
Changes in non-cash working capital items:				
Prepaid expenses	3,475	108,240	1,669	26,017
Accounts payable and accrued liabilities	25,325	(91,328)	(2,108)	(144,973)
Cash used in operating activities	(64,631)	(58,322)	(204,870)	(288,927)
Investing Activities				
Resource property expenditures	(20,000)	(103,518)	(20,000)	(103,518)
Purchase of equipment	-	-	-	(4,146)
Cash provided by investing activities	(20,000)	(103,518)	(20,000)	(107,664)
Financing Activities				
Proceeds from common shares issued	130,416	-	130,416	753,250
Subscriptions received in advance	-	-	-	(634,000)
Cash provided by financing activities	130,416	-	130,416	119,250
Increase (decrease) in cash during the period	45,786	(161,840)	(94,453)	(227,341)
Cash, beginning of period	411,396	932,056	551,634	1,047,557
Cash, end of period	\$ 457,181	\$ 770,216	\$ 457,181	\$ 770,216

Supplemental disclosure with respect to cash flows (Note 10)

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was originally incorporated under the laws of Alberta and was previously engaged in the development, manufacture, sale and distribution of disposable irradiation indicator labels for the medical markets and industry. In fiscal 2002, the Company amalgamated with its 100% owned subsidiary Indico, Inc. and was discontinued in Alberta and continued to Bermuda. On June 22, 2006, the Company was extra-provincially registered in the Province of British Columbia under the Business Corporation Act. The Company abandoned its remaining inactive wholly owned subsidiary in September, 2002. Effective November 24, 2005, the Company completed a consolidation of its issued and outstanding capital stock, warrants and options on the basis of ten old shares for one new share (10 for 1). All share, warrant, option and per unit data included in these financial statements have been adjusted to retroactively reflect this change. The Company applied to the TSX Venture Exchange (the "Exchange") for a change of business to that of a Tier 2 mining issuer, including a change of the Company's name to Indico Resources Ltd, which received final acceptance effective September 1, 2006.

These financial statements are presented on the basis that the Company is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business over a reasonable length of time. The Company has incurred operating losses since its inception and no recurring sources of revenue. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon the raising of additional financing, if, as, and when required, and, ultimately, the attainment of profitable operations. There are no assurances, however, with respect to the future success of these plans. The financial statements do not contain any adjustments, which might be necessary, if the Company is unable to continue as a going concern.

Unless otherwise indicated, amounts provided in these notes to the financial statements pertain to continuing operations.

	November 30, 2007	May 31, 2007
Deficit	\$ 12,695,127	\$ 12,505,892
Working capital	423,714	502,022

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in Canada and applied on a consistent basis. A summary of the Company's significant policies is set out below:

Cash

Cash is deposited with high credit quality financial institutions where there is minimal risk.

Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment and amortization

Computer equipment is recorded at cost and is being amortized over its estimated useful life using the declining balance method at the annual rate of 30%.

Investments

Investments are classified as held for trading and are carried at quoted market value where applicable or at an estimate of fair value. Resulting realized and unrealized gains or losses, net of applicable income taxes, are included in operations.

Resource properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property is sold or the Company's mineral rights are allowed to lapse.

If a project is unsuccessful, or if exploration ceases because continuation is not economically feasible, the capitalized costs are written off.

All capitalized costs are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount (as estimated by quantifiable evidence of an economic geological resource or reserve or by reference to option or joint venture expenditure commitments) or when, in the Company's assessment, it will be unable to sell the property for an amount greater than the deferred costs, the property is written down for the impairment in value.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

Capitalized costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the applicable mineral rights are allowed to lapse.

Title to mineral properties involves inherent risk due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyancing of historical characteristics of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge all of its properties are in good standing.

Asset retirement obligations

The Company has applied the recommendations of the CICA Handbook Section 3110, "Asset Retirement Obligations", which requires that the fair value of liabilities for asset retirement obligations be recognized in the period in which they are incurred. A corresponding increase in the carrying amount of the related assets is generally recorded and depreciated over the life of the asset. The amount of liability is subject to re-measurement at each reporting period. The effect of the change had no material impact on the Company's financial statements as the Company has no material reclamation obligation with respect to its properties.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

Transactions that are denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains and losses arising on the translation are included in the Statement of Operations.

Stock-based compensation

Stock options awarded to employees and non-employees are measured and recognized in the statement of operations and deficit or added to mineral properties at the fair value of the award. The fair value of all forms of stock based compensation is charged to the consolidated statement of operations and deficit or capitalized to mineral properties over the vesting period of the options granted.

Income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the years ended May 31, 2007 and 2006 this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

3. FINANCIAL INSTRUMENTS

Changes in accounting policies

Effective June 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

Financial Instruments – Recognition and Measurement (Section 3855)

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

3. FINANCIAL INSTRUMENTS (cont'd...)

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to October 1, 2006 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

Comprehensive Income (Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of the net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

Accordingly, the Company now reports a consolidated statement of comprehensive income (loss) and includes the account "accumulated other comprehensive income" in the shareholders' equity section of the consolidated balance sheet.

Fair value

The carrying values of cash, investments held for trading, and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments. The investment is carried at quoted market value.

Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Credit risk

The Company is exposed to very little credit risk., as cash is on deposit with a major Canadian financial institution.

Translation risk

The Company translates the results of transactions in foreign currencies into Canadian currency using the method described in Note 2. Translation risk is not considered to be material to the Company's overall operations.

Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

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NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
November 30, 2007 and 2006

4. EQUIPMENT

	November 30, 2007			May 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture & equipment	\$ 8,642	\$ 8,642	\$ -	\$ 8,642	\$ 8,642	\$ -
Computer equipment	4,146	1,131	3,015	4,146	622	3,524
Total equipment	\$ 12,788	\$ 9,773	\$ 3,015	\$ 8,642	\$ 9,264	\$ 3,524

5. INVESTMENTS

	November 30, 2007			May 31, 2007		
	Carrying amount	Fair value (a)	Number of shares held	Carrying amount	Fair value (a)	Number of shares held
Clearant Inc.	\$ 1	\$ 15,706	44,871	\$ 1	\$ 26,876	628,188

(a) Based upon closing price of US\$0.35 (US\$0.042 as at May 31, 2007) on the OTCBB.

The Company wrote down its investment in Clearant Inc. to a nominal value of \$1 during the fiscal year 2004, resulting in a charge to operations of \$869,014 in that year. On April, 4, 2005 Clearant Inc. completed a reverse merger with Bliss Essentials Corp. and began trading on the OTCBB under the symbol CLRI. The result of this transaction on the shares of Clearant Inc. held by the Company is a reduction of the number of common shares owned by the Company from 921,222 (old shares) to 628,188 (new shares).

A reverse stock split of the common stock of Clearant occurred effective as of the close of business on August 23, 2007. Each fourteen shares of common stock of Clearant issued and outstanding was converted into one share of Clearant common stock. Due to fractional shares of post-split Clearant common stock being rounded up to the nearest whole share, the Company now holds 44,871 shares of Clearant common stock.

Pursuant to the change in accounting policy (note 3), the carrying value of the investment was increased to fair value at June 1, 2007 with the corresponding increase reflected in an adjustment to deficit. Fair value adjustments for the period ended November 30, 2007 amounted to an unrealized loss of \$11,170 recorded as other income.

6. RESOURCE PROPERTIES

The Company incurred acquisition and exploration expenditures on its resource properties as follows:

Metla claims, Atlin Mining Division, British Columbia

Pursuant to an option agreement dated March 9, 2006, the Company may acquire a 100% interest in certain mining claims located in the Atlin mining division, British Columbia (the "Metla Claims"), subject to a 2% net smelter return royalty. The property is comprised of 9 mineral claims which expire on June 14, 2009.

Under the terms of the option agreement, the Company has the option to acquire a 100-per-cent interest in the claims in exchange for the payment to the vendors of \$80,000 and the issuance to the vendors of 400,000 common shares of the Company as follows:

- a) Payment of \$20,000 (paid) and the issuance of 100,000 common shares (issued) within 10 days of regulatory approval (received September 1, 2006)
- b) Payment of \$20,000 (paid) and the issuance of 100,000 common shares (issued) on September 20, 2007.

INDICO RESOURCES LTD
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6. RESOURCE PROPERTIES (cont'd...)

- c) Payment of \$20,000 and the issuance of 100,000 common shares on September 1, 2008 and September 1, 2009 respectively.

Metla Claims, British Columbia	November 30, 2007	May 31, 2007
Opening balance:	\$ 199,518	\$ -
Acquisition costs		
Cash payments	20,000	20,000
Common shares issued	30,000	96,000
	50,000	116,000
Deferred exploration costs		
Drilling and analysis		19,793
Field costs		5,635
Geology		58,090
		83,518
Total expenditures for the period	50,000	199,518
Balance	\$ 249,518	\$ 199,518

Argentinean Oil and Gas Joint Venture, Salta Province, Argentina

On November 1, 2007, the Company entered into an assignment agreement for a 18% carried interest in two exploitation concessions located in Argentina for the purpose of exploring and developing hydrocarbons in exchange for the issuance of 7,000,000 Indico common shares payable, subject to TSX Venture Exchange acceptance, as follows:

- a) Issuance of 1,000,000 common shares by January 1, 2008,
- b) Issuance of 6,000,000 common shares in the event of a commercial oil and gas well being completed within 60 days of such commercial well completion of 2,000,000 shares issued for each \$7,000,000 of oil and gas exploration expenditures incurred on the Concessions, to a maximum of 6,000,000 shares.

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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Contributed Surplus	Capital Stock
Authorized			
100,000,000 voting common shares with a par value of \$0.01 per share.			
100,000,000 preferred shares, issuable in series, with a par value of \$0.001 per share			
The Directors of the Company are authorized to determine the designation, rights, privileges, restrictions and conditions attached to each series of preferred shares.			
Common shares issued			
Balance, May 31, 2005	26,798,928	\$ 11,405,135	\$ 267,988
Consolidation of common shares, 10 old for 1 new	(24,119,035)	-	-
Private placement	2,500,000	525,000	25,000
Shares issued for finder's fee	36,667	10,633	367
Shares issuance costs	-	-	(22,000)
Balance, May 31, 2006	5,216,560	11,940,768	271,355
Private placement	1,234,836	740,902	12,348
Shares issued for property acquisition	100,000	95,000	1,000
Stock-based compensation	-	149,584	-
Balance, May 31, 2007	6,551,396	12,926,254	284,703
Shares issued for property acquisition	100,000	29,000	1,000
Shares issued for exercise of warrants	308,333	127,333	3,084
Balance, November 30, 2007	6,959,729	\$ 13,082,587	\$ 288,787

Private Placements

On March 9, 2006, the Company completed a non-brokered private placement consisting of 2,500,000 units at a price of \$0.22 per unit for total proceeds of \$550,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.30 for a period of two years. Finder's fees of 36,667 shares (issued) and \$11,000 were paid. During the quarter ended November 30, 2007, 250,000 warrants were exercised.

On June 23, 2006, the Company completed a non-brokered private placement consisting of 1,234,836 units at a price of \$0.61 per unit for total proceeds of \$753,250. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.95 for a period of two years. There is no finder's fee payable in connection with this private placement. In the event that the closing price of the Company's common shares on the TSX Venture Exchange is greater than \$1.90 for 10 consecutive trading days, the Company may, by providing written notice to the warrant holders accelerate the expiry date of the warrants to the date that is 30 days from the date such written notice is mailed to the holder. During the quarter ended November 30, 2007, 58,333 warrants were exercised.

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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock Options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

On November 16, 2006, the Company granted 325,000 stock options to directors of the Company. The options are exercisable at a price of \$0.45 per share and can be exercised for a period of two years. During the year ended May 31, 2007, stock-based compensation of \$149,584 was incurred. The Company used the fair value method for determining compensation expense for options granted during the period. The fair value was determined using the Black-Scholes option pricing model based on the following assumptions.

	May 31, 2007
Expected life (years)	2.0
Interest rate	4.0%
Volatility	186.1%
Dividend yield	0.0%

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2005 and 2006	42,500	3.37
Options cancelled or expired	(12,159)	1.43
Options cancelled or expired	(7,841)	2.30
Options granted: November 16, 2006	325,000	0.45
Balance, May 31, 2007	347,500	0.73
Options expired	(22,500)	4.80
Balance, November 30, 2007	325,000	0.45
Number of options currently exercisable	325,000	\$ 0.45

At November 30, 2007, incentive stock options were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	325,000	\$0.45	November 16, 2008

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7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Exercise Price
Balance, May 31, 2005	-	-
Warrants issued	2,500,000	0.30
Balance, May 31, 2006	2,500,000	0.30
Warrants issued	1,234,836	0.95
Balance, May 31, 2007	3,734,836	0.51
Warrants exercised	(58,333)	(0.95)
Warrants exercised	(250,000)	(0.30)
Balance, November 30, 2007	3,426,503	\$ 0.52

At November 30, 2007, warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Warrants	2,250,000	\$0.30	March 9, 2008
	1,176,503	\$0.95	June 23, 2008
	3,426,503		

Shareholder Rights Plan

The Company has adopted a shareholder rights plan whereby the Board of Directors authorized the issuance of (1) one right in respect to each common share outstanding on January 14, 2002 and (ii) one right in respect to each common share issued after January 14, 2002 and prior to the earlier of the Separation Time and January 14, 2006. The Separation Time is the eighth trading day after the earlier of (i) the first public announcement of beneficial ownership of 20% or more of the outstanding common shares of the Company and (ii) the commencement of a take-over bid. Each right entitles the holder, after the Separation Time, to purchase a common share of the Company at an exercise price of \$15. Subject to certain conditions, the rights may be redeemed by the Company at a redemption price of \$0.0001 per right.

8. INCOME TAXES

Bermuda

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed the Company will be exempted from taxation until the year 2016.

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8. INCOME TAXES (cont'd...)

Canada

The Company commenced residency for Canadian income tax purposes effective June 1, 2006. A reconciliation of income taxes at Canadian statutory rates is as follows for the years ended November 30:

	2007	2006
Loss before income tax expense	\$ (216,110)	\$ -
Expected income tax recovery	\$ (73,694)	\$ -
Items not recognized for income tax purposes	3,809	-
Other timing differences	174	-
Unrecognized benefit of non-capital losses	<u>69,711</u>	<u>-</u>
	\$ -	\$ -

The significant components of the Company's future income tax assets are as follows:

	2007	2006
Future income tax assets:		
Net operating loss carry-forwards	\$ 203,834	\$ -
Equipment	<u>386</u>	<u>-</u>
	204,220	-
Valuation allowance	<u>(204,220)</u>	<u>-</u>
Net future income tax assets	\$ -	\$ -

The Company has not recorded the potential future income tax benefits of non-capital losses totaling approximately \$597,755 which, if not used, will expire through to 2028. Subject to certain restrictions, the Company has further resource deductions totaling approximately \$249,518 available to reduce taxable income of future years. Future tax benefits which may arise as a result of these losses and resource deductions have been offset by a valuation allowance and have not been recognized in these financial statements.

9. RELATED PARTY TRANSACTIONS

The Company paid or accrued consulting and other fees totalling \$64,676 (2006 - \$200,584) to officers, directors and a company controlled by a director. The 2006 fee included stock based compensation of \$149,584. The Company also reimbursed administrative expenses to a director totalling \$12,048 (2006 \$12,454).

Included in accounts payable and accrued liabilities is \$3,413 (2006 - \$2,163) due to a director and an officer or a company with a common director or officer.

The transactions were in the normal course of operations and were measured at the exchange amount which represented the amount of consideration established and agreed to by the related parties.

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10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	November 30, 2007	November 30, 2006
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
Cost of shares issued for resource property acquisition	\$ 30,000	96,000
Shares issued for share issuance cost	\$ -	\$ -

11. COMMITMENTS AND CONTINGENCIES

a) The Company has entered into a month to month office lease arrangement with no annual lease commitments.

12. SUBSEQUENT EVENT

On January 17, 2008, the Company received conditional acceptance from the TSX Venture Exchange with respect to the Argentinean Joint Venture (note 6).