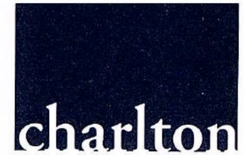
INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012 and 2011
(Expressed in Canadian dollars)



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charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Indigo Exploration Inc.

We have audited the accompanying consolidated financial statements of Indigo Exploration Inc., which comprise the consolidated statements of financial position as at September 30, 2012, September 30, 2011, and October 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended September 30, 2012 and 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Indigo Exploration Inc. as at September 30, 2012, September 30, 2011 and October 1, 2010 and its financial performance and cash flows for the years ended September 30, 2012 and 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matters
Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Charlton & Company"
CHARTERED ACCOUNTANTS

Vancouver, Canada
January 25, 2013

INDIGO EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	September 30, 2012 $	September 30, 2011 $ (Note 18)	October 1, 2010 $ (Note 18)
ASSETS				
Current				
Cash and cash equivalents		315,879	2,190,639	796,173
Taxes recoverable and other receivables	7	10,823	25,800	37,494
Prepaid expenses		5,491	24,496	4,799
		332,193	2,240,935	838,466
Equipment	8	36,034	12,826	12,315
Mineral properties (Schedule 1)	9	3,280,303	2,093,582	574,060
Other assets		-	3,500	3,500
		3,648,530	4,350,843	1,428,341
LIABILITIES				
Current				
Accounts payable and accrued liabilities	10,13	103,699	100,691	48,203
EQUITY ATTRIBUTABLE TO SHAREHOLDERS				
Share capital	11	5,884,119	5,869,119	2,164,780
Contributed surplus		614,598	442,637	338,214
Deficit		(2,953,886)	(2,061,604)	(1,122,856)
		3,544,831	4,250,152	1,380,138
		3,648,530	4,350,843	1,428,341

Organization and nature of operations (Note 1)

Going concern (Note 2)

Commitments (Notes 9 and 11)

Subsequent events (Notes 9, 11(c) and 17)

Approved by the Board of Directors

"Keir Reynolds" Director   *"Paul S. Cowley"* Director

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

INDIGO EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended September 30, 2012 and 2011
(Expressed in Canadian dollars)

	Note	2012 $	2011 $ (Note 18)
Accounting and audit fees	13	90,719	82,337
Depreciation		15,688	24,405
Consulting fees	13	71,835	92,782
Filing fees		18,159	26,502
Foreign exchange loss		25,807	12,266
Investor relations		123,150	238,483
Legal fees		37,675	30,388
Management and administration fees	13	140,092	136,760
Office and miscellaneous		156,389	148,905
Share-based payments	11(c)	171,961	15,869
Travel and accommodation		30,621	92,006
Loss before other item		(882,096)	(900,703)
Interest income		16,636	15,955
Write-off of mineral property	9	(26,822)	(54,000)
Net loss and comprehensive loss for the year		(892,282)	(938,748)
Basic and diluted loss per share		(0.03)	(0.04)
Weighted average number of shares		32,777,375	26,410,823

INDIGO EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2012 and 2011
(Expressed in Canadian dollars)

	2012 $	2011 $
Cash provided by (used in)		
Operating activities		
Net loss for the year	(892,282)	(938,748)
Add items not involving cash:		
Depreciation	15,688	24,405
Share-based payments	171,961	15,869
Write-off of mineral property	26,822	54,000
	(677,811)	(844,474)
Changes in non-cash working capital items:		
Taxes recoverable and other receivables	14,977	11,694
Prepaid expenses	19,005	(19,697)
Accounts payable and accrued liabilities	(39,743)	37,896
	(683,572)	(814,581)
Investing activities		
Deferred acquisition expenditures	(75,165)	(58,249)
Deferred exploration expenditures	(1,080,627)	(1,500,681)
Purchase of equipment	(38,896)	(24,916)
Recovery of other assets	3,500	-
	(1,191,188)	(1,583,846)
Financing activities		
Issuance of shares pursuant to private placement	-	3,281,600
Issuance costs	-	(180,221)
Issuance of shares pursuant to option exercises	-	31,250
Issuance of shares pursuant to warrant exercises	-	660,264
	-	3,792,893
(Decrease) increase in cash and cash equivalents during the year	(1,874,760)	1,394,466
Cash and cash equivalents - beginning of the year	2,190,639	796,173
Cash and cash equivalents - end of the year	315,879	2,190,639
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Cash and cash equivalents are comprised of:		
Cash	6,513	240,639
Short-term investments	309,366	1,950,000
	315,879	2,190,639

Supplemental cash flow information (Note 15)

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended September 30, 2012 and 2011

(Expressed in Canadian dollars)

	Shares #	**Share Capital** $	**Contributed Surplus** $	**Deficit** $	**Total Equity Attributable to Shareholders** $
Balance – October 1, 2010 (Note 18)	19,091,161	2,164,780	338,214	(1,122,856)	1,380,138
Issued:					
Pursuant to private placement of units	11,170,723	3,345,747	5,470	-	3,351,217
Less: issue costs – cash	-	(180,221)	-	-	(180,221)
– finders' warrants	-	(153,493)	153,493	-	-
– finders' units	-	(69,617)	-	-	(69,617)
Pursuant to exercise of options	175,000	31,250	-	-	31,250
Pursuant to exercise of warrants	2,324,098	660,264	-	-	660,264
Transfer on exercise of options	-	19,947	(19,947)	-	-
Transfer on exercise of warrants	-	50,462	(50,462)	-	-
Share-based payments - vesting	-	-	15,869	-	15,869
Net loss for the year	-	-	-	(938,748)	(938,748)
Balance – September 30, 2011 (Note 18)	32,760,982	5,869,119	442,637	(2,061,604)	4,250,152
Issued:					
Pursuant to mineral property agreement	300,000	15,000	-	-	15,000
Share-based payments	-	-	171,961	-	171,961
Net loss for the year	-	-	-	(892,282)	(892,282)
Balance – September 30, 2012	33,060,982	5,884,119	614,598	(2,953,886)	3,544,831

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

1 ORGANIZATION AND NATURE OF OPERATIONS

Indigo Exploration Inc. ("the Company") is in the business of the acquisition, exploration and evaluation of mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is listed for trading on the TSX Venture Exchange under the symbol "IXI". At September 30, 2012, the Company was in the exploration stage and had interests in properties located in Burkina Faso, West Africa. The Company's corporate head office is located at Suite 880 – 580 Hornby Street, Vancouver, British Columbia, Canada.

2 GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At September 30, 2012, the Company had not yet achieved profitable operations, had an accumulated deficit of $2,953,886 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to develop the mineral properties and to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

3 BASIS OF PRESENTATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") with interpretations of the International Financial Reporting Interpretations Committee. These are the Company's first annual consolidated financial statements prepared in accordance with IFRS having previously prepared its annual consolidated financial statements in accordance with pre-changeover Canadian generally accepted accounting principles ("Canadian GAAP").

The consolidated annual financial statements have been prepared on a historical cost basis. The annual financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Subject to certain transition elections and exemptions disclosed in Note 18, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at October 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 18 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended September 30, 2011 prepared under Canadian GAAP.

These consolidated financial statements were approved by the board of directors for use on January 25, 2013.

4 SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Details of the subsidiary are as follows:

		Percentage owned	
	Incorporated in	**September 30, 2012**	**September 30, 2011**
Sanu Burkina Faso S.A.R.L.	Burkina Faso	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Foreign currencies

The financial statements for the Company and its subsidiary are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is the Canadian dollar. The functional currency of all companies in the group is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the statement of operations. All gains and losses on translation of a subsidiary from the functional currency to the presentation currency are charged to other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Equipment

Equipment is carried at cost. Depreciation is computed over estimated useful life, calculated at the following annual rates: furniture – 20% and vehicles – 30%.

Mineral properties

The Company records its interest in mineral properties and areas of geological interest at cost less option payments received and other recoveries. Exploration and development costs relating to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the properties

to which they relate are placed into production, sold or allowed to lapse. Acquisition costs and deferred exploration and development costs will be amortized over the useful life of the orebody following attainment of commercial production or will be written-off if the property or project is abandoned.

Exploration costs that are not attributable to a specific property are charged to operations as general exploration expense. Exploration costs incurred prior to the Company acquiring the legal rights to a property are charged to operations as general exploration expense.

The Company is in the process of developing its mineral properties. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration and development results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values. The ultimate recovery of such capitalized costs is dependent upon the development of economic ore reserves or the sale of mineral rights.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and regulatory requirements.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the income or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income or loss.

Decommissioning and restoration provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the legal or constructive obligation to incur such costs arises. The timing of

the actual rehabilitation expenditure is dependent on a number of facts such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax risk-free rate that reflects the time value of money are used to calculate the net present value. These costs are charged against income or loss over the economic life of the related asset, through amortization using the unit-of production method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in income or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in income or loss.

The operations of the Company may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through income or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through income and loss.

Financial assets classified as loans and receivables or held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive loss except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost.

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are

designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss.

De-recognition of financial assets and liabilities

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in income or loss.

Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in income or loss.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

Broker warrants and warrants

Warrants issued to agents or brokers in connection with a financing are recorded at fair value using the Black-Scholes option pricing model and charged to issue costs associated with the offering with an offsetting credit to contributed surplus in equity attributable to shareholders.

Warrants included in units offered to subscribers in connection with financings are recorded at the value ascribed to them in the offering documents. If no such value had been determined, these warrants are recorded at the residual value. The value determined for the warrants is recorded to contributed surplus in equity attributable to shareholders with an offsetting reduction in the value ascribed the shares issued in the units.

Proceeds of the exercise of these warrants are credited to share capital together with the corresponding amount, if any, of the original warrant charge included in contributed surplus.

Share-based payments

The Company has established a stock option plan for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates.

The fair value of all stock options granted is recorded as a charge to operations or deferred exploration costs and a credit to contributed surplus under the graded attribution method. The fair value, as adjusted for the expected level of vesting of the options and of stock options which vest immediately is recorded at the date of grant; the fair value, as adjusted for the expected level of vesting of the options and of options which vest in the future is recognized over the vesting period. Stock options granted to non-employees are measured at their fair value on the vesting date. Prior to the vesting date, the then-current fair value of stock options granted to consultants is recognized as share-based payment expense from the date of grant to the reporting date and credited to contributed surplus.

Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

Income tax

Income tax on the income or loss for the periods presented comprises current and deferred tax. Income tax is recognized in income or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable incomes will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Earnings (loss) per share

Basic loss per share is calculated by dividing the net loss for the year available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti dilutive. Basic and diluted loss per share are the same for the periods presented.

For the years ended September 30, 2012 and 2011, potentially dilutive common shares (relating to stock options outstanding and share purchase warrants outstanding) totalling 3,731,750 (2011 – 7,631,290) were not included in the computation of loss per share because their effect was anti-dilutive.

Flow-through shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability (“flow-through tax liability”) and included in accounts payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures and as qualifying expenditures are incurred, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

5 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Unless otherwise noted, the following revised standards and amendments are effective for the Company for annual periods beginning on or after January 1, 2013 (unless otherwise noted) with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

(i) IFRS 7, *Financial Instruments Disclosures (Amendment),* increases the disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. The amended standard is effective for annual periods on or after January 1, 2012.

(ii) IFRS 9, *Financial Instruments,* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement,* except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015.

(iii) IFRS 10, *Consolidated Financial Statements,* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

(iv) IFRS 11, *Joint Arrangements*, describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 *Interest in Joint Ventures* and SIC 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers.*

(v) IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

(vi) IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

(vii) IAS 28, *Investments in Associates and Joint Ventures (Amendment),* is effective for annual periods beginning April 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held-for-sale or when the Company ceases to have joint control or significant influence over an associate or joint venture. When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to re-measure the investment at that date. When a portion of interest in a joint venture or associate is classified as held-for-sale, the portion not classified as held-for-sale shall be accounted for using the equity method of accounting until the sale is completed, at which time the interest is reassessed for prospective accounting treatment.

(viii) IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine,* sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit future periods and sets out criteria for capitalizing such costs.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to use judgement in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgements are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

Judgements:
(i) The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year. The factors considered by management are disclosed in Note 2.
(ii) The assessment of indicators of impairment for the mineral property and the related determination of the recoverable amount and write-down of the property where applicable.

Estimates:
(i) The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were granted. Estimating the fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, and dividend yield and making assumptions about them.

7 TAXES RECOVERABLE AND OTHER RECEIVABLES

	September 30, 2012 $	September 30, 2011 $	October 1, 2010 $
HST recoverable	4,622	15,284	35,994
Interest receivable	5,100	9,300	1,500
Other receivables	1,101	1,216	-
Total taxes recoverable and other receivables	10,823	25,800	37,494

8 EQUIPMENT

	Computer Equipment $	Computer Software $	Furniture and Equipment $	Vehicles $	Total $
Cost					
Balance at October 1, 2010	-	-	1,492	14,488	15,980
Additions	4,623	20,293	-	-	24,916
Balance at September 30, 2011	4,623	20,293	1,492	14,488	40,896
Additions	-	-	2,264	36,632	38,896
Balance at September 30, 2012	4,623	20,293	3,756	51,120	79,792
Accumulated depreciation					
Balance at October 1, 2010	-	-	1,492	2,173	3,665
Depreciation for the year	983	19,727	-	3,695	24,405
Balance at September 30, 2011	983	19,727	1,492	5,868	28,070
Depreciation for the year	1,093	566	453	13,576	15,688
Balance at September 30, 2012	2,076	20,293	1,945	19,444	43,758
Carrying amount					
October 1, 2010	-	-	-	12,315	12,315
September 30, 2011	3,640	566	-	8,620	12,826
September 30, 2012	2,547	-	1,811	31,676	36,034

9 MINERAL PROPERTIES (Schedule 1)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to its properties are in good standing.

The recoverability of amounts shown as mineral properties is dependent upon the conversion of mineral resources to economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs ($521) of exploration expenditures per square kilometre per year in order to maintain its permits in good standing. If such expenditures are not incurred, the Government of Burkina Faso may, at its discretion, cancel the permits after giving the permit holder sixty days notice to remedy any deficiency. At September 30, 2012, the Company had not incurred sufficient expenditures on its Kodyel, Loto and Tordo permits to comply with the Mining Code of Burkina Faso. However, the Government of Burkina Faso has renewed the Kodyel, Loto and Tordo permits and has not issued the Company any notice of non-compliance. The Company is in the process of renewing the Lati permit. Sufficient expenditures have been incurred on the Moule and Lati permits. The Company believes its Burkina Faso permits are in good standing.

Kodyel Exploration Permit and Other Permits

Pursuant to the acquisition of Sanu Burkina Faso S.A.R.L. on June 30, 2010, the Company acquired gold mineral properties located in Burkina Faso, Africa. The permits acquired were the Kodyel Exploration Permit,

the Tordo Exploration Permit, the Lati Exploration Permit and the Loto Exploration Permit. The Company has no significant commitments with respect to these permits other than compliance with the Mining Code of Burkina Faso.

A border dispute between Burkina Faso and Niger has limited the Company's access to the northeastern portion of the Kodyel Property. The new Kodyel Exploration Permit issued has a reduced area, eliminating the area subject to the border dispute. The new permit retains a right of first refusal to include this excluded area once the World Court has finalized the border location. The book value of the reduced area ($54,000) was written-down during the year ended September 30, 2011.

Moule Gold Permit, Burkina Faso

On May 5, 2010, the Company entered into an option agreement to acquire a 100% interest, subject to a 1.5% net smelter return ("NSR") royalty, in the Moule Gold Permit, in western Burkina Faso, in consideration for cash payments totalling US$410,000 over a three year period as follows:

A. US$50,000 on May 5, 2010 (paid);
B. US$60,000 on or before May 5, 2011 (paid);
C. US$100,000 on or before May 5, 2012 (during the year ended September 30, 2012, the Company entered into two amending agreements to extend the payment into four payments with a combination of cash and shares as follows: US$5,000 on April 30, 2012 (paid); US$35,000 on or before May 31, 2012 (paid); US$20,000 on or before August 31, 2012 (paid); 300,000 common shares (issued at the fair value of $15,000) and US$30,000 on or before November 30, 2012 (paid subsequent to September 30, 2012);
D. US$200,000 on or before May 5, 2013.

The Company has the right to purchase the entire 1.5% NSR royalty for US$1,800,000.

Bada Gold Permit, Burkina Faso

On April 16, 2012, amended on June 22, 2012, the Company entered into an option agreement to acquire a 100% interest in the Bada Gold Permit, in northeast Burkina Faso, in consideration for cash payments totalling US$92,000 over a three year period. During the year ended September 30, 2012, the Company made cash payments totalling US$14,500 and accrued an additional US$12,500. The Company determined not to proceed with the Bada Gold Permit and accordingly, wrote-off $26,822 during the year ended September 30, 2012.

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2012 $	**September 30, 2011 $**	**October 1, 2010 $**
Trade payables	90,544	84,079	39,634
Due to related parties (Note 13)	13,155	16,612	8,569
Total accounts payable and accrued liabilities	103,699	100,691	48,203

11 SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

b) Financings:

During the year ended September 30, 2011, the Company completed the following financings:

(i) On September 2, 2011, the Company closed a non-brokered private placement of 3,275,000 units at $0.30 per unit for gross proceeds of $982,500. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof the right to purchase one common share of the Company at $0.50 per share, exercisable up to March 3, 2013. A value of $1,638 has been attributed to the warrants.

In connection with the private placement, the Company incurred cash issue costs of $101,125, issued 229,250 finders' warrants entitling the holder thereof the right to purchase up to 229,250 common shares of the Company at $0.35 per share, exercisable up to March 3, 2013. A value of $48,364 has been attributed to these finders' warrants using the Black-Scholes option pricing model and has been credited to contributed surplus in shareholders' equity. The assumptions used in the option pricing model are as follows: risk-free interest rate – 0.98%; expected life – 1.5 years; expected volatility – 102% and expected dividends – nil.

(ii) On January 24, 2011, the Company closed a non-brokered private placement of 7,663,666 units at $0.30 per unit for gross proceeds of $2,299,100. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof the right to purchase one common share of the Company at $0.50 per share, exercisable up to July 24, 2012. A value of $3,832 has been attributed to the warrants.

In connection with the private placement, the Company incurred cash issue costs of $79,096, issued 232,057 finders' units at the fair value of $69,617, and issued finders' warrants entitling the holder thereof the right to purchase up to 375,015 common shares of the Company at $0.35 per share, exercisable up to July 24, 2012. A value of $105,129 has been attributed to these finders' warrants using the Black-Scholes option pricing model and has been credited to contributed surplus in shareholders' equity. The assumptions used in the option pricing model are as follows: risk-free interest rate – 1.43%; expected life – 1.5 years; expected volatility – 100% and expected dividends – nil.

c) Stock options:

Stock option plan

The Company has a stock option plan (the "Plan") whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the Plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in

investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price, as that term is defined in the policies of the TSX Venture Exchange.

Options may be granted for a maximum term of ten (10) years from the date of the grant, are non-transferable and expire within a reasonable period following the termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

The Company's stock options outstanding as at September 30, 2012 and 2011 and the changes for the years then ended is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance outstanding, October 1, 2010	1,725,000	$0.18	4.33
Exercised	(175,000)	$0.18	
Forfeited	(100,000)	$0.20	
Balance outstanding, September 30, 2011	1,450,000	$0.18	3.57
Granted	[1]1,205,000	$0.20	
Cancelled	[1](400,000)	$0.20	
Forfeited	(390,000)	$0.23	
Balance outstanding and exercisable, September 30, 2012	1,865,000	$0.22	3.00

At September 30, 2012, the following stock options were outstanding entitling the holder thereof the right to purchase one common share of the Company for each option held:

Number	Exercise Price	Expiry Date
[2]475,000	$0.15	September 10, 2014
[3]825,000	$0.20	August 9, 2015
[1]565,000	$0.30	November 3, 2016
1,865,000		

(1) During the year ended September 30, 2012, 400,000 of these stock options were cancelled voluntarily and an additional 665,000 of the options were re-priced from an exercise price of $0.20 per share to an exercise price of $0.30 per share. All other terms of the options remained unchanged. No share-based payment expense was recorded for these transactions.

(2) Subsequent to September 30, 2012, 75,000 of these stock options were forfeited.

(3) Subsequent to September 30, 2012, 200,000 of these stock options were forfeited.

During the year ended September 30, 2012, the Company recorded share-based payments expense of $171,961 (2011 - $15,869). No stock options were granted during the year ended September 30, 2011. The weighted fair value of share purchase options granted during the year ended September 30, 2012 of $0.14 per option was estimated using the Black-Scholes option pricing model with the following assumptions:

		2012	**2011**
a)	risk-free interest rate	1.85%	N/A
b)	expected life	5 years	N/A
c)	expected volatility	102%	N/A
d)	expected dividends	N/A	N/A

Expected volatility was determined by reference to the historical volatility since the Company began trading on the TSX Venture Exchange.

d) Warrants:

A summary of share purchase warrants outstanding as at September 30, 2012 and 2011 and the changes for the years then ended are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance outstanding, October 1, 2010	6,470,345	$0.29	0.69
Issued	6,189,623	$0.48	
Exercised	(2,324,098)	$0.28	
Expired	(4,154,580)	$0.30	
Balance, September 30, 2011	6,181,290	$0.48	1.00
Expired	(4,314,540)	$0.49	
Balance, September 30, 2012	1,866,750	$0.48	0.42

At September 30, 2012, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share of the Company for each warrant held:

Number	Exercise Price	Expiry Date
1,637,500	$0.50	March 3, 2013
229,250	$0.30	March 3, 2013
1,866,750		

e) Escrow shares:

Pursuant to the Initial Public Offering, on December 29, 2009, 2,259,043 common shares of the Company were placed into escrow. These escrow shares will be released as to ten percent (10%) on December 30, 2009 (released) and an additional fifteen percent (15%) at six month intervals thereafter over a 36 month period with the final tranche being released on December 30, 2012. As at September 30, 2012, 338,856 (2011 – 1,016,569) common shares remained in escrow.

12 INCOME TAXES

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision for the years ended September 30, 2012 and 2011 is as follows:

	2012 $	2011 $
Statutory tax rate	25.22%	25.62%
Loss for the year before income taxes	(892,282)	(938,748)
Expected income tax recovery	225,000	241,000
Share issue costs	29,000	29,000
Share-based payments	(46,000)	(4,000)
Mineral properties written-off	(5,000)	(11,000)
Mineral properties in Burkina Faso	206,000	30,000
Other	-	(8,000)
Effect of change in tax rate	(231,000)	34,000
Change in unrecognized deferred tax assets	(178,000)	(311,000)
Income tax expense (recovery)	-	-

The significant components of the Company's net deferred income tax assets and liabilities are as follows:

	September 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Deferred income tax assets			
Share issue costs	62,000	90,000	72,000
Non-capital losses carried forward	1,163,000	706,000	368,000
Mineral properties and related deferred exploration	(384,000)	(133,000)	(88,000)
Cumulative eligible capital	31,000	31,000	31,000
Total unrecognized deferred income tax assets	872,000	694,000	383,000

Losses in Canada that reduce future income for tax purposes expire as follows:

2028	60,000
2029	57,000
2030	339,000
2031	818,000
2032	602,000
	1,876,000

In addition to the tax losses listed above, at September 30, 2012, there were resource related expenditures recognized in Canada of approximately $1,725,000 (2011 - $1,541,000; 2010 - $116,000) which can be used to offset future Canadian income indefinitely. At September 30, 2012, there were loss carryforwards in Burkina Faso of approximately $2,778,000 (2011 - $1,548,000; 2010 - $1,269,000) which can be carried forward for four years from the calendar year the losses were incurred. At September 30, 2012, management considers that it is not “more likely than not” that these losses will be utilized and accordingly a full valuation allowance has been recognized against these losses.

13 RELATED PARTY TRANSACTIONS

During the years ended September 30, 2012 and 2011, the Company incurred the following expenditures charged by directors and officers of the Company and by companies controlled by directors and officers of the Company:

	2012 **$**	**2011** **$**
Accounting fees	37,818	28,419
Consulting fees	50,000	-
Management and administration fees	136,342	127,110
Mineral property expenditures - consulting	24,625	3,575
	248,785	159,104

As at September 30, 2012, accounts payable and accrued liabilities includes an amount of $13,155 (September 30, 2011 - $16,612; October 1, 2010 - $8,569) due to companies controlled by directors and officers of the Company.

Key management includes the Chief Executive Officer and the directors of the Company. The compensation paid or payable to key management for services during the years ended September 30, 2012 and 2011 is as follows:

	2012 $	2011 $
Accounting fees	36,073	18,888
Management and administration fees	136,342	127,110
Mineral property expenditures - consulting	24,625	3,575
Share-based payments	132,003	-
	329,043	149,573

14 FINANCIAL INSTRUMENTS

Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the TSX Venture Exchange.

Fair Value and Classification of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. Cash and cash equivalents and other receivables are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

- Level 3 - Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As at September 30, 2012, the Company believes that the carrying values of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign Exchange Risk

A portion of the Company's financial assets and liabilities is denominated in West African CFA francs ("CFA") giving rise to risks from changes in the foreign exchange rate. The Company is exposed to currency exchange rate risk to the extent of its activities in the Burkina Faso. The Company's currency risk is presently limited to approximately $55,981 of net exposure denominated in CFAs. Based on this exposure as at September 30, 2012, a 5% change in the exchange rate would give rise to a change in net loss of $2,799. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The currencies of the Company's financial instruments were as follows:

	September 30, 2012	
	Canadian dollar	CFA
Cash and cash equivalents	314,390	1,489
Other receivables	5,100	1,101
Accounts payable and accrued liabilities	(45,128)	(58,571)
Net exposure	274,362	(55,981)

	September 30, 2011	
	Canadian dollar	CFA
Cash and cash equivalents	2,070,523	120,116
Other receivables	9,300	1,216
Accounts payable and accrued liabilities	(81,500)	(19,191)
Net exposure	1,998,323	102,141

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The majority of the Company's cash is held through a major Canadian charted bank and accordingly, the Company's exposure to credit risk is considered to be limited.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Although interest income on the Company's cash and cash equivalents is subject to a variable interest rate, the risk exposure is not significant due to the small amount of interest income these balances.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

15 SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the cash flow statements. The following transactions were excluded from the statements of cash flows:

During the year ended September 30, 2012:

a) $44,873 of deferred exploration expenditures and $12,500 of deferred acquisition expenditures included in accounts payable and accrued liabilities at September 30, 2012, less expenditures included in accounts payable at September 30, 2011 of $14,592 for a net exclusion of $42,751; and,

b) 300,000 common shares issued by the Company (fair value of $15,000) pursuant to a mineral property agreement.

During the year ended September 30, 2011:

a) $14,592 of deferred exploration expenditures included in accounts payable and accrued liabilities;

b) The transfer of $50,462, the value of warrants exercised during the year, from contributed surplus to share capital;

c) The transfer of $19,947, the value of options exercised during the year, from contributed surplus to share capital;

d) An aggregate of 604,265 finders' warrants issued by the Company (ascribed value of $153,493) pursuant to private placements; and,

e) 232,057 finders' units issued by the Company (fair value of $69,617) pursuant to a private placement.

16 SEGMENTED INFORMATION

The Company's operations are limited to a single industry segment, being mineral exploration and development. Geographic segment information of the Company's assets as at September 30, 2012 and 2011 is as follows:

	2012 $	2011 $
Canada	393,123	2,166,223
Burkina Faso	3,255,407	2,184,620
Total assets	3,648,530	4,350,843

Geographic segmentation of the Company's net loss during the years ended September 30, 2012 and 2011 is as follows:

	2012 $	2011 $
Canada	665,151	753,749
Burkina Faso	227,131	184,999
Net loss	892,282	938,748

17 SUBSEQUENT EVENTS

Additional subsequent events are disclosed in Note 9.

Subsequent to September 30, 2012, 75,000 options expiring September 10, 2014 and 200,000 options expiring August 9, 2015 were forfeited.

18 FIRST-TIME ADOPTION OF IFRS

The Company adopted IFRS on October 1, 2011 with the transition date of October 1, 2010 (the "Transition Date"). Under IFRS 1 'First-time Adoption of International Financial Reporting Standards', the IFRS are applied retrospectively at the Transition Date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit unless certain exemptions are applied. The Company has chosen to apply the election to not apply IFRS 2, 'Share-based Payments', to liabilities arising from share-based payment transactions that were settled before the Transition Date or to equity instruments fully vested before the Transition Date.

Below are reconciliations of the statements of financial position at September 30, 2011 and the Transition Date as previously reported under Canadian GAAP to IFRS and a reconciliation of the statement of loss and comprehensive loss for the year ended September 30, 2011 as previously reported under Canadian GAAP to IFRS.

Reconciliation of the Statement of Financial Position at October 1, 2010 – Transition Date

	Note	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
ASSETS				
Current				
Cash and cash equivalents		796,173	-	796,173
Taxes recoverable and other receivables		37,494	-	37,494
Prepaid expenses		4,799	-	4,799
		838,466	-	838,466
Equipment		12,315	-	12,315
Mineral properties	(ii)	739,060	(165,000)	574,060
Other assets		3,500	-	3,500
		1,593,341	(165,000)	1,428,341
LIABILITIES				
Current				
Accounts payable and accrued liabilities		48,203	-	48,203
EQUITY ATTRIBUTABLE TO SHAREHOLDERS				
Share capital	(i)	2,177,980	(13,200)	2,164,780
Contributed surplus		338,214	-	338,214
Deficit	(i)	(971,056)	13,200	(1,122,856)
	(ii)		(165,000)	
		1,545,138	(165,000)	1,380,138
		1,593,341	(165,000)	1,428,341

Reconciliation of the Statement of Financial Position at September 30, 2011

	Note	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
ASSETS				
Current				
Cash and cash equivalents		2,190,639	-	2,190,639
Taxes recoverable and other receivables		25,800	-	25,800
Prepaid expenses		24,496	-	24,496
		2,240,935	-	2,240,935
Equipment		12,826	-	12,826
Mineral properties	(ii)	2,240,582	(165,000)	2,093,582
	(iii)		18,000	
Other assets		3,500	-	3,500
		4,497,843	(147,000)	4,350,843
LIABILITIES				
Current				
Accounts payable and accrued liabilities		100,691	-	100,691
EQUITY ATTRIBUTABLE TO SHAREHOLDERS				
Share capital	(i)	5,882,319	(13,200)	5,869,119
Contributed surplus		442,637	-	442,637
Deficit	(i)	(1,927,804)	13,200	(2,061,604)
	(ii)		(165,000)	
	(iii)		18,000	
		4,397,152	(147,000)	4,250,152
		4,497,843	(147,000)	4,350,843

Reconciliation of the Statement of Loss and Comprehensive Loss for the Year Ended September 30, 2011

	Note	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
General and Administrative Expenses				
Accounting and audit fees		82,337	-	82,337
Amortization		24,405	-	24,405
Consulting fees		92,782	-	92,782
Filing fees		26,502	-	26,502
Foreign exchange loss		12,266	-	12,266
Investor relations		238,483	-	238,483
Legal fees		30,388	-	30,388
Management and administration fees		136,760	-	136,760
Office and miscellaneous		148,905	-	148,905
Share-based payments		15,869	-	15,869
Travel and accommodation		92,006	-	92,006
Loss before other item		(900,703)	-	(900,703)
Interest income		15,955	-	15,955
Write-off of mineral property	(iii)	(72,000)	18,000	(54,000)
Net loss and comprehensive loss for the year		(956,748)	-	(938,748)

Notes to reconciliations

The following paragraphs explain the significant differences between Canadian GAAP and the current IFRS accounting policies applied by the Company.

i) Flow-through shares

Under Canadian GAAP, the entire net proceeds from the issuance of flow-through shares were recognized in equity. Upon renunciation of the tax benefits associated with the related expenditures, a deferred tax liability was recognized and shareholders' equity reduced.

Under IFRS, proceeds from the issuance of flow-through shares are segregated as follows: the estimated premium investors pay for the flow-through feature, if any, is recorded as a flow-through tax liability; and, the remaining net proceeds are recorded as share capital. Upon renunciation of the tax benefits associated with the related expenditures and as qualifying expenditures are incurred, a deferred tax liability is recognized and the flow-through tax liability is reversed with any difference being recorded as a deferred tax recovery (expense). To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

At the Transition Date, share capital decreased by $13,200 and deficit (deferred tax recovery in prior years) decreased by $13,200.

ii) Acquisition of Sanu Burkina Faso S.A.R.L. – deferred income tax liability

On June 30, 2010, the Company acquired 100% of the issued and outstanding shares of Sanu Burkina Faso S.A.R.L. Under Canadian GAAP, the transaction was accounted for using the purchase method of accounting as an acquisition of assets by the Company. As a result of the difference between the purchase price of the net assets acquired and the tax base of those net assets, an iterative calculation was performed in order to record a $165,000 future income tax liability.

Under IFRS and in accordance with IAS 12 "Income taxes", a deferred income tax liability on net assets acquired outside of a business combination is exempt from initial recognition. No deferred income tax liability would be recorded under IFRS on acquisition of Sanu Burkina Faso S.A.R.L.

At the Transition Date, mineral properties decreased by $165,000 and deficit (deferred tax recovery in prior years) increased by $165,000.

iii) Write-down during the year ended September 30, 2011

During the year ended September 30, 2011, the Company recorded a write-down of mineral properties of $72,000. The write-down was based on the book value of mineral properties at the date of the write-down. As a result of the IFRS transitional adjustment to reduce mineral properties by $165,000 (ii), the write-down during the year ended September 30, 2011 must be reduced proportionality.

At September 30, 2011, mineral properties increased by $18,000 and during the year ended September 30, 2011, net loss and comprehensive loss decreased by $18,000.

Statement of Cash Flows

The IFRS transition adjustments noted above did not have an impact on cash and cash equivalents.

Schedule 1

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES

For the years ended September 30, 2012 and 2011

(Expressed in Canadian dollars)

	Burkina Faso, Africa				
	Moule Project $	Kodyel Project $	Lati Project $	Other Projects $	Total $
Balance, October 1, 2010	51,845	285,758	78,778	157,679	574,060
Deferred acquisition costs					
Cash	58,249	-	-	-	58,249
Deferred exploration costs					
Assaying	126,706	189	35,097	-	161,992
Camp	77,280	126	5,186	943	83,535
Consulting (Note 12)	30,091	4,965	3,890	1,903	40,849
Drilling	786,329	-	-	-	786,329
Equipment rental	156,166	-	1,872	4,981	163,019
Other	17,631	2,028	4,964	9,464	34,087
Surveying	33,248	28,214	-	28,729	90,191
Travel and accommodation	2,824	446	936	152	4,358
Wages	122,607	3,217	15,114	9,975	150,913
	1,352,882	39,185	67,059	56,147	1,515,273
Write-off	-	(54,000)	-	-	(54,000)
Balance, September 30, 2011	1,462,976	270,943	145,837	213,826	2,093,582
Deferred acquisition costs					
Cash	60,843	-	-	26,822	87,665
Shares	15,000	-	-	-	15,000
	75,843	-	-	26,822	102,665
Deferred exploration costs					
Assaying	45,343	51,940	92,777	2,918	192,978
Camp	12,206	15,762	19,062	900	47,930
Consulting (Note 12)	13,986	14,228	18,738	3,128	50,080
Drilling	-	-	545,858	-	545,858
Equipment rental	13,106	2,450	29,290	2,125	46,971
Other	3,861	32,901	33,569	8,740	79,071
Wages	19,769	37,536	73,818	16,867	147,990
	108,271	154,817	813,112	34,678	1,110,878
Write-off	-	-	-	(26,822)	(26,822)
Balance, September 30, 2012	1,647,090	425,760	958,949	248,504	3,280,303

INDIGO EXPLORATION INC.

Management's Discussion and Analysis of Financial Position and Results of Operations

The following information, prepared as of January 25, 2013 should be read in conjunction with the consolidated financial statements of Indigo Exploration Inc. (the "Company" or "Indigo") for the year ended September 30, 2012. The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements, including, without limitation, statements about the mineral properties and financing activities. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of property exploration results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of January 25, 2013.

- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to integration of acquisitions; risks related to operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risks and Uncertainties" Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason, except as required by law.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

GENERAL OVERVIEW

The Company was incorporated on February 29, 2008 under the Business Corporations Act of British Columbia. The Company became a reporting issuer on November 20, 2009, closed its Initial Public Offering ("IPO") on December 29, 2009 and commenced trading on the TSX Venture Exchange ("TSXV") on December 31, 2009, under the trading symbol "IXI."

The Company is a junior natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Company is yet to receive any revenue from its mineral exploration operations. Accordingly, the Company has no operating income or cash flows. As a result, the Company has relied almost exclusively upon equity financing activities, which is not expected to significantly change in the immediate future.

The Company's focus is in gold exploration in the Republic of Burkina Faso, West Africa. In May 2010, the Company entered into an option agreement to acquire a 100% interest, subject to a 1.5% net smelter return ("NSR") royalty, in the Moule Gold permit, in western Burkina Faso. In June 2010, the Company completed the acquisition of Sanu Resources Burkina Faso S.A.R.L. ("Sanu Burkina"), as a means of acquiring Sanu Burkina's four gold mineral exploration permits in Burkina Faso.

The Company reported on November 3, 2011 that it had granted a total of 1,205,000 stock options to directors, officers, and consultants of the Company. The options, which are subject to the terms and conditions of the Company's stock option plan, were exercisable prior to November 3, 2016, at an exercise price of $0.20 per share. Subsequently, 400,000 of these stock options were cancelled voluntarily and an additional 140,000 of these stock options were forfeited. The remaining 665,000 stock options were re-priced to an exercise price of $0.30 per share.

In December 2011, the Company announced changes to the board and management. Keir Reynolds was appointed to the board of directors and Lorne Warner to the Advisory Board effective December 6, 2011. The Company also reported that Arden (Buck) Morrow had resigned from the board effective December 7, 2011. On December 13, 2011, R. Tim Henneberry resigned as President, CEO, and Director of the board and Paul Cowley and Keir Reynolds were appointed as interim CEO and interim President, respectively. A search committee formed by the board is continuing to work to select a new President and CEO.

On January 30, 2012, the Company announced that it had received a renewed and revised Kodyel permit. This renewed permit excludes a 5 kilometre wide strip adjacent to the Niger border. The terms of the renewed permit provide the Company with a right of first refusal to add the excluded area to the area covered by the renewed permit, once the World Court has finalized the border location. A reverse circulation drill program, which commenced in December 2011 on the Lati permit, was completed in mid February. Results of the Lati drill program were reported in news releases dated March 15, 2012 and April 18, 2012 (see Mineral Properties).

The Company's Annual General Meeting of Shareholders was held on June 20, 2012.

On August 15, 2012, the Company announced that it had entered into an option agreement to acquire a 100% interest in the Bada Permit. The 244 square kilometre Bada Permit lies 8 kilometres southwest of Roxgold's Solna Project in the Sebba Greenstone Belt, northeast Burkina Faso. The terms of the deal are for cash payments totaling US$92,000 over 3 years. During January 2013, the Company decided not to proceed with the Bada Permit.

On September 10, 2012, the Company reported that it had amended its option agreement on the Moule Permit. Pursuant to the option agreement, as amended, the Company was to make a cash payment of $35,000 on or before August 31, 2012. Under the terms of the amendment, the Company made a cash payment of $20,000 and issued 300,000 common shares, at a deemed price per share of $0.05. The optionor agreed not to trade the shares for a period of six months.

MINERAL PROPERTIES

Paul Cowley, P.Geo, director and interim CEO of Indigo, is the Qualified Person as defined in National Instrument 43-101, responsible for the review of technical information disseminated to the public by the Company, including any technical information in this MD&A.

Burkina Faso

The Company currently holds five gold properties comprising four gold projects located in the Republic of Burkina Faso, West Africa. West Africa is underlain by the Birimian Greenstone Belt, one of the most prolific gold producing areas in the world. Several major gold companies are active in Burkina Faso, including IAMGOLD Corporation and Newmont Mining Corporation. Burkina Faso has six producing mines and a number of projects in the advance and development stages. Burkina Faso is considered to be relatively stable, both politically and economically, and relies primarily on farming and mining as its main sources of revenue.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs ($521) of exploration expenditures per square kilometre per year in order to maintain its permits in good standing. If such expenditures are not incurred, the Government of Burkina Faso may, at its discretion, cancel the permits after giving the permit holder sixty days notice to remedy any deficiency. At September 30, 2012, the Company had not incurred sufficient expenditures on its Loto, Tordo and Kodyel permits to comply with the Mining Code of Burkina Faso. However, the Government of Burkina Faso has renewed the Kodyel, Loto and Tordo permits and has not issued the Company any notice of non-compliance. The Company is in the process of renewing the Lati permit. Sufficient expenditures have been incurred on the Moule and Lati permits. The Company believes its Burkina Faso permits are in good standing.

Kodyel Exploration Permit

The 100% owned, 191 square kilometres Kodyel permit lies close to the Niger border approximately 300km east of Ouagadougou. Access is by paved road as far as Fada N'gourma about 200 km east of Ouagadougou and thence by laterite roads. The Kodyel permit covers an extension of the Fada N'Gourma greenstone belt that extends into Niger. The Kodyel permit is traversed by a regional northeast-trending fault that stretches from Ghana to Niger and separates the mafic and felsic volcanics and metasedimentary rocks of the Fada belt from the migmatites and granites to the northwest. There are several active artisanal workings within the permit, including: Hantekoura (CFA) and Kodyel 1. The extensive Tangounga and Songonduari artisanal workings currently lie off the permit but are part of the same structure, continuing towards and into Niger.

The Hantekoura orpaillage consists of a series of pits and cuts oriented at 060° over 550 metres strike length. Mineralization consists of quartz veins, 5 – 25 centimetres thick, hosted in intermediate tuffs near the granite contact. The Kodyel 1 site consists of a large cut 70 metres long and up to 40 metres wide, exploiting strongly kaolinitized and sheared rocks hosting white and rose quartz veins in a zone striking to the northeast and dipping to the northwest and southeast. Tangounga hosts multiple massive quartz veins each 1-10 metres wide outcropping over more than 400 metres strikelength. Local miners have been working to a depth of over 35 metres. Songonduari is located just inside the Burkina Faso border and was the site of a recent gold rush involving up to 10,000 artisanal miners. Highlights of grab samples of quartz from artisanal gold mining sites on Kodyel on veining, and alteration, within intermediate tuffs and highly altered, sheared and kaolinized felsic volcanics include 7 gpt Au and 9 gpt Au. A large part of the permit remains unexplored.

The permit was held from 1995-1997 by SEMAFO, who drilled over 493 RAB, 26 RC and 12 DD holes into the CFA prospect and outlined a small resource. The best intersection from a RAB hole was Hole 196 with 43m of 4.3 gpt Au.

Until early 2012 the Company had been unable to access the Kodyel permit due to a border dispute between Burkina Faso and Niger. The temporary suspension on the Kodyel permit was lifted and the Company commenced exploration on the renewed Kodyel permit. The renewed permit has been reduced from 238 square kilometres to 191 square kilometres to exclude a 5 kilometre area adjacent to the Niger border. The permit retains a right of first refusal to include this excluded area (which hosts the Tangounga artisanal mining site) once the World Court has finalized the border location.

In the spring of 2012, the Company completed a 48 square kilometres soil grid over the 15 kilometre stretch of favourable geology and artisanal workings between the Tangounga pit and the CFA Zone drilled by Semafo in 1997. Results have been received for 65% of the grid. Multiple gold soil anomalies were identified. The most significant anomaly measures 1.5 kilometres long by 1 kilometre wide and corresponds with an interpreted structural dilation zone related to a regional right lateral fault. During the soil sampling program, geologists also mapped numerous artisanal workings and zones of substantial quartz float strung along a 15 kilometre stretch overlying the interpreted regional right lateral fault. The soil anomalies to date constitute new drill targets and confirm the sizeable potential of our flagship project. Approximately 35% of the soil results for this grid are pending, corresponding to an area 3 kilometre long trend, which displays a series of substantial artisanal workings.

Moule Option

On May 5, 2010, the Company entered into an option agreement to acquire a 100% interest, subject to a 1.5% net smelter return ("NSR") royalty, in the Moule Gold Permit, in western Burkina Faso, in consideration for cash payments totalling US$410,000 over a three year period. To date the Company has made payments of US$210,000. The final payment of US$200,000 is due on or before May 5, 2013. The Company has the right to purchase the entire 1.5% NSR royalty for US$1,800,000.

The Moule Gold Permit covers 249 square kilometres of prospective Birimian greenstone geology. Exploration prior to acquisition by Indigo consisted of property wide mapping, soil geochemistry, quartz veining and quartz float sampling and ground geophysics. These surveys located a number of gold targets, including: Zelingpe 1, Zelingpe 2, Vein 2 and Vein 3.

The Company completed initial RC drill programs on Zelingpe 1, Zelingpe 2 and Vein 3; and followed up with a diamond drill program at Vein 2 and Vein 3. These were the first drill programs ever completed at Moule.

Results of the drill programs have been reported by press release and in prior MD&A's. Drill plans and selected sections from the Moule diamond drill program can be found on the Company's website at www.indigoexploration.com.

The Company has received reinterpreted airborne geophysics from Moule. The radiometric airborne survey completed over the Moule/Loto project has identified a major new anomaly that is 9 kilometres long by 500 to 1500 metres wide and is suggestive of strong hydrothermal alteration. Indigo crews have completed a 19 square kilometre soil grid on the Moule and Loto Permits that covered the large radiometric target identified from the 2011 airborne geophysical survey. The soil grid has produced two kilometre-scale gold anomalies generating new drill targets. One anomaly is 2.2 kilometres long by up to 350 metres wide and corresponds to an interpreted magnetic intrusion. This anomaly trends towards the V-3 target on Moule where the Company intercepted 7 metres of 29.67 g/t Au in 2011 drilling, approximately 5.5 kilometres to the north of the soil anomaly. The second soil anomaly measures 1.5 kilometres long by up to 350 metres wide and corresponds to an area where limited prospecting of quartz float has returned four grab samples that ranged between 4.5 g/t Au and 21.9 g/t Au.

Lati Exploration Permit

The 100% owned, 246 square kilometre Lati Permit covers a major north-south shear zone in the Boromo greenstone belt. Lati is the site of expanding artisanal activity with at least three known active artisanal mining areas over the 8 kilometre long Prospect 1. The Lati permit is about 150 km by road west of Ouagadougou. Lati was previously explored by the United Nations Development Program ("UNDP") and the Burkina Faso Office of Mines and Geology ("BUMIGEB") for volcanic-hosted massive sulfides ("VHMS") similar to the Perkoa zinc deposit, as well as by Carlin Resources and Incanore Resources for gold.

Prior exploration included airborne geophysics, soil geochemistry, trenching, and drilling. Several anomalous areas that were not previously followed up include a gold-in-soil anomaly (1000m by 200m) in the northern part of the permit in which three samples yielded over 1 gpt Au with a peak value of 6.5 gpt Au; a UNDP prospect that reported 12m of 2.45 gpt Au in a diamond drill hole; and the Kwademen artisanal mining area where reported gold mineralization over an area of 1250m x 250m with isolated values up to 65 gpt Au occurs in quartz veins and veinlets in a sheared granites and felsic volcanics.

The 2011 soil survey was successful in identifying two substantial gold-in-soil anomalies – one 4.75km long by 100-750 metres wide and the second 1.5km long by 250-350 metres wide. These anomalies coincide with portions of the two previously reported artisanal sites. Rock quartz float sampling, also within the grid, returned values ranging from background to 12.65 ppm Au (12.65 gpt). The Company commenced a 5,000 metre reverse circulation drill program in December 2011 to test the soil anomalies and artisanal sites. The drilling was completed in mid February 2012 with 50 RC holes totaling 6,500 metres. The entire drill program was a first pass prospecting effort, with 12 broad spaced drill transects (200m -1km apart) exploring a collective 7 kilometre long anomalous strikelength. The drilling targeted two large gold soil anomalies described in the Company's news release dated September 8, 2011, with associated extensive artisanal workings. The cumulative surface area of artisanal workings

on Lati increased from 0.58 km^2 to 2.0 km^2 between May of 2011 and February of 2012.

The eastern target was tested for 4 kilometres by 8 broad spaced drill transects. This target covers two areas of extensive artisanal workings. The drilling along this trend yielded numerous intercepts of elevated gold mineralization. A 2.5 kilometre trend of wide, low-grade gold mineralization was discovered on the Eastern target. The interpreted north trending alignment of the mineralized sections remains open along strike to the north and south. In addition, three of the four drill transects suggest the mineralization is still open to the west. This system is only partly overlapping with a large artisanal workings that covers an area at least 850 metres by 500 metres, the majority of which has not been drill tested yet. The granite contact approximately 200-300 metres to the east of the four transects is also suspected to be mineralized and has not been drill tested to date.

The Northwest target area explored a 1 kilometre trend of extensive artisanal workings by 4 drill transects numbered 1 through 4. The Northwest target is approximately 1 kilometre northwest of the Eastern target. The best intercept here was 4.16 g/t Au across 4m. This area reported a previous drillhole by UNDP of 12m grading 2.5 g/t Au. The drilling in the northwest target encountered multiple intercepts of elevated gold, however, were found to be narrow or too dispersed to generate substantial zones.

Results of the RC drill program on Lati have been reported by press releases and in prior MD&A's. Drill plans and selected sections from the Lati RC drill program can be found on the Company's website at www.indigoexploration.com.

Tordo Exploration Permit
The 100% owned, 143 square kilometre Tordo permit lies about 150km east of Ouagadougou. The permit covers a portion of the Fada N'gourma greenstone belt which consists of meta-tuff, meta-sediment and mafic metavolcanic rocks and has never been previously explored until recently by Sanu Burkina. A dilational fault splay is focused near the contact of the greenstone belt and enclosing granites. Quartz float debris fields and a number of artisanal workings are associated with these structures. Quartz veins are most numerous in the central part of the mapped area displaying variable orientations including 070°, 110°, and 130° as exposed by trenching. In the metasedimentary rocks in the centre of the permit, mineralization consists of relatively narrow quartz veining and associated silicification. A regional and locally detailed soil geochemistry program has defined a 1300x 300m soil gold anomaly in saprolite with peak values to 3000 ppb gold (Au). Trenching of the anomaly by Sanu Burkina suggests these stockworks may host significant gold mineralization but more work is required to determine controls and extent. The trenching returned 8 metres of 1.17 gpt Au within a larger section of 101 metres of 0.41 gpt Au; 70 metres of 0.51 gpt Au; 27 metres of 0.32 gpt Au; and 38 metres of 0.24 gpt Au.

The Company has commenced trenching at Tordo in advance of a preliminary drilling program. The trenching program has not yet been completed.

Loto Exploration Permit
The 100% owned, 93 square kilometre Loto exploration permit is located in the Boromo greenstone belt, contiguous to the Moule Exploration Permit, and forms part of the Moule project. The Loto permit lies near the town of Diebougou, approximately 270 km by road from Ouagadougou of which 250 km is paved. The area is intensely farmed and it has taken time to establish a working relationship with the local community.

Attention was first drawn to this area by outcrops of strongly anomalous (1-2 gpt Au) quartz vein swarms in intermediate to mafic volcanics. Sanu Burkina has covered the areas of quartz veining by a 200 x 100m soil geochemistry, rock chip and lag sampling and geological mapping. Eight of the ninety soil samples analyzed returned values greater than 50 ppb Au with a high value of 226 ppb Au. Five of the 167 grab rock chip and lag quartz samples collected assayed greater than 1 gpt Au, including values of 22.15 gpt Au, 4.49 gpt Au, 8.08 gpt Au, 11.15 gpt Au and 14.55 gpt Au.

The reinterpreted airborne geophysics from the radiometric airborne survey completed over the Moule/Loto project has identified a major new radiometric anomaly that is 9 kilometres long by 500 to 1500 metre wide and is suggestive of strong hydrothermal alteration. The southern part of this anomaly lies on the Loto permit. Indigo crews

have completed grid soil sampling over the full length of the radiometric anomaly to prepare this trend for future drilling.

The soil grid has produced two kilometre-scale gold anomalies generating new drill targets. One anomaly on Moule is 2.2 kilometres long by up to 350 metres wide and corresponds to an interpreted magnetic intrusion. This anomaly trends towards the V-3 target on Moule where the Company intercepted 7 metres of 29.67 g/t Au in 2011 drilling, approximately 5.5 kilometres to the north of the soil anomaly. The second soil anomaly on Loto measures 1.5 kilometres long by up to 350 metres wide and corresponds to an area where limited prospecting of quartz float has returned four grab samples that ranged between 4.5 g/t Au and 21.9 g/t Au.

Bada

The Company signed an option agreement for 100% interest in the Bada Permit in April 2012. The 244 square kilometre Bada Permit lies 8 kilometres southwest of Roxgold's Solna Project in the Sebba Greenstone Belt, northeast Burkina Faso. The terms of the deal are for cash payments totaling US$92,000. During the year ended September 30, 2012, the Company made cash payments totaling US$14,500 and accrued an additional US$12,500. Subsequently, the Company decided not to proceed with the Bada Gold Permit option and accordingly, wrote-off $26,822 during the year ended September 30, 2012.

SELECTED ANNUAL INFORMATION

	2012 ($)	2011 ($)	[2] 2010 ($)
Total revenues		-	-
Net loss	(898,282)	(938,748)	(796,161)
Net loss per share (basic and diluted) [1]	(0.03)	(0.04)	(0.07)
Total assets	3,648,530	4,350,843	1,593,341
Deferred resource property expenditures – for the year	1,213,543	1,573,522	962,213
Deferred resource property expenditures, net of write-offs – cumulative	3,280,303	2,093,582	739,060
Long term debt	-	-	-
Dividends declared	-	-	-

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants, if any.

(2) Presented in accordance with Canadian Generally Accepted Accounting Principles prior to convergence to IFRS ("CDN GAAP").

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended September 30, 2012.

	For the quarter ended			
	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011
Total revenues	-	-	-	-
Net loss	(150,581)	(144,138)	(202,407)	(395,156)
Net loss per share (basic and diluted) [1]	(0.00)	(0.00)	(0.01)	(0.01)
Total assets	3,648,530	3,687,864	3,876,033	4,169,231

	For the quarter ended			
	Sep. 30, 2011	**Jun. 30, 2011**	**Mar. 31, 2011**	**Dec. 31, 2010**
Total revenues	-	-	-	-
Net loss	(292,424)	(177,018)	(292,172)	(177,134)
Net loss per share (basic and diluted) [(1)]	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	4,350,843	3,721,103	3,649,621	1,490,762

(1) The basic and diluted calculations result in the same values.

During the quarter ended September 30, 2011, total assets increased due to the completion of a private placement financing, partially offset by a write-off of mineral properties related to a reduction in the area of the Kodyel permit in Burkina Faso of $54,000. During the quarter ended March 31, 2011, total assets increased due to the completion of a private placement financing, which was partially offset by increased general and administrations costs.

RESULTS OF OPERATIONS

The Company recorded a net loss of $892,282 ($0.03 per share) for the year ended September 30, 2012 as compared to a net loss of $938,748 ($0.04 per share) for the year ended September 30, 2011.

Differences in general and administrative expenses of note include:

- Consulting fees of $71,835 (2011 - $92,782). Consulting fees, primarily for financial/business development services, were reduced in the period due to decreased corporate activities. Included in consulting fees for the 2012 year are the final fees paid to the former CEO.
- Foreign exchange loss of $25,807 (2011 - $12,266). Based primarily on activities conducted in Burkina Faso in West African CFA Francs, Euros and US dollars.
- Investor relations expenses of $123,150 (2011 - $238,483). Expenditures are incurred for communications with current and potential shareholders. The decrease is the result of the discontinuation of services of a Canadian based IR firm and the discontinuation of services of a German based IR firm during the year.
- Shared-based payments of $171,961 (2011 - $15,869). Shared-based payments are related to the grant of incentive stock options in the respective periods.
- Travel and accommodation expenses of $30,621 (2011 - $92,006). Travel related to work on the Burkina Faso properties, investor relations, and financing matters.
- Write-off of mineral property of $26,822 (2011 - $54,000). The write-off during the 2012 year related to the Bada Permit and the write-off during the 2011 year related to the Kodyel Permit.

FOURTH QUARTER

The Company recorded a net loss of $150,581 ($0.00 per share) for the three months ended September 30, 2012 as compared to a net loss of $292,424 ($0.01 per share) for the three months ended September 30, 2011.

The difference in the net loss for the fourth quarter of fiscal 2012 compared to the fourth quarter of fiscal 2011 is primarily due to decreased general and administrative expenses.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

Financing Activities

There were no financing activities during the year ended September 30, 2012.

During the year ended September 30, 2011, the Company completed the following financing activities:

(i) On September 2, 2011, the Company closed a private placement of 3,275,000 units at $0.30 per unit for gross proceeds of $982,500. Each unit was comprised of one common share and one-half of one common share

purchase warrant, with each whole warrant entitling the holder thereof to purchase an additional common share of the Company at $0.50 per share, exercisable up to March 3, 2013.

In connection with the private placement, the Company incurred cash issue costs of $101,125, issued 229,250 finders' warrants entitling the holder thereof the right to purchase up to 229,250 common shares of the Company at $0.35 per share, exercisable up to March 3, 2013.

(ii) On January 24, 2011, the Company closed a private placement of 7,663,666 units at $0.30 per unit for gross proceeds of $2,299,100. Each unit was comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase an additional common share of the Company at $0.50 per share, exercisable up to July 24, 2012.

In connection with the private placement, the Company incurred cash issue costs of $79,096, issued 232,057 finders' units at the fair value of $69,617, and issued finders' warrants entitling the holder thereof the right to purchase up to 375,015 common shares of the Company at $0.35 per share, exercisable up to July 24, 2012.

(iii) 175,000 share purchase options were exercised for gross proceeds of $31,250 and 2,324,098 share purchase warrants were exercised for gross proceeds of $660,264.

Capital Expenditures

The capital expenditures of the Company during the year ended September 30, 2012 included deferred mineral property expenditures of $1,080,627 (2011 - $1,500,681), deferred acquisition expenditures of $75,165 (2011 - $58,249) and $38,896 (2011 - $24,916) on equipment on the Company's Burkina Faso projects, and recovery of other assets of $3,500 (2011 – $nil).

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed $677,811 of cash (before working capital items) for the year ended September 30, 2012 (2011 - $844,474) with an additional $1,080,627 (2011 - $1,500,681) used on mineral property deferred exploration expenditures, $75,165 (2011 - $58,249) used on deferred acquisition expenditures, $38,896 (2011 - $24,916) used for the purchase of equipment and $3,500 (2011 – $nil) for the recovery of other assets. The cash requirement was fulfilled from cash on hand at the beginning of the period.

The Company's aggregate operating, investing and financing activities during the year ended September 30, 2012 resulted in a net decrease in its cash balance from $2,190,639 at September 30, 2011 to $315,879 at September 30, 2012. The Company's working capital decreased to $228,494 at September 30, 2012 (2011 - $2,140,244). The Company has no long term debt.

The Company has an option agreement to acquire a 100% interest in the Moule Gold Permit, Burkina Faso, by making a cash payment of US$200,000 on or before May 5, 2013. The Company has minimum exploration commitments in Burkina Faso in order to keep its properties in good standing. Aside from the Moule option agreement and the minimum exploration commitments in Burkina Faso, the Company does not have any commitment for material capital expenditures over the near term or long term and none are presently contemplated in excess of normal operating requirements.

The Company has not as yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

TRANSACTIONS WITH RELATED PARTIES

During the years ended September 30, 2012 and 2011, the Company incurred the following expenditures charged by directors and officers of the Company and by companies controlled by directors and officers of the Company:

	2012	**2011**
	$	**$**
Accounting fees	37,818	28,419
Consulting fees	50,000	-
Management and administration fees	136,342	127,110
Mineral property expenditures - consulting	24,625	3,575
	248,785	159,104

As at September 30, 2012, accounts payable and accrued liabilities includes an amount of $13,155 (2011 - $16,612) due to companies controlled by directors and officers of the Company.

Key management includes the Chief Executive Officer and the directors of the Company. The compensation paid or payable to key management for services during the years ended September 30, 2012 and 2011 is as follows:

	2012	**2011**
	$	**$**
Accounting fees	36,073	18,888
Management and administration fees	136,342	127,110
Mineral property expenditures - consulting	24,625	3,575
Share-based payments	132,003	-
	329,043	149,573

International Financial Reporting Standards (“IFRS”)

For years beginning after January 1, 2011 Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date for the Company was October 1, 2010. The year ended September 30, 2012 is the Company’s fourth reporting period under IFRS.

The Company’s IFRS conversion team identified four phases to the Company’s conversion: scoping and planning, detailed assessment, implementation and post-implementation. The Company has now completed its IFRS conversion project through the implementation phase. The post-implementation phase will continue in future periods, as outlined below.

The accompanying consolidated financial statements provide details of the Company’s key CDN GAAP to IFRS differences, accounting policy decisions and IFRS 1, First-Time Adoption of IFRS, exemptions for significant or potentially significant areas that have had an impact on the Company’s financial statements on transition to IFRS or may have an impact in future periods.

The conversion to IFRS has had a low impact on the financial record keeping and financial disclosures of the Company due to limited adjustments required. Internal controls were unaffected by the IFRS conversion. Accounting systems have been assessed and re-configured to ensure accurate reporting under IFRS, both internally and externally.

Transitional Financial Impact

The table below outlines adjustments to the Company's assets, liabilities and equity on adoption of IFRS on October 1, 2010 and September 30, 2011 for comparative purposes:

	September 30, 2011 $	**October 1, 2010 $**
Total assets under CDN GAAP	4,497,843	1,593,341
Adjustments		
Decrease in mineral properties as a result of eliminating the deferred tax liability on acquisition of Sanu Burkina Faso S.A.R.L.	(165,000)	(165,000)
Increase in mineral properties as a result of reducing the write-down as a result of the adjustment above	18,000	-
Total assets under IFRS	4,350,843	1,428,341
Total liabilities under CDN GAAP and IFRS	100,691	48,203
Total equity under CDN GAAP	4,397,152	1,545,138
Adjustments:		
Increase in deficit due to decrease in recovery of deferred tax liability	(165,000)	(165,000)
Decrease in deficit due to decrease in write-down of mineral properties	18,000	-
Total equity under IFRS	4,250,152	1,380,138

The following is a summary of the adjustments to comprehensive loss for the year ended September 30, 2011 under IFRS (all of which are outlined in the notes to the accompanying consolidated financial statements):

	September 30, 2011 $
Total comprehensive loss under CDN GAAP	(956,748)
Adjustments:	
Decrease in write-down of mineral properties	18,000
Total net comprehensive loss under IFRS	(938,748)

All of the above adjustments are non-cash accounting adjustments.

Post-implementation

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. We note that the standard setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that the Company has selected. In particular, there may be additional new or revised IFRSs or International Financial Reporting Issues Committee ("IFRIC"s) in relation to consolidation, financial instruments, and leases. We also note that the International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact the Company's financial statements primarily in the areas of capitalization of exploration costs and disclosures. The Company has processes in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRSs and IFRIC interpretations will be evaluated as they are drafted and published.

FINANCIAL INSTRUMENTS

Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the TSX Venture Exchange.

Fair Value and Classification of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. Cash and cash equivalents and other receivables are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

- Level 3 - Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As at September 30, 2012, the Company believes that the carrying values of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign Exchange Risk

A portion of the Company's financial assets and liabilities is denominated in West African CFA francs ("CFA") giving rise to risks from changes in the foreign exchange rate. The Company is exposed to currency exchange rate risk to the extent of its activities in the Burkina Faso. The Company's currency risk is presently limited to

approximately $55,981 of net exposure denominated in CFAs. Based on this exposure as at September 30, 2012, a 5% change in the exchange rate would give rise to a change in net loss of $2,799. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The currencies of the Company's financial instruments were as follows:

	September 30, 2012	
	Canadian dollar	CFA
Cash and cash equivalents	314,390	1,489
Other receivables	5,100	1,101
Accounts payable and accrued liabilities	(45,128)	(58,571)
Net exposure	274,362	(55,981)

	September 30, 2011	
	Canadian dollar	CFA
Cash and cash equivalents	2,070,523	120,116
Other receivables	9,300	1,216
Accounts payable and accrued liabilities	(81,500)	(19,191)
Net exposure	1,998,323	102,141

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The majority of the Company's cash is held through a major Canadian charted bank and accordingly, the Company's exposure to credit risk is considered to be limited.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Although interest income on the Company's cash and cash equivalents is subject to a variable interest rate, the risk exposure is not significant due to the small amount of interest income these balances.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

OUTSTANDING SHARE DATA

a) Authorized:
Unlimited common shares without par value.

b) Issued and outstanding:
33,060,982 common shares as at January 25, 2013.

c) Outstanding warrants and options as at January 25, 2013:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	1,637,500	$0.50	March 3, 2013
Share purchase warrants	229,250	$0.30	March 3, 2013
Stock options	400,000	$0.15	September 10, 2014
Stock options	625,000	$0.20	August 9, 2015
Stock options	565,000	$0.30	November 3, 2016

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended September 30, 2012 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

Certain risks are faced by the Company, which could affect its financial position. In general they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the its mineral property option agreement. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interest in the property covered by the agreement. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

The Company's properties are in the exploration stage and without known reserves. Exploration and development of natural resources involves substantial expenditures and a high degree of risk. Few exploration properties are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes-off its mineral properties from time to time and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs ($521) of exploration expenditures per square kilometre per year in order to maintain its permits in good standing. If such expenditures are not incurred, the Government of Burkina Faso may, at its discretion, cancel the permits after giving the permit holder sixty days notice to remedy any deficiency.

OUTLOOK

The Company's focus is on the exploration and advancement of its mineral properties in Burkina Faso. A drill campaign, which commenced in December 2011, at the Lati gold permit, was completed in mid February 2012. The Company also completed two large soil sampling programs in the spring of 2012 on the Kodyel and Moule/Loto Permits. The 2012 spring programs generated new and sizeable drill targets. Subsequent to completing the spring exploration programs the Company has minimized its expenditures on the permits in order to conserve cash while it continues its search for a new President and Chief Executive Officer to lead the exploration for gold in Burkina Faso. Additional funding will be required in order to continue to advance the Burkina Faso permits.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.