INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2011 and 2010

p | 604.683.3277
f | 604.684.8464

SUITE 1735, TWO BENTALL CENTRE
555 BURRARD STREET
BOX 243
VANCOUVER, BC V7X 1M9

charlton & company
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Indigo Exploration Inc.

We have audited the consolidated balance sheets of Indigo Exploration Inc. as at September 30, 2011 and 2010 and the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the years then ended and the related notes including 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 Canadian generally accepted accounting principles, 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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, 2011 and 2010 and the results of its operations, changes in shareholders' equity and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matters
Without qualifying our opinion, we draw attention to Note 1 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 1, 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, British Columbia
January 26, 2012

INDIGO EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
September 30, 2011 and 2010

	Note	2011 $	2010 $
ASSETS			
Current			
Cash and cash equivalents		2,190,639	796,173
Taxes recoverable and other receivables		25,800	37,494
Prepaid expenses		24,496	4,799
		2,240,935	838,466
Equipment	4	12,826	12,315
Mineral properties (Schedule 1)	5	2,240,582	739,060
Other assets		3,500	3,500
		4,497,843	1,593,341
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	100,691	48,203
		100,691	48,203
SHAREHOLDERS' EQUITY			
Share capital	6	5,882,319	2,177,980
Contributed surplus		442,637	338,214
Deficit		(1,927,804)	(971,056)
		4,397,152	1,545,138
		4,497,843	1,593,341

Organization and nature of operations (Note 1)

Commitments (Notes 5 and 6)

Subsequent events (Notes 6(c) and 14)

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 OPERATIONS AND COMPREHENSIVE LOSS

For the years ended September 30, 2011 and 2010

	Note	2011 $	2010 $
General and Administrative Expenses			
Accounting and audit fees	8	82,337	77,532
Amortization		24,405	3,665
Bank charges and interest		6,455	1,141
Business investigation costs	3, 8	-	166,461
Consulting fees	8	92,782	24,100
Filing fees		26,502	27,073
Foreign exchange (gain) loss		12,266	3,873
Investor relations		238,483	25,435
Legal fees		30,388	48,922
Management and administration fees	8	136,760	44,750
Office and miscellaneous		142,450	25,502
Stock-based compensation	6	15,869	134,424
Travel and accommodation		92,006	3,476
Loss before other item		(900,703)	(586,354)
Interest income		15,955	2,305
Write-off of mineral property		(72,000)	(484,112)
Net loss for the year before income taxes		(956,748)	(1,068,161)
Future income tax recovery	7	-	272,000
Net loss and comprehensive loss for the year		(956,748)	(796,161)
Basic and diluted loss per share		(0.04)	(0.07)
Weighted average number of shares		26,410,823	11,456,446

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended September 30, 2011 and 2010

	2011 $	2010 $
Cash provided by (used in)		
Operating Activities		
Net loss for the year	(956,748)	(796,161)
Add items not involving cash:		
Amortization	24,405	3,665
Future income tax recovery	-	(272,000)
Stock-based compensation	15,869	134,424
Write-off of mineral property	72,000	484,112
	(844,474)	(445,960)
Changes in non-cash working capital items:		
Taxes recoverable and other receivables	11,694	(33,196)
Prepaid expenses	(19,697)	(2,805)
Accounts payable and accrued liabilities	37,896	(44,105)
	(814,581)	(526,066)
Investing Activities		
Deferred acquisition expenditures	(58,249)	(51,845)
Deferred exploration expenditures	(1,500,681)	(249,180)
Acquisition of Sanu Burkina Faso S.A.R.L, net of cash acquired (Note 3)	-	(44,079)
Purchase of equipment	(24,916)	-
	(1,583,846)	(345,104)
Financing Activity		
Issuance of shares	3,973,114	1,817,214
Issuance costs	(180,221)	(186,085)
	3,792,893	1,631,129
Increase in cash during the year	1,394,466	759,959
Cash and cash equivalents - Beginning of the year	796,173	36,214
Cash and cash equivalents - End of the year	2,190,639	796,173
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Cash and cash equivalents are comprised of:		
Cash	240,639	46,173
Short-term investments	1,950,000	750,000
	2,190,639	796,173

Supplemental cash flow information (Note 11)

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

INDIGO EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the years ended September 30, 2011 and 2010

	Issued Share Capital				
	Number of Shares	Amount $	Contributed Surplus $	Deficit $	Total Shareholders' Equity $
Balance – September 30, 2009	5,780,706	327,602	99,307	(174,895)	252,014
Issued:					
For cash:					
Pursuant to Initial Public Offering	4,000,000	600,000	-	-	600,000
Less issue costs – cash	-	(190,899)	-	-	(190,899)
– agent's warrants	-	(23,027)	23,027	-	-
Pursuant to private placements	6,265,000	1,307,000	-	-	1,307,000
Allocation to warrants	-	(65,768)	65,768	-	-
Less issue costs – cash	-	(163,058)	-	-	(163,058)
– agent's warrants	-	(18,305)	18,305	-	-
Pursuant to exercise of warrants	45,455	6,818	-	-	6,818
Transfer on exercise of warrants	-	2,617	(2,617)	-	-
Pursuant to acquisition of Sanu Burkina (Note 3)	3,000,000	450,000	-	-	450,000
Less: Future income tax on flow-through shares	-	(55,000)	-	-	(55,000)
Stock-based compensation	-	-	134,424	-	134,424
Net loss for the year	-	-	-	(796,161)	(796,161)
Balance – September 30, 2010	19,091,161	2,177,980	338,214	(971,056)	1,545,138
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)	-	-
Stock-based compensation	-	-	15,869	-	15,869
Net loss for the year	-	-	-	(956,748)	(956,748)
Balance – September 30, 2011	32,760,982	5,882,319	442,637	(1,927,804)	4,397,152

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, 2011, the Company was in the exploration stage and had interests in properties located in Burkina Faso, West Africa.

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.

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. 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. At September 30, 2011, the Company had not yet achieved profitable operations, had an accumulated deficit of $1,927,804 since inception and expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, its ability to obtain the necessary financing to develop the properties and to meet its ongoing levels of corporate overhead and commitments, keep its property in good standing 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.

2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. As a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a year necessarily involves the use of estimates which have been made using careful judgement. Actual results may vary from these estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Sanu Burkina Faso S.A.R.L. All significant intercompany transactions have been eliminated.

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%, computer equipment – 30%, computer software – 100%, and vehicles – 30%.

Mineral properties

The Company is in the exploration stage and defers all expenditures related to its mineral properties until such time as the properties are put into commercial production, considered impaired in value, sold, or abandoned. Mineral property option proceeds, if received, are credited against the deferred costs incurred by the Company on the property or properties being optioned. Under this method, the amounts shown as mineral properties (or "acquisition costs and deferred exploration") represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

If the properties are put into commercial production, the expenditures will be depleted using the unit of production basis. If the properties are impaired, sold or abandoned, the expenditures will be charged to operations in the related period.

The Company reviews capitalized costs on its mineral properties and will recognize an impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future probability of profitable revenues from the property or from sale of the property. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value, which is determined using the discounted value of future cash flows.

Exploration costs that are not attributable to a specific property are charged to operations.

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 of long-lived assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized.

Asset retirement obligations ("ARO")

The Company records a liability for the fair value of the statutory, contractual or legal asset retirement obligations associated with the retirement and reclamation of tangible long-lived assets when the related assets are put into use, with a corresponding increase to the carrying amount of the related assets. This corresponding increase to capitalized costs is amortized to earnings on a basis consistent with depreciation, depletion, and amortization of the underlying assets. Subsequent changes in the estimated fair value of the ARO are capitalized and amortized over the remaining useful life of the underlying asset. The ARO liabilities are carried on the balance sheet at their discounted present value and are accreted over time for the change in their present value, with this accretion charge included as an operating item in the statements of operations.

As at September 30, 2011 and 2010, the Company had no asset retirement obligations.

Financial instruments recognition, measurement, disclosure and presentation

All financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured on the balance sheet date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recognized in net earnings (loss). Available-for-sale financial instruments are measured at fair value, with changes in fair value recorded in other comprehensive income ("OCI") until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed.

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 shareholders' equity.

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 shareholders' equity 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.

Stock-based compensation

The Company has a stock-based compensation plan (Note 6), whereby stock options are granted in accordance with the policies of regulatory authorities. The Company records a compensation cost attributable to all share purchase options granted at fair value at the grant date using the Black-Scholes valuation model and the fair value of all share purchase options are expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Black-Scholes model requires the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Income taxes

The Company applies the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and the income tax bases of assets and liabilities, and are measured using the substantively enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in

the period that includes the date of enactment or substantive enactment of the change. A valuation allowance is applied to the extent that it is not more likely than not that the future income tax assets will be realized.

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 years presented.

For the years ended September 30, 2011 and 2010, potentially dilutive common shares (relating to stock options outstanding and share purchase warrants outstanding) totalling 7,631,290 (2010 – 8,195,345) were not included in the computation of loss per share because their effect was anti-dilutive.

Comprehensive income

Comprehensive income includes both net loss and other comprehensive income (“OCI”). OCI is the change in shareholders’ equity from non-owner sources which is not included in the calculation of net loss until realized. Cumulative changes in OCI are included in Accumulated Other Comprehensive Income (“AOCI”), which is presented as a new category of shareholders’ equity on the balance sheet. The Company had no OCI transactions during the years ended September 30, 2011 or 2010, and neither opening nor closing balances for AOCI in either year.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The tax effect related to renounced expenditures is recorded as a reduction of share capital and an increase in future income tax liabilities. If previously unrecorded future income tax assets exist to offset some or all of the future income tax liability, the future income tax liability is reduced by such amount which is credited to income tax expense.

3 ACQUISITION OF SANU BURKINA FASO S.A.R.L.

By an agreement dated May 27, 2010, effectively closed on June 30, 2010, the Company acquired (the “Acquisition”) 100% of the issued and outstanding shares of Sanu Burkina Faso S.A.R.L. (“Sanu Burkina”), a company organized under the laws of Burkina Faso, Africa, in consideration for cash payments of $65,000 and the issuance of 3,000,000 common shares of the Company valued at $450,000.

The transaction has been accounted for using the purchase method of accounting as an acquisition of assets by the Company. The allocation of the purchase price is based on the assets acquired and liabilities assumed measured at the carrying values, which approximated their fair values, at the date of the Acquisition. The allocation of the purchase price to the assets and acquired and liabilities assumed is as follows:

	$
Cash	20,921
Other assets	3,128
Equipment	15,981
Mineral properties	661,188
Accounts payable and accrued liabilities	(21,218)
Future income tax liability	(165,000)
Fair value of assets acquired and liabilities assumed	515,000
Consideration paid:	
Cash	65,000
Value of shares issued	450,000
Total consideration paid	515,000

Transactions undertaken by Sanu Burkina are included in the consolidated financial statements from June 30, 2010.

During the year ended September 30, 2010, the Company incurred $166,461 of business investigation costs pursuant to the Acquisition. This amount has been charged to the statement of operations.

4 EQUIPMENT

	September 30, 2011		
	Cost $	Accumulated Amortization $	Net Book Value $
Computer Equipment	4,623	983	3,640
Computer Software	20,293	19,727	566
Furniture and Equipment	1,492	1,492	-
Vehicles	14,488	5,868	8,620
	40,896	28,070	12,826

	September 30, 2010		
	Cost $	Accumulated Amortization $	Net Book Value $
Furniture and Equipment	1,492	1,492	-
Vehicles	14,488	2,173	12,315
	15,980	3,665	12,315

5 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.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs ($575) 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, 2011, the Company had not incurred sufficient expenditures on its Kodyel, Lati, Loto and Tordo permits to comply with the Mining Code of Burkina Faso. However, the Government of Burkina Faso has renewed the Kodyel and Loto permits and has not issued the Company any notice of non-compliance. The Company is in the process of renewing the Lati and Tordo permits. Sufficient expenditures have been incurred on the Moule permit. The Company believes its Burkina Faso permits are in good standing.

Kodyel Exploration Permit and Other Permits

Pursuant to the Acquisition (Note 3), 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 northern portion of the Kodyel Property. The new Kodyel Exploration Permit issued has a reduced area, eliminating the area subject to the border dispute. The book value of the reduced area ($72,000) has been 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;
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.

6 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.

During the year ended September 30, 2010, the Company completed the following financings:

(i) On July 27, 2010, the Company closed a brokered private placement of 250,000 units at $0.20 per unit for gross proceeds of $50,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase an additional common of the Company at $0.30 per share, exercisable up to July 27, 2011. A residual value of $5,000 has been attributed to the warrants. The Company incurred other cash issue costs of $9,200. The Company also issued finders' warrants entitling the holder thereof to purchase up to 20,000 common shares of the Company at $0.30 per share, exercisable up to July 27, 2011. A value of $856 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 – 0.88%; expected life – 1.0 years; expected volatility – 100%; and expected dividends – nil.

(ii) On June 25, 2010, the Company closed a brokered private placement of 5,185,000 units at $0.20 per unit for gross proceeds of $1,037,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase an additional common of the Company at $0.30 per share, exercisable up to June 25, 2011. A value of $51,850 has been attributed to the warrants. The Company incurred other cash issue costs of $129,435. The Company also issued finders' warrants entitling the holder thereof to purchase up to 344,800 common shares of the Company at $0.30 per share, exercisable up to June 25, 2011. A value of $16,523 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 – 0.88%; expected life – 1.0 years; expected volatility – 100%; and expected dividends – nil.

(iii) On April 26, 2010, the Company closed a non-brokered flow-through private placement of 250,000 flow-through common shares at a price of $0.30 per flow-through share for gross proceeds of $75,000.

(iv) On January 6, 2010, the Company closed a non-brokered flow-through private placement of 580,000 units at $0.25 per unit for gross proceeds of $145,000. Each unit is comprised of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional non-flow-through common share of the Company at $0.35 per share, exercisable up to January 6, 2011. A value of $8,918 has been attributed to the warrants. The Company incurred other cash issue costs of $13,039. The Company also issued finders' warrants entitling the holder thereof to purchase up to 26,000 common shares of the Company at $0.35 per share, exercisable up to January 6, 2011. A value of $926 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 – 0.28%; expected life – 1.0 years; expected volatility – 100%; and expected dividends – nil.

(v) Pursuant to an agency agreement with Union Securities Ltd. (the "Agent") the Company filed a prospectus with the securities commissions of British Columbia, Alberta and Ontario with respect to its Initial Public Offering ("IPO") for 4,000,000 common shares at $0.15 per share for gross proceeds of $600,000. The IPO closed on December 29, 2009 and the Company began trading on the TSX Venture Exchange ("TSXV") under the symbol "IXI" on December 31, 2009. In connection with the IPO, the Company paid the Agent a commission of $60,000 and paid a corporate finance fee of $16,000. The Agent was reimbursed for its legal fees and disbursements of $17,962. The Company also issued the Agent share purchase warrants entitling the holder thereof to purchase up to 400,000 common shares of the Company at $0.15 per share, exercisable up to December 31, 2010. A value of $23,027 has been attributed to these agent's 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 – 0.28%; expected life – 1.0 years; expected volatility – 100%; and expected dividends – nil. The Company incurred other cash issue costs of $96,937.

c) Commitments:

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 90 days of 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.

A summary of the status of the Company's stock option plan as of September 30, 2011 and 2010 and the changes during the years then ended is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance outstanding, September 30, 2009	550,000	$0.15	4.95
Granted	1,175,000	$0.20	
Balance outstanding, September 30, 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
Exercisable, September 30, 2011	1,450,000	$0.18	3.57

At September 30, 2011, the following share purchase 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
475,000	$0.15	September 10, 2014
875,000	$0.20	August 9, 2015
[1]100,000	$0.20	September 28, 2015
1,450,000		

[1] Subsequent to September 30, 2011, these options were forfeited (Note 14).

During the year ended September 30, 2011, the Company recorded stock-based compensation expense of $15,869 (2010 - $134,424). 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, 2010 of $0.12 per option was estimated using the Black-Scholes option pricing model with the following assumptions:

	2011	2010
a) risk-free interest rate	N/A	1.98%
b) expected life	N/A	5 years
c) expected volatility	N/A	100%
d) expected dividends	N/A	Nil

Warrants

Changes in share purchase warrants during the years ended September 30, 2011 and 2010 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance outstanding, September 30, 2009	-	-	-
Issued	6,515,800	$0.29	
Exercised	(45,455)	$0.15	
Balance, September 30, 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

At September 30, 2011, 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
3,947,858	$0.50	July 24, 2012
366,682	$0.35	July 24, 2012
1,637,500	$0.50	March 3, 2013
229,250	$0.30	March 3, 2013
6,181,290		

d) Flow-through shares

In January 2010, the Company completed a flow-through financing of 580,000 flow-through units at $0.25 per unit for gross proceeds of $145,000 with respect to flow-through subscription agreements

entered into in December 2009. Effective December 31, 2009, the Company renounced these expenditures to subscribers and these expenditures will not be available to the Company for future deduction from taxable income.

In April 2010, the Company entered into flow-through subscription agreements to issue an aggregate of 250,000 flow-through shares at $0.30 per share for gross proceeds of $75,000. Effective June 30, 2010, the Company renounced these expenditures to subscribers and these expenditures will not be available to the Company for future deduction from taxable income.

The Company had incurred qualifying expenditures in the aggregate amount of $220,000 at June 30, 2010 and accordingly has no further flow-through obligations.

e) Escrow shares

Pursuant to the IPO, 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, 2011, 1,016,569 (2010 – 1,694,282) common shares remained in escrow.

7 INCOME TAXES

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2011	2010
Statutory tax rate	24.15%	28.74%
Loss for the year before income taxes	(956,748)	(1,068,161)
Expected income tax recovery	244,000	307,000
Share issue costs	29,000	21,000
Stock-based compensation	(4,000)	(39,000)
Mineral properties written-off	(14,000)	(140,000)
Mineral properties in Burkina Faso	30,000	251,000
Other	(8,000)	(48,000)
Effect of change in tax rate	25,000	238,000
Change in valuation allowance	(302,000)	(318,000)
Future income tax recovery	-	272,000

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

	2011	2010
Future income tax assets		
Share issue costs	90,000	72,000
Non-capital losses carried forward	706,000	368,000
Mineral properties and related deferred exploration	(175,000)	(121,000)
Cumulative eligible capital	31,000	31,000
	652,000	350,000
Valuation allowance for future income tax assets	(652,000)	(350,000)
Future income tax assets	-	-

The Company recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward periods to utilize all the future tax assets.

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
	1,274,000

In addition to the tax losses listed above, at September 30, 2011 there are resource related expenditures recognized in Canada of approximately $1,541,000 (2010 - $116,000) which can be used to offset future Canadian income indefinitely. At September 30, 2011, there were loss carryforwards in Burkina Faso of approximately $1,548,000 (2010 - $1,269,000) which can be carried forward for four years from the calendar year the losses were incurred.

8 RELATED PARTY TRANSACTIONS

During the years ended September 30, 2011 and 2010, 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:

	2011 $	2010 $
Accounting fees	28,419	31,790
Business investigation costs	-	32,160
Management and administration fees	127,110	38,800
Mineral property expenditures - consulting	3,575	15,390
	159,104	118,140

These expenditures were measured at the exchange amount which is the amount agreed upon by the transacting parties.

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

9 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 TSXV.

10 FINANCIAL INSTRUMENTS

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. The Company designated its cash and cash equivalents as held-for-trading which are measured at fair value. Other receivables are designated as loans and receivables, which are measured at fair value. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

The Company classifies the fair value of these transactions according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 – Level 2 valuation is based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The value of cash and cash equivalents and other receivables have been assessed based on the fair value hierarchy described above and are classified as Level 1. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

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 $102,141 of net balance sheet exposure denominated in CFAs. Based on this exposure as at September 30, 2011, a 5% change in the exchange rate would give rise to a change in net loss of $5,107. 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, 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 balance sheet exposure	1,998,323	102,141

	September 30, 2010	
	Canadian dollar	CFA
Cash and cash equivalents	779,609	16,564
Other receivables	1,500	1,219
Accounts payable and accrued liabilities	(46,395)	(1,808)
Net balance sheet exposure	734,714	15,975

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. Accounts payable and accrued liabilities are all current.

11 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, 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 period, from contributed surplus to share capital;

c) The transfer of $19,947, the value of options exercised during the period, 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.

During the year ended September 30, 2010:

a) $nil of deferred exploration expenditures included in accounts payable and accrued liabilities;

b) The Company acquired all of the issued and outstanding common shares of Sanu Burkina in part through the issuance of 3,000,000 common shares of the Company (ascribed value of $450,000) (Note 3);

c) 400,000 agents' warrants issued by the Company (ascribed value of $23,027) pursuant to the Initial Public Offering; and,

d) Aggregate of 390,800 finders' warrants issued by the Company (aggregate ascribed value of $18,305) pursuant to private placements.

12 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, 2011 and 2010 is as follows:

	2011	2010
	$	$
Canada	2,166,223	874,028
Burkina Faso	2,331,620	719,313
Total assets	4,497,843	1,593,341

Geographic segmentation of the Company's net loss during the years ended September 30, 2011 and 2010 is as follows:

	2011	2010
	$	$
Canada	753,749	774,161
Burkina Faso	202,999	22,000
Net loss	956,748	796,161

13 COMPARATIVE FIGURES

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

14 SUBSEQUENT EVENTS

Subsequent to September 30, 2011:

a) the Company granted 1,205,000 stock options to directors, officers and consultants of the Company at an exercise price of $0.20 per share up to November 3, 2016;

b) of the options granted in a), an aggregate of 400,000 of these stock options were subsequently cancelled voluntarily and an additional 100,000 were forfeited due to the resignation of a director of the Company;

c) of the options granted in a) 665,000 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; and,

d) 100,000 options expiring September 28, 2015 were forfeited due to the resignation of a director of the Company;

Schedule 1

INDIGO EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
For the years ended September 30, 2011 and 2010

	BC, Canada	Burkina Faso, Africa			
	Fredy Creek Project $	Moule Project $	Kodyel Project $	Other Projects $	Total $
Balance, September 30, 2009	260,959	-	-	-	260,959
Acquisition costs					
Cash	-	51,845	-	-	51,845
Pursuant to the acquisition of Sanu Burkina (Note 3)	-	-	363,653	297,535	661,188
	-	51,845	363,653	297,535	713,033
Deferred exploration costs					
Assaying	2,266	-	140	421	2,827
Camp	197	-	1,680	22	1,899
Consulting (Note 8)	45,572	-	3,795	-	49,367
Drilling	160,489	-	-	-	160,489
Equipment rental	3,735	-	902	17	4,654
Travel and accommodation	10,894	-	202	-	11,096
Wages	-	-	6,136	12,712	18,848
	223,153	-	12,855	13,172	249,180
Write-off	(484,112)	-	-	-	(484,112)
Balance, September 30, 2010	-	51,845	376,508	310,707	739,060
Deferred acquisition costs					
Cash	-	58,249	-	-	58,249
Deferred exploration costs					
Assaying	-	126,706	189	35,097	161,992
Camp	-	77,280	126	6,129	83,535
Consulting (Note 8)	-	30,091	4,965	5,793	40,849
Drilling	-	786,329	-	-	786,329
Equipment rental	-	156,166	-	6,853	163,019
Other	-	17,631	2,028	14,428	34,087
Surveying	-	33,248	28,214	28,729	90,191
Travel and accommodation	-	2,824	446	1,088	4,358
Wages	-	122,607	3,217	25,089	150,913
	-	1,352,882	39,185	123,206	1,515,273
Write-off	-	-	(72,000)	-	(72,000)
Balance, September 30, 2011	-	1,462,976	343,693	433,913	2,240,582

INDIGO EXPLORATION INC.

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

The following information, prepared as of January 26, 2012 should be read in conjunction with the audited consolidated financial statements and the related notes thereto of Indigo Exploration Inc. ("the Company" or "Indigo") for the year ended September 30, 2011, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). 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 26, 2012.
- 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.

On January 28, 2011, the Company reported results of a systematic surface grab sampling program on the Moule gold permit. Drill results from a 44-hole reverse circulation drill program on the Moule permit were reported on March 8, March 29, and April 11, 2011. On March 14, 2011 the Company reported that it had completed airborne radiometric and magnetic surveys at its Kodyel, Loto, and Moule permits. On May 11, 2011 the Company reported that a new artisanal site was rapidly developing on the Lati gold permit. On June 21, 2011 the Company provided an update on the ongoing exploration on the Moule and Lati permits. On July 13, 2011, the Company reported that it had commenced a Phase II follow up core drilling program at its Moule gold exploration permit in Burkina Faso. In September 2011, the Company reported that it had defined two new soil anomalies on its Lati gold permit. Drill results from the Moule summer program were reported on October 26, 2011 (see Mineral Properties). On November 29, 2011, the Company reported that it had commenced a Phase I reverse circulation drill program on its Lati gold permit, focussing on gold-in-soil Anomalies A and B.

The Company completed two private placement financings during the financing year ended September 30, 2011. 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. Proceeds of the private placement are being used to fund exploration on the Company's Burkina Faso properties and for general working capital. On September 2, 2011, the Company closed a non-brokered private placement with a single purchaser of 3,275,000 units at a price of $0.30 per unit for gross proceeds of $982,500. Each unit is comprised of one common share and one-half of one non-

transferable share purchase warrant. Each warrant is exercisable at $0.50 per share prior to March 3, 2013. The proceeds of the offering will be used for exploration expenditures on the Company's mineral properties in Burkina Faso and for general working capital.

On May 3, 2011 the Company reported that it had listed its shares on the Frankfurt Exchange under the symbol "INE" and retained AXINO AG ("AXINO") to provide investor relations services in Germany and other European countries, subject to regulatory approval. AXINO will be paid 37,000 Euros for an initial term of 12 months, payable in quarterly instalments.

Subsequent to the year ending September 30, 2011, 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, are exercisable prior to November 3, 2016, at an exercise price of $0.20 per share. 400,000 of these stock options were subsequently cancelled voluntarily and an additional 100,000 of these stock options were forfeited. Of the remaining stock options, 665,000 were re-re-priced to an exercise price of $0.30 per share.

Also subsequent to the year end, the Company reported on changes to the board and management. On December 8, 2011, the Company appointed Keir Reynolds to the board of directors and Lorne Warner to the Advisory Board. Mr. Reynolds has been involved in the mining and energy sectors since 2005 and has assisted in the raising of more than $120 million of equity for companies. Mr. Warner is a professional geologist with over 30 years experience, the majority of which he spent with Noranda Exploration and Placer Dome Inc. The Company also reported that Arden (Buck) Morrow has resigned from the board. On December 14, 2011, the Company reported that R. Tim Henneberry had 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 has been formed by the board to select and appoint a new president and CEO.

MINERAL PROPERTIES

Paul Cowley, P.Geo, interim CEO and director 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

During 2010, the Company completed two transactions with respect to mineral prospects located in the Republic of Burkina Faso, West Africa. These transactions have resulted in the Company's acquisition of a package of five gold properties comprising four gold projects. West Africa is underlain by the Birimian Greenstone Belt, one of the most prolific gold producing areas in the world. A number of the world's major gold companies are active in West Africa, several with producing mines, including: IAMGOLD Corporation, AngloGold Ashanti Limited, Randgold Resources Limited, Gold Fields Limited and Newmont Mining Corporation. Burkina Faso is considered to be relatively stable, both politically and economically, and relies primarily on farming and mining as it 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 ($575) 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, 2011, the Company had not incurred sufficient expenditures on its Kodyel, Lati, Loto and Tordo permits to comply with the Mining Code of Burkina Faso. However, the Government of Burkina Faso has renewed the Kodyel and Loto permits and has not issued the Company any notice of non-compliance. The Company is in the process of renewing the Lati and Tordo permits. Sufficient expenditures have been incurred on the Moule permit. The Company believes its Burkina Faso permits are in good standing.

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. The Company has the right to purchase the entire 1.5% NSR royalty for US$1,800,000. The Company made the initial cash payment of US$50,000 upon signing of the agreement and the second cash payment of US$60,000 on the first anniversary of the agreement.

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.

Indigo completed detailed soil geochemistry grids and grid quartz float sampling to firm up drill targets for its initial drill program. 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 are the first drill programs ever completed at Moule.

The initial RC program met with good success on Vein 3 and Zelingpe 1.

The 1.0 kilometre long by 120 metre wide Zelingpe 1 anomaly is covered by a resistant laterite plateau. The IP Survey penetrated the hardcap plateau and identified a strong coincident IP chargeability high and resistivity low, a geophysical signature suggestive of disseminated sulfide and quartz veins. The edges of the laterite plateau have eroded near the fringes of the anomaly, casting anomalous gold values into soils to the east, west and south. A large area of eluvial workings and artisanal pits is located immediately west and on the southwest fringe of the Zelingpe 1 anomaly. There are also soil values to the east and south of the plateau edge with anomalous values from 40 ppb to 1,865 ppb Au (1.865 gpt).

Three RC drill transects were completed at Zelingpe 1 spaced 200 metres apart. Each transect consisted of three holes. A new mineralized gold system was identified at Zelingpe 1, traceable for 500 metres and open in both directions. Drill intercept highlights include: 1.12 gpt Au over 28 metres; 0.47 gpt Au over 11 metres; 0.24 gpt Au over 30 metres; 0.24 gpt Au over 32 metres;

0.20 gpt Au over 35 metres and 4.53 gpt Au over 5 metres.

The Vein 3 target lies approximately 4.7 kilometres to the west of Zelingpe 1. It is a shear-hosted quartz vein zone that has been traced in excess of 2000 metres by detailed soil geochemistry grid and ground IP. At that time, five hundred artisanal miners were working a 400 metre long portion of this vein. Grab sampling from the piles of the artisanal activity returned a high of 16.5 gpt Au, with 21 of the 42 samples taken returning values in excess of 1 gpt Au.

Three RC drill transects were completed at Vein 3, spaced 120 metres apart. Transects consisted of 2 holes scissoring the vein. Gold mineralization was intersected in four of the 6 holes, including both holes on section 10 and on section 11. Vein 3 is traceable by this drilling for over 200 metres and is open in both directions. The drill sections and plan suggest the two holes on section 12 were collared too far east, missing the target. Highlights from Vein 3 drilling include: 29.67 gpt Au over 7 metres and 10.86 gpt Au over 3 metres. The widths and grades reported are drill intercept widths and may not represent the true width of mineralization.

Eleven diamond drill holes totaling 1641 metres followed up on the initial RC holes at Vein 3, testing the zone along strike and to a depth of 200 metres. A few of the holes also tested IP and soil geochemistry anomalies. The drilling found that Vein 3 shows lateral continuity for 350 metres and is open northward. Indigo intersected 11.02 gpt Au across 1.77 metres, approximately 40 metres below the previously reported drill intersection of 29.67 gpt Au across 7 metres, confirming continuity to depth. Drilling intersected 6.16 gpt Au across 3.10 metres at the southern end of Vein 3, approximately 1,400 metres south of the 1.77 metre intercept of 11.02 gpt Au.

Three diamond drill holes totaling 432.7 metres tested Vein 2 soil geochemistry and IP anomalies over an initial 200 metre strike length. Drilling intersected 0.47 gpt Au across 13.07 metres, including 1.12 gpt Au across 3.25 metres in one of the three holes completed on Vein 2.

Table 1. Moule July 2011 Diamond Drilling Highlights

Target	Hole No.	From (m)	To (m)	Length (m)	gpt Au
Vein 3	**MODD-01**	59.74	62.58	2.84	1.78
	and	83.30	87.56	4.26	0.65
Vein 3	**MODD-02**	129.64	131.41	1.77	11.02
	and	142.46	145.47	3.01	1.25
Vein 3	**MODD-03**	151.37	151.84	0.47	1.08
Vein 3	**MODD-04**	119.65	121.27	1.62	1.34
Vein 3	**MODD-07**	102.81	104.20	1.39	0.54
Vein 3	**MODD-08A**	43.02	44.20	1.18	0.27
Vein 3	**MODD-09**	88.84	89.88	1.04	2.26
Vein 2	**MODD-10**	75.50	78.60	3.10	6.16
Vein 2	**MODD-11**	74.25	75.20	0.95	1.43

	and	87.35	94.20	7.85	0.27
Vein 2	**MODD-12**	90.33	93.55	3.22	1.35
	and	108.84	110.54	1.70	0.73
Vein 2	**MODD-13**	14.50	27.57	13.07	0.47
	including	21.60	24.85	3.25	1.12
	and	36.15	37.77	1.62	0.80
	and	96.50	98.08	1.58	0.53
	and	146.00	148.00	2.00	0.44

Drill plans and selected sections from the Moule diamond drill program can be found on the current exploration page on the Company's website at www.indigoexploration.com.

The Company has received the 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 metre wide and is suggestive of strong hydrothermal alteration. Indigo crews have completed a grid soil sampling survey over the full length of the radiometric anomaly to prepare this trend for future drilling. Assays are pending.

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.

Prospect 1 of the Lati permit is the site of rapidly expanding artisanal workings on the northeast part of the permit. The previously known site has recently expanded from 500 metres by 50 - 200 metres to 1200 metres by 50 - 500 metres by May 2011. A second new active artisanal site spans an area 500 metres long by 100 to 200 metres wide and lies 2.5 kilometres to the northwest of the previously known artisanal site. A third site, lying between the two known sites, was discovered during the soil sampling program. It has yet to be examined in detail. These sites lie along the sheared contacts of a north-northeast trending 1500 metre wide band of bimodal volcanics surrounded by felsic intrusives. Mineralized quartz veins are common through this area, ranging

from thin stockworks to metre-scale structures associated with regional scale shearing and fracturing mainly in mafic volcanic rocks. Artisanal miners are working over and extracting particulate gold from the top one to three metres of surface material over the majority of this area. Indigo grab sampling within the expanding artisanal site returned values up to 11 gpt Au.

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. The drilling is still on-going. Assay results are pending.

Kodyel Exploration Permit

The 100% owned, 238 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 Sirba greenstone belt that hosts the Samira Hill gold mine just across the border in 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), Kodyel 1, Tangounga and Songonduari.

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 1-5 metres wide outcropping over more than 400 metres strikelength. Local miners have been working to a depth of over 25 metres. Songonduari is located near the Niger 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 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 including the major Tangounga artisanal mining site 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 was Hole 196 with 43m of 4.3 gpt Au.

The reinterpretation of the Kodyel airborne geophysical survey shows the greenstone belt on the Kodyel permit is structurally deformed and complex over its entire 15 km length. Most importantly, the radiometrics suggests strong hydrothermal alteration through the centre of the permit, coincident with a large area of anomalous gold in stream sediments. The radiometrics survey re-confirms the area as a very high priority target.

The Company had been unable to access the Kodyel permit due to a border dispute between Burkina Faso and Niger. The Company has received a renewed Kodyel permit which had been reduced to exclude a 5 kilometre area adjacent to the Niger border. The permit retains a right of first refusal to include this excluded area once the World Court has finalized the border location. The temporary suspension on the Kodyel permit has been lifted and the Company plans to immediately commence exploration on the renewed Kodyel permit.

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 plans further trenching at Tordo in advance of a preliminary drilling program.

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 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. Assays are pending.

SELECTED ANNUAL INFORMATION

The Company's fiscal period ends on September 30th of each year. The Company was incorporated on February 29, 2008. The following is a summary of certain selected audited financial information for the last three completed fiscal periods:

	2011 ($)	2010 ($)	2009 ($)
Total Revenues	-	-	-
Net Loss	(956,748)	(796,161)	(116,818)
Net loss Per Share (basic and diluted) [(1)]	(0.04)	(0.07)	(0.02)
Total Assets	4,497,843	1,593,341	375,105
Deferred Resource Property Expenditures – For The Year	1,573,522	962,213	8,212
Deferred Resource Property Expenditures, net of write-offs – Cumulative	2,240,582	739,060	260,959
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.

The significant increases in net loss in fiscal 2011 and 2010 are due to the increased business activity subsequent to the completion of the Company's IPO in December 2009. The significant increase in total assets in fiscal 2011 is due to private placement financings and the exercise of warrants, offset by operating expenses. The significant increase in total assets in fiscal 2010 is again due primarily to the completion of security offerings, plus the acquisition of Sanu Burkina, offset by operating expenses.

RESULTS OF OPERATIONS

The Company recorded a net loss of $956,748 ($0.04 per share) for the year ended September 30, 2011 as compared to a net loss of $796,161 ($0.07 per share) for the year ended September 30, 2010. During the year ended September 30, 2010, the Company recorded a future income tax recovery of $272,000 as a result of the renunciation of certain flow-through share expenditures ($107,000) with the remainder relating to the acquisition of Sanu Burkina. The Company also recorded stock-based compensation expense of $15,869 during the year ended September 30, 2011 (2010 - $134,424).

During the year ended September 30, 2011, general and administrative expenses increased significantly due to increased business activity including promotion, travel, and general and administrative expenses in Burkina Faso. Changes in general and administrative expenses of note include:

- Amortization of $24,405 (2010 - $3,665). Amortization has increased due to additional equipment in Sanu Burkina;

- business investigation costs of $Nil (2010 - $166,461). Business investigation costs in the prior year were incurred for site visits, due diligence expenses, legal fees and other transaction costs related to the acquisition of Sanu Burkina;

- consulting fees of $92,782 (2010 - $24,100). Consulting fees primarily for financial/business development consulting have contributed to the increase in consulting fees;

- foreign exchange loss of $12,266 (2010 – $3,873). Due to the exchange rate difference and increased level of expenditures associated with Sanu Burkina;

- investor relations expenses of $238,483 (2010 - $25,435). In the prior year an IR consultant had been engaged as of August 2010. During fiscal 2011, the Company also engaged the services of a German IR firm and participated in several conferences in Europe and Canada;

- legal fees of $30,388 (2010 - $48,922). Legal fees in fiscal 2010 were higher due to the transaction whereby the Company acquired Sanu Burkina;

- management and administration fees of $136,760 (2010 - $44,750). Management and administration fees increased in fiscal 2011 due to additional time spent with the exploration activity in Burkina Faso, promotion, and fund raising.

- office and miscellaneous expenses of $142,450 (2010 - $25,502). Office expenses have increased primarily due to office expenses related to Sanu Burkina, including wages, rent, courier and postage, insurance, licenses, meals & entertainment, and office supplies.

- travel and accommodation expenses of $92,006 (2010 – 3,476). The increase in travel expenses is due to the location of the Company's mineral projects in Burkina Faso and for corporate travel in Europe related to financing and promotional activities.

FOURTH QUARTER

The Company recorded a net loss of $310,424 ($0.01 per share) for the quarter ended September 30, 2011 as compared to net income of $11,144 ($0.00 per share) for the quarter ended September 30, 2010.

The difference in the net loss for the fourth quarter of fiscal 2011 compared to the fourth quarter of fiscal 2010 is due to increased administration and general expenses and the future income tax recovery as has been discussed above.

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, 2011.

	Three Months Ended ($)			
	Sep. 30, 2011	**Jun. 30, 2011**	**Mar. 31, 2011**	**Dec. 31, 2010**
Total Revenues	-	-	-	-
Net Loss	(310,424)	(177,018)	(292,172)	(177,134)
Net Loss Per Share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Total Assets	4,497,843	3,886,103	3,814,621	1,655,762

	Three Months Ended ($)			
	Sep. 30, 2010	**Jun. 30, 2010**	**Mar. 31, 2010**	**Dec. 31, 2009**
Total Revenues	-	-	-	-
Net Income (Loss)	11,144	(703,357)	(80,519)	(23,429)
Net Income (Loss) Per Share (basic and diluted)	0.00	(0.07)	(0.01)	(0.00)
Total Assets	1,593,341	1,704,710	762,269	731,716

During the quarter ended September 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 $72,000. 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. The increase in total assets during the quarter ended June 30, 2010 was due to the acquisition of Sanu Burkina and private placements completed during the quarter, offset by the write-off of $484,112 of accumulated deferred acquisition and exploration costs from the Fredy Creek Project. Also during the quarter ended June 30, 2010, general and administrative expenses increased significantly due to business investigation costs of $133,800 associated with the acquisition of Sanu Burkina and also due to increased legal, accounting, and audit costs associated with the acquisition.

During the quarter ended December 31, 2009, the Company closed an Initial Public Offering for net proceeds of $409,101.

During the quarters ended September 30, 2011, March 31, 2011, December 31, 2010, and September 30, 2010 the Company recorded stock-based compensation of ($744), $10,641, $5,972, and $134,424, respectively.

During the quarters ended September 30, 2010 and June 30, 2010, the Company recorded future income tax recovery of $165,000 and $107,000 based on either the renunciation of flow-through share expenditures or the effect of the acquisition of Sanu Burkina. The future income tax

recovery was the reason for the net income recognized during the quarter ended September 30, 2010.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

Financing Activities

Pursuant to an agency agreement with Union Securities Ltd. (the "Agent") the Company filed a prospectus with the securities commissions of British Columbia, Alberta and Ontario with respect to its IPO for 4,000,000 common shares at $0.15 per share for gross proceeds of $600,000. The IPO closed on December 29, 2009 and the Company commenced trading on the TSXV on December 31, 2009. In connection with the IPO, the Company paid the Agent a commission of $60,000 and paid a corporate finance fee of $16,000. The Agent was reimbursed for its legal fees and disbursements of $17,962. The Company has also issued the Agent share purchase warrants entitling the holder thereof to 400,000 common shares of the Company at $0.15 per share, exercisable up to December 29, 2010. The Company incurred other cash issue costs of $96,937.

On January 6, 2010, the Company closed a non-brokered private placement of 580,000 units at $0.25 per unit for gross proceeds of $145,000. Each unit is comprised of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each whole warrant entitles the holder thereof to purchase an additional non-flow-through common share of the Company at $0.35 per share, exercisable up to January 6, 2011. In conjunction with the flow-through private placement, the Company incurred other cash issue costs of $13,039. The Company also issued finders warrants to purchase up to 26,000 common shares at $0.35 per share, exercisable up to January 6, 2011.

On April 26, 2010, the Company closed a non-brokered flow-through private placement of 250,000 flow-through shares at $0.30 per flow-though share for gross proceeds of $75,000.

On June 25, 2010, the Company closed a brokered private placement of 5,185,000 units at $0.20 per unit for gross proceeds of $1,037,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase an additional common share of the Company at $0.30 per share, exercisable up to June 25, 2011. A residual value of $51,850 has been attributed to the warrants. The Company incurred other cash issue costs of $129,435. The Company also issued finders' warrants to purchase up to 344,800 common shares at $0.30 per share, exercisable up to June 25, 2011. If during the exercise period of the warrants the closing price of the shares is $0.45 per share or higher for 20 consecutive trading days, the Company may accelerate the expiry time of the warrants to 20 calendar days from the date that written notice of the same is provided to the warrant holders.

On July 27, 2010, the Company closed a private placement of 250,000 units at $0.20 per unit for gross proceeds of $50,000. Each unit is comprised of one common share and one share purchase warrant, with each warrant entitling the holder thereof to purchase an additional common share of the Company at $0.30 per share, exercisable up to July 27, 2011. If during the exercise period

of the warrants the closing price of the shares is $0.45 per share or higher for 20 consecutive trading days, the Company may accelerate the expiry time of the warrants to 20 calendar days from the date that written notice of the same is provided to the warrant holders. Securities issued pursuant to the private placement were subject to resale restrictions until November 28, 2010. The Company issued finders' warrants to purchase up to 20,000 common shares at $0.30 per share, exercisable up to July 27, 2011.

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 is comprised of one common share and one-half of one 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. If during the exercise period of the warrants, subsequent to the regulatory hold period, the closing price of Indigo's common shares is $0.75 per share for 20 consecutive trading days, the Company may accelerate the expiry time of the warrants to 20 calendar days from the date written notice is provided to the warrant holders. In connection with the private placement, the Company paid cash finders' fees totalling $42,888, issued 232,057 finders' units, and issued 375,015 finders' warrants. Each finders' warrant is exercisable into one common share of the Company at a price of $0.35 per share up to July 24, 2012. The proceeds from the private placement will be used to accelerate and increase the scope and size of exploration activities on Indigo's gold exploration properties in Burkina Faso, primarily on the Moule, Lati and Kodyel permits, and for general working capital purposes.

On September 2, 2011, the Company closed a private placement of 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 September 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 $0.30 per share, exercisable up to March 3, 2013.

Capital Expenditures

The capital expenditures of the Company during the year ended September 30, 2011 included deferred mineral property expenditures of $1,558,930 and $24,916 on equipment on the Company's Burkina Faso projects.

The capital expenditures of the Company during the year ended September 30, 2010 included deferred mineral property expenditures of $301,025 incurred primarily on the Fredy Creek Project. The Company also incurred $44,079 of cash in connection with the acquisition of Sanu Burkina, net of cash acquired.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately $844,000 of cash (before working capital items) for the year ended September 30, 2011 (2010 - $446,000) with an additional $1,559,000 (2010 - $301,000) used on mineral property deferred acquisition and exploration expenditures; $25,000 (2010 - $Nil) used for the purchase of equipment and $Nil (2010 - $44,000) used in connection with the acquisition of Sanu Burkina, net of cash acquired. The cash requirement was fulfilled in the current year from cash on hand at the beginning of the year, from the proceeds of the private placement financings completed in January and September 2011, and from the proceeds of exercises of warrants and options during the year.

The Company's aggregate operating, investing and financing activities during the year ended September 30, 2011 resulted in a net increase in its cash balance from $796,173 at September 30, 2010 to $2,190,639 at September 30, 2011. The Company's working capital increased to $2,143,744 at September 30, 2011 (see Financing Activities and Capital Expenditures).

The Company has an option agreement to acquire a 100% interest in the Moule Gold Permit, Burkina Faso whereby the Company may, at its discretion, pay an aggregate of US$300,000 over a three year period ending May 12, 2013. Aside from this option agreement, 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, 2011 and 2010, 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:

	2011 $	2010 $
Accounting fees	28,419	31,790
Business investigation costs	-	32,160
Management and administration fees	127,110	38,800
Mineral property expenditures - consulting	3,575	15,390
	159,104	118,140

These expenditures were measured at the exchange amount which is the amount agreed upon by the transacting parties.

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

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that publicly listed companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption may be permitted, however it will require exemptive relief on a case by case basis from the Canadian Securities Administrators. The Company expects its first consolidated financial statements presented in accordance with IFRS to be for the three-month period ended December 31, 2011, which includes presentation of its comparative results for fiscal 2010 under IFRS. In order to prepare for the changeover to IFRS, the Company has developed an IFRS conversion plan comprised of three phases:

PHASE	DESCRIPTION AND STATUS
PRELIMINARY PLANNING AND SCOPING	This phase involved development of the IFRS conversion plan and has been completed. The IFRS conversion plan includes consideration of the impacts of IFRS on the Company's consolidated financial statements, internal control over financial reporting, information systems and business activities such as foreign operations, if any, compensation metrics, and personnel and training requirements. Based on Management's preliminary review of IFRS and current Company processes, minimal impact is expected on information systems and compensation metrics. The IFRS conversion plan included a high level impact assessment of IFRS, as relevant to the Company. This initial assessment identified three standards of high or medium priority to the Company, based on a number of factors. The International Accounting Standards Board has activities currently underway which may, or will, change the standards effective upon the Company's adoption of IFRS, and therefore may impact this initial high level assessment. The Company will assess any such change as a component of its Detailed Impact Assessment phase and update its IFRS conversion plan as appropriate. The Company completed this phase of the IFRS conversion plan during the third quarter of fiscal 2010.
DETAILED IMPACT ASSESSMENT	This phase involves detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS that may or will result in accounting and/or disclosure differences in the Company's financial statements, along with quantification of impact on key line items and disclosures. The phase includes identification, evaluation and selection of accounting policies necessary for the Company's conversion to

	IFRS and evaluation of the impact on outstanding operational elements such as debt covenants and budgeting. The Company identified the following IFRS transitional issues: • Foreign exchange – the functional currency of the subsidiary, Sanu Burkina Faso, has been determined to be the Canadian dollar due to the lack of autonomy between the parent and the subsidiary. No adjustments were required. • Flow-through shares – the accounting for flow-through shares under IFRS is different than under Canadian GAAP. The adjustment required is not significant. • Share-based payments – no adjustments required. • Acquisition of Sanu – Under Canadian GAAP, an iterative calculation was performed to determine the future income tax liability associated with acquiring the net assets of Sanu. This future income tax labiality is exempted from recognition under IFRS. As a result, the Company will reduce mineral properties and increase deficit by $165,000 at October 1, 2010.
IMPLEMENTATION	This phase will embed the required changes for conversion to IFRS into the underlying financial close and reporting process and business processes. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS financial statements. The IFRS changeover is expected to impact the presentation and/or valuations of balances and transactions in the Company's quarterly and annual consolidated financial statements and related notes effective October 1, 2011. The IFRS implementation will be completed prior to filing the first IFRS financial statements for the three months ended December 31, 2011.

FINANCIAL INSTRUMENTS

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. The Company designated its cash and cash equivalents as held-for-trading which are measured at fair value. Other receivables are designated as loans and receivables, which are measured at fair value. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

The Company classifies the fair value of these transactions according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 – Level 2 valuation is based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or

corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The value of cash and cash equivalents and other receivables have been assessed based on the fair value hierarchy described above and are classified as Level 1. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

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 $102,141 of net balance sheet exposure denominated in CFAs. Based on this exposure as at September 30, 2011, a 5% change in the exchange rate would give rise to a change in net loss of $5,107. 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, 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 balance sheet exposure	1,998,323	102,141

	September 30, 2010	
	Canadian dollar	CFA
Cash and cash equivalents	779,609	16,564
Other receivables	1,500	1,219
Accounts payable and accrued liabilities	(46,395)	(1,808)
Net balance sheet exposure	734,714	15,975

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. Accounts payable and accrued liabilities are all current.

OUTSTANDING SHARE DATA

a) Authorized:
Unlimited common shares without par value.

b) Issued and outstanding:
32,760,982 common shares as at January 26, 2012

c) Outstanding warrants and options as at January 26, 2012:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	3,947,858	$0.50	July 24, 2012
Share purchase warrants	366,682	$0.35	July 24, 2012
Share purchase warrants	1,637,500	$0.50	March 3, 2013
Share purchase warrants	229,250	$0.30	March 3, 2013
Stock options	475,000	$0.15	September 10, 2014
Stock options	875,000	$0.20	August 9, 2015
Stock options	40,000	$0.20	November 3, 2016
Stock options	665,000	$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 Canadian generally accepted accounting principles.

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 audited consolidated financial statements for the year ended September 30, 2011 and this accompanying MD&A.

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 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 ($575) 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 is continuing to focus on the exploration and advancement of its five mineral properties in Burkina Faso. A drill campaign, which commenced in December 2011, is ongoing at the Lati gold permit.

Restructuring of the board and management commenced in December 2011, with the Company actively seeking a new President and Chief Executive Officer as of the date of this report.

The Company has sufficient working capital and funding for the currently planned programs in Burkina Faso and will seek additional equity financing as required for further exploration programs.

OTHER INFORMATION

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