INDIGO EXPLORATION INC.

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

The following information, prepared as of August 27, 2010 should be read in conjunction with the unaudited interim consolidated financial statements of Indigo Exploration Inc. ("the Company" or "Indigo") for the nine months ended June 30, 2010 and the audited financial statements and accompanying annual Management's Discussion and Analysis ("the Annual MD&A") of Indigo Exploration Inc. (the "Company") for the year ended September 30, 2009, 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 August 27, 2010.
- 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. Its continued existence has relied almost exclusively upon equity financing activities, which is not expected to significantly change in the immediate future.

In January 2010, the Company closed a non-brokered flow-through private placement, previously announced on December 30, 2009, of 580,000 units at a price of $0.25 per unit for gross proceeds of $145,000.

On April 7, 2010, the Company announced that it had entered into a non-binding Letter of Intent ("LOI") to acquire all of the issued and outstanding shares of Sanu Resources Burkina Faso S.A.R.L. ("Sanu Burkina"), an indirectly owned subsidiary of NGEx Resources Inc. ("NGEx"), as a means of acquiring Sanu Burkina's four gold mineral exploration permits in the Republic of Burkina Faso, West Africa. On June 3, 2010, the definitive share purchase agreement was signed to acquire Sanu Burkina. On June 30, 2010 the Company reported that it had closed the share purchase agreement and had acquired all of the issued and outstanding shares of Sanu Burkina from NGEx. The total cash payment of $65,000 has been paid and the Company has issued 3,000,000 common shares to NGEx, subject to a four month hold until October 31, 2010.

In connection with the Sanu Burkina acquisition, the Company closed a brokered private placement of 5,185,000 units at $0.20 per unit for gross proceeds of $1,037,000.

On April 12, 2010, the Company commenced a 900 metre drill program to test coincident copper soil (MMI) and geophysical induced polarization anomalies on its Fredy Creek project, located 54 kilometres north of Williams Lake, BC.

On April 26, 2010, the Company closed a non-brokered flow-through private placement of 250,000 flow-through common shares at $0.30 per flow-through common share for gross proceeds of $75,000. Proceeds from the private placement were used for qualifying exploration expenditures on the Fredy Creek project.

On June 30, 2010, the Company reported results of the Fredy Creek drill program. No significant copper mineralization was located. The Company terminated its option on the Fredy

Creek porphyry property to allow the Company to concentrate exclusively on its gold projects in Burkina Faso, West Africa.

On May 12, 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.

On July 27, 2010, the Company reported that it had closed a private placement of 250,000 units at $0.20 per unit for gross proceeds of $50,000.

On August 9, 2010, the Company announced that it had engaged Contact Financial Corp. to develop and execute a comprehensive marketing and investor communications program over a three month renewable term, at a fee for services of $8,000 per month.

On August 9, 2010, the Company granted a total of 1,075,000 stock options to directors, officers, and consultants subject to the terms and conditions of the Company's stock option plan. The options are exercisable at $0.20 per share, exercisable up to August 9, 2015.

ACQUISITION OF SANU BURKINA

In order to acquire Sanu Burkina's four gold mineral exploration permits, the Company agreed to purchase all of the issued and outstanding shares of Sanu Burkina from NGEx. The transaction closed effective June 30, 2010. Indigo paid $65,000 and issued 3,000,000 of its common shares to complete the purchase. The four mineral exploration permits, being Kodyel, Tordo, Lati and Loto, are underlain by the Birimian Greenstone Belt. All four mineral exploration permits held by Sanu Burkina are government granted licenses. Technical reports on each of the four permits can be found under the Company's profile on SEDAR at www.sedar.com.

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 acquired and liabilities assumed is as follows:

Cash	$	12,538
Other assets		3,128
Equipment		15,981
Mineral properties		517,577
Accounts payable and accrued liabilities		(34,224)
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 unaudited interim consolidated financial statements from June 30, 2010.

MINERAL PROPERTIES

R. Timothy Henneberry, P.Geo, President & CEO of Indigo, is the Qualified Person as defined in National Instrument 43-101 responsible for the review of technical information disseminated to the public by the Company, including any technical information in this MD&A.

Burkina Faso

During the nine months ended June 30, 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.

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 has made the initial cash payment of US$50,000 upon signing of the agreement.

The Moule Gold Permit covers 249 square kilometres of prospective Birimian greenstone geology. To date, previous explorers have conducted property wide mapping and sampling of quartz veining and quartz float and have subsequently focused their efforts on a 7 kilometre by 6 kilometre area with a geochemical soil grid, detailed mapping, and local IP survey. Rock sampling on this grid returned 46 of 480 grab samples with gold values ranging between 1 g/t Au and 16.5 g/t Au. Multiple long and wide linear targets are evident within the grid. One target is a 500 metre wide northwest trending corridor, traceable for at least 1.6 kilometres, where multiple shear zones and parallel multiple quartz trends have coincident chargeability, elevated gold soil anomalies and local artisanal workings. A second target is a 2.5 kilometre long linear

gold soil anomaly with coincident quartz float, chargeability high and local artisanal workings. A third target is a 0.8 kilometre trend of quartz veining, which can swarm to at least 50 metres wide, where grab samples reached a high of 7 g/t Au. Other quartz trends on the property with elevated gold values in soils and rocks and local artisanal workings are worthy of future attention.

Kodyel Exploration Permit

The 100% owned Kodyel permit covers 238 square kilometres and lies close to the Niger border approximately 300km east of Ouagadougou. Access is by paved road as far as Fada N'gourma about 200km 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 strikelength. 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.

Tordo Exploration Permit

The 143 square kilometre Tordo permit lies about 150km east of Ouagadougou and is 100% owned by Sanu Burkina. 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 1.175 gpt Au, 70 metres of 0.525 gpt Au, 22 metres of 0.405 gpt Au and 38 metres of 0.278 gpt Au.

Lati Exploration Permit

The 100% owned, 246 square kilometre Lati Permit, located in the Boromo greenstone belt, covers a major north-south shear zone and a number of known but under-explored prospects as well as an active artisanal mining area. The Lati permit is about 150 km by road, of which about 100 km is paved, 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 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.

Sanu Burkina has completed a detailed mapping and soil and trench sampling program at Kwademen to verify and better understand the extent of the reported gold anomalies before embarking on a program of RC drilling in the most prospective areas of the permit. The preliminary results show a significant gold and base metal anomaly approximately 1.5km x 300m near a sediment volcanic contact in the Kwademen prospect.

Sanu Burkina has also concentrated on relocating previously discovered anomalies in the northern part of the permit since there appeared to be significant positional errors in the earlier work. Grab sampling of quartz lag and veining within the basalt rocks in this area has identified a series of plus one gram per tonne values to a maximum of 11 gpt Au.

Loto Exploration Permit

The 93 square kilometre Loto exploration permit is 100% owned and 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 270km by road from Ouagadougou of which 250km 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.

Indigo plans to initiate exploration programs on the various permits at the conclusion of the rainy season in the fall of 2010.

Fredy Creek Project, B.C.

The 5,868 hectare Fredy Creek Project is located in North Central British Columbia approximately 360 miles northeast of Vancouver, British Columbia in the Cariboo Mining Division. The Company was exploring for a copper-molybdenum porphyry deposit on its Fredy Creek property.

The Company had an option to earn a 100% interest in the Fredy Creek Project, subject to a 2% net smelter royalty ("NSR"), by issuing 4,000,000 shares to the Beneficial Owners and by incurring an aggregate of $2,000,000 in exploration expenditures over a period of five years from the date of the Option Agreement. Indigo also had the right, at any time, to purchase one-half (1%) of the NSR, for a one-time payment of $1,000,000.

Indigo completed a five hole, 1159.3 metre NQ diamond drilling program on the Fredy Creek Project in May 2010, at a cost of approximately $225,000. No significant copper/molybdenum mineralization was encountered and the Company terminated its option and returned the property to the vendor on June 30, 2010. During the six months ended June 30, 2010, the Company wrote-off $484,112 of accumulated deferred acquisition and exploration costs related to the Fredy Creek Project.

RESULTS OF OPERATIONS

The Company recorded a net loss of $807,305 ($0.09 per share) for the nine months ended June 30, 2010 as compared to net income of $16,035 ($0.00 per share) for the nine months ended June 30, 2009. The net loss recorded during the nine months ended June 30, 2010 is the net result of increases to various expenses, including substantial increases to general and administrative expenses associated with increased business activity subsequent to the completion of the Company's IPO on December 31, 2009, business investigation costs associated with the acquisition of Sanu Burkina in the amount of $157,423, and also due to a write-off of mineral properties totaling $484,112 during the nine months ended June 30, 2010 (2009 - $Nil). During the nine months ended June 30, 2009, the Company recorded net income due to the future income tax recovery of $52,000 recorded as a result of the renunciation of certain flow-through share expenditures.

General and administrative expenses of note are:

- accounting and audit fees ($29,353 vs. $7,353). Increased audit and accounting fees were attributable the increased level of business transactions;

- business investigation costs ($157,423 vs. $Nil). Business investigation costs in the period

were incurred for site visits, due diligence expenses and other transaction costs related to the acquisition of Sanu Burkina (see General Overview);

- consulting fees ($35,350 vs. $4,425). Consulting fees for management consulting both prior to and after the IPO, as well as financial consulting fees, have contributed to the increase in consulting fees;

- investor relations ($5,042 vs. $Nil). Subsequent to completing the IPO on December 29, 2009, investor relations programs were initiated;

- legal fees ($46,822 vs. $3,862). Increased legal fees were due in part to a general increase in business activities and in part to the transaction to acquire Sanu Burkina.

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 June 30, 2010.

	Three Months Ended ($)			
	June 30, 2010	Mar. 31, 2010	Dec. 31, 2009	Sept. 30, 2009
Total Revenues	-	-	-	-
Net Loss	(703,357)	(80,519)	(23,429)	(80,852)
Net Loss Per Share (basic and diluted)	(0.07)	(0.01)	(0.00)	(0.01)
Total Assets	1,704,710	762,269	731,716	375,105

	Three Months Ended ($)			
	June 30, 2009	Mar. 31, 2009	Dec. 31, 2008	Sept. 30, 2008
Total Revenues	-	-	-	-
Net Income (Loss)	30,335	(5,609)	(8,691)	(31,032)
Net Income (Loss) Per Share (basic and diluted)	0.00	(0.00)	(0.00)	(0.00)
Total Assets	353,113	359,883	370,287	379,951

The significant 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 quarter ended September 30, 2009, the Company recorded stock-based compensation of $61,818 that was not recorded in any other quarter.

During the quarter ended June 30, 2009, the Company recorded net income of $30,335 due to the future income tax recovery of $52,000 recorded as a result of the renunciation of certain flow-through share expenditures.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

Pursuant to an agency agreement with Union Securities Ltd. (the "Agent") the Company filed a prospectus in 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 flow-through 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. The securities issued pursuant to the private placement are subject to resale restrictions until October 26, 2010.

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 are a 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. Proceeds of the private placement will be used for exploration expenditures on the Company's Burkina Faso properties and for working capital.

There were no financing activities in the comparative period for 2009.

The capital expenditures of the Company during the nine months ended June 30, 2010 included mineral property expenditures of $266,000 incurred on the Fredy Creek Project. The Company also incurred $52,000 of expenditures in connection with the acquisition of Sanu Burkina, net of cash acquired.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately $323,000 of cash (before working capital items) for the nine months ended June 30, 2010 (2009 - $36,000) with an additional $266,000 (2009 - $5,000) used on mineral property deferred exploration expenditures and $52,000 (2009 - $Nil) used for the acquisition of Sanu Burkina, net of cash acquired. The cash requirement was fulfilled in the current period from cash on hand at the beginning of the period, from the proceeds of the Company's IPO completed in December 2009, the proceeds of flow-through private placements completed in January and April 2010, and a private placement completed in June 2010.

The Company's aggregate operating, investing and financing activities during the nine months ended June 30, 2010 resulted in a net increase in its cash balance from $36,214 at October 1, 2010 to $1,079,005 at June 30, 2010. The Company's working capital increased to $881,433 at June 30, 2010, due to the closing of flow-through private placements of $145,000 and $75,000 in January and April 2010, respectively; the completion of the IPO in December 2009, and the closing of a private placement of $1,037,000 in June 2010 (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$360,000 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

The Company incurred the following expenditures charged by directors and officers of the Company and companies controlled by directors and officers of the Company:

	Three months ended June 30,		Nine months ended June 30,	
	2010	2009	2010	2009
Accounting fees	$ 5,230	$ 350	$ 20,689	$ 1,353
Business investigation costs	21,475	-	31,610	-
Consulting fees	-	3,375	18,750	4,425
Management and administration fees	5,250	5,500	5,250	7,500
Mineral property expenditures – consulting	14,925	-	15,390	-
	$ 46,880	$ 9,225	$ 91,689	$ 13,278

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

As at June 30, 2010, accounts payable and accrued liabilities includes an amount of $9,516 (September 30, 2009 - $6,463) due to companies controlled by directors and officers of the Company.

RECENTLY ADOPTED ACCOUNTING POLICIES

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.

Broker warrants and warrants

Warrants issued to agents or brokers in connection with a financing are recorded at fair value 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 residual value in 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.

Business combinations, consolidated financial statements and non-controlling interest
Effective October 1, 2009, the Company elected to early adopt CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA Handbook Section 1582 establishes standards for the accounting for a business combination and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008).

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

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 will develop 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 effective in 2009, 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 expects to complete this phase by the end of the first quarter of fiscal 2011. The Company has additional time relative to other TSXV issuers due to the year-end being September 30th.
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, however continued progress on the IFRS conversion plan is necessary before the Company is able to describe or quantify those effects.

FINANCIAL INSTRUMENTS

Under CICA Handbook Section 3855, 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 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 net loss.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to the immediate or short term maturity of these items.

During 2009, CICA Handbook Section 3862, "Financial Instruments – Disclosures", was amended to require disclosures about the inputs to fair value assessments, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. These amendments require a three-level hierarchy that reflects the significant of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measured. As at June 30, 2010, the Company's financial instrument which is measured at fair value on a recurring basis is cash and cash equivalents. This financial instrument has been classified as a "Level 1" financial instrument.

Foreign Exchange Risk

A portion of the Company's financial assets and liabilities is denominated in Euros 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 $(7,517) of net balance sheet exposure denominated in Euros. Based on this exposure as at June 30, 2010, a 5% change in the exchange rate would give rise to a change in net loss and comprehensive loss of approximately $400. 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:

	June 30, 2010	
	Canadian dollar	Euro
Cash and cash equivalents	$ 1,066,467	$ 12,538
GST recoverable and other receivables	33,674	1,134
Accounts payable and accrued liabilities	(213,185)	(21,189)
Net balance sheet exposure	$ 886,956	$ (7,517)

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:
19,045,706 common shares as at August 27, 2010.

c) Outstanding warrants and options as at August 27, 2010:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	400,000	$0.15	December 31, 2010
Share purchase warrants	316,000	$0.35	January 6, 2011
Share purchase warrants	5,529,800	$0.30	June 25, 2011
Share purchase warrants	270,000	$0.30	July 27, 2011
Stock options	550,000	$0.15	September 10, 2014
Stock options	1,075,000	$0.20	August 9, 2015

DISCLOSURE CONTROLS AND PROCEDURES

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 unaudited interim consolidated financial statements for the nine months ended June 30, 2010 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.

OUTLOOK

With the recent acquisition of five mineral properties in Burkina Faso, West Africa, the Company is focusing its exploration activities on gold exploration in Burkina Faso. At the end of the rainy season in the fall of 2010, the Company will commence initial exploration programs on various permits in Burkina Faso.

The Company currently has sufficient working capital and funding for its initial exploration 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.