INDIGO EXPLORATION INC.

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

The following information, prepared as of February 25, 2011, should be read in conjunction with the unaudited interim consolidated financial statements of Indigo Exploration Inc. ("the Company" or "Indigo") for the three months ended December 31, 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, 2010, 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 February 25, 2011.
- 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.

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"), an indirectly owned subsidiary of NGEx Resources Inc., as a means of acquiring Sanu Burkina's four gold mineral exploration permits in Burkina Faso.

In September 2010, the Company appointed Arden "Buck" Morrow to the board of directors. In October 2010, Simon Tam stepped down as a director of the Company.

Also in October 2010, the Company commenced a comprehensive sampling program on the Moule gold permit, with a reverse circulation drill program commencing in December 2010.

Subsequent to the three months ended December 31, 2010, the Company closed a non-brokered private placement of 7,663,666 units, priced at $0.30 per unit, for gross proceeds of $2,299,100. Each unit consists of one common share and one-half of one common share purchase warrant (each whole such warrant a "Warrant"). Each Warrant will entitle the holder to purchase one common share of the Company until July 24, 2012, at an exercise price of $0.50 per share. If during the exercise period of the Warrants, subsequent to the regulatory hold period, the closing price of Indigo's shares on the TSX Venture Exchange is $0.75 or higher 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 has paid finder's fees totalling $42,888 in cash; 232,057 units, and 375,015 finder's warrants. Each finder's warrant is exercisable into one common share of the Company at a price of $0.35 per share until July 24, 2012. Securities issued pursuant to the private placement are subject to a four month hold period until May 25, 2011. Proceeds of the private placement will be used to fund exploration on the Company's Burkina Faso properties and for general working capital.

Also subsequent to the period end, the Company reported results of a systematic surface grab sampling program on the Moule property in Burkina Faso (see Mineral Properties).

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 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 ($548) 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 December 31, 2010, the Company had not incurred sufficient exploration expenditures on its Burkina Faso permits to comply with the Mining Code of Burkina Faso. However, the Government of Burkina Faso has renewed the permits and has not issued the Company any notice of non-compliance. As such, 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.

The Moule Gold Permit covers 249 square kilometres of prospective Birimian greenstone geology. Previous explorers conducted property wide mapping and sampling of quartz veining and quartz float and subsequently focused their efforts on a 7 kilometre by 6 kilometre area with a geochemical soil grid, detailed mapping, and local IP survey resulting in the identification of multiple gold anomalies. Sampling on the permit has encountered mineralization as high as 16.5 g/t Au to date. Company management believes the Moule permit has the potential to host a large near-surface, bulk tonnage gold deposit. A thorough review of the data by the Indigo technical team has zeroed in on two high priority anomalies: Zelingpe 1 and Zelingpe 2, within the large 5 kilometre by 2.5 kilometre Zelingpe grid.

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. An 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 to 1,865 ppb Au.

The Zelingpe 2 anomaly lies approximately 500 metres southeast of the Zelingpe 1 anomaly and consists of two parallel northeast-trending quartz vein swarms 500 metres apart, both with associated strong coincident IP chargeability high and resistivity low geophysical signatures. Each trend is traceable for 1.4 kilometres by elevated gold values in soils, rock sampling and geophysical anomalies. Recent artisanal workings have appeared on one trend.

On January 28, 2011, the Company reported results of the grab sampling program over the Zelingpe 2 anomaly as follows:

Sample No.	Description	g/t Au		Sample No.	Description	g/t Au
MOR-654	Quartz float	1.08		MOR-1035	Artisanal waste dump	1.34
MOR-655	Quartz float	1.26		MOR-1037	Artisanal waste dump	1.11
MOR-699	Quartz float	1.82		MOR-1040	Artisanal waste dump	**9.08**
MOR-700	Quartz float	**19.20**		MOR-1041	Quartz float	1.52
MOR-813	Quartz float	1.68		MOR-1051	Artisanal waste dump	1.70
MOR-822	Quartz float	**14.45**		MOR-1053	Quartz float	1.92
MOR-824	Quartz float	3.51		MOR-1056	Quartz float	3.10
MOR-825	Quartz float	4.65		MOR-1101	Quartz float	2.36
MOR-826	Quartz float	3.03		MOR-1109	Artisanal waste dump	1.41
MOR-848	Quartz float	1.51		MOR-1111	Quartz float	3.11
MOR-851	Quartz float	1.89		MOR-1119	Quartz float	2.16
MOR-861	Quartz float	1.06		*MOR-1202*	Quartz float	1.03
MOR-867	Quartz float	2.54		*MOR-1204*	Quartz float	3.45
MOR-890	Quartz float	1.28		*MOR-1219*	Quartz float	**38.60**
MOR-899	Quartz float	**8.57**		*MOR-1226*	Quartz float	4.94
MOR-919	Quartz float	1.21		*MOR-1230*	Quartz float	4.95
MOR-935	Quartz float	4.04		*MOR-1253*	Quartz float	**6.26**
MOR-953	Quartz float	**6.36**		*MOR-1261*	Quartz float	1.45
MOR-960	Quartz float	1.57		*MOR-1270*	Quartz float	1.62
MOR-961	Quartz float	4.43		*MOR-1272*	Quartz float	2.00
MOR-964	Quartz float	2.45		*MOR-1276*	Quartz float	1.33
MOR-966	Artisanal waste dump	1.49		*MOR-1278*	Quartz float	**5.99**
MOR-969	Artisanal waste dump	**12.10**		*MOR-1344*	Quartz float	1.20

MOR-970	Artisanal waste dump	1.95		*MOR-1395*	Quartz float	2.66
MOR-971	Artisanal waste dump	2.25		*MOR-1409*	Quartz float	**12.85**
MOR-973	Artisanal waste dump	4.30		*MOR-1455*	Quartz float	1.68
MOR-975	Artisanal waste dump	1.05		*MOR-1500*	Quartz float	1.37
MOR-978	Artisanal waste dump	**5.44**		*MOR-1510*	Quartz float	1.93
MOR-1015	Artisanal waste dump	**13.95**		*MOR-1529*	Quartz float	1.19
MOR-1019	Quartz float	2.13		*MOR-1563*	Quartz float	1.32
MOR-1026	Artisanal waste dump	1.33		MOR-1653	Quartz float	1.45
MOR-1027	Artisanal waste dump	1.63		MOR-1675	Quartz float	1.10
MOR-1031	Artisanal waste dump	2.26		MOR-1767	Quartz float	1.33
MOR-1034	Artisanal waste dump	1.31				

The first pass reverse circulation drilling on the Zelingpe 1 and 2 anomalies was completed in early February 2011. As of the date of this report, results are pending. Field crews will commence a soil grid over additional quartz trends in early 2011. The soil grid sampling is planned to generate additional drill targets for additional drilling on the Moule permit in 2011.

The Company flew an airborne radiometric and magnetic survey over the prospective eastern half of the Moule permit in mid-February 2011. Results are pending.

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^{o} 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.

To date, surface exploration programs on the Kodyel permit have been limited at the request of the local authorities and the Ministry of Mines in Burkina Faso, pending a ruling by international authorities as to the demarking of the Niger-Burkina Faso border proximate to the Kodyel permit.

Indigo flew an airborne radiometric and magnetic survey over the Kodyel permit in mid-February 2011 in preparation for ground surveys and drilling later in the year. Results are pending.

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 070o, 110o, and 130o 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.

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

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 completed a detailed mapping and soil and trench sampling program at Kwademen to verify and better understand the extent of the reported gold. 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.

Indigo plans a soil sampling, lag quartz sampling program over the northern portion of the Lati permit to confirm the historic sampling results. The northern portion of the permit includes a 500 metre by 200 metre area of expanding artisanal workings.

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 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.

Indigo flew an airborne radiometrics, and magnetic survey over the Loto permit in mid-February 2011. Results are pending.

RESULTS OF OPERATIONS

The Company recorded a net loss of $177,134 ($0.01 per share) for the three months ended December 31, 2010 as compared to a net loss of $23,429 ($0.00 per share) for the three months ended December 31, 2009. The net loss recorded during the three months ended December 31, 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.

General and administrative expenses of note are:

- consulting fees ($18,651 vs. $Nil). Consulting fees are related to normal course business, including business development and financial consulting;

- investor relations ($51,743 vs. $Nil). Subsequent to completing the IPO on December 29, 2009, investor relations programs were initiated and commencing in August 2010, the Company engaged the services of Contact Financial Corp. to develop a comprehensive marketing and investor communications program at a fee of $8,000 per month and incurred additional promotional expenses of $27,743 for conferences and advertising;

- management and administration fees ($24,000 vs. $10,350). Management and administration fees increased during the period due to increased business activities of the Company;

- office and miscellaneous ($21,965 vs. $135). Office expenses include rent, meals and entertainment, insurance, and office supplies. Of this office expense, $9,130 is attributable to Sanu Burkina;

- legal fees ($11,283 vs. $Nil.). Legal fees are related to normal course business expenses;

- stock-based compensation expense ($5,972 vs. $Nil); and

- travel and accommodation ($22,196 vs. $Nil). Travel and accommodation expenses are related primarily to travel to Burkina Faso.

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 December 31, 2010.

	Three Months Ended ($)			
	Dec. 31, 2010	**Sept. 30, 2010**	**June 30, 2010**	**Mar. 31, 2010**
Total Revenues	-	-	-	-
Net Income (Loss)	(177,134)	11,144	(703,357)	(80,519)
Net Income (Loss) Per Share (basic and diluted)	(0.01)	0.00	(0.07)	(0.01)
Total Assets	1,655,762	1,593,341	1,704,710	762,269

	Three Months Ended ($)			
	Dec. 31, 2009	**Sept. 30, 2009**	**June 30, 2009**	**Mar. 31, 2009**
Total Revenues	-	-	-	-
Net Income (Loss)	(23,429)	(80,853)	(21,666)	(5,608)
Net Income (Loss) Per Share (basic and diluted)	(0.00)	(0.01)	(0.00)	(0.00)
Total Assets	731,716	375,105	353,113	359,883

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 quarters ended December 31, 2010, September 30, 2010 and September 30, 2009, the Company recorded stock-based compensation of $5,972, $134,424 and $61,818, 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

Subsequent to the three months ended December 31, 2010, the Company closed a non-brokered private placement of 7,663,666 units, priced at $0.30 per unit, for gross proceeds of $2,299,100. Each unit consists of one common share and one-half of one common share purchase warrant (each whole such warrant a “Warrant”). Each Warrant will entitle the holder to purchase one common share of the Company until July 24, 2012, at an exercise price of $0.50 per share. If during the exercise period of the Warrants, subsequent to the regulatory hold period, the closing price of Indigo’s shares on the TSX Venture Exchange is $0.75 or higher 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 has paid finder’s fees totalling $42,888 in cash; 232,057 units, and 375,015 finder’s warrants. Each finder’s warrant is exercisable into one common share of the Company at a price of $0.35 per share until July 24, 2012. Securities issued pursuant to the private placement are subject to a four month hold period until May 25, 2011. Proceeds of the private placement will be used to fund exploration on the Company’s Burkina Faso properties and for general working capital.

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.

The capital expenditures of the Company during the three months ended December 31, 2010 included mineral property expenditures of $78,149 incurred on the Burkina Faso Project.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately $165,000 of cash (before working capital items) for the three months ended December 31, 2010 (2010 - $23,000) with an additional $78,000 (2010 - $223) used on mineral property deferred exploration expenditures. The cash requirement was fulfilled in the current period from cash on hand at the beginning of the period and the exercise of share purchase warrants ($200,742).

The Company's aggregate operating, investing and financing activities during the three months ended December 31, 2010 resulted in a net decrease in its cash balance from $796,173 at September 30, 2010 to $780,535 at December 31, 2010. The Company's working capital at December 31, 2010 was $726,482 (September 30, 2010 - $790,263).

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

During the three months ended December 31, 2010 and 2009, 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:

	2010	2009
Accounting fees	$ 7,979	$ 7,070
Management and administration fees	22,600	8,950
	$ 30,579	$ 16,020

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

As at December 31, 2010, accounts payable and accrued liabilities includes an amount of $15,432 (September 30, 2010 - $8,569) due 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 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, 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 third 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

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The Company designated its cash and cash equivalents as held-for-trading 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 has 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 $35,752 of net balance sheet exposure denominated in CFAs. Based on this exposure as at December 31, 2010, a 5% change in the exchange rate would give rise to a change in net loss and comprehensive loss of approximately $1,788. 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:

	December 31, 2010	
	Canadian dollar	CFA
Cash and cash equivalents	$ 744,515	$ 36,020
Accounts payable and accrued liabilities	(80,776)	(268)
Net balance sheet exposure	$ 663,739	$ 35,752

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:
28,586,149 common shares as at February 25, 2011.

c) Outstanding warrants and options as at February 25, 2011:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	4,380,000	$0.30	June 25, 2011
Share purchase warrants	323,080	$0.30	June 30, 2011
Share purchase warrants	268,000	$0.30	July 27, 2011
Share purchase warrants	3,947,858	$0.50	July 24, 2012
Share purchase warrants	375,015	$0.35	July 24, 2012
Stock options	550,000	$0.15	September 10, 2014
Stock options	975,000	$0.20	August 9, 2015
Stock options	100,000	$0.20	September 28, 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 three months ended December 31, 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 acquisition of five mineral properties in Burkina Faso, West Africa in mid-2010, the Company is focusing its exploration activities on gold exploration in Burkina Faso. Exploration programs, including surface sampling and reverse circulation drilling, have been underway on the Moule project since mid-November 2010. These current exploration programs will continue through early 2011. Pending results of these programs, follow up exploration programs will be conducted in 2011.

The Company currently 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.