INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended December 31, 2011 and 2010
(Prepared without audit)

INDIGO EXPLORATION INC.

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company and all information contained in the first quarter 2012 report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim consolidated financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Prepared without audit)

	Note	December 31, 2011 $	September 30, 2011 $	October 1, 2010 $
ASSETS				
Current				
Cash and cash equivalents		1,783,513	2,190,639	796,173
Taxes recoverable and other receivables	4	24,955	25,800	37,494
Prepaid expenses		20,387	24,496	4,799
		1,828,855	2,240,935	838,466
Equipment		51,218	12,826	12,315
Mineral properties (Schedule 1)	5	2,289,158	2,093,582	574,060
Other assets		-	3,500	3,500
		4,169,231	4,350,843	1,428,341
LIABILITIES				
Current				
Accounts payable and accrued liabilities	6	142,274	100,691	48,203
EQUITY ATTRIBUTABLE TO SHAREHOLDERS				
Share capital	7	5,869,119	5,869,119	2,164,780
Contributed surplus		614,598	442,637	338,214
Deficit		(2,456,760)	(2,061,604)	(1,122,856)
		4,026,957	4,250,152	1,380,138
		4,169,231	4,350,843	1,428,341

Organization and nature of operations (Note 1)

Commitments (Notes 4 and 7)

Subsequent events (Note 6(b) and 12)

Approved by the Board of Directors

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

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the three months ended December 31, 2011 and 2010

(Prepared without audit)

	Note	2011 $	2010 $
General and administrative expenses			
Accounting and audit fees	8	11,786	12,976
Amortization		4,199	5,857
Consulting fees	8	10,054	18,651
Filing fees		1,273	1,821
Foreign exchange (gain) loss		(3,440)	2,036
Investor relations		79,359	51,743
Legal fees		21,203	11,283
Management and administration fees	8	34,667	24,000
Office and miscellaneous		56,860	22,652
Share-based payments	7(b)	171,961	5,972
Travel and accommodation		12,240	22,196
Loss before other item		(400,162)	(179,187)
Interest income		5,006	2,053
Net loss and comprehensive loss for the period		(395,156)	(177,134)
Basic and diluted loss per share		(0.01)	(0.01)
Weighted average number of shares		32,760,982	19,409,801

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended December 31, 2011 and 2010

(Prepared without audit)

	2011 $	2010 $
Cash provided by (used in)		
Operating activities		
Net loss for the period	(395,156)	(177,134)
Add items not involving cash:		
Amortization	4,199	5,857
Share-based payments	171,961	5,972
	(218,996)	(165,305)
Changes in non-cash working capital items:		
Taxes recoverable and other receivables	845	19,393
Prepaid expenses	4,109	(4,091)
Accounts payable and accrued liabilities	50,395	32,841
	(163,647)	(117,162)
Investing activities		
Deferred exploration expenditures	(204,388)	(78,149)
Purchase of equipment	(42,591)	(21,069)
Recovery of other assets	3,500	-
	(243,479)	(99,218)
Financing activity		
Issuance of shares pursuant to warrant exercises	-	200,742
	-	200,742
Decrease in cash during the period	(407,126)	(15,638)
Cash and cash equivalents - beginning of the period	2,190,639	796,173
Cash and cash equivalents - end of the period	1,783,513	780,535
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Cash and cash equivalents are comprised of:		
Cash	33,513	80,535
Short-term investments	1,750,000	700,000
	1,783,513	780,535

Supplemental cash flow information (Note 10)

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended December 31, 2011 and 2010

(Prepared without audit)

	Issued Share Capital				
	Number of Shares	**Amount $**	**Contributed Surplus $**	**Deficit $**	**Total Equity Attributable to Shareholders $**
Balance – October 1, 2010	19,091,161	2,164,780	338,214	(1,122,856)	1,380,138
Issued:					
Pursuant to exercise of warrants	813,745	200,742	-	-	200,742
Transfer on exercise of warrants	-	29,696	(29,696)	-	-
Share-based payments - vesting	-	-	5,972	-	5,972
Net loss for the period	-	-	-	(177,134)	(177,134)
Balance – December 31, 2010	19,904,906	2,395,218	314,490	(1,299,990)	1,409,718
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	1,510,353	459,522	-	-	459,522
Transfer on exercise of options	-	19,947	(19,947)	-	-
Transfer on exercise of warrants	-	20,766	(20,766)	-	-
Stock-based compensation	-	-	9,897	-	9,897
Net loss for the year	-	-	-	(761,614)	(761,614)
Balance – September 30, 2011	32,760,982	5,869,119	442,637	(2,061,604)	4,250,152
Share-based payments	-	-	171,961	-	171,961
Net loss for the period	-	-	-	(395,156)	(395,156)
Balance – December 31, 2011	32,760,982	5,869,119	614,598	(2,456,760)	4,026,957

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 December 31, 2011, the Company was in the exploration stage and had interests in properties located in Burkina Faso, West Africa. The Company's corporate head office is located at Suite 880 – 580 Hornby Street, Vancouver, British Columbia, Canada.

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 on the basis that the Company will continue as 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 December 31, 2011, the Company had not yet achieved profitable operations, had an accumulated deficit of $2,456,760 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 BASIS OF PRESENTATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Statement of compliance and conversion to International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 and IFRS 1. Subject to certain transition elections disclosed in Note 13, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at October 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Company's reported statements of financial position, comprehensive loss, changes in equity and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended September 30, 2011. Comparative figures for fiscal 2011 in these financial statements have been restated to give effect to these changes.

Previously, the Company prepared its consolidated interim financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of March 12, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2012 could result in restatement of these condensed interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended September 30, 2011.

Basis of presentation

The Company's condensed interim consolidated financial statements have been prepared on the historical cost basis. The comparative figures presented in these condensed interim consolidated financial statements are in accordance with IFRS and any changes from figures previously reported under Canadian GAAP have been disclosed in Note 13.

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

The most significant accounting judgements and estimates that the Company has made in the preparation of the financial statements relate to the assessment of impairment to the carrying value of mineral properties, estimation of restoration provision, the determination of the likelihood that future income tax benefits can be realized, and the assumptions used in calculating the fair value of warrants and share-based payments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

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

		Percentage owned	
	Incorporated in	**December 31, 2011**	**December 31, 2010**
Sanu Burkina Faso S.A.R.L.	Burkina Faso	100%	100%

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

Cash and cash equivalents

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

Equipment

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

Mineral properties

The Company records its interest in mineral properties and areas of geological interest at cost less option payments received and other recoveries. Exploration and development costs relating to these interests and projects are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or allowed to lapse. Acquisition costs and deferred exploration and development costs will be amortized over the useful life of the orebody following attainment of commercial production or will be written-off if the property or project is abandoned.

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

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

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

Impairment

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

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

Decommissioning and restoration provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the legal or constructive obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of facts such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

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

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

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

Financial assets

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

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

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

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

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

Financial liabilities

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

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

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss.

De-recognition of financial assets and liabilities

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

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

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

Broker warrants and warrants

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

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

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

Share-based payments

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

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

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

Foreign currencies

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

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

Income tax

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

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

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

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

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

Earnings (loss) per share

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

For the three months ended December 30, 2011 and 2010, potentially dilutive common shares (relating to stock options outstanding and share purchase warrants outstanding) totalling 8,936,290 (2010 – 7,381,600) were not included in the computation of loss per share because their effect was anti-dilutive.

Flow-through shares

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

4 TAXES RECOVERABLE AND OTHER RECEIVABLES

	December 31, 2011 $	September 30, 2011 $	October 1, 2010 $
HST recoverable	10,607	15,284	34,775
Interest receivable	13,200	9,300	1,500
Other receivables	1,148	1,216	1,219
Total taxes recoverable and other receivables	24,955	25,800	37,494

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 ($543) 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, 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 of Sanu Burkina Faso S.A.R.L. on June 30, 2010, the Company acquired gold mineral properties located in Burkina Faso, Africa. The permits acquired were the Kodyel Exploration Permit, the Tordo Exploration Permit, the Lati Exploration Permit and the Loto Exploration Permit. The Company has no significant commitments with respect to these permits other than compliance with the Mining Code of Burkina Faso.

A border dispute between Burkina Faso and Niger has limited the Company’s access to the northeastern portion of the Kodyel Property. The new Kodyel Exploration Permit issued has a reduced area, eliminating the area subject to the border dispute. The new permit retains a right of first refusal to include this excluded area once the World Court has finalized the border location. The book value of the reduced area ($72,000) was written-down during the year ended September 30, 2011.

Moule Gold Permit, Burkina Faso

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

A. US$50,000 on May 5, 2010 (paid);
B. US$60,000 on or before May 5, 2011 (paid);
C. US$100,000 on or before May 5, 2012;
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 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2011 $	September 30, 2011 $	October 1, 2010 $
Trade payables	137,394	99,572	46,580
Other payables	4,880	1,119	1,623
Total accounts payable and accrued liabilities	142,274	100,691	48,203

7 SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

b) Stock options

Stock option plan

The Company has a stock option plan (the "Plan") whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the Plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price, as that term is defined in the policies of the TSX Venture Exchange.

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

The Company's stock options outstanding as at December 31, 2011 and September 30, 2011 and the changes for the periods then ended is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance outstanding, October 1, 2010	1,725,000	$0.18	4.33
Exercised	(175,000)	$0.18	
Balance outstanding, September 30, 2011	1,550,000	$0.18	3.59
Granted	(2) 1,205,000	$0.20	
Balance outstanding, December 31, 2011	2,755,000	$0.19	4.00
Exercisable, December 31, 2011	2,755,000	$0.19	4.00

At December 31, 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
975,000	$0.20	August 9, 2015
(1) 100,000	$0.20	September 28, 2015
(2) 1,205,000	$0.20	November 3, 2016
2,755,000		

(1) Subsequent to December 31, 2011, these options were forfeited.

(2) Subsequent to December 31, 2011, 400,000 of these stock options were cancelled voluntarily. An additional 100,000 options were forfeited due to the resignation of a director of the Company. 665,000 of the remaining options were re-priced from an exercise price of $0.20 per share to an exercise price of $0.30 per share. All other terms of the options remained unchanged.

During the three months ended December 31, 2011, the Company recorded share-based payments of $171,961 (2010 - $5,972). No stock options were granted during the three months ended December 31, 2010. The weighted fair value of share purchase options granted during the three months ended December 31, 2011 of $0.14 per option was estimated using the Black-Scholes option pricing model with the following assumptions:

		2011	**2010**
a)	risk-free interest rate	1.85%	N/A
b)	expected life	5 years	N/A
c)	expected volatility	102%	N/A
d)	expected dividends	N/A	N/A

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

c) Warrants

A summary of share purchase warrants outstanding as at December 31, 2011 and September 30, 2011 and the changes for the periods then ended are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance outstanding, October 1, 2010	6,470,345	$0.29	0.69
Issued	6,189,623	$0.48	
Exercised	(2,324,098)	$0.28	
Expired	(4,154,580)	$0.30	
Balance, September 30, 2010	6,181,290	$0.48	1.00
Balance, December 31, 2011	6,181,290	$0.48	0.75

At December 31, 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) Escrow shares

Pursuant to the Initial Public Offering, on December 29, 2009, 2,259,043 common shares of the Company were placed into escrow. These escrow shares will be released as to ten percent (10%) on December 30, 2009 (released) and an additional fifteen percent (15%) at six month intervals thereafter over a 36 month period with the final tranche being released on December 30, 2012. As at December 31, 2011, 677,713 (September 30, 2011 – 1,016,569) common shares remained in escrow.

8 RELATED PARTY TRANSACTIONS

During the three months ended December 31, 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	7,958	7,979
Management and administration fees	33,542	22,600
Mineral property expenditures - consulting	2,850	-
	44,350	30,579

As at December 31, 2011, accounts payable and accrued liabilities includes an amount of $10,568 (September 30, 2011 - $16,612; October 1, 2010 - $8,569) due to companies controlled by directors and officers of the Company.

Key management includes the Chief Executive Officer and a Director. The compensation paid or payable to key management for services during the three months ended December 31, 2011 and 2010 is as follows:

	2011 $	2010 $
Management and administration fees	33,542	22,600
Mineral property expenditures - consulting	2,850	-
Share-based payments	46,380	-
	82,772	22,600

9 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 $68,268 of net exposure denominated in CFAs. Based on this exposure as at December 31, 2011, a 5% change in the exchange rate would give rise to a change in net loss of $3,413. 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, 2011	
	Canadian dollar	CFA
Cash and cash equivalents	1,772,562	10,951
Other receivables	13,200	1,148
Accounts payable and accrued liabilities	(61,907)	(80,367)
Net exposure	1,723,855	(68,268)

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

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

Credit Risk

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

Interest Rate Risk

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

Liquidity Risk

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

10 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 three months ended December 31, 2011:

a) $5,780 of deferred exploration expenditures included in accounts payable and accrued liabilities at December 31, 2011, less expenditures included in accounts payable at September 30, 2011 of $14,592 for a net inclusion of $8,812.

During the three months ended December 31, 2010:

a) The transfer of $29,696, the value of warrants exercised during the period, from contributed surplus to share capital.

11 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 December 31, 2011, September 30, 2011 and October 1, 2010 is as follows:

	December 31, 2011 $	September 30, 2011 $	October 1, 2010 $
Canada	1,861,799	2,166,223	874,028
Burkina Faso	2,307,432	2,184,620	554,313
Total assets	4,169,231	4,350,843	1,428,341

Geographic segmentation of the Company's net loss during the three months ended December 31, 2011 and 2010 is as follows:

	2011 $	2010 $
Canada	329,870	159,183
Burkina Faso	65,286	17,951
Net loss	395,156	177,134

12 SUBSEQUENT EVENTS

Subsequent to December 31, 2011:

a) of the options expiring November 3, 2016, 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;

b) of the options expiring November 3, 2016, 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,

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

13 FIRST-TIME ADOPTION OF IFRS

The Company adopted IFRS on October 1, 2011 with the transition date of October 1, 2010 (the "Transition Date"). Under IFRS 1 'First-time Adoption of International Financial Reporting Standards', the IFRS are applied retrospectively at the Transition Date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit unless certain exemptions are applied. The Company has chosen to apply the following elections to:

a) Not apply IFRS 2, 'Share-based Payments', to liabilities arising from share-based payment transactions that were settled before the Transition Date or to equity instruments fully vested before the Transition Date.

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

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

Reconciliation of the Statement of Financial Position at December 31, 2010

	Note	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
ASSETS				
Current				
Cash and cash equivalents		780,535	-	780,535
Taxes recoverable and other receivables		18,101	-	18,101
Prepaid expenses		8,890	-	8,890
		807,526	-	807,526
Equipment		27,527	-	27,527
Mineral properties	(ii)	817,209	(165,000)	652,209
Other assets		3,500	-	3,500
		1,655,762	(165,000)	1,490,762
LIABILITIES				
Current				
Accounts payable and accrued liabilities		81,044	-	81,044
		81,044	-	81,044
EQUITY ATTRIBUTABLE TO SHAREHOLDERS				
Share capital	(i)	2,408,418	(13,200)	2,395,218
Contributed surplus		314,490	-	314,490
Deficit	(i)	(1,148,190)	13,200	(1,299,990)
	(ii)		(165,000)	
		1,574,718	(165,000)	1,409,718
		1,655,762	(165,000)	1,490,762

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

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

Reconciliation of the Statement of Comprehensive Loss for the Three Months Ended December 31, 2010

	Note	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
General and Administrative Expenses				
Accounting and audit fees		12,976	-	12,976
Amortization		5,857	-	5,857
Consulting fees		18,651	-	18,651
Filing fees		1,821	-	1,821
Foreign exchange loss		2,036	-	2,036
Investor relations		51,743	-	51,743
Legal fees		24,000	-	24,000
Management and administration fees		21,965	-	21,965
Office and miscellaneous		11,970	-	11,970
Share-based payments		5,972	-	5,972
Travel and accommodation		22,196	-	22,196
Loss before other item		(179,187)	-	(179,187)
Interest income		2,053	-	2,053
Net loss and comprehensive loss for the period		(177,134)	-	(177,134)

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

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

Notes to reconciliations

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

i) Flow-through shares

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

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

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

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

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

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

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

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

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

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

Statement of Cash Flows

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES

For the three months ended December 31, 2011 and the year ended September 30, 2011

(Prepared without audit)

	Burkina Faso, Africa			
	Moule Project $	Kodyel Project $	Other Projects $	Total $
Balance, October 1, 2010	51,845	285,758	236,457	574,060
Deferred acquisition costs				
Cash	58,249	-	-	58,249
Deferred exploration costs				
Assaying	126,706	189	35,097	161,992
Camp	77,280	126	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	-	(54,000)	-	(54,000)
Balance, September 30, 2011	1,462,976	270,943	359,663	2,093,582
Deferred exploration costs				
Assaying	41,091	-	31,897	72,988
Camp	7,352	-	11,117	18,469
Consulting (Note 8)	6,490	4,346	4,663	15,499
Equipment rental	8,600	-	13,231	21,831
Other	161	6,640	25,732	32,533
Wages	10,579	323	23,354	34,256
	74,273	11,309	109,994	195,576
Balance, December 31, 2011	1,537,249	282,252	469,657	2,289,158