
INDIGO EXPLORATION INC.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2016 and 2015
(Expressed in Canadian dollars)

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of Indigo Exploration Inc.

We have audited the accompanying consolidated financial statements of Indigo Exploration Inc., which comprise the consolidated statements of financial position as at September 30, 2016 and 2015 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended September 30, 2016 and 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Indigo Exploration Inc. as at September 30, 2016 and 2015 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

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

“Charlton & Company”

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 30, 2017

INDIGO EXPLORATION INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	September 30 2016 \$	September 30 2015 \$
ASSETS			
Current			
Cash		228,021	142,784
Taxes recoverable and other receivables		967	611
Prepaid expenses		3,373	679
		232,361	144,074
Mineral properties (Schedule 1)	6	674,732	828,071
		907,093	972,145
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	121,708	110,051
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	7	7,026,541	6,785,882
Contributed surplus		743,973	730,223
Deficit		(6,985,129)	(6,654,011)
		785,385	862,094
		907,093	972,145

Organization and nature of operations (Note 1)
Going concern (Note 2)
Subsequent event (Note 7)

Approved by the Board of Directors

"Paul S. Cowley" Director

"Marino J. Sveinson" Director

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

INDIGO EXPLORATION INC.
Consolidated Statements of Loss and Comprehensive Loss
Years ended September 30
(Expressed in Canadian dollars)

	Note	2016 \$	2015 \$
Accounting and audit fees	9	39,481	52,167
Depreciation		-	2,407
Filing fees		17,858	16,330
Foreign exchange loss		3,555	3,980
Investor relations		-	-
Legal fees		2,712	3,774
Management and administration fees	9	32,500	23,401
Office and miscellaneous		16,809	33,143
Travel and accommodation		4,437	-
Loss before other items		(117,352)	(135,202)
Interest (expense) income		-	(1,852)
Write-off / impairment of mineral properties	6	(213,766)	-
Total loss and comprehensive loss for the year		(331,118)	(137,054)
Loss per share			
- Basic and diluted		(0.00)	(0.00)
Weighted average number of shares outstanding			
- Basic and diluted		75,620,135	54,060,982

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

INDIGO EXPLORATION INC.
Consolidated Statements of Cash Flows
Years ended September 30
(Expressed in Canadian dollars)

	2016	2015
	\$	\$
Cash provided by (used in)		
Operating activities		
Loss for the period	(331,118)	(137,054)
Add items not involving cash:		
Depreciation	-	2,407
Write-down of mineral properties	213,766	-
	(117,352)	(134,647)
Changes in non-cash working capital items:		
Taxes recoverable and other receivables	(356)	1,491
Prepaid expenses	(2,694)	1,856
Accounts payable and accrued liabilities	23,988	41,056
	(96,414)	(90,244)
Investing activities		
Deferred exploration expenditures	(72,758)	(93,741)
Financing activities		
Issuance of shares pursuant to private placement	275,000	302,500
Issuance costs	(20,591)	(22,767)
	254,409	279,733
Increase (decrease) in cash and cash equivalents	85,237	95,748
Cash - beginning of period	142,784	47,036
Cash - end of period	228,021	142,784

Supplemental cash flow information (Note 12)

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

INDIGO EXPLORATION INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Shares	Share	Contributed	Deficit	Total
	Number	Capital	Surplus	\$	\$
		\$	\$	\$	\$
Balance – September 30, 2014	47,960,982	6,513,774	722,598	(6,516,957)	719,415
Issued during year:					
Pursuant to private placement of units	22,625,000	294,875	7,625	-	302,500
Less: cash issue costs	-	(22,767)	-	-	(22,767)
Loss and comprehensive loss	-	-	-	(137,054)	(137,054)
Balance – September 30, 2015	70,585,982	6,785,882	730,223	(6,654,011)	862,094
Issued during year:					
Pursuant to private placement of units	13,750,000	261,250	13,750	-	275,000
Less: cash issue costs	-	(20,591)	-	-	(20,591)
Loss and comprehensive loss	-	-	-	(331,118)	(331,118)
Balance – September 30, 2016	84,335,982	7,026,541	743,973	(6,985,129)	785,385

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

INDIGO EXPLORATION INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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

2 GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At September 30, 2016, the Company had not yet achieved profitable operations, had an accumulated deficit of \$6,985,129 (2015 - \$6,654,011) since inception, a working capital of \$110,653 (2015 - \$34,023), and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to develop the mineral properties and to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

3 BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These statements are prepared on the historical cost basis.

These financial statements were approved by the board of directors for issue on January 19, 2017.

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company’s control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. As at September 30, 2016 and 2015, the Company owned 100% of a subsidiary incorporated in Burkina Faso, Sanu Burkina Faso S.A.R.L.

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

INDIGO EXPLORATION INC.

Notes to the Consolidated Financial Statements

Years ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

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. All amounts are rounded to the nearest dollar.

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

Cash and cash equivalents

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

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

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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.

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

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

Financial liabilities

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

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

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

De-recognition of financial assets and liabilities

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

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

Share capital

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

Broker warrants and warrants

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

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

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

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Share-based payments

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

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

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

Income tax

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

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

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

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

Earnings (loss) per share

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

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4 ACCOUNTING STANDARDS

i) New standards and amendments effective for the first time from October 1, 2015

The following revised standard and amendment became effective for the Company on October 1, 2015. The new and amended standard did not have a significant impact on the consolidated financial statements. The following is a brief summary of the principal new standards adopted by the Company:

IFRS 7 - Financial Instruments disclosures. The Standard was amended to require additional disclosures on transition from IAS 39 and IFRS 9.

ii) Accounting standards issued but not yet effective

At the date of approval of the consolidated financial statements the following standards, which are applicable to the Company, were issued but not yet effective. The Company has not completed its assessment of the impact that the new and amended standard will have on its financial statements. The following is a brief summary of the principal new or amended standards.

IFRS 9 - Financial Instruments. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted.

IAS 7 - Statement of Cash Flows. In January 2016, IASB amended IAS 7, "Statement of Cash Flows", The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements:

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

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history characteristic of many mineral properties. Management has reviewed its mineral properties and determined that the Lati permits had impairment indicators. Management made an assessment of the net recoverable amount of the permits and wrote the carrying value down to that amount (Refer to Note 6).

The Company has no critical accounting estimates.

6 MINERAL PROPERTIES (Schedule 1)

The Company holds a 100% interest in several properties in Burkina Faso, West Africa and has the right to purchase the entire 1.5% NSR royalty on the Moule Gold Permit for US\$1,800,000. Refer to Schedule 1.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs (\$583) 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 day notice to remedy any deficiency. The Company has not incurred sufficient expenditures on its Moule, and Loto permits to comply with the Mining Code of Burkina Faso. The Company has not received any notice of cancellation from the Government of Burkina Faso and believes these permits are in good standing as at September 30, 2016.

The Kodyel, Tordo and Lati permits expired during the prior year ended September 30 2015. The Company submitted the documentation required to extend the permits; however, due to the civil unrest that broke out in Burkina Faso in October 2014 and a non-active transitional Government established, the Company has not yet received the renewed permits for Kodyel and Lati. The Company received a rejection letter during the year ended September 30, 2016 from its Tordo permit extension application. The Company no longer holds the permits for Tordo and recorded a write-down of \$122,179. During the year ended September 30, 2016, the Company was in correspondence with Government officials on the Kodyel permits and therefore believes it will obtain extensions on the permit. There has been no correspondence with regard to the Lati permits and therefore during the year ended September 30, 2016 an impairment write down of \$91,587 was recorded.

There can be no guarantee, that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to continue the proposed exploration or to develop its properties into commercial production and to operate mining facilities thereon.

7 SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

Issued and fully paid at September 30, 2016: 84,335,982 (2015 - 70,585,982)

b) Financing:

On May 20, 2016, the Company closed a non-brokered private placement for 13,750,000 units at \$0.02 per unit for gross proceeds of \$275,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder the right to purchase one common share of the Company at \$0.05 per share, exercisable up to May 20, 2019. A value of \$13,750 has been attributed to the warrants. In connection with the private placement, the Company paid finder's fees of \$16,500 and other share issuance costs of \$4,091.

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On December 17, 2014, December 24, 2014 and January 21, 2015 the Company closed three tranches of a private placement totalling 7,625,000 units at \$0.02 per unit for gross proceeds of \$152,500. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder thereof the right to purchase one common share of the Company at \$0.05 per share, exercisable up to three years after issuance. A value of \$7,625 has been attributed to the warrants. The Company paid finders' fees of \$8,400 and incurred additional cash issue costs of \$3,733.

On September 25, 2015, the Company closed a private placement for 15,000,000 units at \$0.01 per unit for gross proceeds of \$150,000. Each unit is comprised of one common share. In connection with the private placement, the Company paid finders' fees of \$9,000 and incurred additional cash issue costs of \$1,634.

c) Stock options:

The Company's fully exercisable stock options outstanding as at September 30, 2016 and September 30, 2015 and the changes for the years then ended is presented below:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, September 30, 2014	990,000	\$0.25	1.50
Expired	(475,000)	\$0.20	
Balance, September 30, 2015 and 2016	515,000	\$0.30	0.09

At September 30, 2016, the Company had 515,000 outstanding stock options allowing the holders to acquire 515,000 common shares at an exercise price of \$0.30 with an expiry date of November 3, 2016. Subsequent to September 30, 2016, the total 515,000 stock options expired unexercised.

Subsequent to September 30, 2016, the Company granted 2,600,000 stock options with an exercise price of \$0.05 per share and an expiry date of October 28, 2021.

d) Warrants:

A summary of share purchase warrants outstanding as at September 30, 2016 and September 30, 2015 and the changes for the years then ended are as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, September 30, 2014	4,900,000	\$0.12	2.10
Issued	7,625,000	\$0.05	
Balance, September 30, 2015	12,525,000	\$0.08	1.29
Issued	13,750,000	\$0.05	
Balance, September 30, 2016	26,275,000	\$0.06	1.76

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The balance of share purchase warrants outstanding as at September 30, 2016 was as follows:

Expiry Date	Warrants outstanding	Exercise price (per share)	Remaining life (years)
November 4, 2016	4,900,000	\$0.12	0.10
December 17, 2017	5,125,000	\$0.05	1.21
December 24, 2017	1,000,000	\$0.05	1.23
January 21, 2018	1,500,000	\$0.05	1.31
May 20, 2019	13,750,000	\$0.05	2.98
	26,275,000	\$0.06	1.76

Subsequent to September 30, 2016 a total of 4,900,000 warrants with an exercise price of \$0.12 expired unexercised.

8 INCOME TAXES

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision for the years ended September 30, 2016 and 2015 is as follows:

	2016	2015
Statutory tax rate	21.71%	24.42%
	\$	\$
Loss for the year before income taxes	(331,118)	(137,054)
Expected income tax recovery	72,000	33,000
Add (deduct) reconciling items:		
Share issue costs	1,000	10,000
Effect of change in tax rate and other	(590,000)	(8,000)
Change in unrecognized deferred tax assets	517,000	(35,000)
Income tax expense (recovery)	-	-

The significant components of the Company's net deferred income tax assets and liabilities as at September 30, 2016 and 2015 are as follows:

	2016	2015
	\$	\$
Deferred income tax assets		
Non-capital losses carried forward	829,000	1,389,000
Undeducted financing cost	10,000	6,000
Mineral properties and related deferred exploration	369,000	330,000
Cumulative eligible capital	31,000	31,000
Total unrecognized deferred income tax assets	1,239,000	1,756,000

The potential benefit of deferred tax assets arising from carry forward non-capital losses, capital losses and deductible temporary differences that are in excess of the deferred tax liabilities has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit in the same entity will allow the deferred tax asset to be recovered.

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

	\$
2028	60,000
2029	57,000
2030	339,000
2031	818,000
2032	602,000
2033	229,000
2034	214,000
2035	140,000
2036	98,000
	<u>2,557,000</u>

At September 30, 2016, there were loss carry forwards in Burkina Faso of approximately \$633,000 (2015 - \$3,345,000) which can be carried forward for four years from the calendar year the losses were incurred. During the year ended September 30, 2016, there were loss carry forwards in Burkina Faso of approximately \$2,778,000 that expired.

9 RELATED PARTY TRANSACTIONS

Compensation paid or payable to the directors, the Chief Executive Officer and the Chief Financial Officer for services provided during the years ended September 30, 2016 and 2015 was as follows:

	2016	2015
	\$	\$
Accounting fees	6,760	15,660
Management and administration fees	32,500	23,401
	<u>39,260</u>	<u>39,061</u>

The Company incurred additional expenditures charged by related parties during the year ended September 30, 2016 and 2015 as follows:

	2016	2015
	\$	\$
Accounting fees	-	15,660

As at September 30, 2016, accounts payable and accrued liabilities includes an amount of \$98,363 (September 30, 2015 - \$59,248) due to directors and officers of the Company and/or companies they control or of which they were significant shareholders. These amounts are unsecured, non-interest bearing and due on demand.

10 FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

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Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

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

As at September 30, 2016, the Company believes that the carrying values of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

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

Foreign Exchange Risk

A portion of the Company's financial assets and liabilities is denominated in West African CFA francs ("CFA") giving rise to risks from changes in the foreign exchange rate. The Company is exposed to currency exchange rate risk to the extent of its activities in the Burkina Faso. The Company's currency risk is limited to its exposure denominated in CFAs. Based on this exposure as at September 30, 2016, a 5% change in the exchange rate would not rise to a material change in net loss. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

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

	September 30, 2016	
	Canadian dollar	CFA
Cash and cash equivalents	226,652	1,369
Other receivables and prepaid expenses	967	3,373
Accounts payable and accrued liabilities	(117,818)	(3,890)
Net exposure	109,801	852
	September 30, 2015	
	Canadian dollar	CFA
Cash and cash equivalents	142,317	467
Other receivables	611	679
Accounts payable and accrued liabilities	(91,220)	(18,831)
Net exposure	51,708	(17,685)

Future changes in exchange rates would not have a material effect on the Company's business, financial condition and results of operations.

INDIGO EXPLORATION INC.
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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 chartered 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.

11 MANAGEMENT OF CAPITAL

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

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

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

12 SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow. The following transactions were excluded from the consolidated statements of cash flows as at September 30:

	2016	2015
	\$	\$
Non-cash investing and financing transactions		
Mineral property interest expenditures in accounts payable	-	12,331

INDIGO EXPLORATION INC.
Notes to the Consolidated Financial Statements
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13 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 is as follows:

	September 30, 2016	September 30, 2015
	\$	\$
Canada	294,464	209,773
Burkina Faso	612,629	762,372
Total assets	907,093	972,145

Geographic segmentation of the Company's loss during the years ended September 30, 2016 and 2015 is as follows:

	2016	2015
	\$	\$
Canada	94,197	101,040
Burkina Faso	236,921	36,014
Loss	331,118	137,054

INDIGO EXPLORATION INC.
Consolidated Schedule of Mineral Properties
(Expressed in Canadian dollars)

Schedule 1

	Moule Project \$	Kodyel Project \$	Other Projects \$	Total \$
Balance – September 30, 2014	355,889	184,780	188,479	729,148
Deferred exploration costs				
Camp	3,039	2,323	58	5,420
Equipment rental	546	-	225	771
Other	10,053	1,728	9,473	21,254
Wages	12,939	16,333	42,206	71,478
	<u>26,577</u>	<u>20,384</u>	<u>51,962</u>	<u>98,923</u>
Balance – September 30, 2015	382,466	205,164	240,441	828,071
Deferred exploration costs				
Other	2,894	(331)	35	2,598
Wages	13,097	13,029	31,703	57,829
	<u>15,991</u>	<u>12,698</u>	<u>31,738</u>	<u>60,427</u>
Write-off	-	-	(213,766)	(213,766)
Balance – September 30, 2016	398,457	217,862	58,413	674,732