

## INDIGO EXPLORATION INC.

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

The following information, prepared as of August 29, 2019, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Indigo Exploration Inc. (the "Company" or "Indigo") for the three and nine months ended June 30, 2019, together with the audited consolidated financial statements of the Company for the year ended September 30, 2018 and the accompanying Management's Discussion and Analysis ("MD&A") for that fiscal year. The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

#### GENERAL OVERVIEW

The Company was incorporated on February 29, 2008 under the Business Corporations Act of British Columbia. The Company became a reporting issuer on November 20, 2009, closed its Initial Public Offering on December 29, 2009 and commenced trading on the TSX Venture Exchange ("TSXV") on December 31, 2009, under the trading symbol "IXI."

The Company is a junior natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Company is yet to receive any revenue from its mineral exploration operations. Accordingly, the Company has no operating income or cash flows. As a result, the Company has relied almost exclusively upon equity financing activities, which is not expected to significantly change in the immediate future.

The Company's focus is in gold exploration in the Republic of Burkina Faso, West Africa. In June 2010, the Company completed the acquisition of Sanu Resources Burkina Faso S.A.R.L. ("Sanu Burkina"), as a means of acquiring Sanu Burkina's mineral exploration permits in Burkina Faso.

#### MINERAL PROPERTIES

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

The Company currently holds the Hantoukoura permit located in the Republic of Burkina Faso, West Africa. West Africa is underlain by the Birimian Greenstone Belt, one of the most prolific gold producing areas in the world. Several major gold companies are active in Burkina Faso, including IAMGOLD Corporation and Newmont Mining Corporation. Burkina Faso has nine producing mines and a number of projects in the advance and development stages. Burkina Faso is considered to be relatively stable, both politically and economically, and relies primarily on farming and mining as its main sources of revenue.

##### *Hantoukoura (previously Kodyel) Exploration Permit*

During the year ended September 30, 2017 the Company secured the permit to the previously named Kodyel permit when the area was re-permitted as the Hantoukoura permit. The Hantoukoura permit is of equal size and position as the original Kodyel permit. The Hantoukoura permit is valid for three years and renewable for up to six additional years.

The 191 square kilometres Hantoukoura permit lies close to the Niger border approximately 300km east of Ouagadougou. Access is by paved road as far as Fada N'gourma about 200 km east of Ouagadougou and thence by laterite roads. The Hantoukoura permit covers an extension of the Fada N'Gourma greenstone belt that extends into Niger. The Hantoukoura permit is traversed by a regional northeast-trending fault that stretches from Ghana to Niger and separates the mafic and felsic volcanics and metasedimentary rocks of the Fada belt from the migmatites and granites to the northwest. There are several active artisanal workings within the permit, including: the extensive Tangounga, Hantekoura (CFA) and Kodyel 1 artisanal

workings. The Songonduari artisanal workings lie off the permit but lies in the same structure, continuing towards and into Niger.

During the year ended September 30, 2018, the Company received notice from the Ministry of Mines of Burkina Faso that it had temporarily suspended access, including performing exploration activities on the Hantoukoura permit until the border with Niger is physically demarcated. The Minister has agreed the permit will remain in good standing through the suspension period and that the length of the suspension period will be added back onto the length of the permit. The Company intends to complete a sizable work program, once access is re-instated and is monitoring the progress of the demarcation of the border. To date, the Company has not received an update and the suspension is still in effect.

### ***Lati Exploration Permit***

The 184 square kilometre Lati Permit covers a major north-south shear zone in the Boromo greenstone belt. Lati is the site of expanding artisanal activity with at least three known active artisanal mining areas over the 8 kilometre long Prospect 1. The Lati permit is about 150 km by road west of Ouagadougou. Lati was previously explored by the United Nations Development Program and the Burkina Faso Office of Mines and Geology for volcanic-hosted massive sulfides similar to the Perkoa zinc deposit, as well as by Carlin Resources and Incanore Resources for gold.

The Company reapplied for the same area of the Lati permit, under a new Lati 2 permit and subsequent to June 30, 2019 was requested by the Ministry of Mines to pay the application fee for a new three year permit. The Company paid the funds and is waiting to hear back from the Ministry to finalize the permit granting.

## **QUARTERLY INFORMATION**

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended June 30, 2019

<b>For the quarter ended (\$)</b>	<b>Jun. 30, 2019</b>	<b>Mar. 31, 2019</b>	<b>Dec. 31, 2018</b>	<b>Sept. 30, 2018</b>
Total revenues	-	-	-	-
Loss	(20,229)	(20,781)	(19,599)	(37,672)
Loss per share (basic and diluted) <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	479,125	390,059	422,607	438,594

<b>For the quarter ended (\$)</b>	<b>Jun. 30, 2018</b>	<b>Mar. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Sept. 30, 2017</b>
Total revenues	-	-	-	-
Loss	(19,300)	(30,421)	(31,015)	(123,806)
Loss per share (basic and diluted) <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	452,356	471,278	297,503	323,151

<sup>(1)</sup> The basic and diluted calculations result in the same values.

The increase in assets at June 30, 2019 is due to \$100,000 cash received from loan agreements entered into during the quarter. The increase in loss reported during the quarters ended September 30, 2017 is due to a write-down / impairment recorded of mineral properties of \$83,495.

## RESULTS OF OPERATIONS

### *Three months ended June 30, 2019*

The Company recorded a loss of \$20,229 (\$0.00 per share) for the three months ended June 30, 2019 as compared to a loss of \$19,300 (\$0.00 per share) for the three months ended June 30, 2018.

### *Nine months ended June 30, 2019*

The Company recorded a loss of \$60,610 (\$0.00 per share) for the nine months ended June 30, 2019 as compared to a loss of \$80,736 (\$0.00 per share) for the nine months ended June 30, 2018. The difference is due to the Chief Executive Officer forgiving outstanding management fees owing totaling \$5,850 from the previous fiscal year and a general decrease in expenditures due to the ongoing Hantoukoura permit suspension.

## FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

### *Financing Activities*

During the nine months ended June 30, 2019 the The Company entered into loan agreements for a total of \$100,000. The loans are payable on demand at any time after twelve months from the date funds were advanced and bear interest at a rate of 10% per annum.

On March 6, 2018 the Company closed a non-brokered private placement of 7,683,333 units for gross proceeds of \$230,500. Each unit is comprised of one common share and one share purchase warrant, each warrant entitling the holder to purchase one additional common share at a price of \$0.05 per share for a period of three years from the date of issuance.

### *Capital Expenditures*

The capital expenditures of the Company during the nine months ended June 30, 2019 included deferred mineral property expenditures of \$51,500 (2018 - \$57,398) on the Company's Burkina Faso projects. Refer to schedule I in the condensed interim consolidated financial statements for the nine months ended June 30, 2019.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed \$65,995 of cash (before working capital items) for the nine months ended June 30, 2019 (2018 - \$80,736) with additional cash of \$51,500 (2018 - \$57,398) used on mineral property deferred exploration expenditures. The cash requirement for the nine months ended June 30, 2019 was funded from the private placement completed during March 2018 and loans received during June 2019.

The Company's aggregate operating, investing and financing activities during the nine months ended June 30, 2019 resulted in a net decrease in its cash balance from \$109,757 at September 30, 2018 to \$99,766 at June 30, 2019. The Company has a working capital deficiency of \$169,722 at June 30, 2019 compared to a working capital deficiency of \$57,612 at September 30, 2018. The Company has no long term debt.

The Company has no further payments to make to acquire any of its mineral properties and has minimum exploration commitments in Burkina Faso in order to keep its properties in good standing. The Company does not have any commitment for material capital expenditures over the near term or long term and none are presently contemplated in excess of normal operating requirements.

The Company has not as yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at

any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

## TRANSACTIONS WITH RELATED PARTIES

Compensation paid or payable to the directors, the Chief Executive Officer and the Chief Financial Officer for services provided during the three and nine months ended June 30, 2019 and 2018 was as follows:

	Three months ended		Nine months ended	
	June 30		June 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Accounting fees	1,200	1,147	7,000	6,485
Management and administration fees <sup>(1)</sup>	5,850	5,850	15,600	21,450
	7,050	6,997	22,600	27,935

<sup>(1)</sup> Includes fees billed by a company owned by the Chief Executive Officer, Paul Cowley.

As at June 30, 2019, accounts payable and accrued liabilities includes an amount of \$157,528 (September 30, 2018 - \$147,290) 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.

During the nine months ended June 30, 2019 the Chief Executive Officer forgave outstanding management fees owing totaling \$5,850 from the previous fiscal year.

## NEW ACCOUNTING STANDARDS EFFECTIVE FOR THE FIRST TIME

**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 for the Company was October 1, 2018.

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on October 1, 2018.

## ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

**IFRS 16 - Leases.** On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). The mandatory effective date of IFRS 16 for the Company would be the annual period beginning on October 1, 2020.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. As at March 31, 2019, 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.

The Company's risk exposures and the impact on the Company's financial instruments are discussed in the consolidated financial statements for the year ended September 30, 2018 and have not changed significantly during the nine months ended June 30, 2019.

## OUTSTANDING SHARE DATA

The following table discloses the Company's share capital structure as at the date of this MD&A.

- a) Authorized: Unlimited common shares without par value.
- b) Issued and outstanding: 92,019,316 common shares
- c) Outstanding warrants and options

Type of Security	Number	Exercise Price	Expiry Date
Stock options	2,350,000	\$0.05	October 28, 2021
Share purchase warrants	7,683,334	\$0.05	March 6, 2021

## DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the nine months ended June 30, 2019 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

## RISKS AND UNCERTAINTIES

Certain risks are faced by the Company, which could affect its financial position. In general they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the its mineral property option agreement. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interest in the property covered by the agreement. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

The Company's properties are in the exploration stage and without known reserves. Exploration and development of natural resources involves substantial expenditures and a high degree of risk. Few exploration properties are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes-off its mineral properties from time to time and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs (\$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 days' notice to remedy any deficiency.

## **OUTLOOK**

The Company's focus is on the exploration and advancement of its mineral properties in Burkina Faso. A sampling program completed during 2012 on the Hantoukoura (formerly named Kodyel) permit generated new and sizeable drill targets. The Company is planning a surface sampling program when the Ministry of Mines reverses the temporarily suspended access to the permit. Once the Lati 2 permit is granted the Company will reassess the extent of artisan workings and define and justify new drill targets.

## **OTHER INFORMATION**

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD-LOOKING STATEMENTS**

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This Management's Discussion and Analysis ("MD&A") and in particular the "Outlook" section, contains forward-looking statements, including, without limitation, statements about the mineral properties and financing activities. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of property exploration results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the date of this MD&A.

Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to integration of acquisitions; risks related to operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future

prices of metals; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled “Risks and Uncertainties” Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason, except as required by law.

For a description of material factors that could cause the Company’s actual results to differ materially from the forward-looking statements in this MD&A, please see “Risks and Uncertainties”.