
INDIGO EXPLORATION INC.
(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020
(Unaudited -- Expressed in Canadian dollars)

INDIGO EXPLORATION INC.

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

INDIGO EXPLORATION INC.**Condensed Interim Consolidated Statements of Financial Position***(Unaudited - Expressed in Canadian dollars)*

	Notes	June 30, 2021 \$	September 30, 2020 \$
ASSETS			
Current			
Cash		426,641	462,906
Taxes recoverable		2,069	1,332
Prepaid expenses		5,627	5,114
		434,337	469,352
Exploration and evaluation assets	4	707,974	232,568
Total assets		1,142,311	701,920
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	72,438	52,596
Loans payable	5	20,000	20,000
		92,438	72,596
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	6	9,033,959	8,493,611
Reserves		1,273,754	898,788
Deficit		(9,257,840)	(8,763,075)
		1,049,873	629,324
Total liabilities and shareholders' equity (deficiency)		1,142,311	701,920

Nature of Operations and Going Concern (Note 1)

Commitment (Note 10)

Approved by the Board of Directors“Paul S. Cowley” Director“Marino J. Sveinson” Director*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

INDIGO EXPLORATION INC.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended June 30, 2021 and 2020***(Unaudited - Expressed in Canadian dollars)*

		Three months ended June 30		Nine months ended June 30	
	Note	2021	2020	2021	2020
				\$	\$
Accounting and audit fees	7	11,722	10,326	35,780	26,335
Filing fees		5,998	11,009	17,414	21,620
Foreign exchange loss		751	939	955	1,545
Legal fees		335	10,664	2,738	30,441
Management and administration fees	7	12,000	9,950	36,000	21,650
Office and miscellaneous		5,957	5,615	7,328	15,695
Travel and accommodation		(29)	-	976	-
		(36,734)	(48,503)	(114,741)	(117,286)
Warrant incentive program	6	(380,024)	-	(380,024)	-
Interest expense		-	(1,567)	-	(6,581)
Gain/(loss) on debt settlement	5,7		(311,000)		(311,000)
Total loss and comprehensive loss		(416,758)	(361,070)	(494,765)	(434,867)
Loss per share					
- Basic and diluted		(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding					
- Basic and diluted		39,687,602	26,933,988	37,575,791	33,336,248

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

INDIGO EXPLORATION INC.
Condensed Interim Consolidated Statements of Cash Flows
Nine months ended June 30, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

	2021	2020
	\$	\$
Cash provided by (used in)		
Operating activities		
Loss for the period	(494,765)	(434,867)
Add items not involving cash:		
Warrant incentive program	380,024	-
Interest expense	-	6,581
Loss on debt settlement	-	311,000
	<u>(114,741)</u>	<u>(117,286)</u>
Changes in non-cash working capital items:		
Taxes recoverable and other receivables	(737)	(3,245)
Prepaid expenses	(513)	906
Accounts payable and accrued liabilities	(5,385)	38,819
	<u>(121,376)</u>	<u>(80,806)</u>
Investing activity		
Exploration and evaluation expenditures	(378,915)	(78,018)
Financing activity		
Common shares issued	505,833	750,000
Issuance costs – cash	(41,807)	(79,656)
	<u>464,026</u>	<u>670,344</u>
Decrease in cash	(36,265)	511,520
Cash - beginning of period	<u>462,906</u>	<u>57,675</u>
Cash - end of period	<u>426,641</u>	<u>569,195</u>

Supplemental Cashflow Information (Note 9)

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

INDIGO EXPLORATION INC.**Condensed Interim Consolidated Statements of Changes in Shareholder's Equity (Deficiency)***(Unaudited - Expressed in Canadian dollars)*

	Shares	Share	Reserves	Deficit	Total
	Number	Capital			
		\$	\$	\$	\$
Balance – September 30, 2019	15,336,552	7,230,633	805,069	(8,268,391)	(232,689)
Issued during period:					
Pursuant to private placement of units	15,000,000	750,000	-	-	750,000
Shares issued for mineral property	1,000,000	110,000	-	-	110,000
Pursuant to debt settlement	5,183,333	570,167	-	-	570,167
Less: share issuance costs	-	(173,375)	93,719	-	(79,656)
Loss for the period	-	-	-	(434,867)	(434,867)
Balance – June 30, 2020	36,519,885	8,487,425	898,788	(8,703,258)	682,955
Share issuance costs	-	6,186	-	-	6,186
Loss for the period	-	-	-	(59,817)	(59,817)
Balance – September 30, 2020	36,519,885	8,493,611	898,788	(8,763,075)	629,324
Issued during period:					
Pursuant to warrant incentive programs	5,058,333	510,891	(5,058)	-	505,833
Djimbala option agreement	890,802	71,264	-	-	71,264
Share issuance costs	-	(41,807)	380,024	-	338,217
Loss for the period	-	-	-	(494,765)	(494,765)
Balance – June 30, 2021	42,469,020	9,033,959	1,273,754	(9,257,840)	1,049,873

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

INDIGO EXPLORATION INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

1 NATURE OF OPERATIONS AND GOING CONCERN

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 has interests in two properties located in Burkina Faso and one property located in Mali, West Africa. The Company’s corporate head office is located at Suite 880 – 580 Hornby Street, Vancouver, British Columbia, Canada.

These condensed interim 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 June 30, 2021, the Company had not yet achieved profitable operations, had a deficit of \$9,257,840 (September 30, 2020 - \$8,763,075) since inception, a working capital of \$341,899 (September 30, 2020 working capital of \$396,756), 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 explore its the mineral property interests 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.

In March 2020, the World Health Organization declared coronavirus (“COVID-19”) a global pandemic. The COVID-19 outbreak has resulted in social and economic disruption and had a resultant impact on the mining and exploration industries and capital markets. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. However, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time and could have a material impact on the Company's future financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.

2 BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2020, which have been prepared in accordance with IFRS.

The Company uses the same accounting policies and methods of computation as in the annual audited consolidated financial statements for the year ended September 30, 2020.

These financial statements were approved by the board of directors on August 30, 2021.

INDIGO EXPLORATION INC.**Notes to the Condensed Interim Consolidated Financial Statements****Three and nine months ended June 30, 2021 and 2020***(Unaudited - Expressed in Canadian dollars)***3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended September 30, 2020.

4 EXPLORATION AND EVALUATION ASSETS

	Lati 2 permit (formerly Lati)	Djimbala, Mali	Total
	\$	\$	\$
Balance – September 30, 2019	-	-	-
Acquisition costs			
Shares	-	110,000	110,000
Exploration costs			
Option agreement commitment	-	31,969	31,969
Other	30,878	-	30,878
Wages	59,721	-	59,721
Balance – September 30, 2020	90,599	141,969	232,568
Acquisition costs			
Shares	-	71,264	71,264
Exploration costs			
Option agreement commitment	-	307,398	307,398
Other	51,550	-	51,550
Wages	45,194	-	45,194
Balance – June 30, 2021	187,343	520,631	707,974

Hantoukoura Project – Burkina Faso, West Africa

The Company holds a 100% interest in the Hantoukoura (previously Kodyel). On March 2, 2017, the Kodyel permit area was re-permitted as the Hantoukoura permit of equal size and position as the Kodyel permit. On December 4, 2017, the Minister in charge of Mines in Burkina Faso suspended all activity on the permit in light of the security issues related to border issues between Niger and Burkina Faso. The length of the suspension period will be added back onto the length of the permit. As the Company was unable to confirm title to the property, the property was written down to \$Nil as at September 30, 2019. As at June 30, 2021 the suspension has not been lifted.

Lati 2 Project – Burkina Faso, West Africa

The Company holds a 100% interest in the Lati2 permit (previously Lati). On December 4, 2019 the Company was issued a three-year permit for the same area of the Lati permit, under a new name Lati 2.

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Djimbala – Mali, West Africa

On April 9, 2020 the Company entered into an option agreement with Desert Gold Ventures Inc., (“Desert Gold”), and its Mali subsidiary Desert Gold Mali SARL, (“DGM”), to acquire up to a 100% interest in the Djimbala Permit located in Southern Mali, West Africa. The Option Agreement was finalized and commenced on May 29, 2020 (the “Commencement date”).

To acquire the minimum 51% interest in the Djimbala Permit, the Company is required to incur \$400,000 in exploration expenditures prior to April 30, 2022. To acquire the maximum 100% interest in the Djimbala Permit, the Company is required to incur additional work expenditures of \$600,000 prior to April 30, 2024. The Company’s 100% interest is subject to a 2% net smelter royalty (“NSR”) in favour of Desert Gold. The Company has the right to purchase 1% of the NSR for USD\$1,000,000.

In addition to the exploration expenditures, the Company is required to make the following share issuances to Desert Gold:

- share issuance equivalent to \$50,000 of the Company’s common shares on the Commencement date (Issued 1,000,000 common shares on May 29, 2020 with a fair value of \$110,000);
- share issuance equivalent to \$75,000 at a deemed price equal to the volume weighted average price (“VWAP”) for the prior 10-day trading period, subject to a minimum deemed price of \$0.05 per share (the “Applicable Deemed Price”) on or before May 29, 2021 (Issued 890,802 common shares on May 28, 2021 with a fair value of \$71,264);
- share issuance equivalent to \$100,000 at the Applicable Deemed Price on or before May 29, 2022; and
- share issuance equivalent to \$125,000 at the Applicable Deemed Price on or before May 29, 2023.

In the event the Company earns a 51% interest but elects not to pursue the additional 49% interest, upon request of either party, the parties shall proceed to enter into a joint venture agreement.

The Company may at its sole discretion engage DGM to act as contractor to oversee some or all exploration expenditures on a monthly basis.

5 LOANS PAYABLE

In June 2019, the Company entered into loan agreements for a total proceeds 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. During the quarter ended December 31, 2020 the Company recorded interest expense of \$nil (2019 - \$2,521) on the loans. During the year ended September 30, 2020, the Company entered into debt settlement agreements on whereby the Company agreed to settle the outstanding loans and interest up to May 6, 2020 with the issuance of units comprising one common share and one common share purchase warrant. On June 1, 2020, the Company issued 2,183,333 units (with a fair value of \$240,167) to settle loans of \$100,000 and accrued total interest of \$9,167, incurring a loss on settlement of \$131,000. The units issued were valued using the quoted market value of the Company’s shares on the date of issuance.

During April 2020, the Company received loans for total proceeds of \$20,000. The loans are unsecured, non-interest bearing and due on demand.

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Notes to the Condensed Interim Consolidated Financial Statements

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6 SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

On May 5, 2020, the Company completed the Consolidation on the basis of 6 pre-consolidation shares for one post-consolidation share. All references to share and per share amounts in these condensed interim consolidated financial statements have been retroactively restated to reflect the Consolidation.

b) Financing:

On May 11, 2021, the Company entered into an early warrant exercise incentive plan. Under the incentive plan the Company received gross proceeds of \$505,833 from the exercise of 5,058,333 warrants and issued 5,058,333 incentive warrants. Each incentive warrant entitles the holder to acquire an additional share at a price of \$0.15 until May 11, 2024. The fair value of incentive warrants issued was \$380,024 which was recorded on the Statement of Loss and Comprehensive Loss. The fair value was calculated using the Black-Scholes model and the following assumptions: risk free rate 0.24%, expected volatility 175%, expected life 3 years and a dividend yield of Nil. Additional share issuance costs of \$41,807 were incurred.

On May 19, 2020, the Company closed a non-brokered private placement of 15,000,000 units at \$0.05 per unit for gross proceeds of \$750,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at \$0.10 per share, exercisable up to May 15, 2023. The warrants are subject to an acceleration clause should the common shares trade after September 16, 2020 at a price of \$0.15 or greater for 10 consecutive trading days, in which event management may notify warrant holders that the Warrants must be exercised within a period of 30 days, or they will be cancelled.

In connection with the private placement, the Company paid cash finder's fees of \$57,200 and issued 1,064,000 finder's warrants. The fair value of finder's warrants was \$93,719 which was recorded as share issuance costs. The fair value was calculated using the Black-Scholes model and the following assumptions: risk free rate 0.3%, expected volatility 180%, expected life 3 years and a dividend yield of Nil. Additional shares issuance costs of \$16,270 were incurred.

On June 1, 2020, the Company issued 2,183,333 units (with a fair value of \$240,167) to settle loans of \$109,167. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase on common share of the Company at \$0.10 per share, exercisable up to June 1, 2023. The warrants are subject to an acceleration clause should the common shares trade after September 16, 2020 at a price of \$0.15 or greater for 10 consecutive trading days, in which event management may notify warrant holders that the Warrants must be exercised within a period of 30 days, or they will be cancelled. The Company also issued 3,000,000 shares (with a fair value of \$330,000) to settle accounts payable with a related party of \$150,000.

INDIGO EXPLORATION INC.**Notes to the Condensed Interim Consolidated Financial Statements****Three and nine months ended June 30, 2021 and 2020***(Unaudited - Expressed in Canadian dollars)*

c) Stock options:

The Company's stock options outstanding as at June 30, 2021 and the changes for the nine months then ended is presented below:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2019	391,668	\$0.30	2.08
Balance September 30, 2020	391,668	\$0.30	1.08
Balance June 30, 2021	391,668	\$0.30	0.33

As at June 30, 2021, the Company had 391,668 outstanding options, allowing the holder to acquire 391,668 common shares at an exercise price of \$0.30 with an expiry date of October 28, 2021.

d) Warrants:

The Company's share purchase warrants outstanding as at June 30, 2021 and the changes for the nine months then ended is presented below:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, September 30, 2019	1,280,555	\$0.30	1.43
Issued	18,247,333	\$0.10	2.63
Balance, September 30, 2020	19,527,888	\$0.11	2.48
Expired	(1,280,555)		
Exercised	(5,058,333)		
Issued	5,058,333	\$0.15	2.87
Balance, June 30, 2021	18,247,333	\$0.11	2.15

As at June 30, 2021, the Company had the following warrants outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Remaining life (Years)</u>	<u>Warrants outstanding</u>
May 15, 2023	\$0.10	1.87	11,005,667
June 1, 2023	\$0.10	1.92	2,183,333
May 11, 2024	\$0.15	2.87	5,058,333
		2.15	18,247,333

7 RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing, and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company's key management personnel include all directors, officers and companies associated with them including the following:

- Buena Tierra Development Ltd ("Buena Tierra"), a company owned by Paul Cowley, the President, Chief Executive Officer and a director of the Company

INDIGO EXPLORATION INC.**Notes to the Condensed Interim Consolidated Financial Statements****Three and nine months ended June 30, 2021 and 2020***(Unaudited - Expressed in Canadian dollars)*

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, 2021 and 2020 was as follows:

	Three months ended		Nine months ended	
	June 30		June 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Accounting fees	3,207	2,313	10,707	8,324
Management and administration fees ⁽¹⁾	12,000	5,850	36,000	21,650
Exploration and evaluation	25,119	-	41,412	-
	40,326	8,163	88,119	29,974

⁽¹⁾ The charge includes consulting fees to Buena Tierra with which it has an on-going agreement with.

As at June 30, 2021, accounts payable and accrued liabilities include an amount of \$57,430 (September 30, 2020 - \$32,203) due to an officer 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 year ended September 30, 2020, the Company settled accounts payable of \$150,000 to Buena Tierra by issuing 3,000,000 common shares (with a fair value of \$330,000), which resulted in a loss on settlement of \$180,000.

8 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:

	June 30, 2021	September 30, 2020
	\$	\$
Canada	421,628	455,945
Burkina Faso	200,052	104,006
Mali	520,631	141,969
Total assets	1,142,311	701,920

Geographic segmentation of the Company's loss during the nine months ended June 30, 2021 and 2020 is as follows:

	2021	2020
	\$	\$
Canada	478,837	423,303
Burkina Faso	15,928	11,564
Loss and comprehensive loss	494,765	434,867

INDIGO EXPLORATION INC.

Notes to the Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

9 SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. As at June 30, 2021 there is \$25,227 (September 30, 2020 - \$nil) in accounts payable related to mineral property deferred exploration costs. In addition, there were common shares valued at \$71,264 (2020 - \$nil) issued for the acquisition of a mineral property.

10 COMMITMENTS

On June 19, 2020 the Company entered into an independent contractor agreement with Buena Tierra whereby the CEO agreed to provide management services to the Company. The agreement provides for the payment of \$4,000 per month effective as of May 1, 2020 for services provided. In the event of termination of the agreement without cause or a change of control of the Company, the Company must pay severance equal to 2 months of management fees.

11 FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities and loans payable. All are measured at amortized cost. As at June 30, 2021, the Company believes that the carrying values of financial instruments 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, 2020 and have not changed significantly during the nine months ended June 30, 2021.