INDIGO EXPLORATION INC.

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

The following information, prepared as of February 24, 2016, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Indigo Exploration Inc. (the "Company" or "Indigo") for the three months ended December 31, 2015, together with the audited consolidated financial statements of the Company for the year ended September 30, 2015 and the accompanying Management's Discussion and Analysis 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 May 2010, the Company entered into an option agreement to acquire a 100% interest, subject to a 1.5% net smelter return ("NSR") royalty, in the Moule Gold permit, in western Burkina Faso. During the year ended September 30, 2013, the Company made the final option payment and now owns 100% of the Moule Gold Permit.

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 four gold 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.

Burkina Faso

The Company currently holds five gold properties comprising four gold projects 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 six 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.

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. 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.

The Kodyel, Tordo and Lati permits have expired. The Company submitted the documentation required to extend the permits, however, has not received the renewed permits. The Company believes it will obtain extensions on these three permits.

The Company believes it presently holds all necessary licenses and permits on Moule and Loto, and priority on pending licenses and permits, Kodyel, Lati and Tordo, to carry on the activities which it will conduct, and that it is presently complying in all material respects with the terms of such licenses and permits. There can be no guarantee, however, 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.

Kodyel Exploration Permit

The 191.2 square kilometres Kodyel 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 Kodyel permit covers an extension of the Fada N'Gourma greenstone belt that extends into Niger. The Kodyel permit is traversed by a regional northeast-trending fault that stretches from Ghana to Niger and separates the mafic and felsic volcanics and metasedimentary rocks of the Fada belt from the migmatites and granites to the northwest. There are several active artisanal workings within the permit, including: Hantekoura (CFA) and Kodyel 1. The extensive Tangounga and Songonduari artisanal workings currently lie off the permit but are part of the same structure, continuing towards and into Niger.

Until early 2012 the Company had been unable to access the Kodyel permit due to a border dispute between Burkina Faso and Niger. The temporary suspension on the Kodyel permit was lifted and the Company commenced exploration on the renewed Kodyel permit. The renewed permit had reduced from 238 square kilometres to 191 square kilometres to exclude a 2 kilometre wide strip adjacent to the Niger border. The permit retained a right of first refusal to include this excluded area (which hosts the Tangounga artisanal mining site) after the World Court finalizes the border location.

On April 16, 2013, the World Court handed down their decision on the position of the Burkina Faso – Niger border in the vicinity of the Kodyel permit. According to maps provided by the World Court, the new border is approximately 6 kilometres northeast of the previous border position in the vicinity of the Kodyel permit. The Company is making efforts to extend the term of the original Kodyel permit which would incorporate the Tangounga artisanal workings. The Company is uncertain as to when the permit will be extended and when the excluded area will be returned to the Company.

Moule Option

The Company owns a 100% interest, subject to a 1.5% net smelter return ("NSR") royalty, in the Moule Gold Permit, in western Burkina Faso. The Company has the right to purchase the entire 1.5% NSR royalty for US $1,800,000. The Moule Gold Permit covers 185.6 square kilometres of prospective Birimian greenstone geology. Exploration prior to acquisition by Indigo consisted of property wide mapping, soil geochemistry, quartz veining and quartz float sampling and ground geophysics. These surveys located a number of gold targets, including: Zelingpe 1, Zelingpe 2, Vein 2 and Vein 3.

The Company completed initial RC drill programs on Zelingpe 1, Zelingpe 2 and Vein 3; and followed up with a diamond drill program at Vein 2 and Vein 3. These were the first drill programs ever completed at Moule. Results of the drill programs have been reported by press release and in prior MD&A's. Drill plans and selected sections from the Moule diamond drill program can be found on the Company's website at www.indigoexploration.com.

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 ("UNDP") and the Burkina Faso Office of Mines and Geology ("BUMIGEB") for volcanic-hosted massive sulfides ("VHMS") similar to the Perkoa zinc deposit, as well as by Carlin Resources and Incanore Resources for gold.

Results of a RC drill program on Lati have been reported by press releases and in prior MD&A's. Drill plans and selected sections from the Lati RC drill program can be found on the Company's website at www.indigoexploration.com.

Tordo Exploration Permit

The 143 square kilometre Tordo permit lies about 150km east of Ouagadougou. The permit covers a portion of the Fada N'gourma greenstone belt which consists of meta-tuff, meta-sediment and mafic metavolcanic rocks and has never been previously explored until recently by Sanu Burkina.

Loto Exploration Permit
The 100% owned, 70.08 square kilometre Loto exploration permit is located in the Boromo greenstone belt, contiguous to the Moule Exploration Permit, and forms part of the Moule project. The Loto permit lies near the town of Diebougou, approximately 270 km by road from Ouagadougou of which 250 km is paved. The area is intensely farmed and it has taken time to establish a working relationship with the local community.

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended December 31, 2015.

	For the quarter ended ($)			
	Dec. 31, 2015	**Sept. 30, 2015**	**Jun. 31, 2015**	**Mar. 31, 2015**
Total revenues	-	-	-	-
Loss	(20,254)	(45,550)	(25,349)	(41,091)
Loss per share (basic and diluted) [(1)]	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	944,648	972,145	832,504	846,676

	For the quarter ended ($)			
	Dec. 31, 2014	**Sept. 30, 2014**	**Jun. 30, 2014**	**Mar. 31, 2014**
Total revenues	-	-	-	-
Loss	(25,064)	(2,171,278)	(37,158)	(53,555)
Loss per share (basic and diluted) [(1)]	(0.00)	(0.05)	(0.00)	(0.00)
Total assets	879,709	783,228	2,921,084	2,958,250

[(1)] The basic and diluted calculations result in the same values.

The loss in the quarter ended September 30, 2014 includes write-downs of mineral properties of $ $2,121,835.

RESULTS OF OPERATIONS

The Company recorded a loss of $20,254 ($0.00 per share) for the three months ended December 31, 2015 as compared to a loss of $25,064 ($0.00 per share) for the three months ended December 31, 2014.

Differences in expenses of note include:

<u>Accounting and audit fees of $9,129 (2014 - $6,841).</u> Accounting and audit fees increased due to the timing for preparing the Company's annual financial statements and liaising with the Company's auditors.

<u>Office and miscellaneous of $2,930 (2014 - $7,481).</u> Office expenses, including those related to Sanu Burkina, decreased in the period due to a reduction in business activities.

<u>Legal fees of $Nil (2014 - $1,616).</u> Legal fees includes fees incurred for general corporate matters, decreased due to a reduction of corporate business activities.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

Financing Activities

During the three months ended December 31, 2015, the Company did not complete any financings.

During the three months ended December 31, 2014, the Company completed two of three tranches of a non-brokered private placement as follows:

(i) On December 17, 2014, the Company closed the first tranche of 5,125,000 units at $0.02 per unit for gross proceeds of $102,500. 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 December 17, 2017. A value of $5,125 has been attributed to the warrants.

(ii) On December 24, 2014, the Company closed the second tranche of 1,000,000 units at $0.02 per unit for gross proceeds of $20,000. 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 December 24, 2017. A value of $1,000 has been attributed to the warrants.

In connection with the three tranches, the Company paid finders' fees of $6,600 and incurred additional cash issue costs of $1,470.

Capital Expenditures

The capital expenditures of the Company during the three months ended December 31, 2015 included deferred mineral property expenditures of $14,473 (2014 - $34,096) on the Company's Burkina Faso projects. Refer to schedule I in the condensed interim consolidated financial statements for the three months ended December 31, 2015.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed $20,254 of cash (before working capital items) for the three months ended December 31, 2015 (2014 - $24,457) with an additional $19,866 (2014 - $41,247) used on mineral property deferred exploration expenditures. The cash requirement was fulfilled from cash on hand at the beginning of the period and from the proceeds of the private placements.

The Company's aggregate operating, investing and financing activities during the three months ended December 31, 2015 resulted in a net decrease in its cash balance from $142,784 at September 30, 2015 to $101,172 at December 31, 2015. The Company has a working capital deficiency of $704 at December 31, 2015 compared with a working capital of $34,023 at September 30, 2015. The Company has no long term debt.

The Company has no further payments to make to acquire any of its Burkina Faso mineral properties. The Company has minimum exploration commitments in Burkina Faso in order to keep its properties in good standing. Aside from the minimum exploration commitments in Burkina Faso, 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 months ended December 31 2015 and 2014 was as follows:

	2015	**2014**
	$	**$**
Accounting fees	3,800	-
Management and administration fees[1]	5,850	5,850
	5,850	**11,378**

[1] Includes fees billed by a company owned by the Chief Executive Officer, Paul Cowley.

The Company incurred additional expenditures charged by related parties during the three months ended December 31, 2015 and 2014 as follows:

	2015	2014
	$	$
Accounting fees[(2)]	-	5,528

[(2)] Includes fees billed by a company owned by the former Chief Financial Officer, Rob McMorran.

As at December 31, 2015, accounts payable and accrued liabilities includes an amount of $65,390 (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.

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. 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, 2015 and have not changed significantly during the three months ended December 31, 2015.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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

The following revised standards and amendments became effective for the Company on October 1, 2015. The new and amended standards did not have a significant impact on the condensed interim 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: Classification and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial instruments and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

OUTSTANDING SHARE DATA

a) Authorized:
Unlimited common shares without par value.

b) Issued and outstanding:
70,585,982 common shares

c) Outstanding warrants and options

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	4,900,000	$0.12	November 4, 2016
Share purchase warrants	5,125,000	$0.05	December 17, 2017
Share purchase warrants	1,000,000	$0.05	December 24, 2017
Share purchase warrants	1,500,000	$0.05	January 21, 2018
Stock options	515,000	$0.30	November 3, 2016

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 three months ended December 31, 2015 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.

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 drill campaign completed in February 2012 on the Lati permit and two large soil sampling programs completed during 2012 on the Kodyel and Moule/Loto permits generated new and sizeable drill targets. Since the spring of 2012, the Company has minimized its expenditures in order to conserve cash.

In December, January and September 2015, the Company closed non-brokered private placements for gross proceeds of $302,500 to provide working capital. Additional funding will be required in order to continue to advance the Burkina Faso permits.

A new Minister of Mines was appointed in January 2016 by the newly elected government of Burkina Faso. The Company is endeavouring to meet and dialogue with the newly appointed Minister of Mines in order to resolve pending permit extensions.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at 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.

- 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”.