INDIGO EXPLORATION INC.

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

The following information, prepared as of February 28, 2013 should be read in conjunction with the unaudited condensed consolidated financial statements of Indigo Exploration Inc. (the "Company" or "Indigo") for the three months ended December 31, 2012, together with the audited consolidated financial statements of the Company for the year ended September 30, 2012 and the accompanying Management's Discussion and Analysis (the "Annual 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.

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 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 February 28, 2013.

- 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".

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 ("IPO") 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. 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.

Paul Cowley and Keir Reynolds, directors of the Company, continue to act as the Chief Executive Officer and President, respectively.

Subsequent to the three months ended December 31, 2012, Dr. Thomas Henrickson was appointed director of the Company and Vice President Exploration, effective February 14, 2013.

The Company also announced on February 14, 2013 that it had arranged a non-brokered private placement of 10,000,000 units, priced at $0.05 per unit, for gross proceeds of $500,000, subject to TSX Venture Exchange approval. Each unit is comprised of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share for a period of one year, at an exercise price of $0.12 per share. Securities issued pursuant to the private placement will be subject to a four month hold period. Proceeds of the private placement will be used to continue to advance the Company's mineral exploration properties in Burkina Faso, for acquisition payments, and for general working capital.

MINERAL PROPERTIES

Paul Cowley, P.Geo, director and interim CEO 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 ($540) of exploration expenditures per square kilometre per year in order to maintain its permits in good standing. If such expenditures are not incurred, the Government of Burkina Faso may, at its discretion, cancel the permits after giving the permit holder sixty days notice to remedy any deficiency. At December 31, 2012, the Company had not incurred sufficient expenditures on its Loto, Tordo and Kodyel permits to comply with the Mining Code of Burkina Faso. However, the Government of Burkina Faso has renewed the Kodyel, Loto and Tordo permits and has not issued the Company any notice of non-compliance. The Company is in the process of renewing the Lati permit. Sufficient expenditures have been incurred on the Moule and Lati permits. The Company believes its Burkina Faso permits are in good standing.

Kodyel Exploration Permit

The 100% owned, 191 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.

The Hantekoura orpaillage consists of a series of pits and cuts oriented at 060^o over 550 metres strike length. Mineralization consists of quartz veins, 5 – 25 centimetres thick, hosted in intermediate tuffs near the granite contact. The Kodyel 1 site consists of a large cut 70 metres long and up to 40 metres wide, exploiting strongly kaolinitized and sheared rocks hosting white and rose quartz veins in a zone striking to the northeast and dipping to the northwest and southeast. Tangounga hosts multiple massive quartz veins each 1-10 metres wide outcropping over more than 400 metres strikelength. Local miners have been working to a depth of over 35 metres. Songonduari is located just inside the Burkina Faso border and was the site of a recent gold rush involving up to 10,000 artisanal miners. Highlights of grab samples of quartz from artisanal gold mining sites on Kodyel on veining, and alteration, within intermediate tuffs and highly altered, sheared and kaolinized felsic volcanics include 7 gpt Au and 9 gpt Au. A large part of the permit remains unexplored.

The permit was held from 1995-1997 by SEMAFO, who drilled over 493 RAB, 26 RC and 12 DD holes into the CFA prospect and outlined a small resource. The best intersection from a RAB hole was Hole 196 with 43m of 4.3 gpt Au.

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 has been reduced from 238 square kilometres to 191 square kilometres to exclude a 5 kilometre area adjacent to the Niger border. The permit retains a right of first refusal to include this excluded area (which hosts the Tangounga artisanal mining site) once the World Court has finalized the border location.

In the spring of 2012, the Company completed a 48 square kilometres soil grid over the 15 kilometre stretch of favourable geology and artisanal workings between the Tangounga pit and the CFA Zone drilled by Semafo in 1997. Results have been received for 65% of the grid. Multiple gold soil anomalies were identified. The most significant anomaly measures 1.5 kilometres long by 1 kilometre wide and corresponds with an interpreted structural dilation zone related to a regional right lateral fault. During the soil sampling program, geologists also mapped numerous artisanal workings and zones of substantial quartz float strung along a 15 kilometre stretch overlying the interpreted regional right lateral fault. The soil anomalies to date constitute new drill targets and confirm the sizeable potential of our flagship project. Approximately 35% of the soil results for this grid are pending, corresponding to an area 3 kilometre long trend, which displays a series of substantial artisanal workings.

Moule Option

On May 5, 2010, the Company entered into an option agreement to acquire a 100% interest, subject to a 1.5% net smelter return (“NSR”) royalty, in the Moule Gold Permit, in western Burkina Faso, in consideration for cash payments totalling US$410,000 over a three year period. To date the Company has made payments of US$210,000. The final payment of US$200,000 is due on or before May 5, 2013. The Company has the right to purchase the entire 1.5% NSR royalty for US$1,800,000.

The Moule Gold Permit covers 249 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.

The Company has received reinterpreted airborne geophysics from Moule. The radiometric airborne survey completed over the Moule/Loto project has identified a major new anomaly that is 9 kilometres long by 500 to 1500 metres wide and is suggestive of strong hydrothermal alteration. Indigo crews have completed a 19 square kilometre soil grid on the Moule and Loto Permits that covered the large radiometric target identified from the 2011 airborne geophysical survey. The soil grid has produced two kilometre-scale gold anomalies generating new drill targets. One anomaly is 2.2 kilometres long by up to 350 metres wide and corresponds to an interpreted magnetic intrusion. This anomaly trends towards the V-3 target on Moule where the Company intercepted 7 metres of 29.67 g/t Au in 2011 drilling, approximately 5.5 kilometres to the north of the soil anomaly. The second soil anomaly measures 1.5 kilometres long by up to 350 metres wide and corresponds to an area where limited prospecting of quartz float has returned four grab samples that ranged between 4.5 g/t Au and 21.9 g/t Au.

Lati Exploration Permit

The 100% owned, 246 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.

Prior exploration included airborne geophysics, soil geochemistry, trenching, and drilling. Several anomalous areas that were not previously followed up include a gold-in-soil anomaly (1000m by 200m) in the northern part of the permit in which three samples yielded over 1 gpt Au with a peak value of 6.5 gpt Au; a UNDP prospect that reported 12m of 2.45 gpt Au in a diamond drill hole; and the Kwademen artisanal mining area where reported gold mineralization over an area of 1250m x 250m with isolated values up to 65 gpt Au occurs in quartz veins and veinlets in a sheared granites and felsic volcanics.

The 2011 soil survey was successful in identifying two substantial gold-in-soil anomalies – one 4.75km long by 100-750 metres wide and the second 1.5km long by 250-350 metres wide. These anomalies coincide with portions of the two previously reported artisanal sites. Rock quartz float sampling, also within the grid, returned values ranging from background to 12.65 ppm Au (12.65 gpt). The Company commenced a 5,000 metre reverse circulation drill program in December 2011 to test the soil anomalies and artisanal sites. The drilling was completed in mid February 2012 with 50 RC holes totaling 6,500 metres. The entire drill program was a first pass prospecting effort, with 12 broad spaced drill transects (200m -1km apart) exploring a collective 7 kilometre long anomalous strikelength. The drilling targeted two large gold soil anomalies described in the Company's news release dated September 8, 2011, with associated extensive artisanal workings. The cumulative surface area of artisanal workings on Lati increased from 0.58 km^2 to 2.0 km^2 between May of 2011 and February of 2012.

The eastern target was tested for 4 kilometres by 8 broad spaced drill transects. This target covers two areas of extensive artisanal workings. The drilling along this trend yielded numerous intercepts of elevated gold mineralization. A 2.5 kilometre trend of wide, low-grade gold mineralization was discovered on the Eastern target. The interpreted north trending alignment of the mineralized sections remains open along strike to the north and south. In addition, three of the four drill transects suggest the mineralization is still open to the west. This system is only partly overlapping with a large artisanal workings that covers an area at least 850 metres by 500 metres, the majority of which has not been drill tested yet. The granite contact approximately 200-300 metres to the east of the four transects is also suspected to be mineralized and has not been drill tested to date.

The Northwest target area explored a 1 kilometre trend of extensive artisanal workings by 4 drill transects numbered 1 through 4. The Northwest target is approximately 1 kilometre northwest of the Eastern target. The best intercept here was 4.16 g/t Au across 4m. This area reported a previous drillhole by UNDP of 12m grading 2.5 g/t Au. The drilling in the northwest target encountered multiple intercepts of elevated gold, however, were found to be narrow or too dispersed to generate substantial zones.

Results of the 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 100% owned, 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. A dilational fault splay is focused near the contact of the greenstone belt and enclosing granites. Quartz float debris fields and a number of artisanal workings are associated with these structures. Quartz veins are most numerous in the central part of the mapped area displaying variable orientations including 070°, 110°, and 130° as exposed by trenching. In the metasedimentary rocks in the centre of the permit, mineralization consists of relatively narrow quartz veining and associated silicification. A regional and locally detailed soil geochemistry program has defined a 1300x 300m soil gold anomaly in saprolite with peak values to 3000 ppb gold (Au). Trenching of the anomaly by Sanu Burkina suggests these stockworks may host significant gold mineralization but more work is required to determine controls and extent. The trenching returned 8 metres of 1.17 gpt Au within a larger section of 101 metres of 0.41 gpt Au; 70 metres of 0.51 gpt Au; 27 metres of 0.32 gpt Au; and 38 metres of 0.24 gpt Au.

The Company has commenced trenching at Tordo in advance of a preliminary drilling program. The trenching program has not yet been completed.

Loto Exploration Permit

The 100% owned, 93 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.

Attention was first drawn to this area by outcrops of strongly anomalous (1-2 gpt Au) quartz vein swarms in intermediate to mafic volcanics. Sanu Burkina has covered the areas of quartz veining by a 200 x 100m soil geochemistry, rock chip and lag sampling and geological mapping. Eight of the ninety soil samples analyzed returned values greater than 50 ppb Au with a high value of 226 ppb Au. Five of the 167 grab rock chip and lag quartz samples collected assayed greater than 1 gpt Au, including values of 22.15 gpt Au, 4.49 gpt Au, 8.08 gpt Au, 11.15 gpt Au and 14.55 gpt Au.

The reinterpreted airborne geophysics from the radiometric airborne survey completed over the Moule/Loto project has identified a major new radiometric anomaly that is 9 kilometres long by 500 to 1500 metre wide and is suggestive of strong hydrothermal alteration. The southern part of this anomaly lies on the Loto permit. Indigo crews have completed grid soil sampling over the full length of the radiometric anomaly to prepare this trend for future drilling.

The soil grid has produced two kilometre-scale gold anomalies generating new drill targets. One anomaly on Moule is 2.2 kilometres long by up to 350 metres wide and corresponds to an interpreted magnetic intrusion. This anomaly trends towards the V-3 target on Moule where the Company intercepted 7 metres of 29.67 g/t Au in 2011 drilling, approximately 5.5 kilometres to the north of the soil anomaly. The second soil anomaly on Loto measures 1.5 kilometres long by up to 350 metres wide and corresponds to an area where limited prospecting of quartz float has returned four grab samples that ranged between 4.5 g/t Au and 21.9 g/t Au.

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, 2012.

	For the quarter ended ($)			
	Dec. 31, 2012	**Sep. 30, 2012**	**Jun. 30, 2012**	**Mar. 31, 2012**
Total revenues	-	-	-	-
Net loss	(47,799)	(150,581)	(144,138)	(202,407)
Net loss per share (basic and diluted) [1]	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	3,564,579	3,648,530	3,687,864	3,876,033

	For the quarter ended ($)			
	Dec. 31, 2011	**Sep. 30, 2011**	**Jun. 30, 2011**	**Mar. 31, 2011**
Total revenues	-	-	-	-
Net loss	(395,156)	(292,424)	(177,018)	(292,172)
Net loss per share (basic and diluted) [1]	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	4,169,231	4,350,843	3,721,103	3,649,621

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

The net loss declined in the quarter ended December 31, 2012 due to decreased administrative expenditures as management took steps to conserve cash. During the quarter ended September 30, 2011, total assets increased due to the completion of a private placement financing, partially offset by a write-off of mineral properties related to a reduction in the area of the Kodyel permit in Burkina Faso of $54,000.

RESULTS OF OPERATIONS

The Company recorded a net loss of $47,799 ($0.00 per share) for the three months ended December 31, 2012 as compared to a net loss of $395,156 ($0.01 per share) for the three months ended December 31, 2011. In general, business activities during the current quarter were very limited in comparison to the same quarter in fiscal 2012 and as such the reported loss was significantly lower in the current quarter.

Differences in general and administrative expenses of note include:

- Consulting fees of $Nil (2011 - $10,054). Consulting fees, primarily for financial/business development services, were reduced in the period due to decreased corporate activities.
- Foreign exchange loss of $1,813 (2011 - $(3,440)). Based primarily on activities conducted in Burkina Faso in West African CFA Francs, Euros and US dollars.
- General exploration expenses of $1,481 (2011 - $Nil). These exploration expenses are related to the Bada property in Burkina Faso, which the Company had written-off at September 30, 2012.
- Investor relations expenses of $Nil (2011 - $79,359). Expenditures are incurred for communications with current and potential shareholders. The decrease is the result of the discontinuation of services of a Canadian based IR firm and a German based IR firm.
- Legal fees of $500 (2011 - $21,203). Legal expenditures decreased as there were no business transactions during the period.
- Management and administration fees of $6,000 (2011 - $34,667). Management fees were reduced during the period and the prior period included management fees for the former CEO.
- Office and miscellaneous expenses of $24,754 (2011 - $56,860). Office expenses, including those related to Sanu Burkina, decreased in the period due to a reduction in business activity.
- Shared-based payments of $Nil (2011 - $171,961). Shared-based payments are related to the grant of incentive stock options in the respective period.

- Travel and accommodation expenses of $Nil (2011 - $12,240). There was no travel related to work on the Burkina Faso properties, investor relations, and financing matters during the current period.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

Financing Activities

There were no financing activities during the three months ended December 31, 2012 or December 31, 2011.

Capital Expenditures

The capital expenditures of the Company during the three months ended December 31, 2012 included deferred mineral property expenditures of $58,862 (2011 - $204,388), deferred acquisition expenditures of $30,493 (2011 - $Nil), purchase of equipment on the Company's Burkina Faso projects of $Nil (2011 - $42,591), and recovery of other assets of $Nil (2011 - $3,500).

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed $45,140 of cash (before working capital items) for the three months ended December 31, 2012 (2011 - $218,996) with an additional $58,862 (2011 - $204,388) used on mineral property deferred exploration expenditures, $30,493 (2011 - $Nil) used on deferred acquisition expenditures, $Nil (2011 - $42,591) used for the purchase of equipment and $Nil (2011 - $3,500) for the recovery of other assets. The cash requirement was fulfilled from cash on hand at the beginning of the period.

The Company's aggregate operating, investing and financing activities during the three months ended December 31, 2012 resulted in a net decrease in its cash balance from $315,879 at September 30, 2012 to $179,778 at December 31, 2012. The Company's working capital decreased to $124,931 at December 31, 2012 (September 30, 2012 - $228,494). The Company has no long term debt.

The Company has an option agreement to acquire a 100% interest in the Moule Gold Permit, Burkina Faso, by making a cash payment of US$200,000 on or before May 5, 2013. The Company has minimum exploration commitments in Burkina Faso in order to keep its properties in good standing. Aside from the Moule option agreement and 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

During the three months ended December 31, 2012 and 2011, the Company incurred the following expenditures charged by directors and officers of the Company and by companies controlled by directors and officers of the Company:

	2012 $	2011 $
Accounting fees	7,649	7,958
Management and administration fees	6,000	33,542
Mineral property expenditures - consulting	-	2,850
	13,649	44,350

As at December 31, 2012, accounts payable and accrued liabilities includes an amount of $8,432 (September 30, 2012 - $13,155) due to companies controlled by directors and officers of the Company.

Key management includes the Chief Executive Officer and the directors of the Company. The compensation paid or payable to key management for services during the three months ended December 31, 2012 and 2011 is as follows:

	2012 $	2011 $
Accounting fees	7,649	7,958
Management and administration fees	6,000	33,542
Mineral property expenditures - consulting	-	2,850
Share-based payments	-	132,003
	13,649	176,353

FINANCIAL INSTRUMENTS

Fair Value and Classification of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

- Level 3 - Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As at December 31, 2012, 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 presently limited to approximately $26,720 of net exposure denominated in CFAs. Based on this exposure as at December 31, 2012, a 5% change in the exchange rate would give rise to a change in net loss of $1,336. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

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

		December 31, 2012
	Canadian dollar	CFA
Cash and cash equivalents	181,102	(1,324)
Other receivables	4,500	1,142
Accounts payable and accrued liabilities	(41,009)	(26,538)
Net exposure	144,593	(26,720)

		September 30, 2012
	Canadian dollar	CFA
Cash and cash equivalents	314,390	1,489
Other receivables	5,100	1,101
Accounts payable and accrued liabilities	(45,128)	(58,571)
Net exposure	274,362	(55,981)

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

Credit Risk

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

Interest Rate Risk

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

Liquidity Risk

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

OUTSTANDING SHARE DATA

a) Authorized:
Unlimited common shares without par value.

b) Issued and outstanding:
33,060,982 common shares as at February 28, 2013.

c) Outstanding warrants and options as at February 28, 2013:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	1,637,500	$0.50	March 3, 2013
Share purchase warrants	229,250	$0.30	March 3, 2013
Stock options	400,000	$0.15	September 10, 2014
Stock options	625,000	$0.20	August 9, 2015
Stock options	565,000	$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 unaudited interim condensed consolidated financial statements for the three months ended December 31, 2012 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 Annual 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 ($540) 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, while continuing its search for a new Chief Executive Officer and President.

In February 2013 the Company appointed a new director and VP Exploration to lead the exploration for gold in Burkina Faso. Also in February 2013, the Company arranged a non-brokered private placement of $500,000 to provide working capital and funding for exploration. Additional funding will be required in order to continue to advance the Burkina Faso permits.

OTHER INFORMATION

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