INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
First Quarter Ended December 31, 2010 and 2009
(unaudited)

INDIGO EXPLORATION INC.

NOTICE OF NO AUDITOR REVIEW OF

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of the Company and all information contained in the first quarter 2011 report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the interim consolidated financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

INDIGO EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
(unaudited)

	December 31, 2010	September 30, 2010
ASSETS		
Current		
Cash and cash equivalents	$ 780,535	$ 796,173
HST/GST recoverable	18,101	37,494
Prepaid expenses	8,890	4,799
	807,526	838,466
Equipment (Note 4)	27,527	12,315
Mineral properties (Note 5 and Schedule 1)	817,209	739,060
Other assets	3,500	3,500
	$ 1,655,762	$ 1,593,341
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 81,044	$ 48,203
	81,044	48,203
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	2,408,418	2,177,980
Contributed surplus	314,490	338,214
Deficit	(1,148,190)	(971,056)
	1,574,718	1,545,138
	$ 1,655,762	$ 1,593,341

Organization and nature of operations (Note 1)

Commitments (Notes 5 and 6)

Subsequent events (Notes 6 and 12)

Approved by the Board of Directors

"R. Timothy Henneberry" Director   *"Paul S. Cowley"* Director

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

		Three months ended December 31, 2010		2009
General and Administrative Expenses				
Accounting and audit fees (Note 7)	$	12,976	$	12,569
Amortization		5,857		-
Bank charges and interest		687		88
Consulting fees		18,651		-
Filing fees		1,821		290
Foreign exchange loss		2,036		-
Investor relations		51,743		-
Management and administration fees (Note 7)		24,000		10,350
Office and miscellaneous		21,965		135
Legal fees		11,283		-
Stock-based compensation (Note 6)		5,972		-
Travel and accommodation		22,196		-
Loss before other item		(179,187)		(23,432)
Interest income		2,053		3
Net loss and comprehensive loss for the period	$	(177,134)	$	(23,429)
Basic and diluted loss per share	$	(0.01)	$	(0.00)
Weighted average number of shares		19,409,801		5,823,817

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended December 31, 2010	2009
Cash provided by (used in)		
Operating Activities		
Net loss for the period	$ (177,134)	$ (23,429)
Add items not involving cash:		
Amortization	5,857	-
Stock-based compensation	5,972	-
	(165,305)	(23,429)
Changes in non-cash working capital items:		
HST/GST recoverable and other receivables	19,393	(5,602)
Prepaid expenses	(4,091)	-
Accounts payable and accrued liabilities	32,841	(29,061)
	(117,162)	(58,092)
Investing Activities		
Deferred exploration expenditures	(78,149)	(223)
Purchase of equipment	(21,069)	-
	(99,218)	(223)
Financing Activities		
Deferred financing costs	-	59,013
Issuance of shares - net of costs	200,742	409,101
	200,742	468,114
(Decrease) increase in cash during the period	(15,638)	409,799
Cash and cash equivalents - Beginning of the period	796,173	36,214
Cash and cash equivalents - End of the period	$ 780,535	$ 446,013
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Cash and cash equivalents are comprised of:		
Cash	$ 80,535	$ 446,013
Short-term investments	700,000	-
	$ 780,535	$ 446,013

Supplemental cash flow information (Note 9)

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

INDIGO EXPLORATION INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

For the three months ended December 31, 2010

(unaudited)

	Issued Share Capital								
	Number of Shares		Amount		Contributed Surplus		Deficit		Total Shareholders' Equity
Balance – September 30, 2010	19,091,161	$	2,177,980	$	338,214	$	(971,056)	$	1,545,138
Issued:									
Pursuant to exercise of warrants	813,745		200,742		-		-		200,742
Transfer on exercise of warrants	-		29,696		(29,696)		-		-
Stock-based compensation	-		-		5,972		-		5,972
Net loss for the period	-		-		-		(177,134)		(177,134)
Balance – December 31, 2010	19,904,906	$	2,408,418	$	314,490	$	(1,148,190)	$	1,574,718

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

1 ORGANIZATION AND NATURE OF OPERATIONS

Indigo Exploration Inc. ("the Company") was incorporated on February 29, 2008 under the Business Corporations Act of British Columbia. The Company completed its Initial Public Offering on December 29, 2009. The Company commenced trading on the TSX Venture Exchange on December 31, 2009 and is currently listed under the symbol "IXI".

The Company's principal activities include the acquisition, exploration and development of mineral properties. The Company is currently conducting exploration and development activities in Burkina Faso, Africa. The recoverability of amounts shown as mineral properties is dependent upon the conversion of mineral resources to economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

On June 30, 2010, the Company acquired all of the issued and outstanding common shares of Sanu Burkina Faso S.A.R.L., a private company located in Burkina Faso, Africa (Note 3). The consolidated financial statements include the results of operations of Sanu Burkina Faso S.A.R.L. from June 30, 2010.

These unaudited financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. 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. At December 31, 2010, the Company had not yet achieved profitable operations, had an accumulated deficit of $1,148,190 since inception and expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, its ability to obtain the necessary financing to develop the properties and to meet its ongoing levels of corporate overhead and commitments, keep its property in good standing 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.

2 SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"), following accounting policies consistent with the Company's audited consolidated financial statements and notes thereto for the year ended September 30, 2010. These consolidated financial statements do not include all the disclosures required by GAAP for annual financial statements and should be read in conjunction with the most recent audited consolidated financial statements of the Company. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may vary from these estimates.

2 SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. The Company has begun an internal diagnostic review to understand, identify and assess the overall effort required to produce financial information under IFRS, however, at this time, the financial reporting impact of the transition to IFRS cannot be reasonably estimated.

3 ACQUISITION OF SANU BURKINA FASO S.A.R.L.

By an agreement dated May 27, 2010, effectively closed on June 30, 2010, the Company acquired (the "Acquisition") 100% of the issued and outstanding shares of Sanu Burkina Faso S.A.R.L. ("Sanu Burkina"), a company organized under the laws of Burkina Faso, Africa, in consideration for cash payments of $65,000 and the issuance of 3,000,000 common shares of the Company valued at $450,000.

The transaction has been accounted for using the purchase method of accounting as an acquisition of assets by the Company. The allocation of the purchase price is based on the assets acquired and liabilities assumed measured at the carrying values, which approximated their fair values, at the date of the Acquisition. The allocation of the purchase price to the assets and acquired and liabilities assumed is as follows:

Cash	$	20,921
Other assets		3,128
Equipment		15,981
Mineral properties		661,188
Accounts payable and accrued liabilities		(21,218)
Future income tax liability		(165,000)
Fair value of assets acquired and liabilities assumed	$	515,000
Consideration paid:		
Cash	$	65,000
Value of shares issued		450,000
Total consideration paid	$	515,000

Transactions undertaken by Sanu Burkina are included in the consolidated financial statements from June 30, 2010.

4 EQUIPMENT

	December 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Computer Equipment	$ 1,909	$ 143	$ 1,766
Computer Software	19,160	4,790	14,370
Furniture and Equipment	1,492	1,492	-
Vehicles	14,488	3,097	11,391
	$ 37,049	$ 9,522	$ 27,527

	September 30, 2010		
	Cost	Accumulated Amortization	Net Book Value
Furniture and Equipment	$ 1,492	$ 1,492	$ -
Vehicles	14,488	2,173	12,315
	$ 15,980	$ 3,665	$ 12,315

5 MINERAL PROPERTIES (Schedule 1)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to its properties are in good standing.

Pursuant to the Mining Code of Burkina Faso, an exploration permit holder is required to incur 270,000 West African CFA Francs ($548) 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, 2010, the Company has not incurred sufficient exploration expenditures on its Burkina Faso permits to comply with the Mining Code of Burkina Faso. However, the Government of Burkina Faso has renewed the permits and has not issued the Company any notice of non-compliance. As such, the Company believes its Burkina Faso permits are in good standing.

Kodyel Exploration Permit and Other Permits

Pursuant to the Acquisition (Note 3), the Company acquired gold mineral properties located in Burkina Faso, Africa. The permits acquired were the Kodyel Exploration Permit, the Tordo Exploration Permit, the Lati Exploration Permit and the Loto Exploration Permit. The Company has no significant commitments with respect to these permits.

5 MINERAL PROPERTIES (Schedule 1) – (cont'd)

Moule Gold Permit, Burkina Faso

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 as follows:

A. US$50,000 on May 5, 2010 (paid);
B. US$60,000 on or before May 5, 2011;
C. US$100,000 on or before May 5, 2012;
D. US$200,000 on or before May 5, 2013.

The Company has the right to purchase the entire 1.5% NSR royalty for US$1,800,000.

6 SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

b) Commitments:

Stock option plan

The Company has a stock option plan (the "Plan") whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the Plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV.

Options may be granted for a maximum term of ten (10) years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

During the three months ended December 31, 2010, there were no changes to the number of share purchase options outstanding.

6 SHARE CAPITAL – (cont'd)

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance outstanding , December 31, 2010	1,725,000	$0.18	4.33
Exercisable, December 31, 2010	1,650,000	$0.18	4.31

At December 31, 2010, the following share purchase options were outstanding entitling the holder thereof the right to purchase one common share of the Company for each option held:

Number	Exercise Price	Expiry Date
550,000	$0.15	September 10, 2014
[(1)]1,075,000	$0.20	August 9, 2015
100,000	$0.20	September 28, 2015
1,725,000		

(1) Subsequent to December 31, 2010, 100,000 of these share purchase options were exercised for gross proceeds of $20,000.

During the three months ended December 31, 2010, the Company recorded stock-based compensation expense of $5,972 (three months ended December 31, 2009 - $nil) based on the vesting of stock options during the period.

Warrants

Changes in share purchase warrants during the three months ended December 31, 2010 are as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Balance, September 30, 2010	6,470,345	$0.29	0.69
Exercised	(813,745)	$0.25	
Balance, December 31, 2010	5,656,600	$0.30	0.48

6 SHARE CAPITAL – (cont'd)

At December 31, 2010, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share of the Company for each warrant held:

Number	Exercise Price	Expiry Date
(1) 120,000	$0.35	January 6, 2011
(2) 4,935,000	$0.30	June 25, 2011
(3) 331,600	$0.30	June 30, 2011
(4) 270,000	$0.30	July 28, 2011
5,656,600		

(1) Subsequent to December 31, 2010, 120,000 of these share purchase warrants were exercised for gross proceeds of $42,000.
(2) Subsequent to December 31, 2010, 555,000 of these share purchase warrants were exercised for gross proceeds of $166,500.
(3) Subsequent to December 31, 2010, 8,520 of these share purchase warrants were exercised for gross proceeds of $2,556.
(4) Subsequent to December 31, 2010, 2,000 of these share purchase warrants were exercised for gross proceeds of $600.

c) Escrow shares

Pursuant to the IPO, on December 29, 2009, 2,259,043 common shares of the Company were placed into escrow. These escrow shares will be released as to ten percent (10%) on December 30, 2009 (released) and an additional fifteen percent (15%) at six month intervals thereafter over a 36 month period with the final tranche being released on December 30, 2012. As at December 31, 2010, 1,355,426 (September 30, 2010 – 1,694,282) common shares remained in escrow.

7 RELATED PARTY TRANSACTIONS

During the three months ended December 31, 2010 and 2009, 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:

	2010	2009
Accounting fees	$ 7,979	$ 7,070
Management and administration fees	22,600	8,950
	$ 30,579	$ 16,020

These expenditures were measured at the exchange amount which is the amount agreed upon by the transacting parties.

As at December 31, 2010, accounts payable and accrued liabilities includes an amount of $15,432 (September 30, 2010 - $8,569) due companies controlled by directors and officers of the Company.

8 FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The Company designated its cash and cash equivalents as held-for-trading which are measured at fair value. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

The Company classifies the fair value of these transactions according to the following fair value hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Level 2 valuation is based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The value of cash and cash equivalents has been assessed based on the fair value hierarchy described above and are classified as Level 1. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

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 $35,752 of net balance sheet exposure denominated in CFAs. Based on this exposure as at December 31, 2010, a 5% change in the exchange rate would give rise to a change in net loss and comprehensive loss of approximately $1,788. 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, 2010	
	Canadian dollar	CFA
Cash and cash equivalents	$ 744,515	$ 36,020
Accounts payable and accrued liabilities	(80,776)	(268)
Net balance sheet exposure	$ 663,739	$ 35,752

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

8 FINANCIAL INSTRUMENTS – (cont'd)

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. Accounts payable and accrued liabilities are all current.

9 SUPPLEMENTAL CASH FLOW INFORMATION

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

During the three months ended December 31, 2010:

a) The transfer of $29,696, the value of warrants exercised during the period, from contributed surplus to share capital.

During the three months ended December 31, 2009:

a) 400,000 agents' warrants issued by the Company (ascribed value of $23,027) pursuant to the Initial Public Offering.

10 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:

	December 31, 2010	September 30, 2010
Canada	$ 838,297	$ 874,028
Burkina Faso	817,465	719,313
Total assets	$ 1,655,762	$ 1,593,341

10 SEGMENTED INFORMATION – (cont'd)

Geographic segmentation of the Company's net loss is as follows:

	For the three months ended December 31, 2010	2009
Canada	$ 159,183	$ 23,429
Burkina Faso	17,951	-
Net loss	$ 177,134	$ 23,429

11 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

12 SUBSEQUENT EVENTS

Private Placement of Units

On January 24, 2011, the Company closed a non-brokered private placement of 7,663,666 units ("Unit") at $0.30 per Unit for gross proceeds of $2,299,100. Each Unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof the right to purchase an additional common share of the Company at $0.50 per share up to July 24, 2012.

The Company paid finders' fees in connection with the private placement. Finders' fees included $42,888 of cash, 232,057 Units with the same terms as the private placement Units and 375,015 finders' warrants. Each finder's warrant entitles the holder thereof the right to purchase an additional common share of the Company at $0.35 per share up to July 24, 2012.

Exercise of Share Purchase Warrants

Subsequent to December 31, 2010, certain share purchase warrants were exercised as described in Note 6.

Schedule 1

INDIGO EXPLORATION INC.
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
December 31, 2010
(unaudited)

	Burkina Faso, Africa			
	Moule Project	Kodyel Project	Other Projects	Total
Balance, September 30, 2010	$ 51,845	$ 376,508	$ 310,707	$ 739,060
Deferred exploration costs				
Camp	8,571	-	-	8,571
Equipment rental	17,966	-	222	18,188
Other	-	-	134	134
Surveying	8,520	8,897	8,520	25,937
Travel and accommodation	237	-	-	237
Wages	13,429	3,017	8,636	25,082
	48,723	11,914	17,512	78,149
Balance, December 31, 2010	$ 100,568	$ 388,422	$ 328,219	$ 817,209