
INDIGO EXPLORATION INC.
(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017 and 2016
(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	March 31, 2017 \$	September 30 2016 \$
ASSETS			
Current			
Cash		121,650	228,021
Taxes recoverable and other receivables		1,754	967
Prepaid expenses		11,236	3,373
		134,640	232,361
Mineral properties (Schedule 1)	6	705,810	674,732
		840,450	907,093
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	108,685	121,708
EQUITY ATTRIBUTABLE TO SHAREHOLDERS			
Share capital	7	7,026,541	7,026,541
Contributed surplus		797,569	743,973
Deficit		(7,092,345)	(6,985,129)
		731,765	785,385
		840,450	907,093

Organization and nature of operations (Note 1)

Going concern (Note 2)

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 six months ended March 31, 2017 and 2016***(Unaudited - Expressed in Canadian dollars)*

		Three months ended March 31		Six months ended March 31	
	Note	2017	2016	2017	2016
				\$	\$
Accounting and audit fees	9	8,327	3,802	15,502	12,931
Filing fees		9,295	9,065	10,442	9,565
Foreign exchange loss		1,978	538	2,779	2,383
Legal fees		538	238	538	238
Management and administration fees	9	5,850	9,100	11,700	14,950
Office and miscellaneous		7,962	4,593	12,003	7,523
Share-based compensation	7	-	-	53,596	-
Travel and accommodation		656	949	656	949
Loss before other items		(34,606)	(28,285)	(107,216)	(48,539)
Write-off of mineral properties		-	(122,668)	-	(122,668)
Total loss and comprehensive loss for the period		(34,606)	(150,953)	(107,216)	(171,207)
Loss per share					
- Basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding					
- Basic and diluted		84,335,982	70,585,982	84,335,982	70,585,982

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

INDIGO EXPLORATION INC.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended March 31, 2017 and 2016
(Unaudited - Expressed in Canadian dollars)

	2017	2016
	\$	\$
Cash provided by (used in)		
Operating activities		
Loss for the period	(107,216)	(171,207)
Add items not involving cash:		
Share-based compensation	53,596	-
Write-down of mineral properties		122,668
	(53,620)	(48,539)
Changes in non-cash working capital items:		
Taxes recoverable and other receivables	(787)	(1,448)
Prepaid expenses	(7,863)	263
Accounts payable and accrued liabilities	(13,308)	(10,683)
	(75,578)	(60,407)
Investing activities		
Deferred exploration expenditures	(30,793)	(36,788)
Increase (decrease) in cash and cash equivalents	(106,371)	(97,195)
Cash - beginning of period	228,021	142,784
Cash - end of period	121,650	45,589

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

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

	Shares	Share	Contributed	Deficit	Total
	Number	Capital	Surplus		
		\$	\$	\$	\$
Balance – September 30, 2015	70,585,982	6,785,882	730,223	(6,654,011)	862,094
Loss and comprehensive loss	-	-	-	(171,207)	(171,207)
Balance – March 31, 2016	70,585,982	6,785,882	730,223	(6,825,218)	690,887
Issued during year:					
Pursuant to private placement of units	13,750,000	261,250	13,750	-	275,000
Less: cash issue costs	-	(20,591)	-	-	(20,591)
Loss and comprehensive loss	-	-	-	(159,911)	(159,911)
Balance – September 30, 2016	84,335,982	7,026,541	743,973	(6,985,129)	785,385
Share-based payments	-	-	53,596	-	53,596
Loss and comprehensive loss	-	-	-	(107,216)	(107,216)
Balance – March 31, 2017	84,335,982	7,026,541	797,569	(7,092,345)	731,765

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

For the three and six months ended March 31, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

1 ORGANIZATION AND NATURE OF OPERATIONS

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

2 GOING CONCERN

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 March 31, 2017, the Company had not yet achieved profitable operations, had an accumulated deficit of \$7,092,345 (September 30, 2016 - \$6,985,129) since inception, a working capital of \$25,955 (September 30, 2016 - \$110,653), 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 develop the mineral properties 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.

3 BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) 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, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

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, 2016.

These financial statements were approved by the board of directors for issue on May 26, 2017.

INDIGO EXPLORATION INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

4 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. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted.

IAS 7 - Statement of Cash Flows. In January 2016, IASB amended IAS 7, "Statement of Cash Flows", The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's September 30, 2016 annual consolidated financial statements.

6 MINERAL PROPERTIES (Schedule 1)

The Company holds a 100% interest in several properties in Burkina Faso, West Africa and has the right to purchase the entire 1.5% NSR royalty on the Moule Gold Permit for US\$1,800,000. Refer to Schedule 1.

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 day 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 as at March 31, 2017.

During the year ended September 30, 2016, the Company was in correspondence with Government officials regarding the Kodyel permits and believes it will obtain the extension of the permits.

INDIGO EXPLORATION INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended March 31, 2017 and 2016***(Unaudited - Expressed in Canadian dollars)***7 SHARE CAPITAL**

a) Authorized:

Unlimited common shares without par value.

Issued and fully paid at March 31, 2017: 84,335,982 (September 30, 2016 - 84,335,982)

b) Financing:

During the six months ended March 31, 2017 and 2016, the Company did not complete any financings.

c) Stock options:

The Company's stock options outstanding as at March 31, 2017 and the changes for the six months then ended is presented below:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, September 30, 2016	515,000	\$0.30	0.09
Expired	(515,000)	\$0.30	
Granted	2,600,000	\$0.05	
Balance, March 31, 2017	2,600,000	\$0.05	4.58

During the six months ended March 31, 2017, the Company granted 2,600,000 stock options with an exercise price of \$0.05 per share and an expiry date of October 28, 2021. The options vested immediately upon issuance.

The estimated fair value of the stock options granted during the six months ended March 31, 2017 was \$53,596. The fair value of the options granted during the six months ended March 31, 2017 is estimated using the Black-Scholes option valuation model with the following weighted-average assumptions: Risk-free interest rate – 2.70%; expected life – 5 years; expected volatility – 134%; expected dividends – nil.

As at March 31, 2017, the Company had 2,600,000 outstanding, fully exercisable, stock options allowing the holder to acquire 2,600,000 common shares at an exercise price of \$0.05 with an expiry date of October 28, 2021.

d) Warrants:

The Company's share purchase warrants outstanding as at March 31, 2017 and the changes for the six months then ended is presented below:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance, September 30, 2016	26,275,000	\$0.06	1.76
Expired	(4,900,000)	\$0.12	
Balance, March 31, 2017	21,375,000	\$0.05	1.86

INDIGO EXPLORATION INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended March 31, 2017 and 2016***(Unaudited - Expressed in Canadian dollars)*

The balance of share purchase warrants outstanding as at March 31, 2017 was as follows:

Expiry Date	Warrants outstanding	Exercise price (per share)	Remaining life (years)
December 17, 2017	5,125,000	\$0.05	0.72
December 24, 2017	1,000,000	\$0.05	0.73
January 21, 2018	1,500,000	\$0.05	0.81
May 20, 2019	13,750,000	\$0.05	2.48
	21,375,000	\$0.05	1.86

8 RELATED PARTY TRANSACTIONS

Compensation paid or payable to the directors, the Chief Executive Officer and the Chief Financial Officer for services provided during the three and six months ended March 31, 2017 and 2016 was as follows:

	Three months ended March 31		Six months ended March 31	
	2017	2016	2017	2016
	\$	\$	\$	\$
Accounting fees	3,360	1,520	5,160	5,320
Management and administration fees	5,850	9,100	11,700	14,950
	9,210	10,620	16,860	20,270

As at March 31, 2017, accounts payable and accrued liabilities includes an amount of \$105,658 (September 30, 2016 - \$98,363) 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.

9 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:

	March 31, 2017	September 30, 2016
	\$	\$
Canada	198,635	294,464
Burkina Faso	641,815	612,629
Total assets	840,450	907,093

INDIGO EXPLORATION INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended March 31, 2017 and 2016***(Unaudited - Expressed in Canadian dollars)*

Geographic segmentation of the Company's loss during the three and six months ended March 31, 2017 and 2016 is as follows:

	Three months ended March 31		Six months ended March 31	
	2017	2016	2017	2016
	\$	\$	\$	\$
Canada	26,364	17,510	93,322	36,698
Burkina Faso	8,242	128,943	13,894	134,509
Loss	34,606	146,453	107,216	171,207

Condensed Interim Consolidated Schedule of Mineral Properties

(Unaudited - Expressed in Canadian dollars)

	Moule Project \$	Kodyel Project \$	Loto Project \$	Total \$
Balance – September 30, 2016	398,457	217,862	58,413	674,732
Deferred exploration costs				
Other	168	1,124	446	1,738
Wages	9,780	9,780	9,780	29,340
	9,948	10,904	10,226	31,078
Balance – March 31, 2017	408,405	228,766	68,639	705,810