An Exploration Stage Company

MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended December 31, 2013

This Management's Discussion and Analysis ("MD&A") of Colt Resources Inc. and its subsidiaries (the "Company") has been prepared based on information as of April 29, 2014 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous periods and should be read in conjunction with our annual consolidated financial statements for the years ended December 31, 2013 and 2012 and related notes. The financial statements and related notes of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes of the December 31, 2013 and 2012 annual consolidated financial statements for disclosure of the Company's significant accounting policies. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Additional information, including our press releases and the Company's annual information form, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. Additional information relating to the Company can be found on the Company's website at www.coltresources.com.

The Company's securities trade on the TSX Venture, OTCQX and Frankfurt exchanges.

FORWARD LOOKING STATEMENTS

Certain of the information contained in this MD&A may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. In this MD&A, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements.

Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described in this MD&A and any other document published by the Company. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this document to reflect subsequent information, events or circumstances or otherwise, except if required by applicable laws.

COMPANY OVERVIEW

Colt Resources Inc. is a Canadian-based exploration stage company focused on the acquisition, exploration and development of mineral properties in Portugal and the Greater Middle East. The Company is led by an experienced managerial and technical team and its strategy is to provide stakeholder value from quality mineral assets located in strategic jurisdictions. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec.

Colt Resources Inc. is incorporated in Canada and operates from its headquarters in Montreal, Canada and also through its wholly owned subsidiary ColtInvestco SGPS S.A. and its subsidiaries, Q.S.P.A. – Sociedade Vitícola Unipessoal Lda. ["QSPA"], Eurocolt Resources Unipessoal Lda. ["Eurocolt"], Aurmont Resources Unipessoal Lda. ["Aurmont"], TungSPA Unipessoal Lda. ["TungSPA"], Colt Resources Middle East (Cayman), Colt Middle East Corporation (Cayman) and Colt Resources Kanz (Cayman). These subsidiaries represent the interests of Colt Resources Inc. in Portugal and the Greater Middle East area.

The Company's significant exploration and development projects at December 31, 2013 included the Boa Fé gold project in southern Portugal and the Tabuaço tungsten project in northern Portugal. The Company holds a 100% interest in both projects.

The recoverability of investments in the Company's exploration and evaluation assets are dependent upon the economic recoverability of its reserves, the continuation of the Company's interest in the underlying resource claims and the ability by the Company to obtain necessary financing to complete their development. 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 available on acceptable terms.

QUALIFIED PERSON

The technical information disclosed in this MD&A has been reviewed and approved by Gareth O'Donovan of the firm SRK Exploration Services, a Qualified Person (QP) for Colt Resources Inc., as defined by National Instrument 43-101 for the Standards of Disclosure for Mineral Projects.

The Company's technical reports are available under the Company's profile on www.sedar.com

CORPORATE HIGHLIGHTS

The Fiscal year ended December 31, 2013 was marked by continued uncertainty in the financial markets, in particular, the equity markets for mineral exploration and junior producers globally. This uncertainty in the financial markets has resulted in decreased activity in equity financings, making it more difficult for juniors to finance their projects.

The financial uncertainty in the European Union remains relevant as well within the context of the Company's operations in Portugal. Management remains cautious in its outlook and its assessment of the macro economic conditions that can potentially affect the funding of its projects in the region.

Key Activities

Projects

Portugal

During the year ended December 31, 2013, the Company was awarded the Tabuaço and Santo António Experimental Mining Licenses ("EML"). The Tabuaço EML replaces the exploration license under the name of Armamar-Meda, the company's 100% owned tungsten project in Northern Portugal. The Santo António EML, replaced the Penedono exploration license. This new license was granted to the Joint Cooperation Consortium formed between Colt Resources Inc. and Contécnica Consultoria Technica, LDA, a Brazilian company that will become the operator of the project. In addition, the Company was also awarded two new exploration licenses for the Borba and Cercal properties.

On May 7, 2013, the Company filed a Preliminary Economic Assessment (PEA) for its Boa Fé gold project. The PEA was prepared by SRK Consulting (UK) and it concluded that the project is economically viable. The Company highlighted that it plans to complete a feasibility study in the new fiscal year. The entire report is available on SEDAR at www.sedar.com.

On September 4, 2013, the Company announced that it had completed a Preliminary Economic Assessment (PEA) on its 100% owned Tabuaço tungsten project. The entire report is available on SEDAR at www.sedar.com

In addition, during the year ended December 31, 2013, the Company signed an agreement with Star Mining Ltd. ("Star Mining") on September 23, 2013 for the joint exploration and development of the Borba License on an earn-in basis. Colt and Star Mining will jointly explore the Borba Licence (and have agreed that Star Mining will develop a work program and has the right to earn-in progressively to full ownership of the Borba Licence). Upon the completion of a work program and expenditures of not less than $350,000 USD [$372,260] over a period of up to 18 months, Star Mining may initially earn a 25% interest in the Borba Licence. Subsequently and upon the completion of a work program and expenditures of not less than $750,000 USD [$797,700] over a further period of up to 30 months, Star Mining may earn a further 35% interest in the Borba Licence. Star Mining may then elect to spend a further $1,000,000 USD [$1,063,600] by carrying out additional technical, commercial and environmental programs on the Borba Licence area for the purposes of working towards the completing a National Instrument 43-101 technical compliant resources report to earn a further 20% ownership of the concession. Once Star Mining has obtained an 80% ownership interest in the Borba Licence, Colt's remaining 20% ownership will revert to a carried interest. Star Mining will also have the option to purchase this remaining 20% interest of the Borba Licence at either $5,000,000 USD [$5,318,000] within 24 months of obtaining an 80% interest or for $10,000,000 USD [$10,636,000] at any time during a subsequent 42-month period. As of December 31, 2013, the work program was in the process of being developed.

Middle East

During the year ended December 31, 2013, the Company initiated activities designed to acquire advanced stage, near production mining projects in the Greater Middle East area as announced in the press release dated October 28th, 2013. The specific areas of interest are the following:

In Pakistan, the focus is on the properties located in the Tethyan belt, around the Chagai Hills area in the province of Balochistan, southwest of Pakistan. Chagai Hills was explored in detail in the 1970s by the Geological Survey of Pakistan. To date the only significant mining activity in the region has been copper mining currently being carried out by a Chinese mining company in a location called Saindak. The remaining area is largely unexplored and various national and international geological surveys have estimated that there could be substantial wealth of recoverable mineral resources in the region which, if further investigated, could be exploited to provide much needed social and economic development for the region.

In Afghanistan, the focus is on properties in the Province of Nimroz, southwest of Afghanistan. This province is located east of Iran and north of Balochistan, Pakistan. The province contains five districts, encompassing about 649 villages, and roughly 156,600 settled people. The city of Zaranj serves as the provincial capital and Zaranj Airport, which is located by that city, serves as a domestic airport for the province. The province of Nimroz is rich in gold, copper, lithium and rare earths deposits.

Afghanistan has abundant non-fuel mineral resources, including both known and potential deposits of a wide variety of minerals ranging from copper, iron, and sulfur to bauxite, lithium, and rare-earth elements. The US Geological Survey conducted studies from 2007 to 2009 and announced the existence of over $1 trillion worth of untapped mineral deposits identified in Afghanistan, enough to fundamentally alter the economy.

Key Corporate Developments

- As part of the planned financing announced in January 2013 for a total of approximately $8,872,268 the Company closed on $3,872,269. The remaining amount of $5,000,000 was not subscribed for by a Hong Kong based resource investment fund.
- On June 21, 2013, the Company announced that Mr. Jean Depatie was stepping down from his role as chairman of the board of directors. The Company also announced that Mr. Richard Quesnel had accepted to assume the role of chairman of the Company. On June 26, 2013, Mr. Quesnel was also appointed as executive chairman of the Board of Directors.
- During July 2013, the Company commenced its activities in the Greater Middle East region aimed at acquiring licenses for advanced stage mining projects in the region as discussed above.
- In July 2013, the Company closed on a $5,000,000 private placement with Worldlink Resources Ltd., a Hong Kong based resource investment fund.
- On September 13, 2013 following its Annual General Meeting, the Company announced a new board of directors whereby Mr. Paul Yeou joined the board and Messrs. David Johnson and Aurelio Useche stepped down. Messrs. Nikolas Perrault, Declan Costelloe, J Wayne Murton, James Ladner and Richard Quesnel were re-appointed to the board.
- On October 28, 2013, Messrs. Shahal Khan and Malik Shah Baloch were appointed as strategic advisors to the Company to provide consultancy services for the Company's Middle Eastern initiatives.
- On November 5, 2013, Mr. Nader Uskowi was appointed as senior political advisor for the Company's Middle Eastern initiatives.
- On December 4, 2013, Shahab Jaffrey replaced Aurelio Useche as the Chief Financial Officer of the Company.

Summary of Key Press Releases (Refer to SEDAR for details)

Date	Description
Projects	
Portugal	
February 20,2013	Award of Tabuaço and Santo António experimental mining licences and award of Borba and Cercal exploration licenses
February 25,2013	Memorandum of Understanding with Star Mining Limited for Borba Licence
March 4, 2013	Initial and updated NI 43-101 compliant mineral resource estimates for gold deposits within Boa Fé and Montemor Projects, Southern Portugal.
May 7, 2013	Preliminary Economic Assessment (PEA) for the Boa Fé gold project.
September 4, 2013	Preliminary Economic Study for the Tabuaço project
February 20,2014	Operational update on Portugal projects
Middle East	
October 28,2013	Initiation of activities in the Middle East
March 4, 2014	Completion of financing activities for Colt Resources Middle East
Corporate Activities	
January 7/February 6, 2013	Receipt partial funds from the private placement announced on January 7, 2013
June 21, 2013	Richard Quesnel replaces Jean Depatie as Chairman of the Board of Directors
June 26, 2013	Richard Quesnel appointed Executive Chairman of the Board of Directors
July	$5M Private Placement with Hong Kong based Worldlink Resources Ltd.

24, 2013	
September 13, 2013	Election of Board of Directors at the Annual General Meeting
October 16, 2013	Private placement of US$2.5 million
October 28, 2013	Appointment of strategic advisors for Middle East initiatives
November 4, 2013	Receipt of US$2.5 million from financing of senior secured notes
November 5, 2013	Appointment of senior political advisor for Middle East
December 4, 2013	Appointment of new Chief Financial Officer
January 22, 2014	Appointment of Richard Quesnel as President and Chief Executive Officer of Colt Resources Middle East
March 4, 2014	Completion of financing for Colt Resources Middle East
March 17, 2014	Departure settlement with the previous Chief Financial Officer

OPERATIONS SUMMARY

Boa Fé Experimental Mining License

The Boa Fé Experimental Mining License ("EML") covers 46.78km² and is located approximately 95km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal. The property is completely surrounded by the Company's 100% owned Montemor exploration concession.

During the first quarter of 2013, most of the work done at the Boa Fé EML was focused in the assessment of previously acquired geologic and exploration data in view to plan future drilling, while the exploration drilling activities remained interrupted throughout the quarter.

During the second quarter of 2013, the Company announced a positive Preliminary Economic Assessment ("PEA") for the Boa Fé project, located in Portugal. The PEA covers the Chaminé, Casas Novas, Banhos, Bracos and Ligeiro gold deposits located within the Company's 100% owned (47km²) Boa Fé Experimental Mining License and the Monfurado gold deposit located within the Company's 100% owned (728.22 km²) Montemor exploration license that completely surrounds the Boa Fé EML.

In addition, during the second quarter of 2013 most of the work was focused on several tasks regarding the acquisition of the legal approvals needed for the full mining application, namely the approval of the Environmental Impact Assessment (EIA). Regarding these tasks, the Company carried out the following work:

- Presentation of the existing mining project to the Boa Fé/Casas Novas and Escoural population;
- The public hearing of the Boa Fé EIA was held at the municipality auditorium of Évora on Friday, April 5 2013;
- Discussions and preparation of the reply to the documents issued by APA (Environmental Agency) regarding the conclusions of the EIA (DIA-Declaration of Environmental Impact) which includes a set of mandatory actions for the mining project;
- Preparation of a set of additional documents to be approved by the government and local municipalities, needed for the mining project, namely DIM "Declaration of Municipal Interest", RIP or "Relevant Public Interest" and PIN "Project of National Interest". The PIN has been approved in June.

Other work carried out during this period included:

- On the geophysical side, the preliminary IP report was received from Terratec, followed by a request for further detailed work in the project;
- The surface and groundwater water sampling started;
- Detailed geologic mapping at Braços-Covas, Caras-Ligeiros and Braços-Covas areas; and

- An updated version of the NI 43-101 report was issued in April

During the third quarter of 2013 the work was focused on the modeling process for secondary lithologies for the main deposits of the Boa Fé project. On the administrative side, the Company submitted a work and investment program for 2014, which was approved by Direcção Geral De Energia E Geologia ("DGEG"). The document included a request to change the planned experimental mining activities from the Chaminé deposit to Braços. A meeting was also held with government agencies and local authorities responsible for the mining licensing. The DIUP "Statement of indispensable public utility" was drafted, the approval of which is essential to obtain the authorization to cut trees in the properties.

During the fourth quarter of 2013, the drilling program was resumed and 22 holes were drilled at Braços totaling 828.6 metres, and another one at Chaminé with 217.4 metres in length. In total, during the fourth quarter, 23 holes with 1,046 metres were drilled at Boa Fé property.

The pulps from relevant holes drilled in the past by the previous exploration operator - Iberian Resources arrived from ALS-Perth (Australia) and were stored at our field facilities.

As at December 31, 2013, the Company has invested and capitalized $11,682,912 with respect to its Boa Fé EML.

Plans for 2014

During 2014, the Company plans to infill drill several of the deposits that are referenced in the PEA completed during 2013. The purpose of this infill drilling program will be to increase confidence in those parts of the deposits that were previously categorized as "Inferred Resources". It is anticipated that these "Inferred Resources" will then be upgraded to "Indicated Resources". During 2014, the Company also intends to move towards the completion of a feasibility study for the project. Additionally, the Company plans to test for extensions of known mineralization so as to focus on investigating the upside potential of the gold mineralization believed to exist along the entire length to the Boa Fé EML.

The Company intends to investigate options to take bulk samples during 2014 so as to provide materials for metallurgical testing and potentially acting as an initial source of revenue given the high grade nature of the near surface mineralization.

The Company plans to apply for an extension of the EML license during Q4, 2014, after which the Company plans to apply for a full mining license.

Tabuaço Experimental Mining License (previously the Armamar-Meda Concession)

The Company has a 100% interest in the Tabuaço property, which has an area of 45.128 km². Located in north central Portugal, the property is approximately 5 hours driving time from Lisbon. The roads and the infrastructure are excellent. The Tabuaço Experimental Mining License ("EML") contract was signed on February 20, 2013 and corresponds to the north-west block of the previously owned Armamar-Meda Tungsten Concession, whose exploration license expired on December 9, 2012.

The Company delivered the second semester report and the final report of the previously owned/named "Armamar-Meda" license to DGEG, including a bank guarantee of €225,000 [$329,738] for the new Tabuaço EML. During the second quarter of 2013, geological and structural field mapping at Aveleira and Gap were carried out. On the geotechnical side, a study of the rock characteristics around the proposed shaft and trial mine gallery was prepared and a small tender to selected specialist underground/civil engineering companies was launched to choose the best proposal to build these underground structures.

During the third quarter of 2013, the geological and structural field mapping at Aveleira and Gap continued and a compilation of technical and cost information was prepared and included into the PEA report which was completed during this period. All equipment and core samples stored at several different warehouses were moved to a core storage facility located at the convent located on the property.

During the fourth quarter of 2013, the infill drilling program at the SPA zone continued with a total of 18 holes drilled totaling 2,121 metres. The holes were logged, cut and prepared for dispatch to the laboratory for analysis.

As at December 31, 2013, the Company has invested and capitalized $13,574,891 with respect to its Tabuaço EML.

Plans for 2014

During 2014, the Company plans to infill drill several of the deposits that are referenced in the PEA announced during 2013. The purpose of this infill drilling program will be to increase confidence in those parts of the deposits that were previously categorized as "Inferred Resources". It is anticipated that these "Inferred Resources" will then be upgraded to "Indicated Resources". Additionally, the Company plans to test for extensions of known mineralization both along strike and down dip so as to investigate the upside potential of the tungsten mineralization believed to exist outside of the currently identified mineralized zones.

The Company plans to take underground bulk samples during 2014 so as to provide materials for metallurgical testing as part of the feasibility study while also investigating underground geotechnical conditions.

During 2014, the Company will continue to seek to identify potential offtake partners for the eventual product of a future mining operation.

Santo António Experimental Mining License (previously the Penedono Concession)

The "Consórcio Penedono", a Joint Cooperation Consortium between the Company and Contecnica Consultoria Tecnica ("Contécnica"), has a 100% interest in the Santo António property, which has an area of 35.341 Km^2. Located in north central Portugal. The Santo António EML contract was signed on February 20, 2013 and corresponds to the central block of the previously owned Penedono Gold Concession whose exploration license expired on October 28, 2012.

The Company is not expected to conduct any significant work at the Santo António EML until its partner and operator, Contécnica, has earned into the project for upto the Company's total investment in the Penedono exploration license of $2,912,614.

During 2013, the Company delivered to consortium facilities samples, documents and materials for the EML. On the administrative side, the final report (from the start to the end of the contract) of the Penedono exploration license was delivered to the DGEG. Additionally, a field visit to the project was performed by representatives of the DGEG, which included site visits of the old gold mine of Penedono and the Turgueira deposit.

During the second quarter of 2013, Contécnica started the process to acquire office and field equipment, as well as contracting some field and office personnel. It was also made a tender to some local drilling companies in order to start the drilling activities during the next quarter, and to environmental companies for the amendment of the existing EIA concerning the rehabilitation of the mining site of the old "Penedono" mine.

During the third quarter of 2013, Contécnica launched a drilling tender for 2,000 metres, won by the drilling division of LNEG, which started the operations in September. By month end, the first hole at Turgueira reached the depth of 187.49 metres, in granite. A second rig moved in to Turgueira in September. On the hydrogeology side, the characterization work is progressing.

On the environmental side, the Company received several proposals to execute the modified Environmental Impact Assessment, and an updated list of old shafts, galleries, trenches and any other past mining work that presents any safety risk has been prepared, and the first phase of the fencing work of these old structures started.

On the administrative side, a meeting with the Penedono mayor was held after a forest fire that occurred in early August around the old mine site. The work and investment program for 2014 was prepared and sent to DGEG for approval, and a Cooperation contract was signed with McAm and LNEG.

During the fourth quarter of 2013, Contécnica continued with the drilling program at Santo António and Turgueira, with 5 holes drilled with a total of 627.94 metres, cutting a sequence of granitic rocks cross cut by thin quartz veins with pyrite and arsenopyrite, as well as greisen bands.

On the hydrogeology side, the second progress report of the characterization work was received. 11 samples from the existing dumps were also collected and sent to the Brazilian laboratory for analysis.

As at December 31, 2013, the Company has invested and capitalized $2,912,614 with respect to its Santo António EML.

Plans for 2014

Work planned for 2014 by Contécnica includes drill programs at the Turgueira and Santo António gold deposits and a program to more accurately map the surface geology of the Santo António area, taking advantage of the exposure of land due to a bush fire that occurred during August 2013. Additional work planned will include groundwater investigations as well as other important environmental data collection and monitoring work in anticipation of the possible re-opening of the former underground mine located on the property.

Montemor-o-Novo Gold Concession

The Montemor-o-Novo exploration concession ("Montemor" or the "Concession") covers approximately 728.22km² and is located approximately 95 km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal. The property completely surrounds the Company's 100% owned Boa Fé Experimental Mining License.

During the first quarter of 2013, most of the work done at the Montemor license was focused in the assessment of previously acquired geologic and exploration data in view to plan future drilling, while the exploration drilling activities remained interrupted throughout the quarter.

Fieldwork during this period included soil and rock geochemistry, geological mapping and core logging. The Grou soil grid was extended to the South along the outcrop of the favourable host rock, the Grou sheared and sericitized granite with 899 samples collected. Geologic mapping of the Safira orthogneiss outcrop and Grou granite and magnetic susceptibility core logging of all drill cores from Monfurado was completed. Historical drill core from two LNEG drill holes from the Monges old Fe mine area (near Monfurado) and three others from Nogueirinha were examined and sampled with a total of 64 core samples sent for analysis.

The Company completed the ground checking of several magnetic anomalies identified from the airborne magnetic survey. Geological prospections at Regadia North resulted in the discovery of sub-outcropping mineralization similar in style to Mourel-North. A total of 28 channel samples from outcropping mineralized brecciated granite at Grou were collected and sent for analysis. In addition, analytical results for 57 rock (grab) samples were received with 18 samples showing gold grades above 1g/ton, with a maximum of 16.3 g/ton from Gouveia. The analytical results for 477 soil samples from the Grou geochemical grid were also received, with results indicating an important Au-As-Bi-Sb anomaly.

During the second quarter of 2013, the work done at the Montemor license continued with prospecting and rock sampling to investigate the catchments of the existing stream sediment anomalies.

During the third quarter of 2013, the work was focused on the modeling of the secondary lithologies in old drill hole logs in Gem´s format. On the administrative side, the work program and investments for the next contractual year and the semester report for the first half of 2013 were prepared and delivered to DGEG.

During the fourth quarter of 2013, the work was focused on the geological and structural mapping of the SE part of the licence, south of the Braços deposit belonging to our Boa Fé EML. The mapped area covered a surface of approximately 59 km^2.

As at December 31, 2013, the Company has invested and capitalized $1,491,881 with respect to the Montemor-o-Novo exploration license.

Plans for 2014

The initial, 3-year period of the Montemor-o-Novo exploration contract terminates on November 1st, 2014, and an application to extend the concession for 1 year will be made to the DGEG beforehand, in order to pursue investigation of the prospective concession. A compulsory 50% area reduction will take place then. It is currently planned to make a similar application in 2015, thereby extending the property for a further 1 year, so as to guarantee sufficient time to adequately test the property.

The work planned for the remainder of 2014 will comprise the execution of: (1) high resolution VLF surveys over selected geochemical and/or air-borne survey anomalies; (2) trenching and channel sampling to test priority geochemical and/or geophysical targets; (3) diamond drill testing of mineralized or anomalous prospects.

Moimenta-Almendra Concession

The Moimenta-Almendra concession ("Moimenta-Almendra" or the "Concession") had a surface area of 141.50 km², located in north central Portugal. On September 30, 2013, the exploration contract for this area expired and the whole area returned to DGEG.

As at December 31, 2013, the Company has written off the entire carrying amount of $441,519 with respect to its "Moimenta-Almendra" Exploration License.

Cedovim Concession

The Cedovim exploration concession consists of 218,129 km² of prospective ground located in northern Portugal, approximately 100 km east of the city of Porto. It is composed of two separate blocks, and is contiguous with the "Tabuaço" EML concession.

During the first quarter of 2013, the Company did not report any significant work at the Cedovim exploration concession. The analytical results of the 115 soil samples collected at Poço do Canto were received showing a calcium and strontium anomaly indicating that the geological structure is dipping to north east.

During the second quarter of 2013, the fieldwork consisted in the investigation of the gold occurrences located at Freixinho.

During the third quarter of 2013, the work done consisted in administrative matters, with the work program and investments for the 3rd contractual year and the semester report for the first half of 2013 prepared and delivered to DGEG.

During the fourth quarter of 2013, the work was focused on the geological and structural mapping along a north west-south east strip centered on Cedovim village, in order to identify and map the occurrences of calcssilicated rocks and scheelite bearing skarns.

As at December 31, 2013, the Company has invested and capitalized $55,575 with respect to the Cedovim exploration license.

Plans for 2014

The exploration results are in the process of being analyzed. Some additional field exploration work must be done at the concession, in order to satisfy the DGEG regarding the exploration contract commitments. The work planned for this purpose will comprise: (1) geological mapping of areas with tungsten bearing skarns or other calcsilicate rocks; (2) soil geochemical traversing across prospective zones; (3) rock chip and channel sampling of tungsten mineralized outcrops.

Borba

The Company holds a 100% interest in the Borba exploration license whose contract was signed on February 20, 2013, following the application made on April 3, 2012. The Borba property has an approximate area of 633.935 km². Located in central Portugal, the property is approximately 2 hours driving time from Lisbon.

The work on this concession started with the compilation of historical mining and exploration data with emphasis on the Miguel Vacas copper mine. On the administrative side, the work program for the first contractual year was prepared and delivered to DGEG, as well as the contractual bank guarantee of 19,000 € [$27,845].

During the second quarter of 2013, the compilation of historical mining and exploration data continued with emphasis on the old Miguel Vacas copper mine. A database was also prepared.

During the third quarter of 2013, the Company performed geological reconnaissance around the old copper-arsenic mine of Mostardeira with 16 rock samples collected. At a second location, the old iron-copper mine of Pereiros, 6 rock samples and 28 soil samples along two soil lines were collected by the end of this quarter. On the administrative side the semester report for the first half of 2013 were prepared and delivered to DGEG.

During the fourth quarter of 2013, the field work continued with the geological reconnaissance around the old copper mine of Bugalho with 6 rock samples collected, 12 other rock samples collected at other locations.

On the administrative side, the work and investment plan for 2014 was prepared and approved by DGEG.

As at December 31, 2013, the Company has invested and capitalized $28,661 with respect to the Borba exploration license.

Plans for 2014

There is currently a back-log in meeting the contractual commitments, as well as the work programs submitted to the DGEG, but it is expected that this will be resolved soon.

The exploration program for this area will be implemented by the Company's partner (and operator) Star Mining Ltd. This program will comprise: (1) a drilling program focused on testing the depth extent of the copper and gold mineralization underneath the Miguel Vacas historical open-pit mine; (2) preliminary metallurgical testwork upon both oxide and sulphide ore from the Miguel Vacas deposit; (3) a soil geochemical survey over the Torre-2 Cu-Au anomalous area, in order to define targets for drill testing; (4) investigation of other historical soil geochemical targets along the Miguel Vacas Cu-Au belt.

The assessment carried out by the Company upon historical exploration data from this area, located in the prolific Iberian Pyrite Belt VHMS province, points at a significant exploration potential for both base-metal massive sulphide deposits, and Au-Cu(-Ag) disseminated deposits.

Cercal

The Company holds a 100% interest in the Cercal exploration license whose contract was signed on February 20, 2013, following the application made on May 25, 2012. The Cercal property has an approximate area of 455.19 km². Located in South Portugal, the property is approximately 3 hours driving time from Lisbon. Roads provide ready access throughout the property. Infrastructure and local resources are excellent.

The work in this concession started with the compilation of historical mining and exploration data with emphasis on the Salgadinho Cu-Au-Ag stock-work deposit. Field trips to Cercal area for reconnaissance purposes and also to verify DDH collar locations were carried-out as well as the re-sampling of historical drill core from Salgadinho Cu-Au mineralization, with 59 core samples sent for analysis. The results received for 40 twin samples indicated good matches for Au, Cu or Ag grades in mineralization. On the administrative side, the work program for the first contractual year was prepared and delivered to DGEG, as well as the contractual bank guarantee of €20,000 [$29,310].

During the second quarter of 2013, the compilation of historical mining and exploration data was completed, and a database was also prepared.

During the third quarter of 2013, the field work started with the continuation of the existing stream sediment survey in order to cover the entire area with approximately 1 sample / km^2, with a total of 161 stream sediment samples collected by the end of September. On the administrative side the semester report for the first half of 2013 were prepared and delivered to DGEG.

During the fourth quarter of 2013, the field work continued with the existing stream sediment survey in order to cover the entire area with approximately 1 sample / km^2, with a total of 42 stream sediment samples collected by the end of December. A first draft of a NI 43-101 report was also prepared during this period.

On the administrative side, the work and investment plan for 2014 was prepared and approved by DGEG.

As at December 31, 2013, the Company has invested and capitalized $180,817 with respect to the Cercal exploration license.

Plans for 2014

The assessment carried out by the Company upon historical exploration data from this area, located in the prolific Iberian Pyrite Belt VHMS province, points at a significant exploration potential for both base-metal massive sulphide deposits, and Au-Cu(-Ag) disseminated deposits.

The work program for 2014 will involve: (1) soil and rock geochemical sampling covering selected areas with prospective geology; (2) trenching and channel sampling, in order to investigate anomalies resulting from geochemical survey data; (3) a diamond drilling program at the Salgadinho deposit, in order to verify historical holes with stratabound Au-Cu-Ag mineralization, as well as to test its extent.

Adorigo

The Company applied on August 9, 2012, for a 100% interest in the Adorigo property, which has an approximate area of 164.98 km^2. Located in north central Portugal, the property is approximately 5 hours driving time from Lisbon. The exploration contract has not been awarded yet.

Greater Middle East

During the second half of 2013 and in 2014, the Company's main activities in the Greater Middle East were in the nature of successfully incubating the corporate structure of it's Middle Eastern interests by incorporating the holding company, Colt Resources Middle East (Cayman) ("Colt Middle East") and establishing new subsidiaries in Dubai and Afghanistan in collaboration with its Middle Eastern partners. The Company officials travelled extensively in the region to meet relevant officials from the Government of Pakistan and Afghanistan to negotiate potential acquisition of mining leases focussed on the Company's specific areas of interests. The Company spent approximately $2,282,000 in total in relation to the above activities out of which approximately $1,754,000 was incurred in operating expenses, $528,000 in acquisition of certain fixed assets and in addition approximately $1,735,000 was held in cash as of December 31, 2013 mainly to be used for application towards acquisition of mining leases in Afghanistan and operating expenses in Dubai. In addition, successful financing was completed to raise the initial working capital for Colt Middle East to pursue efforts to secure mining leases. Key executives were also appointed in Colt Middle East in March 2014.

OVERALL PLANS FOR 2014

Projects

For 2014, the Company´s focus will be to continue with the work leading to the production of bankable feasibility studies for the Boa Fé and the Tabuaço projects, complete the acquisition of surface rights at both properties, fund infill drilling activities at Boa Fé and Tabuaço to improve confidence in the resource estimations and to provide the basis for reserve estimations to be prepared during the feasibility studies, finalize process design and the mine design.

Towards the end of 2013, the Company initiated a significant cost containment exercise by curtailing general and administrative expenses. During 2014, the Company will continue to focus on improving its cost efficiency and curtailing unbudgeted expenses to effectively utilize its working capital.

On the operations side, on February 20, 2014, the Company announced the commencement of a drilling and sampling program designed to improve confidence in previously reported resources with a target of approximately 15,000 metres. Drilling will be completed at both Boa Fé and Tabuaço with limited drilling planned for the other projects.

The work needed to complete applications for full mining permits at both projects is advancing. The application for the full mining license at Boa Fé is scheduled for submission during Q4 2014. Having been awarded an EML at Boa Fé, the Company is reviewing options to commence a bulk sampling operation at one of the deposits reported in the PEA this work is planned to commence during H2, 2014.

Environmental data collection and monitoring work in support of EIA's requirements for both projects is ongoing. Colt is committed to mitigating the impact of mining on the environment. The Company is studying optimal mining and processing methods that will result in enhanced recoveries of metals while ensuring that the waste products will not pose a threat in the future.

For Greater Middle East, following the successful completion of the financing for Colt Middle East in March 2014, the Company converted its initial gross investment of approximately just over $4 million ('initial investment') into a 38% equity interest in Colt Middle East and through this transaction recovered $1.5 million in cash in Q1 2014 from the initial investment.

Corporate

Cost reduction initiatives

Towards the end of 2013, the Company initiated significant cost reduction initiatives after a thorough review of its overall expenditure profile both in Portugal as well as Canada. The Company among other efforts, curtailed projects and related payroll/consultancy costs, significantly reduced management fees, eliminated certain investor relations and marketing expenses, imposed travel restrictions, and reduced office expenditures. In early 2014, the Company made significant employee layoffs, a 40% voluntary reduction in overall compensation was taken by the Chief Executive Officer and the Chief Operating Officer and a 25% reduction by the Chief Legal Officer. In addition, the Executive Chairman voluntarily waived his agreed management fees and other benefits for the fiscal year 2013. He further volunteered to reduce his management fees by 80% from 2014 onwards. Certain investor relations and marketing, travel and office expenditures have also been curtailed. During the remainder of 2014, the Company will continue to focus on cost reduction activities to effectively utilize its working capital.

RESULTS OF OPERATIONS

SELECTED ANNUAL FINANCIAL INFORMATION

Consolidated statement of operations Comprehensive Loss	December 31	December 31	December 31
For the fiscal year ended	2013	2012	2011
	$	$	$
Loss from operations	(9,861,268)	(9,401,920)	(6,126,563)
Net loss	(10,231,330)	(9,436,902)	(5,908,189)
Comprehensive loss	(7,576,325)	(9,396,147)	(6,626,665)
Net loss per share	(0.04)	(0.08)	(0.08)
Consolidated statement of financial position	**December 31**	**December 31**	**December 31**
As at	**2013**	**2012**	**2011**
	$	$	$
Cash and cash equivalents	2,263,613	6,473,498	3,885,777
Exploration and evaluation assets	29,927,351	24,664,728	15,456,652
Total assets	41,513,769	40,520,113	30,876,451
Total Liabilities	9,038,893	9,217,868	6,840,837
Total non-current financial liabilities	6,043,272	3,239,309	4,685,249
Shareholders equity	32,474,877	31,302,245	24,035,614

Fiscal year ended December 31, 2013 compared to fiscal year ended December 31, 2012

For the fiscal year ended December 31, 2013, the Company reported a net loss of $10,231,330 ($9,436,902 in 2012) and a comprehensive loss of $7,576,326 ($9,396,147 in 2012). Total administrative expenses increased to $9,016,639 ($7,451,000 in 2012). Out of this, approximately $1,754,000 relates to operating expenses incurred exclusively in respect of the Company's Middle Eastern initiatives. Excluding this, the total operating expenses are $7,262,639 in 2013 as compared to $7,451,000 in 2012.

The Company reported a write down in exploration and evaluation assets of $441,519 ($1,396,134 in 2012) as in prior year three properties were written off compared to one property in the current year. The Company reported other expenses, net of $166,015 (other expense, net of $266,954 in 2012) relating to its QSPA operations primarily due to a write down of viticulture inventory of $62,172 to its net realizable value and change in fair value of biological assets of $258,870 (change in fair value, of $10,013 in 2012). Depreciation expense of $237,095 ($277,200 in 2012) was incurred on the Company's property, plant and equipment. Interest income decreased to $19,035 ($52,178 in 2012) due to reduction in cash and cash equivalents on hand.

Finance costs increased to $314,758 ($199,091 in 2012) as a result of accretion expense on convertible preferred shares, senior secured notes and derivative financial liabilities – warrants as described below. In addition, the Company recorded a change in fair value of derivative financial liability - warrants of $464,514 (NIL in 2012) in relation to derivative financial liabilities – warrants issued pursuant to senior secured notes financing.

The Company recorded a foreign exchange gain of $342,212 (loss of $50,231) relating to the Company's monetary assets and liabilities denominated in foreign currencies including convertible preferred shares, senior secured notes and derivative financial liabilities – warrants due to overall depreciation of Canadian dollars against Euros or USD.

The Company reported current and deferred income tax expense of $84,431 (expense of $126,745 in 2012) and $111,810 (recovery of $261,645 in 2012) respectively.

In addition, the Company reported a foreign exchange gain on translation of foreign subsidiaries in other comprehensive income of $2,655,004 (income of $47,501 in 2012) due to overall depreciation of Canadian dollars against Euros during the year.

Fiscal year ended December 31, 2012 compared to fiscal year ended December 31, 2011

For the fiscal year ended December 31, 2012, the Company reported a net loss of $9,436,902 ($5,908,189 in 2011) and a comprehensive loss of $9,396,147 ($6,626,665 in 2011). The increase in the Company's net loss was due primarily to the impairment of three exploration and evaluation assets, namely the Santa Margarida do Sado, the Extra High and Gaspésie properties. The respective impairment charges totalled $671,615, $534,012 and $190,507. Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which any exploration and evaluation asset exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs to sell and value in use. Impairments are reviewed for potential reversals at each reporting date.

The Company reported administrative expenses of $7,451,000 ($6,143,900 in 2011) representing an increase of $1,307,100 as compared to the comparable period. The increase is primarily due to higher management fees, investor relations and office expenses, which include costs associated with business development activities as well as costs related to the social license to operate in Portugal.

The Company reported other expenses, net of $266,954 (other income of $159,064 in 2011), primarily due to a write down of viticulture inventory to net realizable value of $161,671. The Company also reported depreciation and amortization expense of $277,200 ($141,092 in 2011) and a loss on disposal of property, plant and equipment of $10,632 ($635 in 2011).

Interest income increased to $52,178 ($42,243 in 2011). Finance costs increased to $199,091 ($79,514 in 2011) representing primarily increases in accretion expenses on preferred shares of $118,378 ($43,351).

The Company reported a foreign exchange gain of $50,231 ($243,831 in 2011). The company reported deferred income tax recovery of $134,900 ($11,814 income tax expense in 2011). The Company reported a total weighted average number of common shares outstanding of 121,383,520 (86,749,732 in 2011). The Company reported a net loss per share of $0.08 ($0.08 in 2011).

Summary of variation in operating costs between December 31, 2013 and 2012

	December 31	December 31	Variation
	2013	2012	2013-2012
For the year ended	$	$	$
Stock based compensation	-	80,482	(80,482)
Investor relations and marketing	1,414,508	2,014,691	(600,183)
Office expenses*	2,579,387	1,733,231	846,156
Management fees*	1,471,952	1,028,496	443,456
General and administrative expenses	292,733	132,732	160,001
Salaries*	734,651	588,907	145,744
Professional and consulting fees*	1,162,351	879,007	283,344
Legal expenses*	690,464	285,798	404,666
Insurance*	217,729	229,452	(11,723)
Listing and transfer agent fees	121,198	160,907	(39,709)
Rent	331,666	317,297	14,369
Impairment of exploration and evalua	441,519	1,396,134	(954,615)
Depreciation	237,095	277,200	(40,105)
Loss on disposal of property, plant and	-	10,632	(10,632)
Other expense	166,015	266,954	(100,939)
Total operating costs	**9,861,268**	**9,401,920**	**459,348**

**includes operating expenditure incurred exclusively in relation to the Company's Middle East activities in 2013. Approximately $1,754,000 was incurred for Middle East initiatives out of which $1,022,451 represents expenses incurred in relation to incorporation of the local subsidiaries in Afghanistan and Dubai, payment for office rents, fees for advisory services, purchase of furniture, fixtures and office equipment and traveling, meals and communication related costs incurred in relation to traveling in the region classified under Office Expenses above, $104,148 represents allocable management fees for the time spent by the Company's management staff in relation to Middle East projects, $417,104 represents consultancy fees, $137,274 represents legal expenses in relation to incorporation of various subsidiaries and related legal advice, $55,553 represents salaries paid and $17,438 represents insurance expenses.*

The Company currently does not foresee paying dividends in the near future. Any future decision to pay cash dividends will be left to the discretion of the Board of Directors of the Company and will depend on the Company's financial position, operating results and capital requirements at the time as well as such other factors that the Board of Directors may consider relevant. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

Exploration and evaluation expenditures

The following table represents additional Exploration and Evaluation (E&E) expenditures during 2013 and 2012 on the Company's properties in Portugal. The Company spent approximately $5,262,623 in additional E&E expenditure (net of impairment of $441,519 in 2013 compared to approximately $10,279,421 in 2012.

	Santo Antonio		Tabuaco		Moimenta Almendra		Montemor-o-Novo		Boa Fé		Others		Total	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Balance, beginning of year	2,942,191	2,432,769	10,997,708	8,515,182	430,578	317,516	946,277	-	9,324,634	3,119,840	23,340	-	24,664,728	14,385,307
Assays and geochemistry	-	3,175	279,987	321,000	-	13,309	152,740	178,193	366,131	1,328,617	8,788	5,734	807,646	1,850,028
Field costs	-	25,551	43,014	29,491	-	1,520	3,237	52,060	4,502	41,564	977	7,249	51,730	157,435
Consulting	(29,577)	182,893	829,978	736,494	-	16,826	41,243	55,348	373,537	672,154	33,180	684	1,248,361	1,664,399
Drilling	-	11,817	785,283	973,696	-	28,236	19,593	184,552	730,981	3,391,872		444	1,535,858	4,590,617
Geology	-	23,278	1,499	14,757	-	-	5,518	582	-	24,821	3,131	-	10,148	63,438
Geophysics	-	-	-	4,248	-	-	-	266,034	59,670	187,055			59,670	457,338
Salaries and labour	-	258,924	590,201	397,858	10,941	49,395	256,304	208,772	823,457	558,711	169,424	9,229	1,850,327	1,482,890
Acquisition related cost	-	3,783	44,876	4,982	-	3,775	66,969	736	-		26,212	-	138,057	13,276
Tangible assets	-	-	2,345		-	-	-	-	-	-	-	-	2,345	-
Total exploration expenditures	(29,577)	509,422	2,577,184	2,482,526	10,941	113,062	545,604	946,277	2,358,278	6,204,794	241,712	23,340	5,704,142	10,279,421
Exploration & Evaluation assets written off	-	-	-	-	(441,519)	-	-	-	-	-	-	-	(441,519)	-
Sub total	(29,577)	509,422	2,577,184	2,482,526	(430,578)	113,062	545,604	946,277	2,358,278	6,204,794	241,712	23,340	5,262,623	10,279,421
Balance, end of year	2,912,614	2,942,191	13,574,892	10,997,708	-	430,578	1,491,881	946,277	11,682,912	9,324,634	265,052	23,340	29,927,351	24,664,728

SUMMARY OF QUARTERLY RESULTS

	December 31	September 30	June 30	March 31
	2013	2013	2013	2013
Quarters ended		$	$	$
Net Loss	(3,212,760)	(3,187,835)	(2,008,404)	(1,822,331)
Comprehensive Loss	(1,851,085)	(2,821,413)	(960,431)	(1,943,396)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.02)
	December 31	**September 30**	**June 30**	**March 31**
	2012	**2012**	**2012**	**2012**
Quarters ended	$	$	$	$
Net Loss	(2,886,581)	(2,951,253)	(2,203,365)	(1,395,703)
Comprehensive Loss	(2,514,926)	(3,111,600)	(2,441,236)	(1,328,385)
Basic and diluted loss per share	(0.02)	(0.03)	(0.02)	(0.02)

FOURTH QUARTER RESULTS

For the three month period ended December 31, 2013, the Company reported a net loss of $3,212,760 ($2,886,581 in 2012) and a comprehensive loss of $1,851,085 ($2,514,926 in 2012). The increase in the Company's net and comprehensive loss from the third quarter was due primarily to the increases in operating expenses majority of which included expenses incurred in relation to the Company's Middle Eastern initiatives in the last quarter of 2013.

The Company reported a total weighted average number of common shares outstanding of 145,591,912 (121,383,520 for 2012). The Company reported a net loss per share of $0.01 ($0.02 for 2012).

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2013, the Company completed the following financings:

Equity:

a. *January 6/February 7, 2013*: 8,605,041 units at $0.45 per unit for gross proceeds of $3,872,269 through private placement. As of December 31, 2012, the Company had already received $2,700,000 subscription receipts corresponding to the issuance of 6,000,000 shares. Share issue costs included $162,001 in commissions and $50,601 in other costs. In addition, the Company issued 360,000 broker warrants, entitling the holders to purchase one common share at the price of $0.45 per share up to January 7, 2014.

b. *July 24, 2013*: 14,285,715 units at $0.35 per unit for total gross proceeds of approximately $5,000,000 through private placement. Each unit is comprised of one common share and one fourth (1/4) of one Warrant. Each whole Warrant is exercisable at a price of $0.45 during a period of 60 months expiring on July 27, 2018.

c. *October 16, 2013*: 6,250,000 common shares at a price of US$0.40 per share through private placement, for gross proceeds to the Company of US$2,500,000 (C$ 2,586,250).

Senior Secured Debt:

d. *November 4, 2013*:10 units at US$250,000 per unit through private placement for gross proceeds of US$2,500,000 (C$ 2,603,750). Each unit consists of US$250,000 in principal amount of 10% senior secured notes and common share purchase warrants to purchase up to 555,555 common shares of the Company at an exercise price of US$0.45 per common share on or before November 1, 2018.

Subsequently, on January 22, 2014, the Company announced financing for its Middle Eastern subsidiary, Colt Resources Middle East (Cayman) ('Colt Middle East') to generate funds for working capital purposes necessary to acquire mining licenses in the Greater Middle East region. The completion of the financing was announced on March 4, 2014 and as a result, Colt Middle East issued 27,500,000 shares to investors at C$0.15 per share for gross proceeds of C$4.125 million, out of which the Company was paid back $1,500,000 in Q1 2014. An additional 16,665,001 million shares in Colt Middle East were issued to the Company bringing the Company's equity interest in Colt Middle East to approximately 38% following the completion of the financing.

Given that the Company's operations are focused on the exploration and development of mining properties, the most relevant financial information, in its view, relates to current liquidity, solvency, and planned property expenditures. The Company's financial success will depend on the economic viability of its resource properties and the extent to which it can discover and develop new ore deposits. A number of factors determine the economic viability of a property including: the size of the deposit; the quantity and quality of the reserves; the proximity of the deposit to current or planned infrastructure; the forecasted development and operating costs and the costs to finance the planned expenditures; and the projected cash flows. Such development may take several years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company largely depends on factors beyond the Company's control, including the market value of the metals and minerals to be produced.

The Company's main sources of funding are debt and equity markets, private placements and outstanding warrants and options.

OUTSTANDING SHARE INFORMATION

As at December 31, 2013, there were 159,537,186 common shares, 9,598,090 warrants with a weighted average exercise price of $0.45 and 8,375,000 stock options with a weighted average price of $0.46 outstanding.

As at April 28, 2014, there were 160,036,039 common shares, 9,598,090 warrants with a weighted average exercise price of $0.45 and 8,375,000 stock options with a weighted average price of $0.46 outstanding.

SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition and exploration of mineral property interests and in three geographical areas, Canada, Portugal and the Middle East. The capital assets (including mineral properties) and total assets identifiable with these geographic areas are as follows:

Total Assets	**2013**	**2012**
	$	$
Canada	**1,063,352**	5,895,741
Portugal	**38,183,937**	34,624,372
Middle East	**2,266,480**	—
	41,513,769	40,520,113

Non-current Assets	**2013**	**2012**
	$	$
Canada	**227,600**	72,043
Portugal	**33,932,435**	28,928,581
Middle East	**528,035**	—
	34,688,070	29,000,624

Assets in the Middle East represent $1,735,000 held in cash and $528,000 in non-current assets.

CONTRACTUAL OBLIGATIONS

1. The Company's contractual obligation for the properties in Portugal as at December 31, 2013 are as follows:

	Obligations due per year			
	2014	2015	2016	2016+
	$	$	$	$
Montemor-o-Novo Commitments (1)	659,475	439,650	439,650	
Cedovim Commitments (1)	87,930	73,275	73,275	
Borba (1, 3)	87,930	87,930	102,585	234,480
Cercal (1)	73,275	109,913	109,913	293,100
Total contractual obligations	**908,610**	**710,768**	**725,423**	**527,580**

	Obligations for the life of the contract
	2014-2017
	$
Tabuaco EML Commitments (1, 4)	6,594,750
Santo Antonio EML Commitments (1, 3, 4)	4,396,500
Total obligations for the life of the contract	**10,991,250**

(1) Original contractual commitments are denominated in European Euro (€)
(2) Contractual commitments have been met for the life of the license
(3) Obligations to be assumed by a Joint Collaboration partner
(4) Obligations for the duration of the contract

2. In addition to the Company's commitments disclosed in note 13, the Company has a contractual commitment with its drilling service provider to drill a minimum of additional 15,929 metres till the end of June 30, 2014 for a total cost of at least $2,760,000

GOING CONCERN

The Company's consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operation. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. The use of these principles may not be appropriate.

To date, the Company has not earned significant revenue and is considered to be in the exploration and evaluation stage. The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Company's assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Company's investment in these assets is dependent upon the renewed legal ownership of the licenses, and whether an economically viable operation can be established.

The Company's current committed cash resources are insufficient to cover expected expenditures in fiscal 2014. The Company's ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

In addition, while the Company's Positive Economic Assessment and exploration activities in relation to its Boa Fé and Tabuaço projects appear promising, there can be no assurance that the results of its planned Feasibility Studies will confirm the existence of economically viable quantities of ore or that the project will ultimately go into production.

The Company reported a net loss and total comprehensive loss in 2013 and 2012 of $10,231,330 and $9,436,902 respectively. These recurring losses and the need for continued financing to further successful exploration and development indicate the existence of a material uncertainty that raises substantial doubt as to the Company's ability to continue as a going concern.

The Company's consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities that might be necessary, if the Company is unable to continue as a going concern. Such adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions include the Executive Chairman of the Board of Directors, the Chief Executive Officer, the Chief Operating Officer, the Chief Legal Officer, the Chief Financial Officer, the Board of Directors, Advisory Board Members, close family members and entities controlled by these individuals as well as certain consultants performing similar functions. These are the key management personnel of the Company.

All of the following related party transactions were in the normal course of operations and were measured at the (the amount established and agreed to by the related parties.

Following were the related party transactions for the years ended 2013 and 2012:

Year ended December 31,	2013	2012
	$	$
Management fees	1,071,952	1,226,532
Professional and consulting fees	363,618	202,541
Salaries	12,500	-
Short term benefits	302,712	307,616
Termination	400,000	-
Director fees	51,103	116,359
	2,201,885	1,853,048

In addition, during the year ended 2013, the Executive Chairman subscribed for eight units for US$ 2,000,000 of the Company's secured senior notes financing in principal amount of notes and warrants to purchase 4,444,444 common shares of the Company.

As at December 31, 2013, $417,308 owed to related parties [2012 – $48,325] is included in accounts payable and accrued liabilities. This includes $275,000 accrued in respect of termination agreement of the former CFO, outstanding director fees and certain accrued expenses.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Key areas requiring critical judgments and significant estimates include:

Going concern – Judgment

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Exploration and evaluation assets – Judgment

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the existence of specific rights to explore in a specific area, actual and planned expenditures, results of exploration, and whether an economically-viable operation can be established. An impairment loss is recognized for the amount by which any exploration and evaluation asset exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs to sell and value in use.

Management judgment is applied in determining whether to test exploration and evaluation for impairment and in determining the lowest levels of exploration and evaluation assets grouping or cash generating units [CGU's], for which there are separately identifiable cash flows, generally on the basis of a property.

Functional currency – Judgment

The functional currency of Colt Resources Inc. is the Canadian dollar and the functional currency of the Company's subsidiaries is the Euro and the USD. Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to the primary indicators before considering the other indicators, which are designed to provide additional supporting evidence to determine the entity's functional currency. Since the Company does not generate revenues, the currency in which the expenditures are made is considered by management in determining the functional currency.

Consolidation of Structured Entities – Judgement

Colt Nimroz Afghanistan Mining Company was incorporated in Afghanistan on September 17, 2013 and Colt Resources Kanz DMCC and Colt Nimruz Resources DMCC were incorporated in United Arab Emirates on August 15, 2013. The sole purpose of the Structured Entities has been to represent the Company's interest in the Greater Middle East area. The Company considers that it controls the Structured Entities even though it does not have any voting rights. This is because the sole purpose of the Structured Entities is to manage the Company's assets and expenditures as it relates to acquisition of mining licences of advanced stage mining projects in the Greater Middle East area. The Company is exposed to the variability of returns from its involvement with the Structured Entities. The Company also has the ability to direct the Structured Entities through the approval of relevant activities such as the annual budgeted and unbudgeted expenditures and cash disbursements by the board of Colt and of the board of Colt Resources Middle East (Cayman) which affects the Company's returns. Accordingly, the Company has concluded that it controls the Structured Entities and that they should be consolidated within the Company's consolidated financial statements.

Fair value of derivative financial liability - warrants– Estimate

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes pricing model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Inventories – Estimate

Inventories are stated at the lower of cost and net realizable value. The ageing of Port wine bottled or in bulk varies and it can take a significant length of time before the wine inventories are ready to be sold. Net realizable value of grape inventory is determined using forecasted demand and expected market prices at the time the wine is expected to be ready for sale. Forecasted demand and market prices can vary significantly over the holding period and involves estimating the most likely conditions that will be in existence at the time of sale.

The Company's best estimate of net realizable value is based on the average prices published by the "Instituto dos Vinhos do Douro e Porto" which is widely recognized in the region as being a reliable estimate of similar wines sold by the Company. The Company uses this published information as a starting point for estimating the expected sales price of similar wine with similar ageing information and then adjusts for any differences for similar wine.

Biological assets – Estimate

The grape vines are measured at fair value less cost to sell. Since market-determined prices or values are not available for grape vines, the Company uses a discounted cash flow method to determine fair value. In arriving at fair values, the key assumptions are estimated sales prices less cost of delivery, discount rate, productive life of grape vines, estimated volume and growth estimations. All changes in fair value are recognised in the period in which they arise

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations listed below that are issued but not yet effective up to the date of issuance of the Company's consolidated financial statements, are those that the Company reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective January 1, 2015.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurement of financial liabilities.

The Company is currently assessing the impact that this standard will have on the Company's financial position and performance.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact that this standard will have on the Company's financial position and performance.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations [Level 1], without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques [Level 2]. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Other techniques [Level 3] use inputs not based on observable market data.
The Company's financial instruments consist of cash equivalents, receivables, deposits and accounts payables and accrued liabilities.

The fair values of the loan payable, convertible preferred shares and Senior Secured Notes are determined using the discounted cash flow method using discount rate that reflects rates currently available for debt on similar terms, considering the Company's credit risk and remaining maturity (Level 2).

The fair value of warrants is evaluated using the Black-Scholes pricing model at year end (Level 2).

Below is a comparison of the carrying amount of the financial instruments and their respective fair values as at December 31, 2013:

	Carrying amount	Fair Value
	$	$
Convertible Preferred Shares	3,261,481	2,250,480
Senior Secured Notes	1,211,355	1,752,347
Derivative Financial Liability-Warrant	953,136	1,565,650

Financial risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk [currency fluctuations, interest rates and other price risk]. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Credit risk

The Company is exposed to credit risk with respect to cash and cash equivalents, deposits and trade and other receivables. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk by maintaining cash and cash equivalents and deposits in highly liquid investments with major financial institutions in Canada, Portugal and the Greater Middle East. The Company's commodity taxes receivables are not subject to significant credit risk.

The maximum exposure to credit risk as at:

	2013	2012
	$	$
Cash and cash equivalents	**2,263,613**	6,473,498
Deposits [held in Portugal]	**598,023**	603,428
Accounts receivable	**666,544**	544,538
	3,528,180	7,621,464

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows used in operations and exploration activities, anticipated from investing and financing activities, and taking into account the Company's holdings of cash and cash equivalents.

As at December 31, 2013, the Company has cash and cash equivalents of $2,263,613 (including $1,735,000 in the Middle East). Trade and other payables have contractual maturities of 30 to 60 days or less and are subject to normal trade terms, amounts due to related parties are due on demand.

The Company's ability to continue as a going concern is also dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. While the Company has been successful in raising debt and equity funds in the past, there is always a degree of risk on whether or not it will be able to raise sufficient funds in the future.

Currency risk

The Company raises its capital in Canadian dollars and holds its cash mainly in Canadian dollars, Euros and US Dollars. The Company and its subsidiaries minimize their exposure to foreign currency risk by minimizing the amount of funds in currencies other than the functional currencies. The Company continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

As at December 31, 2013 and 2012, the Company was exposed to currency risk on the cash balance of US$1,600,000 (2012: nil) held in the Middle East and the following net assets held in Portugal denominated in Euros:

	2013	**2012**
	$	$
Net financial assets and liabilities	**24,178,557**	16,126,131

Financial risk associated to agriculture

The Company is exposed to financial risks arising from its vineyard activities. The Company takes reasonable measures to ensure that the current year's harvest is not affected by disease or other climate effects that may have a negative effect upon yield and quality. These measures include involvement of viticulture technicians and continuous focus on development of every plantation.

Risk Factors

Resource exploration and development is a highly speculative business, involves a high degree of risk and is frequently unsuccessful. There is no certainty that the expenditures to be made by the Company in the exploration of its properties or otherwise will result in discoveries of commercial quantities of minerals. The exploration for and development of mineral deposits involves significant risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. Significant expenditures may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the Company's current exploration programs will result in a profitable commercial mining operation.

Significant capital investment is required to achieve commercial production from successful exploration efforts. The commercial viability of a mineral deposit is dependent upon a number of factors. These include: (i) deposit attributes such as size, grade and proximity to infrastructure; (ii) current and future metal prices (which can be cyclical); (iii) government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental protection; (iv) First Nations negotiations and agreements; and (v) technological risks and changes. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

The prices of minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of minerals and future expectation of such prices may have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may affect the Company's ability to raise equity financing for its capital requirements.

OTHER MATERIAL EVENTS AND HIGHLIGHTS

The Company is presently not a party to any proceedings.

SUBSEQUENT EVENT

Investment in Colt Resources Middle East Cayman ("Colt Middle East")

As of March 4, 2014, Colt Middle East (Cayman) completed a private placement. As a result, Colt Middle East issued a total of 27,500,000 shares at C$0.15 per share for gross proceeds of 4,125,000 and the funds will be used to pursue efforts aimed at securing mining licenses in the Greater Middle East region. Of this amount, the Company received back $1,500,000 in two instalments on February 19 and March 13, 2014 respectively. Following the completion of this offering, the Company has maintained an interest of approximately 38% in Colt Middle East. Further, as announced in the January 22 and March 4, 2014 press releases, several members of the Company's management and executive team are also shareholders and directors in Colt Middle East which will mitigate risk and provide additional management depth and leadership for the future corporate strategy of Colt Middle East.

OUTLOOK

Management will continue to manage its funds rigorously, its primary objective being to optimize return on investment for the Company's shareholders. The Company's development strategy is focused on the discovery of economically viable deposits that will generate profits from mining and ensure the Company's survival. In applying its development strategy, management will take into account the global exploration context, stock market trends and the prices of metals.

Other Information

Additional information on the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.coltresources.com

Colt Resources Inc.

Signed *"Nikolas Perrault"*

Nikolas Perrault
Chief Executive Officer

Signed *"Shahab Jaffrey"*

Shahab Jaffrey
Chief Financial Officer