An Exploration Stage Company

Management's Discussion & Analysis

For the three month period ended March 31, 2012 and March 31, 2011

On January 24, 2012 pursuant to subsection 4.8(2) of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102"), the Company filed notice of its intention to change its financial year-end from March 31 to December 31. The change was effective December 31, 2011.

The following discussion and analysis of the financial position and results of operations for Colt Resources Inc. (the "Company") should be read in conjunction with the Audited Consolidated Financial Statements for the nine-month fiscal year ended December 31, 2011 and with the Audited Consolidated Financial Statements for the twelve-month fiscal year ended March 31, 2011.

The reader is encouraged to visit www.sedar.com for more information relating to the Company and its on-going disclosures.

FORWARD LOOKING STATEMENTS

Certain of the information contained in this Management Discussion and Analysis ("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.

OVERVIEW

Incorporated in April of 2000, Colt Resources Inc. (the "Company") is a junior mining exploration company engaged in the acquisition, exploration and development of mineral property interests in Portugal and Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the ticker symbol "GTP", OTCQX under the ticker symbol "COLTF" and the Frankfurt Stock Exchange under the ticker symbol PO1. The Company is currently a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec.

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The following discussion updates our plan of operations for the three month period ended March 31, 2012 and it also analyses the consolidated statements of financial position and compares it to the fiscal year ended December 31, 2011 and to the three months period ended March 31, 2012.

COMPANY HIGHLIGHTS

The three month period ended March 31, 2012 was marked by volatility in the financial markets and, in particular, the market for mineral commodities. Gold and tungsten prices remained strong during the first two months of the reporting period and experienced some corrections during the March. The relative strength of the commodity markets provided a solid background for the development of the Company's focus projects and their positioning with the investment community. Financial uncertainty, nonetheless, remains relevant across the globe and management remains cautious in its outlook.

During the reporting period, the Company received several warrant and option conversions and issued 13.5 million shares with total gross proceeds of approximately $5.9 million. These proceeds are used to fund the Company's exploration programs and ongoing working capital requirements.

PLAN OF OPERATIONS

General

For the fiscal year ending December 31, 2012, the Company's focus will be aimed at expanding and upgrading the resource base and accelerating exploration campaigns for gold, tungsten and base metals in Portugal. The company-wide exploration budget for the new fiscal year is currently projected to be approximately $9.0 million, including $5.5 million for the southern Portuguese projects and $2.5 million projected for the northern Portuguese projects, and may be re-evaluated at any time during the period. Corporate general and administrative overhead for the coming fiscal year is expected to be consistent with this reporting period.

Montemor and Boa Fé Gold Projects

In southern Portugal, having received government permits to proceed with the planned exploration and development activities at the Montemor exploration concession and the Boa Fé experimental mining license, the Company has commenced an aggressive exploration and development campaign. During the first half of 2012, the Company plans to focus the bulk of its exploration efforts on drilling and trenching the previous identified gold mineralized deposits within the Boa Fé experimental mining license and in doing so perform a data validation exercise. This will permit the use of data collected previously with Colt's data so as to accelerate the development of these assets. The Company intends to have a NI 43-101 compliant resource estimate prepared during the year.

During the second half of the year, the Company intends to expand the exploration campaign to areas known to be poorly tested both within the Boa Fé experimental mining license area and also within the surrounding Montemor exploration concession. Work will include soil geochemistry, stream sediment surveys, aero magnetic and aero radiometric surveys, resistivity and seismic. As targets develop, trenching and drilling will follow.

Given the advanced nature of the Boa Fé experimental license deposits, the Company will prepare several metallurgical and engineering studies during 2012 designed to support an optimized development program for the project so as to consider the viability of fast tracking the project toward mine development.

Tabuaço Tungsten Project

In northern Portugal, an initial NI43-101 resource estimate report for the Company's Tabuaço tungsten deposit located in the Armamar-Meda exploration concession was prepared and published in November 2011.

During 2012, the Company intends to upgrade the initial resource estimate through a campaign of infill drilling. Additionally, exploration drilling designed to test for nearby targets will accelerate. During the three-month period ended March 31, 2012, the Company reported the discovery of the Aveleira mineralized zone, 750m north of the initially reported resources at Tabuaço. This discovery will be tested together with others during the current year.

EXPLORATION HIGHLIGHTS

The Company's diamond drilling, property evaluation and exploration programs are under the supervision of Gareth O'Donovan, SRK Exploration Services ("SRK"), a qualified person as defined by NI 43-101 standards of disclosure for mineral projects.

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

1. Boa Fé Experimental Mining License

The Boa Fé Experimental Mining License (Boa Fé or the "BF-EML") covers approximately 46.78km^2 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 is completely surrounded by the Company's 100% owned Montemor exploration concession.

The evaluation diamond drilling programme that was initiated at the Boa Fé experimental mining concession with two drill rigs on November 2011 was intensified in early January 2012 with the arrival of another three drill rigs to the project. Most diamond drilling work done during the first quarter of 2012 was concentrated on the Chaminé gold deposit to fulfil two aims:

- To validate the work of previous companies by twinning 10% of historical holes used in previous resource estimates; and,
- Closely-spaced drilling on a grid aimed at resource definition and improving our understanding of the geological and structural model.

A total of twenty two holes were completed at the Chaminé deposit during the first quarter ended March 31, 2012 and two others were in progress by end of the reporting period for a total length of 2,323 meters. One hole was sampled for metallurgical test work.

Validation diamond drilling was also carried out during the first quarter at other nearby gold deposits within Boa Fé: at the Casas Novas gold deposit, three holes were completed and one was in progress by end of March 2012, for a total length of 602 meters; at the Ligeiro gold deposit 5 holes were completed during the first quarter, for a total length of 366 meters.

The validation diamond drilling programme will be continued beyond the end of the first quarter and extended to other known gold deposits, with a view to both validate the historical resource data in order to allow the Company to issue a NI 43-101 compliant resource statement by the end of the second quarter of 2012.

The following sampling was carried out on the Boa Fé EML during the quarter:

Deposit	Metres sampled	No. dispatched for assay
Chaminé	2,134	2,153
Casas Novas	486	465
Ligeiro	302	300
Ligeiro Trenching	999	569
Total	**3,921**	**3,487**

A total of 52kg of coarse reject from the existing evaluation program was selected and sent to Drinkard Metalox Inc. in the USA for scoping test work. Samples were selected on the basis of high/low grade gold and high/low arsenic content from Chaminé deposit for metallurgical test work involving acid digestion techniques to separate arsenic by producing a ferro-arsenate product.

Work continued on the Boa Fé EML to ensure a valid and integrated database to screen out errors, ensure clean topographic surfaces and unified coordinates in WGS84 datum. Work commenced at Chaminé during the quarter to upgrade and redefine the geology model on 2D cross sections prior to developing a 3D model.

Elsewhere in Boa Fé, exploration work was commenced to test for extensions and/or connections between the previously identified gold deposits. Work done under this program during the first quarter of 2012 consisted of trenching in the gap between the Chaminé and Ligeiro deposits, where eight trenches were excavated and sampled, for a total length of 555 metres. The sample results detected some low but anomalous gold contents which warrant further investigation.

Six geophysical survey traverses were run in the area of the Chaminé and Casas Novas deposits, with a view to test the applicability of resistivity and seismic methods for subsequent exploration and/or delineation of gold deposits in this belt. Processing of results was ongoing at the end of the quarter.

As at March 31, 2012, the Company has invested and capitalized $3,840,967 ($3,119,841 as at December 31, 2011) with respect to its Boa Fé experimental mining license. This represents a total of $721,126 over the reporting period.

2. Montemor-o-Novo Gold Concession

The Montemor-o-Novo exploration concession ("Montemor" or the "Concession") covers approximately 728.22km^2 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.

Work done during the first quarter of 2012 comprised:

- the production of a compilation geologic map for the whole Montemor and Boa Fé concessions;
- the compilation and assessment of historical soil and stream-sediment geochemical data;
- the assessment of the integrated data base and selection of target zones for subsequent exploration;
- the negotiation of an aeromag radiometric survey to cover the most prospective part of the concessions; and
- the assessment of historical data on the Monfurado deposit, with a view to delineate a drilling program to test it.

As at March 31, 2012, the Company has invested and capitalized $52,391 ($0 as at December 31, 2011) with respect to its Montemor-o-novo prospecting and exploration license. This represents a total of $52,391 over the reporting period.

3. Armamar-Meda Tungsten Concession

The Armamar-Meda concession ("Armamar-Meda" or the "Concession") covers approximately 109.20km^2 and is located in north central Portugal, a two-hour drive from the coastal city of Porto or a four hour drive from Lisbon, the capital city. The area and is contiguous with the Moimenta-Almendra and Cedovim concessions.

During the first quarter of 2012 work continued to focus on resource definition of the Tabuaço (São Pedro das Águias) tungsten deposit with a view to increase its resource base through evaluation diamond drilling by drilling:

- Infill holes on the existing 50x50m drill grid in order to upgrade resources from inferred to indicated status; and,
- Scout holes to test possible extensions of the tungsten deposit to the south, north and west of the limits to the resource area underneath the granite intrusion.

Thus drilling was carried outside of the indicated resource block as outlined in the NI 43-101 report by SRK in December 2011.

A total of eight holes were completed and three were in progress at end of the reporting period, for a cumulative drilled length of 931 metres during the quarter.

The drilling of larger diameter metallurgical holes was also initiated at the Tabuaço Tungsten Deposit, three holes having been completed and two being in progress at end of quarter, for a total cumulative drilled length of 324 metres.

In total five diamond drill rigs were deployed at the Tabuaço evaluation and metallurgical drilling programmes; a RAB drilling rig was deployed to drill the non-mineralized hanging wall zone before deploying a diamond core rig to complete the metallurgical core collection from the mineralized zones. This allowed a considerable time saving to be accomplished. Evaluation and metallurgical drilling were ongoing at the end of the quarter.

A total of 478m of core was selected for sampling with 303 samples sent for multi-element and XRF analysis for tungsten during the quarter.

During the first quarter of 2012, the discovery of a new stratabound skarn tungsten (scheelite) deposit, some 750 metres northwest of the Tabuaço (São Pedro das Águias) deposit was announced. This discovery resulted from scout diamond drilling at a previously identified soil geochemical anomaly. The first hole, DHT-49, drilled hit two thick and well separated skarn horizons with high-grade mineralization, similar to the Tabuaço deposit. Additional diamond drilling followed and by end of the first quarter of 2012 a total three holes had been completed, all of which intersected the two skarn horizons; and a fourth hole was ongoing, for a total drilled length of 236 meters during the quarter. Drilling at Aveleira was performed using one compact conventional diamond drill rig. Diamond drilling to delineate the full extent of the Aveleira tungsten discovery will continue for the remainder of the year.

Regional field exploration work was also carried out elsewhere at the Armamar-Meda concession, which was mainly focussed at investigating a cluster of old artisanal mines which exploited vein-type Sn-W mineralization, at Longroiva-South, in the Southeastern block of the Armamar-Meda concession. This resulted in the conclusion that these mineralized occurrences do not have the volume potential to warrant further exploration work and additional work is not planned at this time.

As at March 31, 2012, the Company has invested and capitalized $3,303,038 ($2,694,234 as at December 31, 2011) with respect to its Armamar- Meda prospecting and exploration license. This represents a total of $608,804 over the reporting period.

4. Penedono Gold Concession

The Penedono concession ("Penedono gold project" or the "Project") covers a total area of approximately 51.22km^2 and is located in north central Portugal, a two hour drive from the coastal city of Porto or a four hour drive from Lisbon, the capital city. The concession is surrounded by and contiguous with the Armamar-Meda and Moimenta-Almendra concessions.

Activity performed during the quarter consisted of the completion of a final report on the Santo António gold deposit. No field work was carried out at the Penedono concession during the first quarter of 2012.

As at March 31, 2012, the Company has invested and capitalized $2,535,822 ($2,432,789 as at December 31, 2011) with respect to its Penedono prospecting and exploration license. This represents a total of $103,053 over the reporting period.

5. Moimenta-Almendra Concession

The Moimenta-Almendra concession ("Moimenta-Almendra" or the "Concession") consists of two separate blocks totaling 283.15 km^2 in area and is located in north central Portugal, a two hour drive from the coastal city of Porto or a four hour drive from Lisbon, the capital city. These concession blocks are contiguous with the Penedono, Armamar-Meda and Cedovim concessions and are named, from west to east, Castainço block (102.72 km^2) and Almendra block (180.43 km^2).

Work done at this concession during the first quarter of 2012 was focussed on regional prospecting and sampling of outcropping tungsten (scheelite) mineralization, with primary focus on the Sobradais scheelite belt (Freixo de Numão zone).

Work performed on the Muchões skarn scheelite belt, comprised the production of a final report on the trenching and drilling programme, as well as conducting rehabilitation of all drill and trench sites as well as the newly open access tracks.

As at March 31, 2012, the Company has invested and capitalized $322,905 ($317,516 as at December 31, 2011) with respect to its Moimenta-Almendra prospecting and exploration license. This represents a total of $5,389 over the reporting period.

6. Santa Margarida do Sado VMS Concession

The Santa Margarida do Sado concession ("Santa Margarida" or the "Concession") consists of 180.17 km^2 of prospective ground located in southern Portugal approximately 110 km by highway SSE of Lisbon. The concession extends from near the Atlantic coast in a SE direction for approximately 45 km. Situated near the center of the concession is the town of Grandola.

During the first quarter of 2012, the Company initiated a drilling program in order to test two of the previously identified gravity anomaly targets, namely the Porqueira and Palhaço gravity anomalies, which have been selected based on additional positive results obtained from either TEM and/or Squid EM ground electromagnetic surveys. Due to the thick cover of poorly consolidated detrital sediments (Tertiary and Quaternary) lying above the favourable Iberian Pyrite Belt basement, it was decided to initiate the test holes by open-hole drilling methods down to bedrock, then case the hole prior to core drilling within bedrock.

At end of the first quarter the Porqueira test hole had been open-hole drilled and cased down to bedrock, for a total length of 246 metres; and the Palhaço preparatory open-hole was in progress, having reached a length of 76 metres. Diamond drilling was scheduled to commence during the second quarter of 2012.

As at March 31, 2012, the Company has invested and capitalized $371,475 ($346,825 as at December 31, 2011) with respect to its Santa Margarida do Sado prospecting and exploration license. This represents a total of $24,650 over the reporting period.

7. Cedovim Concession

The Cedovim exploration concession was granted on November 2, 2011. This concession is located in northern Portugal, approximately 100 km east of the city of Porto. It is composed of two separate blocks totaling 218.13 km^2 in surface area, and is contiguous with the Armamar-Meda and Moimenta-Almendra concessions.

Work done at this concession during the first quarter of 2012 included the completion of data compilation and assessment, followed by field prospecting and sampling of outcropping tungsten (scheelite) mineralization, based on available geologic mapping and stream sediment survey coverage.

As at March 31, 2012, the Company has invested and capitalized $10,503 ($0 as at December 31, 2011) with respect to its Cedovim prospecting and exploration license. This represents a total of $10,503 over the reporting period.

CANADIAN PROPERTIES

1. Extra High Property, British Columbia

During the first quarter, ending March 31, 2012 no fieldwork was performed. Work was instead confined to desk-based data review and analysis.

As at March 31, 2012, the Company has invested and capitalized $541,211 ($534,012 as at December 31, 2011) with respect to its Extra High prospecting and exploration license. This represents a total of $7,199 over the reporting period.

2. Gaspésie Mineral Property, Québec

During the first quarter ending March 31, 2012, no fieldwork was performed. Work was instead confined to desk-based data review and analysis.

As at March 31, 2012, the Company has invested and capitalized $190,507 ($190,507 as at December 31, 2011) with respect to its Gaspésie Mineral prospecting and exploration license. There was no material investment in this property over the reporting period.

SUMMARIZED FINANCIAL RESULTS

For the Quarterly Periods ended:	March 31, 2012 Q1 ($)	December 31, 2011 Q3 ($)	September 30, 2011 Q2 ($)	June 30, 2011 Q1 ($)
Other revenues	74,143	123,580	35,484	0
Loss before other Items	(1,395,703)	(1,762,276)	(2,056,330)	(2,094,015)
Loss per common share before other items	(0.01)	(0.02)	(0.02)	(0.03)
Net loss for the period	(1,328,385)	(2,292,852)	(2,244,048)	(2,094,015)
Basic net loss per common share	(0.01)	(0.03)	(0.02)	(0.03)

For the Quarterly Periods ended:	March 31, 2011 Q4 ($)	December 31, 2010 Q3 ($)	September 30, 2010 Q2 ($)	June 30, 2010 Q1 ($)
Total revenues	0	0	0	0
Loss before other Items	(2,155,150)	(1,487,759)	(915,996)	(459,293)
Loss per common share before other items	(0.05)	(0.04)	(0.03)	(0.01)
Net loss for the period	(2,151,150)	(1,487,759)	(915,996)	(439,438)
Basic net loss per common share	(0.05)	(0.04)	(0.03)	(0.01)

REVIEW OF FINANCIAL RESULTS

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2012, total assets were $34,875,325 as compared to $30,139,194 as at December 31, 2011. Mining interests increased by $1,533,114 from $9,635,704 to $11,168,818. The increase represents the capitalization of all expenditures arising from mineral property exploration and development in Portugal.

During the three months ended March 31, 2012, cash increased from $3,885,777 as at December 31, 2011 to $6,345,876. In addition, the Company held other financial assets with maturities over 90 days totalling $3,011,066 redeemable any time. The increase in cash and other financial assets was primarily the result of the successful exercise of warrants and options with net proceeds of $5,947,868. During the reporting period, the Company augmented its working capital from $9,162,184 as at December 31, 2011 to $11,883,124 as at March 31, 2012.

The Company has been successful in financing its liquidity requirements through the issuance of equity and debt securities. Management believes the Company has sufficient liquidity to meet its operating obligations for the next 6 months. As the Company is currently incurring operating losses, additional capital will be required to continue exploration activities on the properties. Subsequent to the reporting period, the Company announced a brokered and un-brokered private placement with expected gross proceeds of $8.7 million.

Consolidated Statements of Cash Flows for the three-month period ended March 31, 2012 and March 31, 2011

Operating Activities
Cash flow used in operating activities amounted to $1,556,610 for the three-month period ended March 31, 2012 as compared to $929,355 in the comparable period. The increase in cash used for operating activities was primarily the result of increase in trade and other accounts receivable and pre-paid expenses. In addition, the decrease in trade and other payables.

Financing Activities
Cash provided by financing activities amounted to $5,947,868 for the three-month period ended March 31, 2012 as compared to $161,873 in the comparable period. The increase in cash from financing activities is namely the result of warrant and option exercises during the reporting period.

Investing Activities
Cash used in investing activities amounted to $1,965,737 for the three-month period ended March 31, 2012 as compared to $1,005,666 in the comparable period. The increase in cash used in investment activities is primarily the result of the capitalization of expenditures to exploration and evaluation assets of $1,533,114.

At the end of the reporting period, the Company held approximately $6,345,876 in cash and cash equivalents as compared to $3,885,777 in the comparable period last year.

Schedule of Contractual Obligations

a. As part of it prospection and exploration activities, the Company has contractual obligations which are detailed in the consolidated financial statements as of December 31, 2011.

b. The Company has an operating lease for office space in 2000 McGill College Avenue, Montreal, Quebec, which ends on April 30, 2014. The future payments are as follows:

Expected future commitments as at:	**March 31, 2012 $**	December 31, 2011 $
Less than 1 year	99,455	98,450
Later than 1 year and less than 5 years	107,743	132,607
Later than 5 years	-	-

c. The Company has an operating lease for office space in Beloura, Portugal which ends on August 16, 2016. The future payments are as follows:

Expected future commitments as at:	**March 31, 2012 $**	December 31, 2011 $
Less than 1 year	62,172	62,172
Later than 1 year and less than 5 years	209,831	225,374
Later than 5 years	-	-

d. Mortgage and guarantees

As part of the acquisition of QSPA, the Company has commitments which are detailed in the consolidated financial statements as of December 31, 2011.

Results of Operations

Three months ended March 31, 2012 compared to three months ended March 31, 2011

For the three months ended March 31, 2012, the Company reported a net loss of $1,395,703 ($2,151,150 for the comparable period) and a comprehensive loss of $1,328,385 ($2,151,150 for the comparable period). The decrease in the Company's net and comprehensive loss was due primarily to the fact that the Company did not record stock based compensation

Investor Relations and Marketing expenses decreased to $437,233 ($781,761 for the comparable period). The decrease reflected lower expenses associated with preparing and promoting the company to successfully fund its exploration and operating activities and to increase investor awareness globally. The Investor Relations and Marketing expenses for the three-month period ended March 31, 2012 included $120,337 in IR Consulting, $173,544 in travel and $66,843 in Management Cost Allocation.

Salaries increased to $130,984 ($93,406 in the comparable period). Legal expenses decreased to $25,657 ($123,938 for the comparable period).

Capitalized exploration costs, reflected in the Company's Consolidated Balance Sheets, increased to $11,168,818 as at March 31, 2012 from $9,635,704 as at December 31, 2012, reflecting an increase in exploration activities predominantly in the Armamar-Meda (tungsten) and Montemor (gold) projects.

The Company reported a total weighted average number of common shares outstanding of 104,075,137. As a result, the Company reported a net and comprehensive loss per share of $0.01 ($0.05 for the comparable period).

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RISK MANAGEMENT AND GOING CONCERN

This MD&A and the Company's financial statements have been prepared in accordance to International Finance Reporting Standards (IFRS) as applicable to going concerns. However, certain facts and circumstances may cause a significant doubt on the reasonableness of this assumption. The Company is currently pursuing financing alternatives to fund its operations and to continue as a going concern. Although there are no assurances that the Company will be successful in these actions, management is confident that it will be able to secure the necessary funding.

RISK FACTORS

The Company and the securities of the Company involve a high degree of risk, including those risk factors listed below, and should be considered a highly speculative investment. In addition to the other information contained herein, the following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

Commodity Prices

The price of the common shares of the Company, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold, tungsten or other minerals. Gold, tungsten or other mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of such commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold, tungsten or other mineral-producing countries throughout the world. The prices of gold, tungsten or other minerals have fluctuated widely in recent years, and future serious price declines could cause continued development of and commercial production from the Company's properties to be impracticable. Depending on the price of gold, tungsten or other minerals, cash flow from mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on gold, tungsten or other mineral prices that are adequate to make these properties economically viable.

In addition to adversely affecting the Company's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Foreign Exchange Rate Fluctuations

The Company maintains its accounts in Canadian dollars. The Company's current operations in Portugal render it subject to foreign currency fluctuations, which may materially affect its financial positions and results. For example, gold and tungsten are generally sold at prices stated in US dollars, while costs incurred are paid in the currency of the country in which the activities are undertaken (Portugal, in the case of the Boa Fe Concession and the Armamar-Meda Concession, the Company's two principal Properties). The Company does not currently plan to engage in currency hedging activities.

The most important exchange rate for the Company is currently the rate between the Canadian dollar and the Euro. While the Company is funding work in Portugal, the Company's results could be impaired if the Canadian dollar weakens relative to the Euro.

If the Company commences production on any of its Properties located in Portugal, a weak US dollar relative to the Canadian dollar and the Euro could also impair the Company's financial results since the smelters pay for concentrate in US dollars while the Company would report its financial results in Canadian dollars and the majority of costs would be paid in Euros.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of common shares of the Company in the public markets, or the potential for such sales, could decrease the trading price of the common shares of the Company and could impair the Company's ability to raise capital through future sales of its common shares. The Company has previously issued its common shares at an effective price per share which is lower than the effective market price of the common shares. Accordingly, a significant number of shareholders of the Company have an investment profit in the common shares that they may seek to liquidate.

Operations/Environmental

Environmental hazards may exist on the Company's Properties which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties, and the Company may be held liable for environmental problems discovered that were caused by former owners or operators, not only of its existing properties but of properties, if any, in which it previously held an interest.

Mineral Reserves and Resources

The mineral reserves and resources described in the Armamar-Meda Technical Report are estimates only and no assurance can be given that inferred, indicated or measured mineral resources will be moved to higher confidence levels or that any additional proven or probable reserves will be discovered or that any particular level of recovery of minerals will in fact be realized or that identified mineral resources will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited.

In addition, the grade of mineral resources ultimately mined may differ from that indicated by drilling results and such differences could be material. Material changes in mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Estimated reserves may have to be recalculated based on actual production experience. Market price fluctuations of metals, as well as increased production costs may lead the Company to determine that it is not economically feasible to continue exploration and development activities at any of its Properties.

Industry Conditions

The exploration of mineral properties involves significant risks which even experience, knowledge and careful evaluation may not be able to avoid, and the Company's operations are subject to all such hazards and risks normally encountered in the exploration, development and production of gold, tungsten and other precious metals or minerals, including unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Further, there is no certainty that the expenditures made by the Company towards the search and evaluation of gold, tungsten or other precious metals or minerals will result in commercial quantities of gold, tungsten or other precious metals or minerals. The price of metals has fluctuated widely, particularly in recent years as it is affected by numerous factors which are beyond the Company's control including international economic and political trends, expectations of inflation or deflation, currency exchange fluctuations, interest rate fluctuations, global or regional consumptive patterns, speculative activities and increased production due to new extraction methods. The effect of these factors on the price of metals, and therefore the economic viability of the Company's interests in the mineral properties cannot be accurately predicted. Furthermore, changing conditions in the financial markets, and Canadian income tax legislation may have a direct impact on the Company's ability to raise funds for exploration expenditures. A drop in the availability of equity financings will likely impede spending. As a result of all these significant risks, it is quite possible that the Company may lose its investments in the Company's mineral property interests.

Statutory and Regulatory Compliance
The current and future operations of the Company, from exploration through development activities and commercial production, if any, are and will be governed by laws and regulations governing mineral concession acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Furthermore, there can be no assurance that all permits which the Company may require for exploration, construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any mining project which the Company may undertake. As the Company's principal Properties are in Portugal, the Company and its subsidiaries will need to comply with the applicable laws, regulations and policies of such country and may face additional risks related to uncertain political and economic environments, changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits and increased financing costs. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the Company's activities, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions there under, including orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Company or its Portuguese subsidiaries may be required to compensate those suffering loss or damage by reason of its mineral exploration and mining activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

The Company is not currently covered by any form of environmental liability insurance. See "Insurance and Uninsured Risks", below.

Existing and possible future laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduced levels of production at producing properties or require abandonment or delays in development of new mining properties.

The Company has a very limited history of operations, is in the early stage of development and has received no significant revenues.

The Company has a very limited history of operations, is in the early stage of development and has received no revenues to date, other than insignificant interest revenues. As such, the Company is subject to many risks common to such enterprises. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that the terms of such financing will be favourable. The Company has not paid dividends in the past and has no intentions of paying dividends for some time in the future.

Title to Properties

Although the Company has taken steps to verify the title to mineral properties in which it has acquired an interest, including the receipt of title opinions in respect of its principal properties, no assurance whatsoever can be given that there are no title defects affecting such properties or that the Company's interests may not be challenged or impugned by third parties. If challenged, and if the challenge is sustained, it will have an adverse effect on the business of the Company. Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect thereto.

The Company's Properties located in Portugal are subject to concessions granted by the Government of Portugal. Even if all of the Company's obligations under the concession agreements have been fulfilled, there are no guarantees that the Company's concessions will be renewed since renewal is subject to the discretion of the Portuguese Government. In addition, if the Company fails to comply with its technical and/or financial commitments under the concession agreements by specific dates as defined thereunder, the Company may be forced to return the Portuguese Properties to the Government of Portugal. Furthermore, the concession agreements may be terminated by the Government of Portugal for a number of reasons including, but not limited to, the Company's inability to comply with its obligations.

Early termination or non-renewal of any of the concession agreements, for any reason, would have a material adverse effect on the Company's business, results of operations and financial condition, as well as on the market price of the Common Shares. See "General Development of the Business – Three-Year History – Agreements Related to the Properties" and "General Development of the Business – Other Material Events and Recent Developments" for a description of the terms and conditions of the concession agreements on the Portuguese Properties.

Competition

The mining industry is competitive in all its phases. The Company competes with major mining companies and other natural resource companies in the acquisition, exploration, financing and development of new properties and projects. Many of these companies are more experienced, larger and better capitalized than the Company. The competitive position of the Company depends upon its ability to obtain sufficient funding and to explore, acquire and develop new and existing mineral-resource properties or projects in a successful and economic manner. Some of the factors which allow producers to remain competitive in the market over the long term are the quality and size of an ore body, cost of production and operation generally, and proximity to market. The Company also competes with other mining companies for skilled geologists and other technical personnel. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all and consequently the Company's revenues, operations and financial condition could be materially adversely affected.

Political
The Company operates in Portugal. The Company does not regard the nature of this country as a deterrent to operations. The Company does not currently maintain political risk insurance.

Insurance and Uninsured Risks
The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Infrastructure
Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

The Company's common shares may be subject to further dilution.
There are a number of outstanding securities and agreements pursuant to which the common shares of the Company may be issued in the future which, when exercised or converted, as the case may be, may result in further dilution to the Company's shareholders. The increase in the number of issued and outstanding common shares of the Company and the possibility of sales of such shares in the future may have a depressive effect on the trading price of the common shares of the Company. In addition, as a result of such additional common shares, the voting power of the Company's existing shareholders will be reduced.

Dependence on Qualified Personnel
The success of the Company is dependent to a significant degree on the contributions of qualified personnel and the Company's success will depend in a large part upon its ability to attract and retain highly skilled personnel. Competition in the mining exploration industry for qualified individuals is intense, and the Company may not be successful in attracting and/or retaining qualified personnel. The incapacity for the Company to do so may seriously harm its business and operations.

Dependence on Key Personnel
The Company is dependent on the services of certain key officers and employees. The experience of these individuals will be a factor contributing to the Company's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on the business and operations of the Company.

Conflicts of Interest
Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with applicable laws.

OTHER MATERIAL EVENTS AND HIGHLIGHTS

The Company is presently not a party to any proceedings.

TRENDS

During the three-month period ended March 31, 2012 the financial markets experienced a period of high volatility, which led to a price correction of gold and tungsten. Subsequent to the reporting period the volatility in the financial markets continue to underline economic instability and uncertainty which management believes will continue to impact the prices of commodities. Management is committed to its operational plans and remains optimistic yet conservative in its outlook.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

Subsequent to March 31, 2012:

On April 17, 2012, the Company announced that it had entered into a bought deal private placement for 10,000,000 common shares at a price of $0.50 per share for gross proceeds of $5,000,000. The Company granted the Underwriters an option to purchase up to an additional 1,500,000 shares at the same price, which is exercisable by the Underwriters at any time up to two business days prior to closing. If this option is fully exercised, total gross proceeds will be $5,750,000. Concurrently, the Company also announced a non-brokered private placement for up to 7,400,000 shares at a price of $0.50 per share for gross proceeds of up to $3,700,000.

On May 2, 2012, the Company announced it had completed the private placement as announced on April 17, 2012. As a result of the closing, the Company issued 17,400,000 restricted shares at a price of $0.50 for a total gross consideration of $8.7 million. The Company paid cash commissions totalling $520,000 and issued 1,226,000 broker warrants, entitling the holder to purchase one common share at the price of the offering until May 2, 2013.

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.