An Exploration Stage Company

Management's Discussion & Analysis

For the three and six month period ended June 30, 2012 and June 30, 2011

On January 24, 2012 pursuant to subsection 4.8(2) of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102"), Colt Resources Inc. (the "Company" or "Colt" or "Colt Resources") 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 Management's Discussion and Analysis ("MD&A"), should be read in conjunction with the Colt Resources' annual consolidated financial statements for December 31, 2011 and related notes thereto which appear elsewhere in this report. All figures in this MD&A are in Canadian dollars, unless stated otherwise. Additional information on Colt Resources can be found at www.sedar.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.

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 provides updates to our plan of operations for the three and six month period ended June 30, 2012 and it also analyses the condensed interim consolidated statements of financial position and compares it to the fiscal year ended December 31, 2011 and to the three and six month period ended June 30, 2011.

COMPANY HIGHLIGHTS

The six month period ended June 30, 2012 was marked by volatility in the financial markets, in particular, the market for mineral commodities. Financial uncertainty, nonetheless, remains relevant across the globe and management remains cautious in its outlook.

During the reporting period, the Company completed a brokered private placement and issued 10 million restricted common shares with gross proceeds of $5 million. Concurrently, the Company also completed a non-brokered private placement and issued 7.4 million shares with gross proceeds of $3.7 million. The proceeds will be 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 fiscal year is currently projected to be approximately $9 million, including $6 million for the southern Portuguese projects and $2 million projected for its northern Portuguese projects, and may be re-evaluated at any time during the period. Corporate general and administrative overhead for the fiscal year is expected to be consistent with this reporting period.

Montemor and Boa Fé Gold Projects

In southern Portugal, having received government permits on November 2, 2011, to proceed with the planned exploration and development activities at the Montemor exploration concession and the Boa Fé experimental mining license, the Company is continuing with its aggressive exploration and development campaign. During the first half of 2012, the Company focussed the bulk of its exploration efforts on drilling and trenching the previous identified gold mineralized deposits within the Boa Fé experimental mining license and performed a data validation exercise. This will permit the integration of data collected previously with Colt's data so as to reduce the cost of data collection and to accelerate the development of these assets. The Company intends to have a NI 43-101 compliant resource estimate prepared by mid-year.

Subsequent to the end of the reporting period, the Company announced the results of an initial NI 43-101 compliant resource estimate for the Chaminé and Casas Novas deposits within the Boa Fé mining permit. (Press Release – July 3, 2012).

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. Drilling will also be performed to test extensions of known deposits both along strike and to depth.

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. (Press Release – November 7, 2011)

During the first half of 2012, the Company focussed drilling activities on infill drilling the Tabuaco deposit so as increase confidence in the geological model and controls of mineralization. During Q1, 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 2012.

During the second half of 2012, the Company intends to upgrade the initial resource estimate supported by a campaign of infill drilling. Additionally, exploration drilling designed to test for nearby targets similar to Aveleira will accelerate.

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 EML) covers approximately 46.78km2 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 Boa Fé with 2 drill rigs on November 2011 and intensified in early January 2012 with the arrival of another 3 drill rigs to the project, was continued throughout the second quarter 2012. Diamond drilling, which had been mostly concentrated on the Chaminé gold deposit during Q1, 2012, was extended during Q2, 2012 to other gold deposits in the Boa Fé license area, namely Banhos, Braços, Casas Novas and Covas. This drilling was to fulfil two aims:

- Validation of 10% of historical drill holes used in former resource estimates to ensure that the integrity of data from previous drilling was acceptable and that the historical data could be used as part of an initial NI 43-101 compliant resource estimate;
- To drill different orientations to resolve potential bias in the interpretation of the mineralization controls arising from much of the previous drilling being orientated -50º to -60º north-west at both Chaminé and Casas Novas. This process is designed to increase confidence in the controls of mineralization for these deposits.

At Chaminé, a total of 39 diamond drill holes were completed, 36 holes for evaluation and 3 for metallurgical test work, for a combined drilled meters of 3,012.8m for evaluation and 194.75m for metallurgical test work.

At Casas Novas, a total of 20 diamond drill holes were completed, for a combined drilled meters of 2,391.5m for evaluation.

The cumulative total for the drilling program at all deposits in Boa Fé at the end of Q2 stands at 7,139.5m for evaluation and 262.35m for metallurgical test work.

A total of 2,666.45 metres were cut from core from these holes. A total of 2,691 samples were dispatched for multi-element and FAAS analysis for Au of which 1,845 results had been received by end of Q2.

Elsewhere in Boa Fé, detail prospecting work done during Q2 2012 included:

- Conclusion of the trenching work initiated in the previous quarter at the Ligeiro-Chaminé gap. This trenching exercise confirmed that gold mineralization, though of low average grade, occurs in the sub outcrop between the Chaminé and Ligeiro gold deposits, therefore warranting future drilling work to test this gap.

- Investigation of the "Vacas gap", located between the Covas and Caras gold deposits, through the excavation and sampling of a 171 metre long trench. The results obtained from this trench did not indicate mineralization at surface and did not confirm historical trench results from the same site; no further work being currently planned for this location.

Geochemical exploration work commenced during Q2 at the Boa Fé EML, consisting of the sampling of four pilot soil geochemical traverses, comprising a total of 202 soil samples, across the Banhos, Braços, Braços-South, Casas Novas and Chaminé gold deposits, to collect orientation multi-element geochemical data which was lacking in the historical geochemical data base (mostly comprising only Au and As analyses).

Important regional geophysical exploration work was also carried out during Q2. The whole area of the Boa Fé EML was covered with a helicopter-borne detailed aeromagnetic and radiometric survey, as part of a broader survey designed to cover the most prospective portion of the company's surrounding Montemor exploration concession. The results obtained from this survey are of the utmost value, and are being used for guiding further detailed exploration work aimed at finding additional gold resources at Boa Fé and Montemor.

During the first half of 2012, the Company engaged the Brazilian consulting group "Contecmina", to prepare a conceptual "Mining Plan" for the extraction and treatment of the Chaminé and Casas Novas deposits over an initial 5 year period. As the Company moves ahead with its preparation of a full mining permit application, an Environmental Impact Assessment ("EIA") is required. The work being prepared by Contecmina has been done to support the preparation of the EIA. The Company has engaged the consulting group, "Geomega", to prepare the EIA which had reached the final stages of preparation at the end of the Q2 period and is expected to be completed in August 2012. The work being done by

Contecmina will be incorporated into prefeasibility work anticipated to be completed during the second half of the year.

Metallurgical bulk samples were collected during Q2 and shipped for bench scale testing to metallurgical consulting groups based in the US and Brazil. Results are anticipated to follow during Q4.

During the first half of the year, the Company compiled all the historical data into a standard database system using a combination of Excel and Gemcom software. All data collected by the company is now stored in a centralized data storage and processing center located at the Company's Portuguese head office in Beloura. Geological and engineering staff was trained in the use of Gemcom and other relevant software so as to increase exploration and development efficiency at Boa Fé/Montemor.

As at June 30, 2012, the Company has invested and capitalized $4,742,590 ($3,119,841 as at December 31, 2011) with respect to its Boa Fé EML.

2. Montemor-o-Novo Gold Concession

The Montemor-o-Novo exploration concession ("Montemor" or the "Concession") covers approximately 732.61km2 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 Q2 exploration work intensified in the Montemor concession, at both local and regional levels, comprising geochemical and geophysical surveys, prospecting, trenching and diamond drilling. On a local level, focus was given to sections of two gold prospective belts (shear corridors) which parallel the Boa Fé shear zone to the Southwest, but comprise rocks of either distinct formations and/or lower metamorphic grade, namely the Monfurado Cambrian belt (comprising felsic metavolcanics, calcsilicate and carbonate rocks, amphibolites) and the Mourel Proterozoic black graphitic schist belt.

A test diamond drilling program was initiated over the Monfurado gold deposit, following the analysis of historical drilling (6 inclined DDH's and a number of shallow RAB drill holes) indicative of the having the potential for a low grade but large tonnage gold deposit.

A total of four vertical diamond drill holes were completed, and a fifth was underway by the end of Q2, for a cumulative drilled meters of 396 metres; a total of 333 samples were cut from the core of these holes, of which results had been received by end of Q2 for 182 samples. This drilling and analytical work confirmed the presence of low grade gold mineralization associated with pyrite, pyrrhotite and occasionally arsenopyrite, hosted by shallow dipping felsic metavolcanic and calcsilicate rock units, and extending for at least 300 metres along strike and 80 metres down-dip. Drill testing of this deposit was ongoing at the end of Q2 and is scheduled to continue into Q3.

Trenching and channel sampling works were concentrated at three locations, selected on the basis of historical soil geochemical and scarce trenching data, namely at Malaca, Mourel and Mourel North; none of these locations having been historically drilled. During Q2, a total of 11 trenches were excavated, mapped and sampled at these three locations, for a cumulative length of 877 metres. A total of 586 channel samples were collected from the bottom of these trenches, of which 390 samples had been assayed by the end of Q2.

The results of this trenching and channel sampling indicate the presence of gold mineralization at all three locations, associated with sheared rocks of distinctly different units as follows:

- Malaca, 2km SE of the Monfurado deposit, gold mineralization was encountered at both sides of the contact zone between the Monfurado Cambrian amphibolites and the Proterozoic "Serie Negra" rocks.
- Mourel, around 6km NW of the Monfurado deposit, gold mineralization is hosted by extremely sheared black graphitic schists of the Proterozoic "Serie Negra" formation.
- Mourel-North, ca. 500m North of Mourel, gold mineralization consists of arsenopyrite-rich veining hosted by a sheared orthogenesis of presumed Cambrian age.

Geologic prospecting and rock sampling work was carried out on a number of zones selected on the basis of favourable geologic setting, historical geochemical data, or Colt's newly acquired geochemical and geophysical exploration data. A total of 84 rock samples were taken for check analysis during such work from outcrop or float close to source (sub outcrop) and the results of 51 of these had been received at the end of Q2. These results indicate the presence of gold mineralization ranging up to 67.7g/t Au (grab sample) at a number of new locations warranting follow-up prospecting work.

Geochemical exploration work was also commenced this quarter at the Montemor exploration concession, comprising both stream sediment and soil sampling.

An approximate 7km long area was covered with a stream sediment survey, along the outcrop of the Cambrian formation to the Southeast of the Monfurado deposit, an area with perceived favourable geology and very scarce historical geochemical coverage. A total of 27 stream locations were sampled. At each a geochemical sample was collected for analysis and a pan-concentrate sample was taken for visual examination under binocular microscope. Both the geochemical and the pan-concentrate samples indicated several anomalies warranting follow-up investigation: the analysis indicated 7 samples anomalous in gold and associated elements, whereas the examination of pan concentrates under binocular microscope revealed the presence of gold colours in 10 samples.

Soil geochemical work was first started with the execution of two pilot soil geochemical sampling traverses, comprising a total of 67 soil samples, across the Monfurado gold deposit, to get orientation multi-element geochemical data, which was lacking in the historical geochemical data base (mostly comprising only Au and As analyses).

Subsequent to this pilot survey, an area of around 6.5km long by 1.5km wide, located to the Southeast of the Monfurado gold deposit, was outlined for soil geochemical coverage on the basis of favourable geology and anomalous stream sediment geochemistry. Initial coverage was planned on a 300m by 20m grid, and the survey was started in June, a total of 317 soil samples having been taken by the end of Q2.

Important regional geophysical exploration work was also carried out during this quarter. The portion of the Concession area with most prospective geology was covered with a helicopter-borne detail aeromagnetic and radiometric survey, which also covered the company's enclosed Boa Fé EML. The results obtained from this survey are of the utmost value, and are being used for guiding further regional and detail exploration work aimed at locating additional gold deposits within the Montemor exploration concession.

As at June 30, 2012, the Company has invested and capitalized $457,100 with respect to its Montemor Concession and Exploration License.

3. Armamar-Meda Tungsten Concession

The Armamar-Meda concession ("Armamar-Meda" or the "Concession") covers approximately 109.20km2 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 Q2, 2012 field work at Armamar-Meda was concentrated on the Tabuaço (São Pedro das Águias) tungsten deposit, where additional drilling was carried out for resource definition as well as for metallurgical sampling; and on exploration drilling to test the extent of the recently discovered Aveleira tungsten deposit.

At Tabuaço (São Pedro das Águias) a total of 8 resource definition holes were completed and 2 were in progress at the end of Q2, 2012, for a cumulative drilled length of 829.95 metres during the quarter. In addition 4 holes were completed for metallurgical sampling, for a total drilled length of 418.55 metres. The cumulative total for the project stands at 2,235m for the year for resource evaluation and 736.0m for metallurgical sampling.

Evaluation drilling is ongoing to upgrade the inferred resource area (Press Release – November 7, 2011) to indicated on an approx. 40m spacing. An additional 5 diamond holes are planned to complete this program.

500kg of sample for pilot metallurgical test work has been sent to the Guangzhou Research Institute of Nonferrous Metals ("GRI") in Guangzhou, China. An additional 500kg has been sent to a laboratory in Germany. Results are expected in Q3.
Work commenced during the quarter to upgrade the geological model, refine the main and lower skarn horizons and improve the model of the fault structures and granite contact with a view to producing an updated NI 43-101 compliant resource estimate during Q3.

At the Aveleira discovery, two exploration drill holes were completed, and one was in progress at the end of Q2, for a cumulative drilled length of 156 metres during the quarter. The slow progress of drilling resulted from a combination of bad ground conditions and the use of a small rig needed to drill amidst the vineyard corridors without damaging the vines. The drilling and sampling results obtained from Aveleira until the end of Q2, 2012 indicate a total strike length of at least 200 metres for the deposit, whiles the assay results confirm the presence of tungsten grades comparable with those of the Tabuaço deposit. Diamond drilling to delineate the full extent of the Aveleira tungsten discovery will be continued and intensified, with the laying-out of a resource drill grid and the bringing of additional drill rigs to test the deposit during H2, 2012.

In total five diamond drill rigs were deployed at the Tabuaço and Aveleira exploration, evaluation and metallurgical drilling programmes. Evaluation and exploration drilling were ongoing at the end of Q2, while all planned metallurgical drilling had been completed.

A total of 624m of core was selected for sampling for evaluation with 458 samples sent from Tabuaço and Aveleira for multi-element and XRF analysis for tungsten during the quarter. A total of 187m was selected for metallurgical sampling from Tabuaço with 92 samples dispatched to Cronimet, a metallurgical testing company in Germany, and GRI.

Additional geochemical soil sampling was carried out in the 750 metre gap between the Tabuaço and Aveleira tungsten deposits. The results of these as well as previous soil samples led to the identification of additional geochemical anomalies warranting testing by scout drilling. A nine short hole drill program was outlined and one further small rig was hired to start this drilling early during Q3.

No further regional field exploration work was carried out elsewhere at the Armamar-Meda concession during the Q2, 2012.

Metallurgical bulk samples were collected and sent for testing to laboratories in China and Germany to establish mineralogical characteristics and optimal recovery alternatives during Q2. Results are expected in Q4, 2012.

During Q2, the Company commenced the process of preparing the application for an experimental Mining License (EML) for Tabuaço. This included a trade-off study prepared to consider the optimum development plan for a conceptual mine, considering various scenarios for access and processing plant locations. The EML application requires the Company to prepare a PDA, which will describe the current environmental conditions and predicts the impacts that a future mining operation might have. The Company has engaged the consulting group DHV to prepare a PDA for Tabuaço. The EML application also requires the Company to prepare an "Experimental Mining Plan". This work has been assigned to a consulting group led by Portuguese mining engineer, Fernando Real. Both activities are scheduled for completion in early Q3, 2012, with the application scheduled for delivery to the DGEG also in Q3 following review by the Company.

During the first half of the year, the Company compiled all the historical data into a standard database system using a combination of Excel and Gemcom software. All data collected by the company is now stored in a centralized data storage and processing center located at the Company's Portuguese head office in Beloura. Geological and engineering staff was trained in the use of Gemcom and other relevant software so as to increase exploration and development efficiency at Tabuaco and other deposits being developed close by.

As at June 30, 2012, the Company has invested and capitalized $3,877,771 with respect to its Armamar-Meda Concession and Exploration License ($2,694,234 as at December 31, 2011).

4. Penedono Gold Concession

The Penedono concession ("Penedono gold project" or the "Project") covers a total area of approximately 51.22km2 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.

No new field work was carried out at the Penedono concession during the second quarter of 2012. The Company contracted SRK to produce a final report on exploration work carried out since inception at the Penedono concession. The Company has also contracted Contecmina of Belo Horizonte Brazil, to produce the required "mining plan" to support the application for an Experimental Mining Concession at Penedono.

During Q2, 2012, the Company initiated JV discussions to jointly develop the Penedono project. At the end of Q2 these discussions were ongoing. During Q2, the company hosted several site and office visits to allow potential JV partners to view the property and the data collected by Colt and previous companies.

As at June 30, 2012, the Company has invested and capitalized $2,683,196 with respect to its Penedono Concession and Exploration License ($2,432,769 as at December 31, 2011).

5. Moimenta-Almendra Concession

The Moimenta-Almendra concession ("Moimenta-Almendra" or the "Concession") consists of 2 separate blocks totaling 283.15 km2 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 km2) and Almendra block (180.43 km2).

Work done at this concession during the Q2, 2012 was focussed on regional prospecting, geologic mapping and sampling of outcropping tungsten (scheelite) mineralization, with primary focus on the Freixo de Numão zone.

As at June 30, 2012, the Company has invested and capitalized $344,387 with respect to its Moimenta-Almendra Concession and Exploration License ($317,516 as at December 31, 2011).

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 Q2, 2012 drilling started over two gravity anomalies located at the Western side of the area. These two gravity anomalies, named "Porqueira" and "Palhaço" were identified as being the most interesting anomalies prepared by a ranking exercise done after the application of several geophysical techniques, namely TEM, Squid-TEM and gravity inversion modelling. These gravity anomalies are located over a thick cover (>200m) of unconsolidated sediments that overlay the Paleozoic basement where the favourable volcano-sedimentary horizon may be located. Although the gravity inversion exercise almost ruled out a massive sulphide origin for the existing gravity anomalies and which could be explained by the paleo topography of the Paleozoic basement, the presence of a weak electrical conductor identified by the TEM surveys and the contractual commitments encouraged Colt to commence a deep drilling program at these locations.

Due to the unconsolidated nature of the surface sediments, drilling started in destructive mode at both locations down to the Paleozoic basement. At this point the holes were cased, "Porqueira" SMS-12-01 at 246m and "Palhaço" SMS-12-02 at 318 m. A wire line rig restarted the hole at Porqueira but due to technical problems the hole was abandoned and a new hole was started at a near-by location. At the end of Q2 hole SMS-12-01 was at 279.00 m deep (113.70m PQ + 165.30m HQ) coring rocks from the flysch sequence that is generally overlies the volcano sedimentary sequence that host the productive horizons of the massive sulphide bodies of the Iberian Pyrite Belt.

As at June 30, 2012, the Company has invested and capitalized $620,948 with respect to its Santa Margarida do Sado Concession and Exploration License ($346,825 as at December 31, 2011)

7. Cedovim Concession

The Cedovim exploration concession was granted on November 2nd, 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 km2 in surface area, and is contiguous with the Armamar-Meda and Moimenta-Almendra concessions.

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

As at June 30, 2012, the Company has invested and capitalized $16,954 with respect to its Cedovim Concession and Exploration License.

H. Borba Property

The Company applied on April 3, 2012, for a 100% interest in the Borba property which has an approximate area of 633.9 km^2. Located in central Portugal, the property is approximately 2 hours driving time from Lisbon. Roads provide ready access throughout the property. Infrastructure and local resources are excellent. The Company will start the discussion of the terms of the contract with DGEG in the coming weeks.

I. Cercal Property

The Company applied on May 25, 2012, for a 100% interest in the Cercal property which has an approximate area of 455 km^2. 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 Company will start in the coming weeks the discussion of the terms of the contract with DGEG.

CANADIAN PROPERTIES

1. Extra High Property, British Columbia

During the first six months of the year no fieldwork was performed. Work was instead confined to desk based data review and analysis.

As at June 30, 2012, the Company has invested and capitalized $534,012 with respect to its Extra High Property. There was no material investment in this property over the reporting period.

2. Gaspésie Mineral Property, Québec

During the first six months of the year no fieldwork was performed. Work was instead confined to desk based data review and analysis.

As at June 30, 2012, the Company has invested and capitalized $190,507 with respect to its Gaspésie Mineral Property. There was no material investment in this property over the reporting period.

SUMMARIZED FINANCIAL RESULTS

For the Quarterly Periods ended:	June 30, 2012 Q2 ($)	March 31, 2012 Q1 ($)	December 31, 2011 Q3 ($)	September 30, 2011 Q2 ($)
Other income	(149,513)	74,143	123,580	35,484
Loss before other Items	(2,200,850)	(1,395,703)	(1,762,276)	(2,056,330)
Loss per common share before other items	(0.02)	(0.01)	(0.02)	(0.02)
Net loss for the period	(2,313,348)	(1,328,385)	(2,292,852)	(2,244,048)
Basic net loss per common share	(0.02)	(0.01)	(0.03)	(0.02)

For the Quarterly Periods ended:	June 30, 2011 Q1 ($)	March 31, 2011 Q4 ($)	December 31, 2010 Q3 ($)	September 30, 2010 Q2 ($)
Other income	0	0	0	0
Loss before other Items	(2,094,015)	(2,155,150)	(1,487,759)	(915,996)
Loss per common share before other items	(0.03)	(0.05)	(0.04)	(0.03)
Net loss for the period	(2,094,015)	(2,151,150)	(1,487,759)	(915,996)
Basic net loss per common share	(0.03)	(0.05)	(0.04)	(0.03)

REVIEW OF FINANCIAL RESULTS

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2012, total assets were $40,400,341 as compared to $30,139,194 as at December 31, 2011. Mining interests increased by $3,831,761 from $9,635,704 to $13,467,465.The increase represents the capitalization of all expenditures arising from mineral property exploration and development in Portugal.

During the six months ended June 30, 2012, cash increased from $3,885,777 as at December 31, 2011 to $9,791,552. In addition, the company held other financial assets with maturities over 90 days totalling $3,019,214 redeemable any time. The increase in cash and other financial assets was primarily the result of the completion of a brokered private placement (10 million restricted common shares with gross proceeds of $5 million) and a concurrent non-brokered private placement (7.4 million shares with gross proceeds of $3.7 million). The company also received 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 $ 15,252,997as at June 30, 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 well into fiscal year ending December 31, 2013. As the Company is currently incurring operating losses, additional capital will be required to continue exploration activities on the properties.

Consolidated Statements of Cash Flows for the six month period ended June 30, 2012 and June 30, 2011

Operating Activities
Cash flow used in operating activities amounted to $3,598,370 for the six month period ended June 30, 2012 as compared to $2,599,963 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.

Financing Activities
Cash provided by financing activities amounted to $13,908,788 for the six month period ended June 30, 2012 as compared to $17,712,714 in the comparable period. This represent namely the the private placments and warrant and option exercises during the reporting period.

Investing Activities
Cash used in investing activities amounted to $4,387,706 for the six month period ended June 30, 2012 as compared to $1,524,487 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 $3,831,761.

At the end of the reporting period, the Company held approximately $9,791,552 in cash and cash equivalents as compared to $16,655,703 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 at 2000 McGill College Avenue, Montreal, Quebec, Canada, which ends on April 30, 2014. The future payments are as follows:

Expected future commitments as at:	**June 30, 2012 $**	December 31, 2011 $
Less than 1 year	**99,455**	98,450
Later than 1 year and less than 5 years	**82,879**	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:	**June 30, 2012 $**	December 31, 2011 $
Less than 1 year	**62,172**	62,172
Later than 1 year and less than 5 years	**194,288**	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 June 30, 2012 compared to three months ended June 30, 2011

For the three months ended June 30, 2012, the Company reported a net loss of $2,200,850 ($2,094,515 for the comparable period) and a comprehensive loss of $2,313,348 ($2,094,015 for the comparable period). The increase in the Company's net and comprehensive loss was due primarily to foreign exchange losses and finance costs arising primarily from accretion expense.

Investor Relations and Marketing expenses increased to $533,744 ($514,585 for the comparable period). The increase reflected higher expenses associated with preparing and promoting the company to successfully fund its exploration and operating activities and to increase investor awareness globally.

Salaries decreased to $147,671 ($206,423 in the comparable period) reflecting internal reorganization. Legal expenses Increased to $88,257 ($44,947 for the comparable period).

Capitalized exploration costs, reflected in the Company's Consolidated Balance Sheets, increased to $13,467,465 as at June 30, 2012 from $11,168,818 as at March 31, 2012, reflecting an increase in exploration activities predominantly in the Armamar-Meda (tungsten) and Boa Fé (gold) projects.

The Company reported a total weighted average number of common shares outstanding of 113,059,900 (62,992,886 as at June 30, 2011). As a result, the Company reported a net loss per share of $0.02 ($0.03 for the comparable period).

Six months ended June 30, 2012 compared to six months ended June 30, 2011

For the six months ended June 30, 2012, the Company reported a net loss of $3,599,068 ($4,245,165 for the comparable period) and a comprehensive loss of $3,769,621 ($4,245,165 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 $971,039 ($1,296,346 for the comparable period). The decrease reflected lower expenses associated with the reorganization of the company's investor relations activities.

Salaries decreased to $278,679 ($299,829 in the comparable period). Legal expenses decreased to $113,896 ($168,885 for the comparable period).

Capitalized exploration costs, reflected in the Company's Consolidated Balance Sheets, increased to $13,467,465 as at June 30, 2012 from $9,635,704 as at December 31, 2011, 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 113,059,900 (62,992,886 as at June 30, 2011). As a result, the Company reported a net loss per share of $0.03 ($0.07 for the comparable period).

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 Penedono 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.

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 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 six month period ended June 30, 2012 the financial markets experienced a period of high volatility, which led to a share price corrections across the commodity stocks. The volatility in the financial markets continues to underline economic instability and uncertainty which management believes will continue to impact the prices of commodities until the end of this fiscal year. 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

Subsequently to the six month period ended June 30, 2012:

On July 3, 2012 the company announced an initial NI 43-101 compliant resource estimate for the Chaminé and Casas Novas deposits, both located within its 100% Boa Fé Gold Project in Southern Portugal.

The mineral resources for Chaminé and Casas Novas have been independently estimated by SRK at 4,233,000 tonnes grading an average of 1.57 g/t gold classified as Indicated Mineral Resources, with an additional 209,000 tonnes grading an average of 2.36 g/t gold classified as Inferred Mineral Resources. The resource is stated above a 0.40 g/t gold cut-off grade and contained within potentially economically mineable pit shells.

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.