An Exploration Stage Company

MANAGEMENT'S DISCUSSION & ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three and nine month period ended September 30, 2012 and September 30, 2011

This MD&A is dated November 28, 2012

The following management's discussion and analysis of the financial position and results of operations ("MD&A") for Colt Resources Inc. ("Colt" or the "Company") should be read in conjunction with the unaudited condensed interim condensed consolidated financial statements and accompanying notes for the period ended September 30, 2012 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2011, both prepared in accordance with International Financial Reporting Standards ("IFRS"). All currency amounts are in Canadian dollars, unless otherwise stated. Additional information relating to the Company can be found on SEDAR www.sedar.com under Colt Resources Inc. and on the Company's website www.coltresources.com.

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

NOTICE TO READER

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.

FORWARD LOOKING STATEMENTS

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

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

COMPANY OVERVIEW

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.

The recoverability of amounts shown for exploration and evaluation assets and patents are dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying resource claims, the ability of the Company to obtain necessary financing to complete their development and upon future profitable production or proceeds from the disposition thereof. Although the Company has been successful in the past in obtaining financing there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

QUALIFIED PERSON

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

CORPORATE HIGHLIGHTS FOR Q3 OF 2012

The three month period ended September 30, 2012 was marked by volatility in the financial markets, in particular, the equity markets for mineral exploration and junior producers. The uncertainty in the financial markets around the world has resulted in decreased activity equity financings making it more difficult for juniors to finance their projects.

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

Business acquisition

During the fiscal year ended December 31, 2011, the company reported a provisional assessment of the fair value of the net assets arising from the August 24, 2011 acquisition of the surface rights for the Tabuaço project in the Armamar-Meda concession in northern Portugal. The surface rights were acquired through the purchase of all the outstanding shares of QSPA, a Portuguese company with assets and interests in the wine and port business.

During the reporting period the Company finalized the valuation of the net assets acquired in accordance with IFRS 3 and applied IFRS 6 to re-classify and present as exploration and evaluation assets as described in note 4 of the Condensed Interim Consolidated Financial Statements for the period ended September 30, 2012.

The follow list summarizes the adjustments and re-classifications made:

- Goodwill was increased by €555,308 ($733,007), with a corresponding increase in deferred tax liability by €555,308 ($733,007). Goodwill arose because of the requirement to recognise deferred income tax assets and liabilities for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed in the acquisition. Goodwill is not deductible for tax purposes.
- The fair value of the biological assets by was decreased by €176,243 ($232,640) and the corresponding fair value of the surface rights by increase by the same amount.
- The presentation of surface rights from intangibles assets reflected the re-classification to exploration and evaluation assets in accordance with IFRS 6. The amount of the reclassification is €1,959,100 ($2,586,011)
- Property, plant and equipment arising from the acquisition were reclassified as tangible exploration and evaluation assets in accordance with IFRS 6. Property, plant and equipment were reduced and exploration and evaluation assets increased by €2,450,709 ($3,234,936).

Joint Cooperation Agreement

During the reporting period the Company announced a joint agreement with Consultoria Tecnica Ltda ("Contecnica"), a privately owned engineering firm from Brazil, for the joint application for an experimental mining license and the joint exploration and development of the Penedono gold property located in northern Portugal. The terms of the agreement are disclosed in the press release dated September 4, 2012 and the Condensed Interim Consolidated Financial Statements for the period ended September 30, 2012, both filed www.sedar.com. The terms of the transaction are also discussed as well in the exploration highlights section of this MD&A.

EXPLORATION AND EVALUATION HIGHLIGHTS FOR Q3 2012

During the reporting period, the Company's exploration and evaluation programs were conducted under the supervision of Gareth O'Donnovan, SRK Exploration Services. As per the NI 43-101 standards of disclosure for mineral projects, Gareth O'Donnovan is defined a qualified person (QP). The Company's technical reports are available under the Company's profile on www.sedar.com

1. Boa Fé Experimental Mining License

The Boa Fé Experimental Mining License (Boa Fé or the "BF-EML") covers approximately 46.78km2. It 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 Montemor exploration concession, which is held by the Company through Aurmont Resources, a wholly-owned subsidiary.

The evaluation of the diamond drilling program was initiated in November 2011 at the Boa Fé experimental mining concession. It began with the use of 2 drill rigs and was intensified during 2012, through the deployment of 5 drill rigs to the project. Diamond drilling work had been mostly concentrated on the Chaminé gold deposit during the first quarter of 2012. It was later extended in the second quarter of 2012 to other gold deposits of the Boa Fé concession, namely Banhos, Braços, Casas Novas and Covas. During the third quarter drilling was concentrated on the Banhos and Banhos North deposits, as well as on Casas Novas and Chaminé. Some geotechnical drilling was also done at Chaminé and Ligeiro, on the proposed locations for the tailings management facility and process plant.

The evaluation drilling at Casas Novas was carried out on a 50m minimum spacing on 3 section lines, (66925E, 66975E and 67025E) in the central and eastern portion of the proposed pit area. This was done in order to obtain a better understanding of the shallow dipping structures.

Drilling at the Banhos deposit commenced during the second quarter. It was initially based on a 50m x 50m grid spacing to better understand the geology and ore body morphology. Iberian Resources, the previous operator, published a non NI 43-101 resource estimate (Iberian Press Release dated October 24th, 2005) for Banhos. This program has been designed for resource estimation in an area with previous drilling and trenching results. These results have been used as a guide for the drill planning. Subsequently, drilling at a nearby target, "Banhos North" started in September with one drill rig, following a review of positive trenching results.

Geotechnical drilling began at Chaminé, Ligeiro and Casas Novas deposits in the planned pit wall location and major infrastructures (tailings; facilities; water dam). Elsewhere in Boa Fé, detail prospecting work done in the second quarter 2012 included:

- Trenching that commenced at Banhos-North, so as to twin an old Rio Tinto trench with positive results and to test for gold mineralization close to surface.
- Geologic prospecting was carried-out at the Banhos-North arsenic anomalous area. Arsenic mineralization was found in vein quartz and felsic rocks; a total of 13 rock samples were taken in order to check for gold contents.
- A soil geochemistry and ground magnetics grid was started to cover a 4kmx1.3km area to the NW of Casas Novas, the Azinhaga-Banhos grid.
- A proposal was received from LNEG to cover this grid with ground magnetic surveying, with 50m spaced traverse lines. The proposal was accepted and the survey started during September.
- Geochemical soil sampling was started over the Azinhaga-Banhos grid. A total of 134 soil samples were taken.

During the second quarter, on-going metallurgical testing was performed by a US based metallurgical testing facility so as to characterize the mineralized material and identify optimal processing strategies. This work has progressed throughout the third quarter.

The final EIA, Environmental Impact Assessment, needed for the application of the mining license was received at the end of September. It is expected to be delivered to the DGEG by mid-October 2012.

The document applying for the public interest of the "Boa Fé" project was delivered to DGEG. This set of documents describes the proposed mining operations intended to be done at the Chaminé deposit during the current EML contract. It also describes the (positive) impacts this project will have on the local economy and society. The declaration of the public interest of the mining project is mandatory and has to be included with the application for cutting the cork oaks, and similar trees that are located over the proposed open pit.

A total of 374 external check samples were returned from SGS, which were analyzed at their new facility near Ankara, Turkey. This includes 357 samples analyzed using Fire assay with atomic absorption finish and 17 samples using fire assay with gravimetric finish. Visual inspection of the dataset received so far comparing the external samples to ALS appears acceptable so far.

As at September 30, 2012, the Company has invested and capitalized $6,078,391 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 728.22km2. It 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 Boa Fé Experimental Mining License, which is fully owned by The Company.

A great boost was given in the reporting period to gold exploration work in the Montemor concession, either on regional or detail scale, comprising geochemical surveys, prospecting, trenching and diamond drilling. Besides the regional scale, particular focus was given, on the detail scale, to sections of two gold prospective belts (shear corridors). These two fold prospective belts parallel the Boa Fé shear zone at Southwest, but comprise rocks of either distinct formations and/or lower metamorphic grade, namely the Monfurado Cambrian belt (comprising of felsic metavolcanic rock, calc-silicate and carbonate rocks, and amphibolite) and the Mourel Proterozoic black graphitic schist belt.

The drilling program over the Monfurado gold deposit, continued with the intent of producing a widely-spaced drill grid to test down-dip extensions of this mineralized formation. The Monfurado drilling programme was interrupted upon conclusion of the 12th hole, in order to allow a data assessment and decision making exercise. Furthermore, it allowed for a negotiation of an extended authorization with the landowner.

During the reporting period an additional eight vertical and inclined diamond drill holes were completed, for a cumulative drilling of 939 metres and a total of 1,335 metres for this program.

A preliminary assessment of the drilling results obtained to date indicates that the Monfurado gold mineralization is associated with epigenetic sulphide mineralization (pyrite>pyrrhotite>>arsenopyrite), generally occurring as veinlets and fracture fillings, occasionally in semi-massive layers. This mineralization is hosted by either of two stratiform lithologic units of the Monfurado Cambrian formation, namely a ~15m thick felsic metavolcanic unit and/or a calc-silicate and carbonate rock unit that occurs immediately below it.

The mineralized body (as defined geologically) shows a striking consistency in terms of structure/morphology, namely a NW-SE strike, a gentle NE dip of around 35º and a thickness varying in the short range between 13 and 15 metres. At Mourel, an inclined hole was drilled in order to test the depth extensions of the mineralization exposed by previous opened trenches, having intersected aspy+py mineralization at depth. Drilling will continued into October in order to test a second mineralized zone.

Trenching and channel sampling work continued in six locations, which were selected on the basis of historical soil geochemical and some trenching data, namely at Malaca, Mourel, Mourel North, Monfurado, Água de Todo o Ano and Gamela-Regadia. During the reporting period a total of 13 trenches were excavated, mapped and sampled at these three locations, for a cumulative length of 842 metres. A total of 483 channel samples were taken from the bottom of these trenches.

The results of this trenching and channel sampling work indicated the presence of gold mineralization in five of these locations, associated with highly sheared rocks of distinct units. The low-grade gold mineralization at Malaca is mostly hosted by sheared black graphitic schist and graphitic metacherts of the Proterozoic "Series Negra" formation, occasionally also by adjacent Cambrian orthogenesis. The gold values at Mourel and Agua-Todo-o-Ano are hosted by sheared (mylonitic) black graphitic schist and graphitic metacherts of the Proterozoic "Series Negra" formation. The gold mineralization at Mourel-North is hosted by sheared (mylonitized) Cambrian orthogenesis with late-stage brittle deformation. The open fractures of this brittle deformation lead to the formation of a sub-vertical sulphide (arsenopyrite) sheeted vein system which carries the gold contents.

Hammer prospecting and rock sampling continued along areas selected on the basis of favorable geology and/or anomalous geochemistry namely along the Monfurado Cambrian formation, over the Caeiras-Gamela-Regadia zone (NW of Monfurado deposit) and the Malaca-Sala-Salinha-Nogueirinha zone (SE of Monfurado), and also in the Carrascal zone. Geologic prospecting was also extended to other areas further to NW in the regional Montemor concession, namely to the Safira area (orthogenesis-hosted gold mineralization?). A total of 34 rock samples were taken for analysis, from nine target areas.
The grab sample collected from outcrop at Mourel showed 5 samples ranging between 1.08 and 2.39g/t Au, while the ones received from Gamela indicate 3 samples ranging from 1.14 to 44.1 g/t Au. On the other hand, results for one grab sample previously taken from Monfurado-South (Series Negra geologic setting) indicated 7.1g/t Au.

During reporting period a geochemical and pan-concentrate stream sediment survey was initiated. The intention is to cover the NW extension of the Boa Fé shear corridor; a total of 38 stream sediment samples were taken this month. This survey will continue into the months following the reporting period.

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, with a total of 317 soil samples having been taken till end of the second quarter.

During the third quarter the soil geochemical survey at the Malaca-Nogueirinha belt continued and a total of 1.410 soil samples were collected, with a cumulative sample number of 1.727 soil samples. Analytical results from 1.295 soil samples were received, and some gold and arsenic anomalous results have already been followed-up through hammer prospecting. The Company also initiated a ground magnetic survey of the Azinhaga-Banhos grid in the last week of the reporting period.

As at September 30, 2012, the Company has invested and capitalized $619,888 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. It 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 reporting period, field work at Armamar-Meda was focussed on the Tabuaço project in the São Pedro das Águias ("SPA") area of the tungsten deposit, where additional drilling was carried out for resource definition. At the SPA area a total of two resource definition holes were completed and one was in progress at end of the reporting period. The cumulative drilled length totaled 394 metres for the period. There was no metallurgical drilling during the reporting period.

The Company conducted infill drilling in order to upgrade the inferred resources in the SPA area. The drilling was done on using 25-50m spacing in order to increase the confidence in the previously reported NI 43-101 compliant resources. Progress was slow due to a lack of power of one rig, which was subsequently demobilized.

At the Aveleira skarn deposit and in order to proceed to the execution of the planned 75m x 75m drill grid for inferred resource delineation, the landowner's permission was sought and obtained for the drilling of an additional 14 holes at the Aveleira vineyard farm. Additionally a new Portuguese drilling and geotechnical contractor, Geocontrole, was awarded a drilling contract in order to intensify drilling at the Aveleira resource grid. During this period 9 holes were drilled.

The mineralized intersections at Aveleira increased the known total strike length of this skarn deposit to at least 200m. It also includes two negative holes (DHT-74 and DHT-76) which are indicative of an easterly limit to the Aveleira skarn tungsten deposit, perhaps as a result of faulting or due to this part of the deposit having already been eroded. Some of the best results are for hole DHT-71 indicating 0.79% WO3 over 13.88m, incl. 1.45% WO3 over 3.5m and for hole DHT-72 indicating 0.43% WO3 over 6.2m.

Following the results of the geochemical soil sampling carried out in the gap between the Tabuaço and Aveleira tungsten deposits, showing geochemical anomalies, a scout drilling program started with 4 holes drilled. The analytical results received for hole DHT-72 indicated 0.43% WO3 over 6.2m and another 0.22% WO3 over 6.8m, incl. 0.46% WO3 over 1.9m for hole DHT-75. A total of 514 core samples were selected and sent from Tabuaço and Aveleira for multi-element and XRF analysis for tungsten during the quarter. The results of 395 core samples were received.

At Quintã-Távora Zone some field work was carried out with a view to identify accessible drill site locations to test the likely down-plunge extent of Quintã skarn outcrop to the NW. A number of possible locations were identified, which will be pursued through landowner negotiations in the short term.

At the regional Armamar-Meda exploration area, some gold assay results were received from 14 rock grab samples taken from Ranhados, which were very modest. No further work is planned for this area. No further regional field exploration work was carried out elsewhere at the Armamar-Meda concession during the 3rd quarter 2012.

On-going metallurgical testing continued through the reporting period at a Chinese metallurgical test facility and a Chinese university. The work has been contracted based on advances in the extraction and processing of Scheelite ores that have generally not been implemented outside of china. Both test facilities have been contracted to test alternative recovery techniques and testing includes grinding studies, gravity and flotation. Drill core collected by Colt has formed the basis of the testing. Initial results have been promising with final results anticipated during.

The Experimental Mining License (EML) application for Tabuaço (SPA) was submitted to the DGEG on August 14th. Prior to this, several drafts of the PDA and the "Experimental Mining Plan" both necessary for the application, were received from the consulting groups involved and reviewed. Several internal technical meetings were held during the reporting period, to identify alternatives that could reduce the CAPEX and OPEX of the future mining operation.

During the reporting period an NI 43-101 compliant resource update was prepared by Colt staff under the supervision of SRK Exploration Services (QP). The results of this resource updated were announced on October 3, 2012, subsequently to the reporting period.

As at September 30, 2012, the Company has invested and capitalized $6,950,335 with respect to its Armamar-Meda Concession and Exploration License.

4. Penedono Gold Concession

The Penedono concession ("Penedono gold project" or the "Project") covers a total area of approximately 51.22km2. It 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 third quarter of 2012. The Company contracted SRK Exploration Services of Cardiff, U.K., to produce a final report on exploration work carried out since inception at the Penedono concession. The final report was delivered during September as well as updated versions of the previous reports on Santo António and Turgueira exploration work.

The Company has also contracted Contecmina, a Brazilian contractor, to produce the required "mining plan" to support the application for an Experimental Mining Concession at Penedono.

By the end of July CONTECMINA had started field visits to collect data for the preparation of the "Mining Plan". For this task, several technical meetings were held with CONTECMINA. The meetings provided definition of the design criteria, production scales, lay outs of the Turgueira and Old Tailings "Experimental Mining Plan" etc. of the Experimental Mining Plan of Turgueira and the old tailings of Santo António (Penedono). Five environmental companies (Visa, TTerra, Geomega, Egiamb and DHV) were invited to present proposals for an environmental and patrimonial baseline study to be included into the EML. The work was awarded to Geomega and the final document should be delivered early October. This will allow for its inclusion into the EML application.

On September 4, 2012 the company announced a joint agreement of cooperation between Consultoria Tecnica Ltda ("Contecnica") for the joint application and development of the Penedono gold project. The joint agreement calls for the joint application for an experimental mining license for the project, which upon approval by the DGEG would require Contecnica to pay the Company €50,000. In addition, Contecnica is required to invest a minimum of €2 million to earn a 51% stake in the Penedono gold project. Colt resources will contribute business, strategic and legal resources and Contecnica will contribute technical and operational management in addition to the required earn-in capital.

As at September 30, 2012, the Company has invested and capitalized $2,826,664 with respect to its Penedono Concession and Exploration License.

5. Moimenta-Almendra Concession

The Moimenta-Almendra concession ("Moimenta-Almendra" or the "Concession") consists of two separate blocks totalling 283.15 km2. It 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). Due to contractual obligations, the concession had to have its surface area reduced to 141.5 km2, in a single block (Almendra block). This surface area reduction will become effective as of October 1, 2012.

Work done at this concession during the reporting period was focussed on regional prospecting, on the Freixo de Numão Sn-W mineralized area , including drilling following the reception of analytical results for 33 rock samples of scheelite-mineralized skarns, collected in June from the area surrounding Castelo Velho. 11 of these samples indicated contents of $WO_3>0.1\%$, with a maximum value of 0.63% WO_3.

Drilling company Geoplano started hole FN-12-01 by the end of August, located near the old tungsten mine of "Pereiros" and "Castelo Velho". This hole cut a sequence of silicified chloritic schist with narrow beds of calc-silicate rocks with minor scheelite and was stopped at 222.10 meters deep. A second hole, FN-12-02 was located some 500 m north of FN-12-01 and ended the quarter at 29.65 m deep in HQ size.

As at September 30, 2012, the Company has invested and capitalized $365,688 with respect to its Moimenta-Almendra Concession and Exploration License.

6. Santa Margarida do Sado VMS Concession

The Santa Margarida do Sado concession ("Santa Margarida" or the "Concession") consists of 180.17 km2 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 this quarter drilling continued over the gravity anomaly located at the Western side of the area. The drill hole SMS-12-01 located over the "Porqueira" anomaly was by the end of July at 440.70 meters deep (HQ) cutting sub-horizontal shales and greywackes from the "Mértola Formation", Carboniferous flysch sequence that overlays the volcano sedimentary complex.

During the reporting period one of the suppliers of drilling services in Portugal experienced financial difficulties ending with the complete abandonment of the drill site on July 31, 2012. Early in August the supplier informed the Company that due to their situation of all personnel would stop working for an unknown period of time.

No extension of hole SMS-12-01 at "Porqueira" is planned as the exploration contract will end on September 16, 2012. All the core boxes were moved to the Escoural core shed, and the drill site was left in good order and clean.

On September 16, 2012 the Company decided to abandon the Santa Margarida do Sado project and to return the concession to the DGEG. The decision to abandon the project was primarily due to the lack of any interesting results obtained and the very high financial commitments for the contractual extensions for the property. During the end of the reporting period the Company removed the drilling equipment and the site was cleaned and restored. The company recorded a full write-down of the carrying value of the property totalling the entire amount

As at September 30, 2012, the Company has written down the entire carrying value of $671,615 with respect to its Santa Margarida do Sado Concession and Exploration License.

7. Cedovim Concession

The Cedovim exploration concession ("Cedovim" or the "concession") consists of 218,129 km2 of prospective ground located in northern Portugal, approximately 100 km east of the city of Porto. It is composed of two separate blocks, and is contiguous with the Armamar-Meda and Moimenta-Almendra concessions.

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

Geologic prospecting for tungsten (scheelite) bearing skarns was centered along the Cedovim – Vale de Porco – Poço do Canto belt, in the eastern bloc of the Cedovim exploration concession with the collection of rock samples from the outcrop. The analytical results received for these rock samples indicate contents of WO3>0.1% for 7 samples, all from the Poço do Canto location, and with a maximum value of 0.32% WO3 (table below).

As at September 30, 2012, the Company has invested and capitalized $19,335 with respect to its Cedovim Concession and Exploration License.

CANADIAN PROPERTIES

1. Extra High Property, British Columbia

During the reporting period the Company did not initiate any fieldwork on this property. Management plans to conduct a review of the property in the last quarter of 2012 in order to define direction for this project.

As at September 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 reporting period the Company did not initiate any fieldwork on this property. Management plans to conduct a review of the property in the last quarter of 2012 in order to define direction for this project.

As at September 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.

PLAN OF OPERATIONS FOR THE REMAINDER OF THE FISCAL YEAR ENDING DECEMBER 31, 2012

General

For the remainder of the fiscal year ending December 31, 2012 the Company's focus will continue to be aimed at finalizing the expansion and upgrade of the resource base and analysing in detail the results from the exploration campaigns for gold and tungsten in Portugal in order to set direction for 2013.

Montemor and Boa Fé Gold Projects

The Company is continuing with currently continuing its exploration and evaluation campaign. During the 3rd quarter of 2012, the company focussed the bulk of its exploration efforts on drilling and trenching the identified gold mineralized deposits and geochemical anomalous areas within the Boa Fé experimental mining license. The company has delivered a NI 43-101 compliant resource estimate for the Chaminé and Casas Novas deposits within the Boa Fe mining permit, which was published on July 3, 2012.

During the upcoming last quarter of the current fiscal year, the company intends to maintain the exploration campaign in 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 the continuation of the soil geochemistry, ground magnetics and possibly VLF surveys and also the structural interpretation of the results obtained from the air-borne magnetic and radiometric survey. 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 deposits within the Boa Fé experimental license, the company intends to prepare several metallurgical and engineering studies 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 update of the NI43-101 resource estimate was reported in November 2012 for the Company's Tabuaço tungsten deposit located in the Armamar-Meda exploration concession is being prepared and scheduled to be published at the end of Q3, 2012. This was subsequently reported on October 3rd, 2012.

During the last quarter of the current fiscal year, the company intends to continue to upgrade the resource estimate through a campaign of infill drilling, which includes the newly discovered Aveleira mineralized zone. Additionally, exploration drilling designed to identify nearby targets will continue.

SELECTED FINANCIAL INFORMATION

	September 30	**September 30**
Consolidated Statement of operations Comprehensive Loss	**2012**	**2011**
For the three month period ended	**$**	**$**
Other Income (Expense)	(67,765)	35,484
Operating expenses	(2,672,367)	(2,203,060)
Net Loss	(2,951,253)	(2,051,505)
Comprehensive Loss	(3,111,600)	(2,244,048)
Basic and diluted loss per share	(0.02)	(0.02)
	September 30	**September 30**
Consolidated Statement of operations Comprehensive Loss	**2012**	**2011**
For the nine month period ended	**$**	**$**
Other Income (Expense)	(139,579)	35,484
Operating expenses	(6,004,455)	(6,526,124)
Net Loss	(6,535,082)	(6,296,670)
Comprehensive Loss	(6,893,870)	(6,489,213)
Basic and diluted loss per share	(0.06)	(0.07)
	September 30	**December 31**
	2012	**2011**
Condensed interim consolidated statement of financial position	Unaudited	Audited
As at	**$**	**$**
Cash and cash equivalents	6,779,977	3,885,777
Other financial assets	-	3,003,868
Exploration and evaluation assets	20,669,122	15,456,652
Total assets	36,697,665	30,876,451
Total liabilities	5,606,802	6,840,837
Shareholders equity	31,090,863	24,035,614

RESULTS OF OPERATIONS

Three months ended September 30, 2012 compared to three months ended September 30, 2011

For the three months ended September 30, 2012, the Company reported a net loss of $2,951,253 ($2,056,330 for the comparable period) and a comprehensive loss of $3,111,600 ($2,244,048 for the comparable period). The increase in the Company's net and comprehensive loss was due primarily to the write-down of the Santa Margarida do Sado property and the increase in foreign exchange losses from operations and translation of foreign operations.

The Company reported an expense under other income (expense) of $62,765 arising primarily from the sale of part of the inventory from the acquisition of the surface rights, which was disposed at a loss. General and administrative expenses decreased to $1,902,122 ($2,139,701 for the comparable period). The decrease of $237,579 arises primarily from the net-off between lower expenses totalling $651,931 in management fees, legal and investor relation expenses and higher expenses totaling $462,706 in office and other administrative expenses arising primarily from increased travel expenses and others costs associated with business development activities including those related to the social license to operate mining operations in Portugal.

The Company reported a total weighted average number of common shares outstanding of 118,624,225 (86,761,260 for the comparable period). As a result, the Company reported a net loss per share of $0.02 ($0.02 for the comparable period).

Summarized variation in operating expenses

	September 30	September 30	
	2012	2011	Variation
For the three month period ended	**$**	**$**	**$**
Stock based compensation	80,482	130,949	(50,467)
Management fees	237,412	437,968	(200,556)
Professional and consulting fees	96,080	78,627	17,453
Salaries	130,846	245,296	(114,450)
Investor relations and marketing	441,156	539,973	(98,817)
Legal expenses	71,590	309,698	(238,108)
Insurance	44,329	22,114	22,215
Office expenses	563,120	196,958	366,162
Other administrative expenses	237,107	140,598	96,509
Property investigation	-	37,520	(37,520)
Write down mineral properties	671,615	-	671,615
Depreciation expense	98,630	63,359	35,271
Total operating costs	**2,672,367**	**2,203,060**	**469,307**

Nine months ended September 30, 2012 compared to nine months ended September 30, 2011

For the nine months ended September 30, 2012, the Company reported a net loss of $6,550,321 ($6,301,495 for the comparable period) and a comprehensive loss of $6,893,870 ($6,489,213 for the comparable period). The decrease in the Company's net and comprehensive loss was due primarily to lower general and administrative expenses.

The Company reported an expense in other income (expense) of $139,579 arising primarily from the sale of part of the inventory from the acquisition of the surface rights, which was disposed at a loss. General and administrative expenses decreased to $5,048,448 ($6,439,470 for the comparable period). The decrease of $1,391,022 arises primarily from a decrease in stock based compensation. Office expenses increased to $1,141,106 ($365,150 for the comparable period) arising primarily from costs associated with setting up offices and warehousing facilities in Portugal as well as travel and others costs associated with business development activities including those related to the social license to operate mining operations in Portugal.

Investments in exploration and evaluations assets increased to $20,669,122 in the nine month reporting period from $15,456,652 in the comparable period. The increase totalling $5,212,470 reflects a total of $6,173,848 in capitalized exploration costs less $671,615 of write-downs for the Santa Margarida do Sado property, $44,272 of depreciation expense for PPE and $248,527 in foreign currency translation costs.

The Company reported a total weighted average number of common shares outstanding of 118,624,225 (86,761,260 for the comparable period). As a result, the Company reported a net loss per share of $0.06 ($0.07 for the comparable period).

Summarized variation in operating expenses

	September 30	September 30	
	2012	2011	Variation
For the nine month period ended	**$**	**$**	**$**
Stock based compensation	80,482	1,760,933	(1,680,451)
Management fees	726,263	614,718	111,545
Professional and consulting fees	378,051	109,010	269,041
Salaries	409,525	679,860	(270,335)
Investor relations and marketing	1,412,195	1,836,319	(424,124)
Legal expenses	185,487	478,583	(293,096)
Insurance	151,607	44,121	107,486
Office expenses	1,141,068	365,150	775,918
Other administrative expenses	561,292	448,947	112,345
Property investigation	2,478	101,829	(99,351)
Write down mineral properties	671,615	-	671,615
Depreciation expense	284,392	86,654	197,738
Total operating costs	**6,004,455**	**6,526,124**	**(521,669)**

SUMMARY OF QUARTERLY RESULTS

	September 30	June 30	March 31	December 31
	2012	2012	2012	2011
Quarters ended	$	$	$	$
Other Income	(62,765)	(149,513)	74,143	123,580
Net Loss	(2,951,253)	(2,200,850)	(1,395,703)	(1,762,276)
Comprehensive Loss	(3,111,600)	(2,323,348)	(1,328,385)	(2,292,852)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.03)
Cash and cash equivalents	6,779,977	9,791,552	6,345,876	3,885,777
Other financial assets	-	3,019,214	3,011,066	3,003,868
Working capital*	9,392,676	15,252,997	11,883,124	9,162,184
Exploration and evaluation assets	20,669,122	13,467,465	11,168,818	15,456,652
Total assets	36,697,669	40,400,341	34,875,325	30,876,451
	September 30	June 30	March 31	December 31
	2011	2011	2011	2010
Quarters ended	$	$	$	$
Other Income	35,484	-	-	-
Net Loss	(2,056,330)	(2,094,015)	(2,155,150)	(1,487,759)
Comprehensive Loss	(2,244,048)	(2,094,015)	(2,151,150)	(1,478,759)
Basic and diluted loss per share	(0.02)	(0.03)	(0.05)	(0.04)
Cash and cash equivalents	9,795,185	16,655,703	1,236,079	2,995,832
Other financial assets	-	-	-	-
Working capital*	13,866,890	16,486,853	629,517	2,906,622
Exploration and evaluation assets	6,451,661	5,275,364	4,765,569	3,930,387
Total assets	30,426,620	22,848,743	6,589,733	7,299,987

* Working capital in this schedule is defined as Current Assets - Current Liabilities

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2012, total assets were $36,697,665 as compared to $30,876,451 as at December 31, 2011. Mining interests increased by $6,173,848 from $15,456,652 to $20,669,122. The increase totalling $5,212,470 reflects a total of $6,173,848 in capitalized exploration costs less $671,615 of write-downs for the Santa Margarida do Sado property, $44,272 of depreciation expense for PPE and $248,527 in foreign currency translation costs.

As at September 30, 2012, the Company had cash and cash equivalents of $6,779,977 as compared to $3,885,777 as at December 31, 2011. The increase in cash and cash equivalents was primarily the result of the completion of a brokered private placement, a concurrent non-brokered private placement and warrant redemptions with gross proceeds of $13,908,788. During the reporting period, the Company augmented its working capital from $9,162,184 as at December 31, 2011 to $ 9,392,678 as at September 30, 2012.

The Company has been successful in financing its liquidity requirements through the issuance of equity and debt securities. The Company does not have sufficient liquidity to meet its exploration, evaluation and development plans is currently incurring operating losses. Additional capital will be required to continue exploration and evaluation activities on the properties.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common or Preferred Shares without nominal or par value.

Issued and outstanding common shares

The common shares issued by the Company are shown in the following table:

	Number of shares	$
As at December 31, 2011	98,452,604	35,222,854
Shares issued for cash (i)	10,000,000	5,000,000
Shares issued for cash (ii)	7,400,000	3,700,000
Share issue costs (iii)		-869,220
Warrants exercised	13,618,826	6,019,603
Options exercised	100,000	25,000
As at September 30, 2012	**129,571,430**	**49,098,237**

(i) During the nine-month period ended September 30, 2012, the Company closed brokered private placements for a total of 10,000,000 units at $0.50 per unit for gross proceeds of $5,000,000.

(ii) During the nine-month period ended September 30, 2012, the Company closed a private placement for a total of 7,400,000 shares at $0.50 per unit for gross proceeds of $ 3,700,000.

(iii) The cost of issuance included $513,000 in commissions and $356,220 in other costs. In addition, the Company issued 1,226,000 broker warrants, entitling the holder to purchase one common share at the price of the offering until May 2, 2013.

Warrants

A summary of the changes in the Company's share purchase warrants during the nine month period ended September 30, 2012 is as follows:

	Number of warrants	Weighted Average Exercise Prices $	Weighted Average Years to Expiry
As at December 31, 2011	17,719,699	$0.47	0.22
Issued	144,500	$0.45	
Issued (broker)	1,226,000	$0.50	
Expired/exercised	-16,064,839	$0.44	
As at September 30, 2012	**3,025,360**	$0.63	**0.30**

During the nine month period ended September 30, 2012, the Company issued 1,226,000 broker warrants.
The purchase warrants expire on May 2, 2013 and a value of $195,928 was recorded in shareholders equity using the Black Scholes option pricing model with the following assumptions: (volatility 74%, risk free interest rate 1.42%, expected life of one year and expected dividend yield of 0%).

As at September 30, 2012 and December 31, 2011, the following common share purchase warrants were outstanding. Each warrant entitles the holder to purchase one common share at the exercise price with the following expiry dates:

Expiry Date	Exercise price $	September 30, 2012	December 31, 2011
February 25, 2012	$0.45		14,963,459
March 3, 2012	$0.30		300,000
February 25, 2012	$0.25		656,880
November 5, 2012	$0.72	1,799,360	1,799,360
May 2, 2013	$0.50	1,226,000	
Total warrants outstanding and exercisable		**3,025,360**	**17,719,699**

Share-based payments

During the nine month period ended September 30, 2012, the Company issued 200,000 stock-options at $0.55 with an expiration date of September 11, 2017. The Company valued and recorded the issuances at $80,482.
The fair value of stock options issued was estimated on the date of grant using Black Scholes Options Pricing Model using the following assumptions:

	September 30, 2012	December 31, 2011
Expected risk free interest rate (%)	1,3%	2%
Expected volatility (%)	169%	72%
Expected life (in years)	5 years	5 years
Expected dividends ($)	-	-

A summary of the share option transactions for the nine-month period ended September 30, 2012 is as follows:

	Number of options	Weighted Average Exercise Price $	Weighted Average Years to Expiry
Outstanding at December 31, 2011	12,200,000	$0.45	3.55
Granted	200,000	$0.55	4.95
Expired/Cancelled	-500,000	0.27	2.92
Exercised	-100,000	$0.25	1.52
Outstanding at September 30, 2012	**11,800,000**	**$0.46**	**2.84**

The following table summarizes stock options outstanding and exercisable:

		Number of Options	
Expiry Date	**Exercise price $**	**September 30, 2012**	**December 31, 2011**
March 19, 2013	$0.25	850,000	850,000
April 8, 2014	$0.25	650,000	750,000
May 28, 2014	$0.25	100,000	100,000
November 23, 2014	$0.25	1,850,000	1,850,000
September 2, 2015	$0.27	2,850,000	3,350,000
November 8, 2015	$0.56	1,350,000	1,350,000
March 25, 2016	$0.91	250,000	250,000
June 4, 2016	$0.73	3,250,000	3,250,000
July 3, 2016	$0.75	450,000	450,000
September 11, 2017	$0.55	200,000	-
Total options outstanding and exercisable		**11,800,000**	**12,200,000**

CONTRACTUAL OBLIGATIONS

During the nine month period ended September 30, 2012 the Company reported no material changes in contractual obligations.

RISK MANAGEMENT

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.

Exploration

Exploration and mining involve a high degree of risk and as such, the Company and the securities of the Company should be considered to be speculative in terms of their investment risk assessment.

The development of a resource property is subject to many factors, including the cost of mining, variations in the quality of the material mined, fluctuations in the commodity and currency markets, the cost of processing equipment and others, such as aboriginal claims and government regulations, including regulations regarding royalties, authorized production, import and export of natural resources and environmental protection. Depending on the price of the natural resource produced, the Company may decide not to undertake or continue commercial production. There can be no assurance that the expenses incurred by the Company to explore its properties will result in the discovery of a commercial quantity of ore. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

Environment and operations

Current and future environmental laws, regulations and measures could entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities. Environmental regulations and standards are subject to constant revision and could be substantially tightened, which could have a serious impact on the Company and its ability to develop its properties economically. Before it commences mining a property, the Company must obtain environmental permits and the approval of the regulatory authorities. There is no assurance that these permits and approvals will be obtained, or that they will be obtained in a timely manner. The cost of complying with government regulations may also impact the viability of an operation or altogether prevent the economic development of a property.

Exploration, Development and Financing of Mineral Reserves and Resources

The Company does not presently have sufficient financial resources to undertake its planned exploration and development programs. Development of the Company's properties therefore depends on its ability to raise the additional funds required. There can be no assurance that the Company will succeed in obtaining the funding required. The Company also has limited experience in developing resource properties, and its ability to do so depends on the use of appropriately skilled personnel or signature of agreements with other large resource companies that can provide the required expertise.

The mineral reserves and resources published in NI 43-101 compliant reports are estimates 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.

Statutory and Regulatory Compliance

The current and future operations of the Company 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.

Risks not covered by insurance

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.

Title to Properties

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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The compensation of directors and other members of key management personnel during the period were as follows:

	September 30, 2012 (nine-months) $	September 30, 2011 (nine-months) $
Short term benefits	1,375,949	905,587
Share-based payment	-	1,760,933
	1,375,949	2,666,520

As of September 30, 2012, $20,833 is owed to related parties (December 31, 2011: $63,273).

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCONTING POLICIES

The accounting principles, policies and estimates used for the preparation of the condensed interim financial statements for the period ended September 30, 2012 are consistent with those used in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2011. The accompanying condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2011.

OTHER MATERIAL EVENTS AND HIGHLIGHTS

The Company is presently not a party to any proceedings.

SUBSEQUENT EVENTS

Subsequently to the nine month period ended September 30, 2012:

On October 3, 2012 the Company announced an updated resource estimate for its 100% owned Tabuaço (São Pedro das Águias) tungsten project, located in the Armamar- Meda concession in northern Portugal. The final report was filed on November 15, 2012 and the entire report can be found on www.sedar.com under the Technical Report NI 43-1010 section for Colt Resources Inc.

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.

Colt Resources Inc.

Signed *"Nikolas Perrault"*

Nikolas Perrault
Chief Executive Officer

Signed *"Aurelio Useche"*

Aurelio Useche
Chief Financial Officer