(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements

September 30, 2013

Unaudited

NOTICE TO READER

"In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not audited or reviewed the interim consolidated financial statements as at and for the three and nine months ended September 30, 2013."

Condensed Interim Consolidated Financial Statements

September 30, 2013

General information

Directors
Richard Quesnel, Executive Chairman of the Board
James Ladner
James Wayne Murton
Nikolas Perrault
Paul Yeou
Declan Costelloe

Corporate Secretary
David A. Johnson

Auditors
Ernst & Young LLP

Legal Council
Heenan Blaikie LLP

Colt Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at — Unaudited

[Canadian dollars]

	September 30, 2013	December 31, 2012
	$	$
ASSETS		
Current		
Cash and cash equivalents *[note 4]*	**2,027,667**	6,473,498
Commodity taxes and other receivables *[note 5]*	**639,228**	1,519,580
Inventories *[note 6]*	**3,082,886**	3,071,227
Prepaid expenses and deposits	**498,537**	455,184
	6,248,318	11,519,489
Non-current		
Property, plant and equipment *[note 7]*	**1,749,153**	1,535,079
Biological assets	**1,588,524**	1,467,690
Exploration and evaluation assets *[note 8]*	**27,769,196**	24,664,728
Goodwill	**774,311**	729,699
Deposits	**566,544**	603,428
	38,696,046	40,520,113
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[notes 9 and 18]*	**2,747,719**	4,699,597
Loan payable *[note 10]*	**696,000**	1,278,962
	3,443,719	5,978,559
Non-current		
Deferred income taxes	**517,867**	445,405
Convertible preferred shares *[note 11]*	**3,063,782**	2,793,904
Total liabilities	**7,025,368**	9,217,868
Shareholders' equity		
Share capital *[note 12]*	**56,152,675**	48,353,634
Warrants *[note 12]*	**1,040,525**	195,928
Subscription receipts *[note12]*	**-**	2,700,000
Contributed surplus	**4,617,975**	4,522,206
Equity component of convertible preferred shares *[note 11]*	**700,628**	700,628
Accumulated other comprehensive loss	**669,874**	(677,721)
Deficit	**(31,510,999)**	(24,492,430)
Total shareholders' equity	**31,670,678**	31,302,245
	38,696,046	40,520,113

Going concern *[note 2]*
Related party transactions *[note 18]*
Subsequent events *[note 20]*

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

Colt Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Three and nine months ended September 30 Unaudited
[Canadian dollars]

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
EXPENSES				
Administrative expenses *[note 14]*	**(2,578,809)**	(1,902,122)	**(6,005,737)**	(5,048,448)
Gain on disposal of property, plant and equipment	**68**	-	**6,676**	-
Depreciation and amortization *[note 7]*	**(57,709)**	(98,630)	**(179,545)**	(284,392)
Impairment of exploration and evaluation assets *[note 8]*	**(441,519)**	(671,615)	**(441,519)**	(671,615)
Other (expense) income *[note 6]*	**(27,622)**	(62,765)	**(53,234)**	(139,579)
Loss from operations	**(3,105,591)**	(2,735,132)	**(6,673,359)**	(6,144,034)
Interest income	**977**	30,080	**18, 772**	42,782
Finance costs *[note 15]*	**(41,737)**	(91,789)	**(143,936)**	(229,877)
Foreign exchange loss	**(38,038)**	(154,648)	**(166,172)**	(203,953)
Loss before income taxes	**(3,184,389)**	(2,951,489)	**(6,964,695)**	(3,583,593)
Income tax expense				
Current	**103**	(236)	**10,058**	15,239
Deferred	**3,343**	-	**43,818**	-
	3,446	(236)	**53,876**	15,239
Net loss for the period	**(3,187,835)**	(2,951,253)	**(7,018,571)**	(6,550,321)
Other comprehensive loss				
Unrealized gain on available for sale marketable securities, net of taxes	**-**	(19,395)	**-**	(6,746)-
Foreign exchange gain (loss) on translation of foreign subsidiaries	**366,422**	(160,347)	**1347,595**	(343,549)
Comprehensive loss for the period	**(2,821,413)**	(3,130,995)	**(5,670,976)**	(6,900,616)
Net loss per share				
Basic and fully diluted	**(0.02)**	(0.03)	**(0.05)**	(0.06)
Weighted average number of outstanding shares				
Basic and fully diluted	**152,873,583**	114,914,675	**141,618,572**	118,624,225

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

Colt Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited

[Canadian dollars]

	Share capital	Warrants	Subscription receipts	Contributed surplus	Equity component of preferred shares	Accumulated comprehensive loss	Deficit	Total equity
	$	$	$	$	$	$	$	
As at December 31, 2011	33,114,210	2,108,644	—	3,886,136	700,628	(718,476)	(15,055,528)	24,035,614
Issuance of common shares for warrants and options exercised	6,044,603	—	—	—	—	—	—	6,044,603
Issuance of common shares, net of share issue costs and warrants	7,634,852	195,928	—	—	—	—	—	7,830,780
Share based compensation	—	—	—	80,482	—	—	—	80,482
Warrants exercised	1,553,056	(1,553,056)	—	—	—	—	—	—
Warrants expired	—	(358,660)	—	358,660	—	—	—	—
	—	—	—	—	—		—	
Accumulated other comprehensive loss	—	—	—	—	—	(350,295)	—	(350,295)
Net loss for the period	—	—	—	—	—	—	(6,550,321)	(6,550,321)
As at September 30, 2012	**48,346,721**	**392,856**	**—**	**4,325,278**	**700,628**	**(1,068,771)**	**(21,605,849)**	**31,090,863**
As at December 31, 2012	**48,353,634**	**195,928**	**2,700,000**	**4,522,206**	**700,628**	**(677,721)**	**(24,492,430)**	**31,302,245**
Issuance of common shares, net of share issue costs and warrants *[note 12]*	7,590,132	1,040,525	(2,700,000)	—	—	—	—	5,930,658
Issuance of shares for options exercised *[note 12]*	208,909	—	—	(100,159)	—	—	—	108,750
Warrants expired	—	(195,928)	—	195,928	—	—	—	—
Accumulated other comprehensive loss	—	—	—	—	—	1,347,595	—	1,347,595
Net loss for the period	—	—	—	—	—	—	(7,018,571)	(7,018,571)
As at September 30, 2013	**56,152,675**	**1,040,525**	—	**4,617,975**	**700,628**	**669,874**	**(31,510,999)**	**31,670,678**

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

Colt Resources Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine months ended September 30 — Unaudited

[Canadian dollars]

	Nine months ended September 30, 2013	2012
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(7,018,571)**	(6,550,321)
Items not impacting cash:		
Accretion expense *[note 15]*	**129,777**	156,677
Depreciation and amortization *[note 7]*	**179,545**	284,392
Share-based compensation *[note 13]*	**-**	80,482
Impairment of exploration and evaluation assets *[note 8]*	**441,519**	671,615
Reversal of cost of production of grapes	**-**	(126,874)
Write-down of inventories to net realizable value *[note 6]*	**20,153**	47,867
Impairment of trade receivables *[note 6]*	**6,624**	-
Gain on disposal of property, plant and equipment *[note 7]*	**(6,676)**	-
Change in fair value of biological assets *[note 6]*	**(30,131)**	-
Deferred income taxes	**43,818**	-
Unrealized foreign exchange loss (gain)	**165,824**	(120,861)
	(6,068,118)	(5,557,023)
Change in non-cash working capital	**(1,126,538)**	2,704,971
Net cash flows from operating activities	**(7,194,656)**	(2,852,052)
INVESTMENT ACTIVITIES		
Decrease (increase) in deposits	**36,884**	(451,850)
Additions to property, plant and equipment *[note 7]*	**(330,347)**	(145,798)
Disposal of property, plant and equipment	**27,850**	-
Additions to exploration and evaluation assets *[note 8]*	**(2,560,761)**	(6,173,848)
Net cash flows from investing activities	**(2,826,374)**	(6,771,496)
FINANCING ACTIVITIES		
Decrease in loan payable *[note 11]*	**(582,962)**	(1,316,500)
Proceeds from issuance of common shares, net of issuance cost *[note 12]*	**6,039,408**	13,908,788
Net cash flows from financing activities	**5,456,446**	12,592,288
Foreign exchange gain (loss) on cash and cash equivalents	**118,753**	(74,540)
Net increase (decrease) in cash and cash equivalents	**(4,445,831)**	2,894,200
Cash and cash equivalents, beginning of period	**6,473,498**	3,885,777
Cash and cash equivalents, end of period *[note 4]*	**2,027,667**	6,779,977

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

1. GENERAL INFORMATION

Colt Resources Inc. and its subsidiaries [the "Company"] are an exploration company engaged in the acquisition, exploration and development of mineral property interests in Portugal and in Canada. Colt Resources Inc. is publicly traded on the TSX Venture Exchange [Ticker: GTP], the Open Market Segment of the Frankfurt Stock Exchange [Ticker "P01"] and the OTCQX [Ticker: COLTF].

The Company's main focus is the continued exploration and development of its gold and tungsten properties in Portugal.

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

The address of the registered office of Colt Resources Inc. is 2000 McGill College Avenue, Suite 2010, Montreal, Quebec, Canada H3A 3H3.

2. GOING CONCERN

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

To date, the Company has not earned significant revenue and is considered to be in the exploration and evaluation stage.

The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Company's assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Company's investment in these assets is dependent upon the renewed legal ownership of the licenses, and whether an economically viable operation can be established.

In addition, it has not yet been determined whether the Company's properties contain ore reserves that are economically recoverable. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

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

The Company reported net losses for the periods ended September 30, 2013 and 2012 of $7,018,571 and $6,550,321 respectively. These recurring losses and the need for continued financing to further successful exploration raise substantial doubt as to the Company's ability to continue as a going concern.

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

3. BASIS OF PREPARATION

Statement of compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as were followed in the preparation of the audited consolidated financial statements for the year ended December 31, 2012 except for the new standards and interpretations effective January 1, 2013 as well as the reclassification of warrants. The Company has reclassified the warrants issued from share capital to warrants to show them separately. These warrants are moved to contributed surplus upon expiry or to share capital upon exercise. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2012 which have been prepared in accordance with IFRS, as issued by the IASB.

These condensed interim financial statements were approved by the Board of Directors on November 27, 2013.

Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of Colt Resources Inc. and its foreign subsidiaries in Portugal as described in note 1. All intra-group balances, income and expenses and unrealized gains and losses, resulting from intra-group transactions are eliminated in full.

Adoption of new standards

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

On January 1, 2013, the Company adopted the amendments to IAS 1, which changed the grouping of items presented in other comprehensive income. Items that could be reclassified [or "recycled"] to profit or loss at a future point in time [for example, upon derecognition or settlement] have to be presented separately from items that will never be reclassified. The adoption of the amendment had no impact on the Company's financial position or performance.

IAS 28 Investments in Associates and Joint Ventures [as revised in 2011]

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company adopted the revised standard on January 1, 2013. The adoption of this standard had no impact on the Company's financial position or performance.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for condensed interim consolidated financial statements. It also addresses the issues covered in SIC-12 Consolidation — Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including structured entities [previously referred to as special purpose entities]. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Company adopted the revised standard on January1, 2013. The adoption of this standard had no impact on the Company's financial position or performance.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 jointly controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities [JCEs] using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company adopted the revised standard on January 1, 2013. The adoption of this standard had no impact on the Company's financial position or performance.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. IFRS 12 was effective for annual periods beginning January 1, 2013. None of these disclosures requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, in the absence of such events, the Company has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There was no material impact on the Company's consolidated financial statements upon adoption of IFRS 13 on January 1, 2013.

IFRS 13 also requires specific disclosure on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7, Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Company provides IFRS 13 disclosure requirements in note 17.

New standards issued but not yet effective

The Company is currently evaluating the possible impact of the following standards on its financial statements:

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement", ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Furthermore, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. In November 2013, the IASB decided to remove the mandatory effective date of IFRS 9 which was supposed to be effective for annual periods beginning on or after January 1, 2015. The new effective date has not yet been determined.

IAS 32 Financial Instruments: Presentation

IAS 32 was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

[All amounts disclosed are in Canadian dollars unless otherwise stated]

4. CASH AND CASH EQUIVALENTS

	September 30, 2013	December 31, 2012
	$	$
Cash at banks	**2,027,667**	5,455,984
Cash equivalents	**-**	1,017,514
	2,027,667	6,473,498

Cash at banks earn interest at floating rates based on daily bank deposit rates or prime rates. Cash equivalents earned interest at a rate of 1.3% in 2012.

5. COMMODITY TAXES AND OTHER RECEIVABLES

	September 30, 2013	December 31, 2012
	$	$
Trade receivables	**252,321**	544,538
Commodity taxes receivable	**311,987**	966,387
Advances	**47,315**	-
Other receivables	**27,605**	8,655
	639,228	1,519,580

6. INVENTORIES

	September 30, 2013	December 31, 2012
	$	$
Raw material	**92,896**	42,231
Bottled wine	**1,163,421**	781,354
Bulk wine	**1,826,569**	2,247,642
	3,082,886	3,071,227

The other expense is composed of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Revenue from sale of wine	**78,892**	268,497	**461,938**	545,781
Cost of goods sold	**(156,327)**	(283,395)	**(518,526)**	(637,493)
	(77,435)	(14,898)	**(56,588)**	(91,712)
Reversal (write down) of inventories to net realizable value	**38,354**	(47,867)	**(20,153)**	(47,867)
Impairment of trade receivables	**(70)**	-	**(6,624)**	-
Change in value of biological assets	**11,529**	-	**30,131**	-
Other expense	**(27,622)**	(62,765)	**(53,234)**	(139,579)

[All amounts disclosed are in Canadian dollars unless otherwise stated]

7. PROPERTY, PLANT AND EQUIPMENT

	Equipment $	Building $	Machinery and equipment $	Computer and office equipment $	Leasehold improvement $	Automobiles $	Total $
Cost							
As of December 31, 2012	27,796	1,083,985	52,674	482,847	88,335	136,165	1,871,803
Additions	—	3,561	9,132	5,628	—	312,026—	330,347
Disposal	—	—	—	—	—	(46,236)	(46,236)
Foreign currency translation adjustment	1,699	66,272	3,221	25,392	—	8,325	104,909
As of September 30, 2013	29,495	1,153,818	65,026	513,865	88,335	410,280	2,260,819
Accumulated depreciation							
As of December 31, 2012	8,524	53,967	20,682	146,606	51,529	55,417	336,725
Charge for the year	3,505	31,222	13,841	94,232	22,084	14,661	179,545
Foreign currency translation adjustment	634	4,306	1711	9,706	—	2,431	18,789
Disposal	—	—	—	—	—	(23,392)	(23,392)
As of September 30, 2013	12,663	89,493	36,234	250,545	73,613	49,117	511,666
Net book value							
December 31, 2012	19,273	1,030,019	31,992	336,241	36,806	80,748	1,535,079
September 30, 2013	**16,832**	**1,064,325**	**28,792**	**263,320**	**14,722**	**361,163**	**1,749,153**

[All amounts disclosed are in Canadian dollars unless otherwise stated]

8. EXPLORATION AND EVALUATION ASSETS

	December 31, 2012 $	Additions $	Foreign currency translation adjustments $	Impairment	September 30, 2013
Tabuaço (Armamar-Meda)	10,997,708	893,580	355,862	—	12,247,150
San Antonio (Penedono)	2,942,191	(29,577)	—	—	2,912,614
Boa Fé	9,324,634	1,098,793	570,084	—	10,993,511
Montemor-o-Novo	946,277	364,690	57,853	—	1,368,820
Moimenta Almendra	430,578	10,941	—	(441,519)	—
Cedovim	23,340	28,351	1,427	—	53,118
Cercal	—	165,633	—	—	165,633
Borba	—	28,350	—	—	28,350
	24,664,728	**2,560,761**	**985,226**	(441,519)	**27,769,196**

	December 31, 2011 $	Additions $	Foreign currency translation adjustments $	Impairment	December 31, 2012
Tabuaço (Armamar-Meda)	8,515,182	2,512,559	(30,033)	—	10,997,708
San Antonio (Penedono)	2,432,769	509,422	—	—	2,942,191
Boa Fé	3,119,841	6,204,793	—	—	9,324,634
Montemor-o-Novo	—	946,277	—	—	946,277
Moimenta Almendra	317,516	113,062	—	—	430,578
Cedovim	—	23,340	—	—	23,340
Santa Margarida do Sado	346,825	324,790	—	(671,615)	—
Extra High	534,012	—	—	(534,012)	—
Gaspésie	190,507	—	—	(190,507)	—
	15,456,652	**10,634,244**	**(30,033)**	**(1,396,134)**	**24,664,728**

[All amounts disclosed are in Canadian dollars unless otherwise stated]

Intangibles
Intangible assets included in exploration and evaluation assets amounted to $24,317,473 as of September 30, 2013 [December 31, 2012 – $21,413,973].

Tangibles
The detail of property, plant and equipment included in exploration and evaluation assets relating to Tabuaço (Armamar-Meda) are as follows:

	Land	**Building**	**Total**
	$	$	$
As of December 31, 2011	1,829,880	1,405,056	3,234,936
Additions	—	29,787	29,787
Foreign currency adjustment	(11,367)	(2,601)	(13,968)
As of December 31, 2012	1,818,513	1,432,242	3,250,755
Additions	-	2,227	2,227
Foreign currency translation adjustment	111,179	87,563	198,742
As of September 30, 2013	**1,929,692**	**1,522,031**	**3,451,723**

The Company had no changes other than the one mentioned below to its contractual obligations relating to its exploration and evaluation assets as reported in the consolidated financial statements for the year ended December 31, 2012.

As of September 30, 2013, the Company is in compliance with its contractual obligations for all of its properties.

Tabuaço Property [Tungsten]
The Company holds a 100% interest in the Tabuaço property, which has an area of 45.128 km^2 located in north central Portugal. The Tabuaço Experimental Mining License, which replaces the Company's Armamar-Meda concession, has been granted to the Company on February 20, 2013.

Contractual Obligations

In March 2013, the Company lodged a bank guarantee in favor of the Government of Portugal for the amount of €225,000 [$312,200] with respect to the Tabuaço Experimental Mining License. The related bank deposit amounts to €112,500 [$156,600] and has been recorded in the condensed interim consolidated statements of financial position as at September 30, 2013.

Moimenta-Almendra Property [Tungsten and Gold]
The Company held a 100% interest in the Moimenta-Almendra with a surface area of 141.57 km2 located in north central Portugal.
The second extended term of the exploration license for Moimenta-Almendra expired September 30, 2013 and the entire carrying amount in exploration and evaluation assets of $441,519 was written off and returned the whole area to the Government of Portugal.

Santo António (Penedono) Property [Gold]

The Company previously held a 100% interest in the Penedono property which had an area of 51.22 km^2 located in north central Portugal. The exploration license expired on October 28, 2012.

On June 29, 2012, the Company and Consultoria Técnica, Lda. ["Contécnica"], an unrelated entity, jointly applied for the Santo Antonio Experimental Mining License. On February 20, 2013, the Company and Contécnica were granted the San António Experimental Mining License covering a total area of 35.34km^2 in which the latter will be the operator.

As of September 30, 2013, the Company holds 93% of the project and Contécnica earns 7%.

The Company lodged a bank guarantee in favour of the Government of Portugal for the amount of €75,000 [$104,400] with respect to the Santo António Experimental Mining License.

Borba Property [Gold]

The Company holds a 100% interest in the Borba property, which has an area of 633.935 km^2 located in central Portugal. The Borba Exploration License was granted to the Company on February 20, 2013.

On February 25, 2013 the Company executed a memorandum of understanding with privately owned Star Mining Limited ("Star Mining"), an unrelated entity, setting the key terms for the definitive agreement on the Borba License.

The Company and Star Mining will jointly explore the Borba License and have agreed that Star Mining will develop a work program and has the right to earn-in progressively full ownership of the Borba License. Upon the completion of a work program and expenditures of not less than $350,000 USD [$355,460] over a period of up to 12 months, Star Mining will initially earn a 25% interest in the Borba License. Subsequently and upon the completion of a work program and expenditures of not less than $750,000 USD [$761,700] over a further period of up to 24 months, Star Mining will earn a 35% interest in the Borba License. Star Mining may then elect to spend a further $1,000,000 USD [$1,015,600] by carrying out additional technical, commercial and environmental programs on the Borba License area for the purposes of working towards the completing a National Instrument 43-101 technical compliant resources report to earn a further 20% ownership of the concession. Once Star Mining has obtained an 80% ownership interest in the Borba License, the Company's remaining 20% ownership will revert to a carried interest. Star Mining will also have the option to purchase this remaining 20% interest of the Borba License at either $5,000,000 USD [$5,078,000] within 18 months of obtaining an 80% interest or for $10,000,000 USD [$10,156,000] at any time during a subsequent 42-month period. The transaction is subject to the approval of the Direcção-Geral de Energia e Geologia ["DGEG"], a division of the Portuguese Ministry of Economy and Innovation.

[All amounts disclosed are in Canadian dollars unless otherwise stated]

Contractual obligations

In March 2013, the Company lodged a bank guarantee in favor of the Government of Portugal, for the amount of €19,000 [$26,505] with respect to the Borba Property. The related bank deposit amounts to €9,500 [$13,253] and has been recorded in the condensed interim consolidated statements of financial position as at September 30, 2013.

Cercal Property [Gold]

On May 25, 2012 the Company applied for a 100% interest in the Cercal property, which covers an approximate area of 455 km^2. The property is located in southern Portugal. On February 20, 2013, the Company was granted the Cercal Exploration License.

Contractual obligations

In March 2013, the Company lodged a bank guarantee in favor of the Government of Portugal, for the amount of €20,000 [$27,900] in respect to this Cercal Property. The related bank deposit amounts to €10,000 [$13,950] and has been recorded in the condensed interim consolidated statements of financial position as at September 30, 2013.

Adorigo Property [Gold]

On August 9, 2012, the Company applied for a 100% interest in the Adorigo property, which has an approximate area of 164.98 km2, located in north central Portugal.

The Company expects to finalize the details of the Adorigo property in 2013.

9. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	September 30, 2013	**December 31, 2012**
	$	$
Trade payables	**1,786,717**	4,011,502
Accrued liabilities	**334,312**	445,060
Employees and social institutions	**318,564**	194,710
Related parties	**87,709**	48,325
Other payables	**220,417**	143,087
	2,747,719	4,699,597

Trade payables are non-interest bearing and are normally settled on 30-day terms.

10. LOAN PAYABLE

The non-interest bearing loan of $1,278,962 was paid partially in September 2013 and the second half has been paid in October 2013.

[All amounts disclosed are in Canadian dollars unless otherwise stated]

11. CONVERTIBLE PREFERRED SHARES

In 2011, the Company issued 5,000,000 preferred shares which are convertible at any time by the holder into 4,385,965 common shares until August 23, 2016, at which time the holder can require the Company to redeem the shares for cash consideration of €2,500,000. This instrument has been accounted for as a compound financial instrument. The fair value of the liability portion was estimated using a present value of future cash flows method, applying a discount rate within a range of 4% – 5%, with the difference between the fair value of the instrument and its redemption amount being allocated to the equity component.

The redemption amount of €2,500,000 of the preferred shares was secured by a mortgage on QSPA’s land and buildings.

12. SHARE CAPITAL

Authorised

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 during the period ended September 30, 2013:

	Number of shares	$
As of December 31, 2012	129,571,430	48,353,634
Issuance of common shares [i]	22,890,756	8,872,269
Share issue costs [i]	-	(1,282,137)
Issuance of shares for options exercised [ii]	425,000	208,909
As of September 30, 2013	**152,887,186**	**56,152,675**

[i] During the nine months ended September 30, 2013, the Company closed a non-brokered private placement for a total of 8,605,041 shares at $0.45 per unit for gross proceeds of $3,872,269. As of December 31, 2012, the Company had already received $2,700,000 subscription receipts corresponding to the issuance of 6,000,000 shares. The Company paid cash commissions totaling $162,001 and $50,601 in other costs. Additionally, the Company issued 360,000 broker warrants, entitling the holders to purchase one common share at the price of $0.45 per share up to January 7, 2014. The fair value of the warrants amounted to $54,986. The purchase warrants expire on July 7, 2014 and a fair value of $54,986 was recorded in share capital using the Black Scholes option pricing model with the following assumptions: volatility 70.54%, risk free interest rate 1.13%, expected life of one year and a half and expected dividend yield of nil%.

[ii] During the nine months ended September 30, 2013, the Company closed a second private placement consisting of 14,285,715 Units at a price of $0.35 per Unit for total gross proceeds of approximately $5,000,000 (the "Private Placement"). This placement has been fully subscribed for by Worldlink Resources Ltd. Each Unit is comprised of one common share and one fourth (¼) of one Warrant. Each whole Warrant will be exercisable at a price of $0.45during a period of 60 months. The fair value of the warrants amounted to $985,539. The purchase warrants expire on July 27, 2018 and a fair value of $985,539 was recorded in share capital using the Black Scholes option pricing model with the following assumptions: volatility 138.5%, risk free interest rate 1.69%, expected life of five year and expected dividend yield of nil%.

[All amounts disclosed are in Canadian dollars unless otherwise stated]

The Company has also as part of this placement granted a right of first refusal to Worldlink by which it has the option to maintain proportionate interest in the Company in any subsequent equity financings.

[iii] During the nine months ended September 30, 2013, the Company issued 425,000 common shares at an average exercise price of $0.256 per share for a total cash amount of $108,750 for stock options exercised, and an amount of $100,159 related to exercised stock options was transferred from contributed surplus to capital stock.

Issued and outstanding warrants
A summary of the changes in the Company's share purchase warrants during the nine-month period ending September 30, 2013 is as follows:

	Number of warrants and exercisable	$	Weighted average exercise prices $	Weighted average years to expiry
As at December 31, 2012	1,226,000	195,928	0.50	0.33
Issued [broker]	360,000	54,986	0.45	0.77
Issued	3,571,429	985,539	0.45	4.82
Expired [broker]	(1,226,000)	(195,928)	0.50	0.33
As at September 30, 2013	**3,931,429**	**1,040,525**	**0.50**	**4.45**

13. SHARE-BASED COMPENSATION
A summary of the changes in the Company's share option transactions during the nine months period ending September 30, 2013 is as follows:

	Number of options	Weighted average exercise price $	Weighted average years to expiry
Outstanding and exercisable as of December 31, 2012	11,800,000	0.46	2.59
Expired	(850,000)	0.25	—
Cancelled	(825,000)	0.76	2.16
Exercised (note 12[iii])	(425,000)	0.26	1.72
Outstanding and exercisable as of September 30, 2013	**9,700,000**	**0.46**	**2.02**

[All amounts disclosed are in Canadian dollars unless otherwise stated]

The following table summarizes stock options outstanding and exercisable as of September 30, 2013:

		Number of Options	
Expiry Date	**Exercise price** $	**2013**	**2012**
March 19, 2013	$0.25	-	850,000
April 8, 2014	$0.25	650,000	650,000
May 28, 2014	$0.25	-	100,000
November 23, 2014	$0.25	1,650,000	1,850,000
September 2, 2015	$0.27	2,750,000	2,850,000
November 8, 2015	$0.56	1,250,000	1,350,000
March 25, 2016	$0.91	-	250,000
June 4, 2016	$0.73	2,750,000	3,250,000
July 3, 2016	$0.75	450,000	450,000
September 11, 2017	$0.55	200,000	200,000
Total options outstanding and exercisable		**9,700,000**	**11,800,000**

14. ADMINISTRATIVE EXPENSES BY NATURE

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Stock based compensation	**-**	80,482	**-**	80,482
Management fees *[note 18]*	**287,331**	237,412	**815,465**	726,263
Professional and consulting fees	**253,909**	96,080	**433,951**	378,051
Salaries	**153,074**	130,846	**521,999**	409,525
Remuneration	**694,314**	544,820	**1,771,415**	1,594,321
Investor relations and marketing	**215,028**	441,156	**1,169,797**	1,412,195
Property investigation	**-**	-	**1,508**	2,440
Legal expenses	**237,263**	71,590	**462,926**	185,487
Insurance	**57,137**	44,329	**152,687**	151,607
Office expenses	**482,860**	563,120	**1,180,271**	1,141,106
Audit and accounting fees	**33,126**	134,445	**180,954**	202,602
Rent	**347,716**	80,773	**503,804**	213,924
Other expenses	**511,365**	21,889	**582,375**	144,766
Administrative expenses	**2,578,809**	1,902,122	**6,005,737**	5,048,448

The other expenses relate mainly to costs incurred in the research of new investment opportunities. The company is currently exploring areas that might be of interest for future projects.

[All amounts disclosed are in Canadian dollars unless otherwise stated]

15. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Accretion expense on loan payable *[note 10]*	**8,225**	19,640	**33,799**	68,974
Accretion expense on preferred shares *[note 11]*	**33,366**	28,449	**95,978**	87,703
Derivatives loss	**-**	43,700	**-**	73,200
Other finance costs	**146**	-	**14,159**	-
Finance costs	**41,737**	91,789	**143,936**	229,877

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are as follows:

[i] to safeguard the Company's ability to continue as a going concern such that it can continue in its exploration activities to provide returns to shareholders and benefits to other stakeholders.
[ii] to secure sufficient cash and cash equivalents to fund the Company's business plans, including the exploration activities required for the development of its mineral property interests.

The Company considers the items included in shareholders' equity in the definition of capital.

The Company's primary uses of capital are to finance the exploration and property development activities required on its mineral properties, market and investor development, capital expenditures and operating losses.

The Company has relied primarily on the equity markets to fund its activities. In order to carry out planned exploration and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company has not used term debt financing and has not paid any dividends.

Management reviews its capital management approach on an ongoing basis. The Company is not subject to externally imposed capital requirements.

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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments consist of cash equivalents, trade and other receivables, and accounts payables and accrued liabilities. Due to the short-term nature of these accounts, the fair value of these financial instruments approximates their carrying value.

[All amounts disclosed are in Canadian dollars unless otherwise stated]

The fair values of the deposits, loan payable and convertible preferred shares approximate their carrying amounts as the transactions were recently negotiated in an arm's length transaction and were initially measured at fair value.

Biological assets vines are measured at fair value less cost to sell. Since market-determined prices or values are not available for grape vines, the Company uses valuation techniques that require inputs that are both unobservable and significant, and therefore were categorized as Level 3 in the fair value hierarchy. The Company uses a discounted cash flow method to determine fair value. In arriving at fair values, the key assumptions are estimated sales prices less cost of delivery, discount rate, productive life of grape vines, estimated volume and growth estimations. All changes in fair value are recognised in the period in which they arise.

The significant assumptions used to determine the fair value of vines planted are as follows:

	September 30, 2013
Yield	**3 429kg/ha**
Discount rate	**4%**
Annual vineyard operating costs	**2 750€/ha**
Selling price less delivery costs	**0.38€ - 1.27€ / kg**
Remaining life	**33 ¼ years**

Financial risks

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

Credit risk

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

The maximum exposure to credit risk as at:

	September 30, 2013	December 31, 2012
	$	$
Cash and cash equivalents	**2,027,667**	6,473,498
Deposits [held in Portugal]	**566,544**	603,428
Accounts receivable	**252,321**	544,538
	2,846,532	7,621,464

Liquidity risk

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

As of September 30, 2013, the Company has cash and cash equivalents of $2,027,667. Trade and other payables have contractual maturities of 30 days or less and are subject to normal trade terms, amounts due to related parties are due on demand.

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

Currency risk

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

As of September 30, 2013 and December 31, 2012, the Company was exposed to currency risk on the following net assets denominated in Euros:

	September 30, 2013	**December 31, 2012**
	$	$
Net financial assets and liabilities	**21,227,254**	**16,126,131**

Loans receivable from foreign subsidiaries are considered as part of the net investment and any difference in the foreign exchange is recorded in cumulative translation adjustment.

Based on the above net investment as of September 30, 2013, and assuming all other variables remain constant, a 1% change in the value of the Canadian dollar against the Euro would result in an increase/decrease of approximately $212,000 to other comprehensive loss.

Financial risk associated to agriculture

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

[All amounts disclosed are in Canadian dollars unless otherwise stated]

18. RELATED PARTY TRANSACTIONS

The compensation of directors and other members of key management personnel during the nine months ended September 30, 2013 and 2012 were as follows:

	2013	**2012**
	$	$
Management fees	**1,080,426**	726,263
Other short term benefits	**250,514**	649,686
	1,330,940	1,375,949

As of September 30, 2013, $84,435 is owed to related parties [December 31, 2012 – $48,325] and is included in accounts payable and accrued liabilities.

19. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition and exploration of mineral property interests and in two geographical segments, Canada and Portugal. The assets identifiable with these geographic areas are as follows:

Non-current Assets	**September 30, 2013**	**December 31, 2012**
	$	$
Canada	**355,428**	72,043
Portugal	**32,092,300**	28,928,581
	32,447,728	29,000,624

Total Assets	**September 30, 2013**	**December 31, 2012**
	$	$
Canada	**2,474,585**	5,895,741
Portugal	**36,221,460**	34,624,372
	38,696,045	40,520,113

20. SUBSEQUENT EVENTS

I. Non-Brokered Private Placement

On October 16, 2013 the Company closed a non-brokered private placement for 6,250,000 shares at a price of US$0.40 per share, for net proceeds to the Company of US$2,500,000 (CDN$ 2,586,250). The Company did not incur any additional costs or finder fees in connection with this private placement.

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II. Senior Note Financing

On November 4, 2013 the company announced an initial closing of 10 units of the Senior Note financing resulting in US$2.5 Million ($2,603,750 Canadian) gross proceeds and issued 5,565,054 warrants to purchase common shares at an exercise price of US$0.45 per common share on or before November 1st, 2016. Mr. Quesnel, executive chairman of the Corporation, subscribed for eight Units, resulting in US$2.0 Million in principal amount of Notes and Warrants to purchase 4,444,444 Common Shares. Mr. Quesnel does not exercise control or direction, directly or indirectly, over any Common Shares of the Company. In connection with the Offering, the Company will pay finders fees of $45,304.46.

This initial closing was made in reference to the announcement made on July 4, 2013, regarding a private placement debt offering consisting of a minimum of ten and a maximum of sixty units consisting of senior notes and warrants, with estimated gross proceeds to the Company of a minimum of US$2,500,000 and a maximum of US$15,000,000. Each Unit consists of US$250,000 in principal amount of 10% Secured Senior Notes (the "Notes") and common share purchase warrants (the "Warrants") to purchase up to 555,555 common shares of the Company.