An Exploration Stage Company

MANAGEMENT'S DISCUSSION & ANALYSIS

As at May 30, 2014

This Management's Discussion and Analysis ("MD&A") of Colt Resources Inc. and its subsidiaries (the "Company") is for the three month period ended March 31, 2014 compared to the three month period ended March 31, 2013. Together with the condensed interim consolidated financial statements and the related notes, the MD&A provides detailed account of the Company's financial and operating performance for the period. The Company's functional and presentation currency is the Canadian dollars. This MD&A is current to May 30, 2014 and should be read in conjunction with the Company's Annual Information Form and other public filings available at www.sedar.com ("SEDAR").

Management is responsible for the condensed interim consolidated financial statements referred to in this MD&A.

The MD&A should be read in conjunction with the condensed interim consolidated financial statements of the Company and the related notes, which have been prepared in accordance with IAS 34, "Interim Financial Reporting". The MD&A should be read in conjunction with the December 31, 2013 audited annual consolidated financial statements. This discussion addresses matters we consider important for an understanding of the financial condition and results of operations as at, and for the three-month period ended March 31, 2014 of the Company.

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

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

FORWARD LOOKING STATEMENTS

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

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

COMPANY OVERVIEW

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

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

The Company's significant exploration and development projects at March 31, 2014 included the Boa Fé gold project in southern Portugal and the Tabuaço tungsten project in northern Portugal. The Company holds a 100% interest in both projects.

QUALIFIED PERSON

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

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

CORPORATE HIGHLIGHTS

- On March 4, 2014, the Company's associate Colt Resources Middle East (Cayman) ("Colt Middle East") completed a private placement issuing a total of 27,500,000 shares at C$0.15 per share for gross proceeds of $4,125,000 to be used to pursue efforts aimed at securing mining licenses in the Greater Middle East region. An additional 16,665,001 shares in Colt Middle East were issued to the Company bringing the Company's equity interest in Colt Middle East to 37.73% following the completion of the financing. The Company received back $1,500,000 in two instalments on February 19 and March 13, 2014 respectively.
- On March 17, 2014, the Company announced issuance of shares for interest payment on Senior Note. The Company issued 130,660 common shares at a deemed price of $0.2988 per common share to settle the outstanding interest amount of $39,041.
- On May 13, 2014, the Company's associate, Colt Middle East announced entering into an exclusivity agreement with Lake Resources NL ("Lake"), an Australian based mineral exploration company. The Agreement sets out a period of 120 days during which the two parties (i.e. Colt Middle East and Lake) aim to conclude the final terms and conditions of a joint venture agreement.
- During the first quarter of the fiscal year 2014, the Company accelerated several significant cost reduction initiatives initiated in late 2013 aimed at preserving its working capital. These measures included a significant reduction in cash compensation of senior management and executive staff (a 40% voluntary reduction in overall compensation was taken by the Chief Executive Officer and the Chief Operating Officer and a 25% reduction by the Chief Legal Officer and the Executive Chairman volunteered to reduce his management fees by 80% from the first quarter of 2014 onwards). In addition there was a significant reduction of projects related payroll costs by significant employee layoffs, gradual elimination expected by end of Q2 of most investor relations and marketing expenses, imposition of travel restrictions, corporate office relocation in Montreal for savings in rent, renegotiation of several existing services contracts, and reduction in general administrative overheads in Portugal and in Montreal. During the second quarter of 2014, the Company will aggressively continue to reduce its overheads by identifying and eliminating potential costs. Some of the measures will include further reductions in compensation of the senior executive management and consultants, travel restrictions, quasi-elimination of marketing expenses and curtailment of general office overheads in Portugal and Montreal.

- On May 26, 2014, Mr. Declan Costelloe, Executive Vice President (EVP) and Chief Operating Officer (COO) and an executive director resigned from his role as an executive director of the Company. Mr. Costelloe continues with the Company as part of its senior management in his role as EVP and COO of the Company

OUTLOOK

The Company does not generate any operating cash flows. The Company's sources of financing in the past have been issuance of common shares, warrants, options and senior secured debt financing. Overall prices for metals and precious metals equities, particularly for early stage projects, have decreased during the past year and raising sufficient capital on favourable terms has become difficult for junior exploration companies. These conditions are expected to continue for the foreseeable future and could affect the Company's ability to raise sufficient financing. 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.

In addition, as disclosed in the condensed interim consolidated financial statements, the Company has not earned significant revenue and is considered to be in the exploration and evaluation stage. The Company's current committed cash resources are insufficient to cover expected expenditures in fiscal year 2014. 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.

Management is strongly committed to effective cash management and maintaining liquidity. The Company's cash burn rate has been significantly reduced from 2013 based on several cost reduction initiatives the management undertook in the first quarter of 2014. The Company is committed to ensuring that it remains liquid and will continue to identify and to execute cost reduction initiatives, deferral or elimination of discretionary exploration expenditures and/or seeking divestment of its non-core assets/properties to preserve its working capital, raise sufficient capital and maintain adequate liquidity to fund the Company's operations.

OPERATIONS SUMMARY

PORTUGAL

Boa Fé Experimental Mining License

The Boa Fé Experimental Mining License ("EML") covers 46.78km^2 and is located approximately 95km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal. The property is completely surrounded by the Company's 100% owned Montemor exploration concession.

During the first quarter of 2014,16 holes were drilled or partially drilled as part of an infill drilling program at both Chaminé and Casas Novas deposits for a total of 1,509 metres. By the end of the quarter, most of the core had been logged, cut and prepared to be dispatched to the laboratory for analysis.

A set of documents for the experimental mine permitting applications at Boa Fé (Braços) were prepared in anticipation for submission to the Direcção Geral De Energia E Geologia ("DGEG"). A small set of samples from ore and waste zones of the Braços deposit were sent for ABA tests (Acid Basic Account) to check for possible acid generation waters and the data needed to properly design the small waste dump.

Budgeting and planning exercises were performed by the project managers together with the senior management team so as to be ready for the next phase of drilling and project development activities in support of the planned feasibility study.

On the administrative side, the yearly report of the work and investment incurred during 2013 was prepared and sent to DGEG by the end of Q1 2014.

As at March 31, 2014, the Company has invested and capitalized $12,243,080 with respect to its Boa Fé EML.

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

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

During the first quarter of 2014, 6 drill holes totaling 514 metres were drilled as part of an infill drilling program at the SPA zone. By the end of the quarter, most of the core had been logged, cut and prepared to be dispatched to the laboratory for analysis.

Other activities carried out during this period included field mapping and data compilation, including data validation, and geological interpretation using the newly acquired geological data.

Budgeting and planning exercises were performed by the project managers together with the senior management team so as to be ready for the next phase of drilling and project development activities in support of the planned feasibility study.

On the administrative side, the yearly report of the work and investment incurred during 2013 was prepared and sent to DGEG by the end of Q1 2014.

As at March 31, 2014, the Company has invested and capitalized $14,106,543 with respect to its Tabuaço EML.

Santo António Experimental Mining License (previously the Penedono Concession)

The "Consórcio Penedono", a Joint Cooperation Consortium between the Company and Contecnica Consultoria Tecnica ("Contécnica"), has a 100% interest in the Santo António property, which has an area of 35.341 Km² located in north central Portugal. The Santo António EML contract was signed on February 20, 2013 and corresponds to the central block of the previously owned Penedono Gold Concession whose exploration license expired on October 28, 2012.

During the first quarter of 2014, Contécnica, continued with the drilling program at Santo António and Turgueira, with 6 holes drilled (4 at Santo António and 2 at Turgueira) with a total of 674.61 metres (134.85 metres at Turgueira and 539.76 metres at Santo António), cutting a sequence of granitic rocks cross cut by quartz veins/veinlets with pyrite and arsenopyrite, as well as greisen bands.

On the hydrogeology side, the final report of the characterization work was received.

Metallurgical test work on samples collected from the existing dumps commenced during the first quarter. A detailed geological mapping was also started.

On the administrative side, the yearly report of the work and investment incurred during 2013 was prepared and sent to DGEG by the end of Q1 2014. The DGEG was also requested to allow a change in the experimental mining plan from Turgueira to the Santo António vein system.

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

As at March 31, 2014, the Company has invested and capitalized $2,912,614 with respect to its Santo António EML.

Montemor-o-Novo Gold Concession

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

During the first quarter of 2014 the work was restricted to the level of activities to maintain the contractual obligations for the properties with the evaluation, validation and modelling of the existing data with some field checks.

On the administrative side, the semester report of the work and investment incurred during the second half of 2013 was prepared and sent to DGEG.

As at March 31, 2014, the Company has invested and capitalized $1,563,548 with respect to its Montemor-o-Novo EML.

Cedovim Concession

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

During the first quarter of 2014 no field work was carried out at this property.

On the administrative side, the semester report of the work and investment incurred during the second half of 2013 was prepared and sent to DGEG.

As at March 31, 2014, the Company has invested and capitalized $73,699 with respect to the Cedovim exploration license.

Borba

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

During the first quarter 2014, the field work was restricted to field checks around the old "Miguel Vacas" copper mine, where drilling is planned to take place during the early stage of the exploration of this area. For this purpose, the Company also commenced a process in the current quarter to discuss a proposal with a UK based company to become a partner in this project.

On the administrative side, the semester report of the work and investment incurred during the second half of 2013 was prepared and sent to DGEG.

As at March 31, 2014, the Company has invested and capitalized $37,018 with respect to the Borba exploration license.

Cercal

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

During the first quarter of 2014 the work was restricted to the level of activities to maintain the contractual obligations for the properties, with the evaluation, validation and modelling of the existing data with some field checks.

On the administrative side, the semester report of the work and investment incurred during the second half of 2013 was prepared and sent to DGEG.

As at March 31, 2014, the Company has invested and capitalized $189,221 with respect to the Cercal exploration license.

Adorigo

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

Greater Middle East

In March 2014, the Company's Middle East associate, Colt Middle East, appointed key executives and completed a private placement for gross proceeds of $4,125,000 by issuing 27,500,000 common shares at C$0.15 per common share to be used to pursue efforts aimed at securing mining licenses in the Greater Middle East region.

Further, 16,665,001 shares in Colt Middle East were issued to the Company bringing the Company's equity interest in Colt Middle East to 37.73% following the completion of the financing which allows the Company to keep a significant stake and benefit from future upside in Colt Middle East activities.

As part of the arrangement, the Company received $1,500,000 in two instalments on February 19 and March 13, 2014 respectively to be used towards general working capital purposes.

In May 2014, Colt Middle East signed an exclusivity agreement with Lake Resources NL ("Lake"), an Australian based mineral exploration company. The Agreement sets outs the terms and conditions whereby Colt Middle East can earn a majority interest in Lake's Chaghi Hills exploration licenses in Balochistan, Pakistan. The agreement sets an exclusivity period of 120 days during which the parties will conclude the final terms and conditions of a joint venture agreement.

See section 'Subsequent Events' below and the press release dated May 13, 2014 for further details.

RESULTS OF OPERATIONS

SELECTED FINANCIAL INFORMATION AND SUMMARY OF QUARTERLY RESULTS

	March 31	December 31	September 30	June 30
	2014	2013	2013	2013
Quarters ended	$	$	$	$
Net Income/(Loss)	1,182,123	(5,035,091)	(3,187,835)	(2,008,404)
Comprehensive Income/ (Loss)	2,203,122	(3,794,481)	(2,821,413)	(960,431)
Basic and diluted earnings/ (loss) per share	0.01	(0.01)	(0.02)	(0.01)
Cash and cash equivalents	805,536	2,263,613	2,027,667	1,527,241
Exploration and evaluation assets	31,125,723	29,927,351	27,769,196	27,345,864
Total assets	42,847,134	41,513,769	38,696,046	37,229,531
	March 31	**December 31**	**September 30**	**June 30**
	2013	**2012**	**2012**	**2012**
Quarters ended	$	$	$	$
Net Loss	(1,822,331)	(2,886,581)	(2,951,253)	(2,203,365)
Comprehensive Loss	(1,943,396)	(2,514,926)	(3,111,600)	(2,441,236)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)	(0.02)
Cash and cash equivalents	2,554,442	6,473,498	6,779,977	9,791,552
Exploration and evaluation assets	25,583,751	24,664,728	20,669,122	13,467,465
Total assets	37,364,776	40,520,113	36,697,665	40,400,341

Summary of variation in operating costs between March 31, 2014 and 2013

	March 31 2014	March 31 2013	Variation
For the three month period ended	**$**	**$**	**$**
Investor relations and marketing	120,124	573,610	(453,486)
Office expenses	175,908	334,647	(158,739)
Management fees	148,500	246,354	(97,854)
General and administrative expenses	40,017	99,521	(59,504)
Salaries	221,109	205,351	15,758
Professional and consulting fees	75,011	40,358	34,653
Legal expenses	14,861	122,797	(107,936)
Rent	88,878	90,940	(2,062)
Insurance	54,301	48,116	6,185
Depreciation and amortization	57,517	63,030	(5,513)
Gain on disposal of property, plant and equipment	-	(6,594)	6,594
Other (income)	(1,831,988)	(67,792)	(1,764,196)
Total operating (income)/costs	**(835,762)**	**1,750,338**	**(2,586,100)**

Quarter ended March 31, 2014 compared to the quarter ended March 31, 2013

For the quarter ended March 31, 2014, the Company reported a net income of $1,182,123 (net loss of $1,822,331 in 2013) and a comprehensive income of 2,203,122 (loss of $1,943,396 in 2013). The increase in the Company's net and comprehensive income was due primarily to $1,500,000 of funds received from an associate, Colt Middle East, during the current quarter which was accounted for as other income.

On the expenses, overall administrative expenses decreased by $810,650 primarily due to decrease in investor relations & marketing expenses, decrease in legal expenses and decrease in general administrative and office expenses

Finance costs increased to $157,849 ($59,323 in 2013) representing primarily increases in accretion expenses on preferred shares of $36,765 ($30,893 in 2013), accretion of interest on senior secured notes of $95,390 (2013:nil) and accretion on derivative financial liability- warrants of $25,694 (2013:nil)

The Company reported a foreign exchange gain of $1,020,999 (loss of $121,065 in 2013) on translation of results of foreign subsidiaries. The company reported deferred income tax of $43,253 ($34,074 in 2013). The Company reported a total weighted average number of common shares outstanding of 159,614,785 (136,950,043 in 2013). The Company reported a net earnings per share of $0.01 (net loss of $0.01 in 2013).

Exploration and evaluation expenditures

The following table represents additional Exploration and Evaluation (E&E) expenditures during the first quarter ended March 31, 2014 and the year ended December 31, 2013 on the Company's properties in Portugal.

	Santo Antonio		Tabuaco		Moimenta Almendra		Montemor-o-Novo		Boa Fé		Others		Total	
	March 31,2014	December 31, 2013	**March 31,2014**	December 31, 2013	**March 31,2014**	December 31, 2013	**March 31,2014**	December 31, 2013	**March 31,2014**	December 31, 2013	**March 31,2014**	December 31, 2013	**March 31,2014**	December 31, 2013
Balance, beginning of period/year	**2,912,614**	2,942,191	**13,574,892**	10,997,708	-	430,578	**1,491,881**	946,277	**11,682,912**	9,324,634	**265,052**	23,340	**29,927,351**	24,664,728
Assays and geochemistry	-	-	**30,471**	279,987	-	-		87,373	**36,684**	102,436	-	8,788	**67,155**	478,584
Field costs	-	-	-	43,014	-	-		3,237	-	4,502	-	977	-	51,730
Consulting	-	(29,577)	**117,295**	829,978	-	-	**53,907**	41,243	**68,878**	373,537	**7,373**	33,180	**247,452**	1,248,361
Drilling	-	-	**228,324**	785,283	-	-		19,593	**135,872**	730,981	-	-	**364,196**	1,535,858
Geology	-	-	-	1,499	-	-		5,518	**4,379**	-	-	3,131	**4,379**	10,148
Geophysics	-	-	-	-	-	-				59,670	-	-	-	59,670
Salaries and labour	-	-	**155,562**	590,201	-	10,941	**17,760**	321,671	**314,354**	1,087,152	**27,512**	169,424	**515,189**	2,179,389
Acquisition related cost	-	-	-	44,876	-	-		66,969	-	-	-	26,212	-	138,057
Tangible assets	-	-	-	2,345	-	-		-	-	-	-	-	-	2,345
Total exploration expenditures	-	**(29,577)**	**531,652**	**2,577,184**	-	**10,941**	**71,667**	**545,604**	**560,168**	**2,358,278**	**34,884**	**241,712**	**1,198,371**	**5,704,142**
Exploration & Evaluation assets written off	-	-	-	-	-	(441,519)	-	-	-	-	-	-	-	- 441,519
Sub Total	-	**- 29,577**	**531,652**	**2,577,184**	-	**- 430,578**	**71,667**	**545,604**	**560,168**	**2,358,278**	**34,884**	**241,712**	**1,198,371**	**5,262,623**
Balance, end of period/year	**2,912,614**	**2,912,614**	**14,106,544**	**13,574,892**	-	-	**1,563,548**	**1,491,881**	**12,243,080**	**11,682,912**	**299,936**	**265,052**	**31,125,723**	**29,927,351**

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2014, total assets were $42,847,134 ($41,513,769 at the end of December 31, 2013). Exploration and evaluation assets increased by $1,198,372 from $29,927,351 to $31,125,723.

Cash and solvency

As at March 31, 2014, the Company's cash and cash equivalents balance was $805,536 ($2,263,613 at the end of December 31, 2013). The decrease in cash and cash equivalents was primarily the result from the net cash used in operating activities of $970,615 (use of cash of $3,837,835 in 2013) and use of net cash from investing activities of $474,166 ($1,132,365 in 2013).

As at March 31, 2014, the Company does not have sufficient capital to meet its needs for the next twelve months and is in the process of seeking further financings to meet its long term requirements.

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

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

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 resource is insufficient to cover expected expenditures in fiscal year 2014. 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.

OUTSTANDING SHARE INFORMATION

As at May 30, 2014, there were 160,461,039 common shares, 9,598,090 warrants with a weighted average exercise price of $0.45 and 7,825,000 stock options with a weighted average price of $0.46 outstanding.

CONTRACTUAL OBLIGATIONS

1. The Company's contractual obligation for the properties in Portugal as at March 31, 2014 are as follows:

	Obligations due per year			
	2014	**2015**	**2016**	**2016+**
	$	**$**	**$**	**$**
Montemor-o-Novo Commitments (1)	659,475	439,650	439,650	
Cedovim Commitments (1)	87,930	73,275	73,275	
Borba (1, 3)	78,708	78,708	91,826	234,480
Cercal (1)	73,275	109,913	109,913	293,100
Total contractual obligations	**899,388**	**701,546**	**714,664**	**527,580**

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

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

2. The Company has a contractual commitment with its drilling service provider to drill a minimum of additional 13,906 metres till the end of June 30, 2014 for a total cost of at least $2,409,500.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions include transactions with the Company's associate, Colt Middle East and transactions with the Company's Key Management Personnel which includes the Executive Chairman of the Board of Directors, the Chief Executive Officer, the Chief Operating Officer, the Chief Legal Officer, the Chief Financial Officer, the Board of Directors, Advisory Board Members, close family members and entities controlled by these individuals as well as certain consultants performing similar functions. These are the key management personnel of the Company.

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

Following were the related party transactions for the quarter ended March 31, 2014 and 2013

Transactions with the Associate:

During the three months ended March 31, 2014 the Company's associate, Colt Middle East issued 16,665,001 shares to the Company. As at March 31, 2014, the Company had a 38% equity interest in Colt Middle East.

Transactions with Key Management Personnel:

Quarter ended March 31	**2014** $	**2013** $
Management fees	**148,500**	207,326
Professional and consulting fees	**36,000**	47,605
Salaries	**37,500**	—
Short-term benefits	**58,241**	178,895
Director fees	**16,500**	24,249
	296,741	458,076

In addition to the above, during the three months ended March 31, 2014, the Company's Executive Chairman, the Company's Chief Executive Officer and one of the independent directors subscribed for 10,000,000, 1,000,000, and 2,000,000 ordinary shares of Colt Middle East, respectively.

As at March 31, 2014, $6,488 owed to related parties [December 31, 2013 – $417,308] is included in accounts payable and accrued liabilities.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

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

Key areas requiring critical judgments and significant estimates include:

Going concern – Judgment

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

Exploration and evaluation assets – Judgment

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

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

Functional currency – Judgment

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

Fair value of derivative financial liability - warrants– Estimate

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

Inventories – Estimate

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

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

Biological assets – Estimate

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

Recent Accounting Pronouncements

Effective for annual periods beginning on or after January 1, 2014

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company adopted IFRIC 21 as of January 1, 2014 and there was no significant impact on the condensed interim consolidated financial statements of the Company.

Effective for annual periods beginning on or after January 1, 2015

The following are new pronouncements approved by the IASB. The standards and interpretations are not yet effective and have not been applied in preparing these financial statements; however, they may impact future periods.

(i) IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

Risk Factors

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

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

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

OTHER MATERIAL EVENTS AND HIGHLIGHTS

The Company is presently not a party to any proceedings.

SUBSEQUENT EVENTS

Exclusivity agreement with Lake Resources NL

On May 13, 2014, the Company announced that its associate, Colt Middle East, signed an exclusivity agreement (the "Agreement") with Lake Resources NL ("Lake"), an Australian based mineral exploration company. The Agreement sets outs the terms and conditions whereby Colt Middle East can earn a majority interest in Lake's Chaghi Hills exploration licenses in Balochistan, Pakistan. The agreement sets an exclusivity period of 120 days during which the parties will conclude the final terms and conditions of a joint venture agreement.

It is expected that there will be three parties to the joint venture, namely, Lake, Colt Middle East and Amir Resources Consultants ("Amir"). Colt Middle East would subscribe to a minimum of US$ 1,900,000 for 60% shareholding in the where the funds subscribed for will be used for exploration of the territory covered by the licenses. Of the remaining interest in the, Lake will hold 27.5% and Amir will hold 12.5% shareholding. Subsequently, Colt Middle East will invest US$ 3,100,000 in exploration expenditure over the next three years for a total minimum aggregate investment of US$ 5,000,000 over 6 years subsequent to which the shareholdings would be adjusted to reflect Colt Middle East's shareholding at 60%, Lake's shareholding at 15%, Amir's shareholding at 12.5% and the shareholding of the provincial government of Balochistan province at 12.5%.

Colt Middle East will have the option to increase its interest in the joint venture such that Lake's and Amir's shareholdings will be diluted to upto a 10% shareholding for each party should Colt Middle East exceed the minimum required investment of US$ 5,000,000. Lake's 10% shareholding will then revert to a 10% carried interest with its share of the investment payable from 80% of Lake's share of net profits and Amir's shareholding will revert to a 5% free carried net profits interest. In the event, Colt Middle East invests only the minimum of US$1,900,000 over 3 years, the shareholdings will be adjusted to reflect Colt Middle East's shareholding at 51% with Lake holding 40% and Amir holding 9%.

Resignation of Director
Further, on May 26, 2014, Mr. Declan Costelloe, Executive Vice President (EVP) and Chief Operating Officer (COO) and an executive director resigned from his role as an executive director of the Company. Mr. Costelloe continues with the Company as part of its senior management in his role as EVP and COO of the Company.

Other Information

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

Colt Resources Inc.

Signed *"Nikolas Perrault"*

Nikolas Perrault
Chief Executive Officer

Signed *"Shahab Jaffrey"*

Shahab Jaffrey
Chief Financial Officer