An Exploration Stage Company

MANAGEMENT'S DISCUSSION & ANALYSIS

As at August 29, 2014

This Management's Discussion and Analysis ("MD&A") of Colt Resources Inc. and its subsidiaries (the"Company") is for the three and six month periods ended June 30, 2014 compared to the three and six month periods ended June 30, 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 August 29, 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 and six-month periods ended June 30, 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 June 30, 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 May 13, 2014, the Company's associate, Colt Middle East announced 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.

- On June 4, 2014, the Company announced that its former executive chairman, Mr. Richard Quesnel acquired 4,444,444 shares of Colt Resources Middle East ("CRME") from the Company for $1 million at $0.225 per share. The transaction was approved by the Company's board of directors and TSX-V. As a result of this transaction and to address potential conflict of interest issues, Mr. Quesnel resigned from the board and stepped down as the executive chairman and accepted to chair the Company's advisory board.

- On August 7, 2014, the Company announced that it had entered into a shares for debt arrangement for $2.2 million with Spektra Drilling Canada Inc, a wholly owned subsidiary of Spektra Jeotek A.S., a Turkish company, whereby Spektra acquired 10,500,000 units at $0.21 per unit. Each unit is comprised of one common share and one share purchase warrant of the Company.

- During the first half of the fiscal year 2014, the Company continued to follow up on several significant cost reduction initiatives initiated in late 2013 aimed at preserving its working capital and reducing its payables. These measures included a significant reduction in cash compensation of senior management and executive staff, temporary deferral of director fees for independent directors, reduction of projects related payroll costs, elimination 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.

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 and continuing during the second 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 46.78km² 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.

An infill and resource expansion drilling program resumed at the end of the first quarter and continued during the second quarter. 40 holes were completed during the current quarter totaling 4,614 meters. Data collection was confined to hole logging. As no additional staff were hired following the decision to recommence the program, no core cutting or sample preparation was done on the data collected.

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

During the third quarter, it is proposed to complete the infill drilling program at Casas Novas subject to funding.

As at June 30, 2014, the Company has invested and capitalized $13.18 million 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.

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.

During the second quarter 2014 an infill and resource expansion drilling program recommenced focused on the SPA zone and the "Gap" zone located to the north of SPA. Three holes were drilled totaling 431.90 meters. Whole logging, cutting and sample preparation was ongoing at the end of the quarter.

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

During the third quarter, it is proposed to expand the drilling program at Tabuaço with the addition of a second rig so as to accelerate the infill drilling and resource expansion work.

As at June 30, 2014, the Company has invested and capitalized $13.78 million 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 Contécnica 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.

During the second quarter 2014, Contécnica, continued the drilling program at Santo António, with 4 holes drilled, for a total of 822.2 meters, cutting a sequence of granitic rocks cross cut by quartz veins/veinlets with pyrite and arsenopyrite, as well as greisen bands.

Test work performed during the quarter included pumping tests to estimate the quantity of water contained in the former Santo António mine. In addition, metallurgical test work, contracted to a Brazilian company is ongoing.

The DGEG (mines department) approved the change, in the experimental mining plan, from Turgueira to the Santo António vein system, with some constraints, which are under compliance.

An environmental impact study which is necessary to obtain the license for the recovery of gold from the old tailings dumps was also commissioned during the current quarter.

As at June 30, 2014, the Company has invested and capitalized $2.9 million 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.

During the second 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.

As at June 30, 2014, the Company has invested and capitalized $1.5 million 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 and second quarter of 2014 no field work was carried out at this property.

As at June 30, 2014, the Company has invested and capitalized $0.075 million 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.

During the second quarter 2014, the fieldwork was restricted to field checks around the old "Miguel Vacas" copper mine. A limited exploration drill program has been planned to be performed during the third quarter.

As at June 30, 2014, the Company has invested and capitalized $0.047million 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.

During the second quarter of 2014 no significant work was performed on the property.

As at June 30, 2014, the Company has invested and capitalized $0.2 million 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 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 Chagai 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.

During the current quarter, Colt Middle East continued to explore its interests in the region.

RESULTS OF OPERATIONS

SELECTED FINANCIAL INFORMATION AND SUMMARY OF QUARTERLY RESULTS

	June 30	March 31	December 31	September 30
	2014	2014	2013	2013
Quarters ended	$	$	$	$
Net (loss)/income for the period	(752,444)	1,182,123	(7,043,495)	(3,187,835)
Comprehensive loss/(income)	(1,627,085)	2,203,122	(4,754,912)	(2,821,413)
Basic and diluted (loss)/earnings per share	(0.01)	0.01	(0.01)	(0.02)
Cash and cash equivalents	97,619	805,536	2,263,613	2,027,667
Exploration and evaluation assets	31,704,502	31,125,723	29,927,351	27,769,196
Total assets	41,528,643	42,847,134	41,513,769	38,696,046
	June 30	March 31	December 31	September 30
	2013	2013	2012	2012
Quarters ended	$	$	$	$
Net Loss	(2,008,404)	(1,822,331)	(2,886,581)	(2,951,253)
Comprehensive Loss	(960,431)	(1,943,396)	(2,514,926)	(3,111,600)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.03)
Cash and cash equivalents	1,527,241	2,554,442	6,473,498	6,779,977
Exploration and evaluation assets	27,345,864	25,583,751	24,664,728	20,669,122
Total assets	37,229,531	37,364,776	40,520,113	36,697,665

Summary of variation in operating costs for three months ended June 30, 2014 and 2013

	June 30	June 30	
	2014	2013	Variation
For the three month period ended	**$**	**$**	**$**
Investor relations and marketing	55,197	381,159	(325,962)
Office expenses	347,862	362,764	(14,902)
Management fees	124,816	281,780	(156,964)
General and administrative expenses	17,478	86,166	(68,688)
Salaries	157,210	163,574	(6,364)
Professional and consulting fees	132,782	139,683	(6,901)
Legal expenses	67,409	102,866	(35,457)
Rent	76,687	90,940	(14,253)
Insurance	45,858	47,434	(1,576)
Depreciation and amortization	47,429	58,806	(11,377)
Gain on disposal of property, plant and equipment	-	(14)	14
Other (income)/costs	(621,396)	93,404	(714,800)
Total operating costs	**451,330**	**1,808,562**	**(1,357,232)**

Three months ended June 30, 2014 compared to June 30, 2013

For the three month period ended June 30, 2014, the Company reported a net loss of $0.75 million (net loss of $2.01 million in 2013) and a comprehensive loss of $1.62 million (loss of $0.96 million in 2013). The increase in the Company's net and comprehensive loss was primarily due to foreign exchange translation loss of $0.87 million during the current quarter due to significant appreciation of the Canadian dollar against Euros. Excluding the foreign exchange translation loss, there was a decrease in the overall operating cost mainly due to other income due to a gain on partial disposal of the Company's investment in its associate, Colt Middle East for approximately $0.5 million. In addition, there were decreases across each significant category of operating costs due to curtailment of expenditures by the Company during the current quarter in line with management's efforts to contain costs and preserve working capital.

Summary of variation in operating costs for six months ended June 30, 2014 and 2013

	June 30	June 30	
	2014	2013	Variation
For the six month period ended	**$**	**$**	**$**
Investor relations and marketing	175,321	954,769	(779,448)
Office expenses	523,770	697,411	(173,641)
Management fees	273,316	528,134	(254,818)
General and administrative expenses	53,605	167,665	(114,060)
Salaries	378,319	368,925	9,394
Professional and consulting fees	207,793	180,041	27,752
Legal expenses	82,270	225,663	(143,393)
Rent	165,565	156,088	9,477
Insurance	100,159	95,550	4,609
Depreciation and amortization	104,947	121,836	(16,889)
Gain on disposal of property, plant and equipment	-	(6,608)	6,608
Other (income)/ expense	(2,453,385)	25,612	(2,478,997)
Total operating (income)/costs	**(388,321)**	**3,515,086**	**(3,903,407)**

Six months ended June 30, 2014 compared to June 30, 2013

For the six month period ended June 30, 2014, the Company reported a net income of $0.43 million (net loss of $3.8 million in 2013) and a comprehensive income of $0.57 million (loss of $2.9 million in 2013).

The decrease in the Company's net and comprehensive income over the six months ended June 30, 2014 is mainly due to foreign exchange translation loss of $0.87 million during the current quarter due to significant appreciation of the Canadian dollar against Euros.

On the expenses, overall operating costs decreased mainly due to $1.5 million of funds received from Colt Middle East in the first quarter and a gain of approximately $0.5 million on partial disposal of Company's investment in Colt Middle East. There was also a decrease in overall operating costs during the current six months as a result of management's efforts to curtail operating costs to preserve working capital

Finance costs increased to $0.32 million ($0.1 million in 2013) representing primarily increases in accretion expenses on preferred shares of $0.073 million ($0.062 million in 2013) and accretion of interest on senior secured notes of $0.19 million (2013:nil) and accretion on derivative financial liability – warrants of $0.05 million (2013:nil)

Exploration and evaluation expenditures

The following table represents additional Exploration and Evaluation (E&E) expenditures during the six months ended June 30, 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	
	June 30,2014	December 31, 2013	**June 30,2014**	December 31, 2013	**June 30,2014**	December 31, 2013	**June 30,2014**	December 31, 2013	**June 30,2014**	December 31, 2013	**June 30,2014**	December 31, 2013	**June 30,2014**	December 31, 2013
Balance, beginning of year	**2,912,614**	2,942,191	**13,574,891**	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	-	-	**3,634**	279,987	-	-		87,373	**43,515**	102,436	-	8,788	**47,149**	478,584
Field costs	-	-		43,014	-	-		3,237	**5,100**	4,502	-	977	**5,100**	51,730
Consulting	-	(29,577)	**29,702**	829,978	-	-	**5,580**	41,243	**62,543**	373,537	**11,974**	33,180	**109,798**	1,248,361
Drilling	-	-	**111,722**	785,283	-	-		19,593	**1,083,199**	730,981	-	-	**1,194,922**	1,535,858
Geology	-	-		1,499	-	-		5,518	**2,949**	-	-	3,131	**2,949**	10,148
Geophysics	-	-		-	-	-				59,670	-	-	-	59,670
Salaries and labour	-	-	**50,954**	590,201	-	10,941	**3,929**	321,671	**301,980**	1,087,152	**29,110**	169,424	**385,972**	2,179,389
Acquisition related cost	-	-	**8,495**	44,876	-	-		66,969	-	-	**22,766**	26,212	**31,261**	138,057
Tangible assets	-	-		2,345	-	-		-	-	-	-	-	-	2,345
Total exploration expenditures	-	**(29,577)**	**204,507**	**2,577,184**	-	**10,941**	**9,509**	**545,604**	**1,499,286**	**2,358,278**	**63,850**	**241,712**	**1,777,151**	**5,704,142**
Evaluation assets written off	-	-	-	-	-	(441,519)	-	-	-	-	-	-	-	(441,519)
Sub Total	-	**(29,577)**	**204,507**	**2,577,184**	-	- **430,578**	**9,509**	**545,604**	**1,499,286**	**2,358,278**	**63,850**	**241,712**	**1,777,151**	**5,262,623**
Balance, end of year	**2,912,614**	**2,912,614**	**13,779,398**	**13,574,891**	-	-	**1,501,390**	**1,491,881**	**13,182,198**	**11,682,912**	**328,902**	**265,052**	**31,704,502**	**29,927,351**

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2014, total assets were $41.51 million ($41.51 million at the end of December 31, 2013). Exploration and evaluation assets increased by $1.78 million to $31.70 million from $29.92 million

Cash and solvency

As at June 30, 2014, the Company's cash and cash equivalents balance was $0.097 million ($2.26 million 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 $0.7 million (use of cash of $4.01 million in 2013) and use of net cash from investing activities of $1.46 million ($1.98 million in 2013).

As at June 30, 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 exercise of 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 August 29, 2014, there were 171,896,876 common shares, 9,238,094 warrants with a weighted average exercise price of $0.45 and 7,550,000 stock options with a weighted average price of $0.48 outstanding.

CONTRACTUAL OBLIGATIONS

1. The Company's contractual obligation for the properties in Portugal as at June 30, 2014 are as follows:

	Obligations due per year			
	2013	2014	2015	2016
	$	$	$	$
Montemor-o-Novo Commitments (1)	594,000	594,000	-	-
Cedovim Commitments (1)	79,200	79,200	-	-
Borba (1, 2)	102,585	117,240	117,240	-
Cercal (1)		146,550	146,550	-
Total contractual obligations		**936,990**	**263,790**	-
	Obligations for the life of the contract			
	2013-2016			
	$			
Tabuaço EML Commitments (1, 3)	6,594,750			
Santo Antonio EML Commitments (1, 2, 3)	4,396,500			
Total obligations for the life of the contract	**10,991,250**			
(1) Original contractual commitments are denominated in Euros (€)				
(2) Obligations to be assumed by a Joint Collaboration partner				
(3) Obligations for the duration of the contract				

2. As of August 29 2014, the Company has a contractual commitment with its drilling service provider to drill a minimum of additional 6,545 metres for a total cost of at least $1.31 million.

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 amount established and agreed to by the related parties.

Following were the related party transactions for the quarter ended June 30, 2014 and 2013

Transactions with the Associate:

During the first quarter of 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.

During the second quarter, the Company sold 4,444,444 of its shares in Colt Middle East to its former executive chairman. Please see below for transaction details.

Transactions with Key Management Personnel:

Six months ended June 30	**2014**	**2013**
	$	$
Management fees	**273,316**	451,917
Professional and consulting fees	**72,000**	76,217
Salaries	**37,500**	—
Short-term benefits	**114,599**	339,235
Director fees	**24,900**	49,788
	522,315	917,157

During the first quarter of 2014, the Company's former 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.

During the second quarter of 2014, the Company's former executive chairman acquired 4,444,444 shares of Colt Resources Middle East ("CRME") from the Company for $1 million at $0.225 per share. The transaction was approved by the Company's board of directors and TSX-V.

As a result of this transaction, the Company now holds 12,205,557 shares of Colt Middle East representing 27.36% ownership as at June 30, 2014. At the original acquisition price of $0.15 per share, the carrying value of the remaining shares is $1.83 million. Based on the most recent transaction price of $0.225 per share above, Company's investment in Colt Middle East would represent a fair value of $2.75 million.

As at June 30, 2014 $0.087 million owed to related parties [December 31, 2013 – $0.42 million] 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.

Wine Inventories – Estimate

Wine 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

Partial disposal of investment in Colt Middle East

On July 4, 2014, on approval by the TSX-V, the Company received the remaining amount of $0.6 million as the final portion of the proceeds of the Company's transaction to dispose partially its investment in Colt Middle East to its former executive chairman.

Shares for debt exchange

On August 7, 2014, the Company announced that it had entered into a shares for debt exchange arrangement for $2.2 million with Spektra Drilling Canada Inc ("Spektra Canada"), a wholly owned subsidiary of Spektra Jeotek A.S., a Turkish company, whereby Spektra acquired 10,500,000 units at $0.21 per unit. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant shall entitle Spektra Canada to acquire one common share at an exercise price of $0.26 for a period of two years following the closing date.

On completion of this arrangement, Spektra Canada now owns 16,750,000 common shares of Colt, representing approximately 9.7% of the issued and outstanding common shares of Colt (before the exercise of warrants). On a diluted basis, assuming the exercise of all warrants, Spektra Canada will own a total of 27,250,000 common shares of the Company representing approximately 15% of the issued and outstanding common shares.

In connection with this arrangement, an agreement was entered into between Spektra and the Company, whereby, out of the proceeds, the Company settled with Spektra €0.75 million for past drilling services and a further €0.75 million will be settled for future drilling services pursuant to a drilling contract between Spektra and the Company. Additionally, the Company has agreed to a nominee of Spektra to the board of directors of the Company subject to regulatory approval.

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