An Exploration Stage Company

MANAGEMENT'S DISCUSSION & ANALYSIS
As at August 26, 2016

This Management's Discussion and Analysis ("MD&A") of Colt Resources Inc. and its subsidiaries (the "Company") is for the six and three month periods ended June 30, 2016 compared to the three and six month periods ended June 30, 2015. 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 26, 2016 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, 2015 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, 2016 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, OTC Pink 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 and development 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 Vit.cola 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. It also holds 14.22% interest an investment in Colt Resources Middle East (Cayman) ("CRME"), a private company focused on acquiring near term production assets in the Greater Middle East region.

The Company's significant exploration and development projects at December 31, 2015 included the Boa Fe gold project in southern Portugal and the Tabuaco tungsten project in northern Portugal. The Company holds a 100% interest in both projects. The Company also owns a 60% interest in the Alvalade VMS copper-zinc project in the Iberian Pyrite Belt in southern Portugal through an earn-in agreement with another Canadian TSXV listed corporation. Avrupa Minerals Ltd. Colt acquired its 60% interest in the project through an agreement with Antofagasta in August 2015 (Refer press release dated September 3, 2015). The company also holds lesser advanced but very promising projects which are referred to below in the Corporate Highlights section.

The recoverability of investments in the Company's exploration and evaluation assets are dependent upon the economic recoverability of its reserves, the continuation of the Company's interest in the underlying resource claims and the ability by the Company to obtain necessary financing to complete their development. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

QUALIFIED PERSON

The technical information disclosed in this MD&A has been reviewed and approved by James W. Murton, P Eng, a Qualified Person (QP), 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

- At the Company's Annual General and Special Meeting held on January 13, 2016, Mr. John Gravelle was elected to the board of directors. Mr. Gravelle is the former global mining leader of PricewaterhouseCoopers (PwC) and has extensive experience developing diverse talent, providing senior management coaching and implementing leadership development and succession planning programs, providing oversight to a broad portfolio of client activities including financing, tax strategies, acquisitions, resource nationalism, and operational efficiencies. He built a strong network of relationships with senior executives and board members of public and private mining companies and served as relationship partner for many of PwC's clients, and continues to drive sector innovation. He currently is an Executive Vice President and Chief Financial Officer of a company in the mining equipment services industry that supplies environmentally efficient battery-powered, electric powertrains for mining equipment.

- On April 11, 2016, the Company announced that it has completed a private placement for 9.77 million Units for gross proceeds of $0.97 Million. Each Unit is comprised of one common share at $0.10 per share and one-half of a warrant. Each whole warrant will be exercisable at a price of $0.15 during a period of 36 months from the date of closing.

- On August 26, 2016, the Company announced that it has completed a private placement for 20.4 million Units for gross proceeds of $1.43 Million. Each Unit is comprised of one common share at $0.07 per share and warrant. Each whole warrant will be exercisable at a price of $0.10 during a period of 24 months from the date of closing.

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 have remained volatile over the past year and raising sufficient capital on favourable terms for exploration stage companies has been difficult. 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 2016. 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 2015.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.

The document package for the application of a definitive Mining License was delivered to the Direcção Geral de Energia e Geologia ("DGEG") towards the end of April 2015.

No further field work was carried out at the license area during the first six months of 2016, as the application of the definitive Mining License is still pending granting by the authorities.

Tabuaço Experimental Mining License

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.

No new field work was carried out at Tabuaço during the first six months of 2016.

The project was visited in February 2016 by a representative of the DGEG, as part of their supervision duties upon the status of activity in the concessions.

The annual report of work and investment done in the license during 2015 was completed and delivered to the DGEG in March 2016.

During the current six months of 2016, the company received the proposals for its tender to grant the execution of the EIA (environmental impact assessment) of the Tabuaço mining project. After examination of these proposals, revisions were requested to the respective candidates with a view to fulfill all requirements by the DGEG. At the end of the Q2 period, the company has completed the analysis of the revised proposals and is expected to contract this service in Q3.

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 Experimental Mining License ("EML") property, which has an area of 35.341 Km² located in north central Portugal, at approximately 5 hours driving time from Lisbon. 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.

No further field work was done at the Santo António EML during the six months of 2016.

The annual report of work and investment done in the EML during 2015 was completed and delivered to the DGEG in March 2016.

Montemor-o-Novo Gold Concession

The Montemor-o-Novo exploration concession covers approximately 363.62km^2, after the contractual 50% surface area reduction. It is located approximately 95 km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal. The property is 100% owned by the Company through its Portuguese subsidiary Aurmont Resources Unip. Lda., and completely surrounds the Company's 100% owned Boa Fé Experimental Mining License.

The company had decided not to apply for the second and last annual renewal to the Montemor exploration contract beyond November 2nd 2015. Instead, an application for a new exploration contract, covering the same ground as in the last renewal, was filed in with the mining authority DGEG at that same date. This application merited approval by the DGEG, but the legal proceedings towards the actual granting of the concession were still ongoing at end of the first quarter of 2016.

No further field work was done at Montemor during the six months of 2016, as the new concession remains to be granted.

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.

No additional drilling or other field work was done at the property during the six months of 2016. Analytical results were obtained from the laboratory for a total of 46 drill core samples cut from the second diamond drill hole completed in 2015 at the Miguel Vacas copper target. These results were reported in the Company's news release dated April 21st 2016, while the results for third hole drilled in 2015 are still pending.

During the current quarter, due to the geological complexity evidenced by drilling results, the Company re-analyzed the ore body model and is in the process of preparing a revised sampling program.

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.

No additional drilling or other field work was done at the property during the first six months of 2016. Analytical results were obtained from the laboratory for a total of 25 drill core samples cut from the single diamond drill hole completed in 2015 at the Salgadinho copper-gold target. These results were reported in the Company's News Release dated April 20th 2016.

Alvalade

During the third quarter of 2015, the Company acquired from Antofagasta which had spent over $6 Million on the project, a 60% interest in the Alvalade exploration license, with Avrupa Minerals owing the remaining 40%. The concession has an approximate area of 902km^2, and is located in the Iberian Pyrite Belt, southern Portugal, at approximately 2 hours driving time from Lisbon. Alvalade concession is the most westerly prospective area of the Iberian Pyrite Belt This Portuguese part of the belt is rich in silver along with copper, zinc and lead compared to its Spanish equivalents. It is also the least prospected of all areas within the belt, because most deposits reside under a thick Tertiary cover. Discovery of massive sulphide at Sesmarias occurred on February 27th, 2014.

Drilling was completed at the end of the first quarter of 2016. Analytical results were obtained from the laboratory for a total of 222 drill core samples cut from four diamond drill holes completed in late 2015 and early 2016. These results were reported in the Company's News Release dated February 3rd 2016.

No additional drilling or other field work was done at the property during the second quarter of 2016. During the current quarter, due to the geological complexity evidenced by drilling results, the company is in the process of re-analyzing its prorogation and planning a new drilling program in addition to geophysical works.

RESULTS OF OPERATIONS

SELECTED FINANCIAL INFORMATION AND SUMMARY OF QUARTERLY RESULTS

	June 30	March 31	December 31	September 30
	2016	2016	2015 (Restated)	2015 (Restated)
Quarters ended				$
Net Loss	(834,686)	(2,250,460)	(6,653,477)	(1,502,142)
Comprehensive Loss	(3,754,185)	(384,621)	(6,420,427)	(623,292)
Basic and diluted loss per share	(0.00)	(0.01)	(0.05)	(0.03)

	June 30	March 31	December 31	September 30
	2015 (Restated)	2015 (Restated)	2014	2014
Quarters ended	$	$		$
Net Loss	(2,866,398)	(961,221)	(7,944,321)	(1,264,935)
Comprehensive Loss	(1,686,625)	(1,465,181)	(8,730,142)	(2,222,781)
Basic and diluted loss per share	(0.01)	(0.01)	(0.06)	(0.01)

Summary of variation in operating costs for three months between June 30, 2016 and June 30, 2015

For three months ended	June 30 2016 $	June 30 2015 $	Variation 2015-2016 $
Exploration expenses	98,151	-	98,151
Investor relations and marketing	22,668	29,233	(6,565)
Office related expenses	146,192	291,298	(145,106)
Management fees and related costs	62,332	483,573	(421,241)
General and administrative expenses	94,701	33,008	61,693
Salaries and wages	80,807	71,061	9,746
Professional and consulting fees	327,302	199,828	127,474
Legal expenses	8,256	102,937	(94,681)
Insurance	11,812	12,413	(601)
Listing and transfer agent fees	11,020	44,023	(33,003)
Rent	41,324	57,515	(16,191)
Depreciation - 2015 restated	98,336	163,387	(65,051)
Other loss/(income) - 2015 restated	(251,312)	(45,404)	(205,908)
Total operating costs	**751,590**	**1,442,872**	**(691,282)**

Quarter ended June 30, 2016 compared to the quarter ended June 30, 2015

For the quarter ended June 30, 2016, the Company reported a net loss of $0.83 million (net loss of $2.86 million in 2015) and a comprehensive loss of $3.75 million (comprehensive loss of $1.68 million in 2015). The main reason for decrease in net loss as compared to prior period was primarily due to decrease in administrative expenses and decrease in share of loss from the investment in an associate. The main increase in comprehensive loss for the three months ended June 30, 2016 is due to increase in foreign exchange loss on translation of foreign subsidiaries which increased due to strengthening of the Canadian dollars (reporting currency) against the Euros (functional currency of the subsidiaries) during the three months ended June 30, 2016.

Exploration expenses for $0.098 million were incurred in relation to Cercal, Borba and Montemor properties and were directly charged to statement of operations.

Finance costs decreased to $0.73 million ($0.33 million in 2015) representing primarily accretion expenses on preferred shares and accretion on long term Alvalade related commitments.

The Company reported a total weighted average number of common shares outstanding of 250,516,736 (204,905,507) in 2015). The Company reported a net loss per share of $0.00 (net loss of $0.01 in 2015).

Summary of variation in operating costs for six months between June 30, 2016 and June 30, 2015

For the year ended	June 30 2016 $	June 30 2015 $	Variation 2015-2016 $
Exploration expenses	154,333	-	154,333
Property investigation	9,082	-	9,082
Investor relations and marketing	82,748	48,058	34,690
Office related expenses	331,067	469,569	(138,502)
Management fees and related costs	203,076	575,184	(372,108)
General and administrative expenses	96,445	55,889	40,556
Salaries and wages	140,802	181,379	(40,577)
Professional and consulting fees	556,988	387,132	169,856
Legal expenses	17,917	105,742	(87,825)
Insurance	28,543	38,531	(9,988)
Listing and transfer agent fees	23,882	75,540	(51,658)
Rent	86,831	95,144	(8,313)
Depreciation - 2015 restated	158,011	198,385	(40,374)
Other loss/(income) - 2015 restated	53,610	(65,632)	119,242
Total operating costs	**1,943,335**	**2,164,921**	**(221,586)**

Six months ended June 30, 2016 compared to the June 30, 2015

For the six months ended June 30, 2016, the Company reported a net loss of $3.08 million (net loss of $3.82 million in 2015) and a comprehensive loss of $4.14 million (comprehensive loss of $3.17 million in 2015). The main reason for decrease in net loss as compared to prior period was primarily due to decrease in administrative expenses, decrease in finance costs offset by increase in share of loss from the investment in an associate. The main increase in comprehensive loss for the six months ended June 30, 2016 is due to increase in foreign exchange loss on translation of foreign subsidiaries which increased due to strengthening of the Canadian dollars (reporting currency) against the Euros (functional currency of the subsidiaries) during the six months ended June 30, 2016.

Exploration expenses for $0.154 million were incurred in relation to Cercal, Borba and Montemor properties and were directly charged to statement of operations.

Finance costs decreased to $0.11 million ($0.4 million in 2015) representing primarily accretion expenses on preferred shares and accretion on long term Alvalade related commitments.

The Company reported a total weighted average number of common shares outstanding of 244,558,109 (194,848,275) in 2015). The Company reported a net loss per share of $0.01 (net loss of $0.02 in 2015).

Exploration and evaluation expenditures

The following table represents additional Exploration and Evaluation (E&E) expenditures during the six months ended June 30, 2016 and the year ended December 31, 2015 on the Company's properties in Portugal.

	Santo Antonio		Tabuaco		Alvalade		Montemor-o-Novo		Boa Fé		Others		Total	
	June 30, 2016	December 31, 2015	**June 30, 2016**	December 31, 2015	**June 30, 2016**	December 31, 2015	**June 30, 2016**	December 31, 2015	**June 30, 2016**	December 31, 2015	**June 30, 2016**	December 31, 2015	**June 30, 2016**	December 31, 2015
Balance, beginning of period/year	**2,912,614**	2,912,614	**15,681,981**	15,681,981	**3,013,052**	3,013,052	**-**	-	**9,677,795**	9,677,795	**-**	45,000	**31,285,442**	31,330,442
Assays and geochemistry	**-**	-	**1,107**	16,001	-	-	**391**	-	**2,529**		**6,119**	-	**10,146**	16,001
Field costs	**-**	-	**-**	147,273	-	-	**10,079**	-	**-**	84,759	**-**	40,255	**10,079**	272,287
Consulting	**-**	-	**63,348**	420,111	-	-	**13,535**	15,805	**2,608**	289,513	**14,137**	23,161	**93,628**	748,590
Drilling	**-**	-	**-**	53,385	-	-		22,328	**-**	102,471		53,521	**-**	231,705
Geology	**-**	-	**-**	-	-	-	**-**	-	**-**	-	**-**	-	**-**	-
Licensing & Permits			**-**	75,786	-			28,626	**-**	-	**6,618**	50,000	**6,618**	154,412
Geophysics	**-**	-	**-**	192,393	-	-	**-**	-	**-**	-	**-**	-	**-**	192,393
Salaries and labour	**-**	-	**61,953**	308,216	-	-		35,339	**9,517**	296,297	**103,454**	67,941	**174,924**	707,793
Acquisition related and Other costs & Fx*	**-**	-	**257,341**	-	**49,049**	3,013,052	**-**	-	**157,781**	-	**-**	-	**464,171**	3,013,052
Tangible assets	**-**	-	-	-	-	-	-	-	-	-	**-**	-	**-**	-
Total exploration expenditures	**-**	-	**383,749**	1,213,165	**49,049**	3,013,052	**24,005**	102,098	**172,435**	773,040	**130,328**	234,878	**759,566**	5,336,233
Exploration & Evaluation asse written off	**-**	-	-	-	-	-	**(24,005)**	(102,098)	-	-	**(130,328)**	(234,878)	**(154,333)**	(291,976
Sub Total	**-**	-	**383,749**	1,213,165	**49,049**	3,013,052	**-**	-	**172,435**	773,040	**-**	-	**605,233**	5,044,257
Balance, end of period/year	**2,912,614**	2,912,614	**16,065,730**	16,895,146	**3,062,101**	6,026,104	**-**	-	**9,850,230**	10,450,835	**-**	-	**31,890,675**	36,374,699

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2016, total assets were $37.88 million ($39.84 million at the end of December 31, 2015). Exploration and evaluation assets increased by $0.61 million from December 31, 2015.

Cash and solvency

As at June 30, 2016, the Company's cash and cash equivalents balance was $0.018 million ($0.025 million at the end of December 31, 2015). The net decrease in cash and cash equivalents was primarily the result from the net cash used in operating activities of $0.973 million (cash used of $0.8 million in 2015), net cash from investing activities of $0.025 offset by net cash from financing activities of $0.95 million (use of cash of $0.49 million in 2015).

As at June 30, 2016, 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 2016. 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 26 2016, there were 272,110,362 common shares, 95,878,848 warrants with a weighted average exercise price of $0.22 per warrant and 200,000 stock options with a weighted average price of $0.55 per option outstanding.

CONTRACTUAL OBLIGATIONS

1. The Company's contractual obligation for the properties in Portugal as at June 30, 2016 are as follows:

	Obligations due per year	
	2016-17	**2017-18**
	$	**$**
Montemor-o-Novo Commitments (1)	450,810	-
Borba (1)	120,216	120,216
Cercal (1)	150,270	150,270
Total contractual obligations	**721,296**	**270,486**
	Obligations for the life of the contract	
	2015-2019	
	$	
Tabuaco EML Commitments (1, 3)	6,762,150	
Santo Antonio EML Commitments (1, 2, 3)	4,508,100	
Total obligations for the life of the contract	**11,270,250**	
(1) Original contractual commitments are denominated in European Euro (€)		
(2) Obligations assumed by a Joint Collaboration partner		
(3) Obligations for the duration of the contract		

2. During 2015, the Company entered into a facility agreement for an aggregate value of up to $30 million ("aggregate subscription price") with CITIC –GEMS fund a natural resources fund created by Global Emerging Markets ("GEM") and CITIC, whereby the Company can raise funds by committing CITIC-GEM Fund to purchase common shares of the Company.

   As part of this facility agreement, the Company signed a promissory note to pay CITIC-GEM fund a commitment fee of 2% of this facility ($0.6 million) if and when it withdraws any amount on activating this facility. This fee is payable pro-rata in the same proportion as proceeds withdrawn on each subscription divided by the aggregate subscription price.

   As of June 30, 2016, the Company has not activated this facility and therefore the commitment has no accounting impact on the condensed interim consolidated financial statements as of June 30, 2016.

   With respect to the Company's commitments to Antofagasta related to the acquisition of its 60% interest in Alvalade property, please refer Note 14 of the annual audited consolidated financial statements for the year ended December 31, 2015. The Company has re-negotiated the timing for the first and second payment such that US$150,000 will be settled by September 30, 2016 and the balance of US$450,000 by December 31, 2016.

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, CRME and transactions with the Company's Key Management Personnel which includes the Chairman of the Board of Directors, the Chief Executive Officer, the General Legal Counsel and Corporate Secretary, 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 six months ended June 30, 2016 and 2015:

Six months ended June 30	**2016**	2015
	$	$
Management fees and related costs	**168,735**	575,000
Professional and consulting fees	**161,040**	68,531
Short-term benefits		29,112
Director fees	**75,500**	74,000
	405,275	746,827

As at June 30, 2016, $ 0.49 million was owed to related parties [December 31, 2015, $0.41 million] and is included in accounts payable and accrued liabilities and $0.16 million [2015: $0.12 million] is owed from the chief executive officer.

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:

Control over Structured Entities and Investments – Judgment

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Company has less than majority of the voting, or similar, rights of an investee, it considers relevant facts and circumstances in assessing whether it has power over the investee, as applicable, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year included in the consolidated statements operations and comprehensive loss from the date the Company gains control until the date the Company ceases to control the subsidiary.

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 and estimate

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. 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.

Recent Accounting Pronouncements

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is currently assessing the impact of adoption that IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IAS 1 Presentation of Financial Statements

In December 2014, the IASB issued amendments to IAS 1, Presentation of Financial Statements ("IAS 1") to clarify materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the statement of financial position, statement of income and statement of comprehensive income. These amendments shall be applied to fiscal years beginning on or after January 1, 2016, with earlier application permitted. The Company has not adopted the amendments to IAS 1 in its financial statements for the current period, but will continue to monitor and evaluate the impact of any required changes to its consolidated financial statements at the date of adoption.

IFRS 16 – Leases (IFRS 16)

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16: changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

IAS 41 Agriculture

In June 2014, the IASB published amendments that change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell.

The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. As of January 1, 2016, the Company adopted the effects of changes in IAS41 and consequently has booked the carrying value of Biological assets as deemed costs and these assets are now classified as Property Plant and Equipment under IAS 16 and the deemed cost of $461,806 is depreciated over the remaining life of the Biological assets which is estimated to be 31 years as at January 1, 2016.

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

In connection with the acquisition of the Company's winery property in 2011, the Company had issued 5,000,000 convertible and redeemable preferred shares. The 5,000,000 preferred shares were convertible at any time by the holder into 4,385,965 common shares until August 23, 2016, at which time the holder would require the Company to redeem the preferred shares for cash consideration of €2,500,000. As of August 23, 2016, the convertible preferred shares were not converted into common shares by the holder. As at the date of these condensed interim consolidated financial statements, the Company has negotiated with the holder to obtain extension of the redemption until October 15, 2016.

On August 26, 2016, the Company announced that it has completed a private placement for 20.4 million Units for gross proceeds of $1.43 Million. Each Unit is comprised of one common share at $0.07 per share and warrant. Each whole warrant will be exercisable at a price of $0.10 during a period of 24 months from the date of closing.

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"*	Signed *"Shahab Jaffrey"*
Nikolas Perrault	Shahab Jaffrey

Chief Executive Officer	Chief Financial Officer