(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements

Three and nine months ended September 30, 2016 and 2015

Unaudited

NOTICE TO THE READER

"In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not audited or reviewed the interim consolidated financial statements as at and for the three and nine months ended September 30, 2016."

Colt Resources Inc.

Condensed Interim Consolidated

Financial Statements

September 30, 2016 – Unaudited

General information

Directors

John Gravelle, Audit Committee Chair [1,3,7] *(joined with effect from January 15, 2016)*

Hans H. Hertell, Corporate Governance and CRME Committee Chair [2,3,5,6]

Joe Tai, Compensation Committee Chair [1,3,4,5,6,7]

Nikolas Perrault, Chief Executive Officer [4]

Paul Yeou, Nominating Committee Chair [1,2,3,4]

Sabri Karahan, Technical Committee Chair [2,5,6] *(resigned with effect from October 11, 2016)*

Other officers

David A. Johnson, Legal Counsel and Corporate Secretary

Shahab Jaffrey, Chief Financial Officer

Auditors

Raymond Chabot Grant Thornton LLP

Board Committees:
1) Audit Committee
2) Corporate Governance Committee
3) Compensation Committee
4) Nominating Committee
5) Technical Committee
6) Independent Committee of Colt Resources Middle East ("CRME")
7) Steering Committee

Colt Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[Canadian dollars]	Unaudited September 30, 2016 $	December 31, 2015 Restated $	January 1, 2015 Restated* $
ASSETS			
Current			
Cash and Cash equivalents *[note 1 and 6]*	**2,959,921**	25,606	159,873
Other receivables *[note 7]*	**574,383**	1,159,838	521,532
Inventories	**1,990,660**	2,279,740	2,428,972
Prepaid expenses and deposits	**28,808**	158,339	367,754
	5,553,772	3,623,523	3,478,131
Non-current			
Property, plant and equipment	**2,003,228**	2,313,769	1,681,211
Exploration and evaluation assets *[note 8]*	**32,876,428**	31,285,442	26,286,184
Goodwill	**818,302**	834,572	779,542
Investment in an associate *[note 5]*	**103,657**	—	344,647
Loan receivable *[note 5]*	—	1,126,462	—
Deposits - Long term	**327,329**	463,160	558,401
	41,682,716	39,646,929	33,128,116
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank overdraft	**287,352**	222,258	322,874
Accounts payable and accrued liabilities *[note 9]*	**6,248,620**	3,911,915	2,526,234
Redeemable preferred shares *[note 9.1]*	**3,559,528**	3,651,990	3,264,520
	10,095,500	7,786,163	6,113,628
Non-current			
Senior secured notes	—	—	1,639,399
Accrued liability	**1,519,049**	1,636,567	—
Deferred income taxes	**486,092**	520,286	370,933
Total liabilities	**12,100,641**	9,943,016	8,123,960
Shareholders' equity			
Share capital *[note 10 and 13]*	**72,215,873**	70,681,391	61,181,617
Warrants *[note 10]*	**7,257,804**	7,200,064	1,793,250
Contributed surplus	**5,237,023**	4,452,025	4,452,025
Equity component of convertible preferred shares	**700,628**	700,628	700,628
Accumulated other comprehensive income	**1,486,722**	2,149,542	379,973
Accumulated deficit	**(59,526,375)**	(55,479,737)	(43,503,337)
Total shareholders' equity	**27,371,675**	29,703,913	25,004,156
Non-controlling interest *[note 1]*	**2,210,400**	—	—
	41,682,716	39,646,929	33,128,116

Going concern *[note 2]*
Related party transactions *[note 13]*
Commitments *[note 15]*
Subsequent events *[note 16]*

*See Note 4 for details regarding the restatement as a result of change in accounting policy

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

On behalf of the Board:

Director Director

Colt Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Three and Nine months ended September 30,
[Canadian dollars]

Unaudited

	Three months ended September 30, 2016 $	Three months ended September 30, 2015 Restated* $	Nine months ended September 30, 2016 $	Nine months ended September 30, 2015 Restated* $
EXPENSES				
Administrative expenses *[note 12]*	**(639,437)**	(980,424)	**(2,225,900)**	(3,012,592)
Exploration expenses	**(763)**	—	**(155,096)**	—
Depreciation	**(239,942)**	(146,966)	**(397,953)**	(341,743)
Other income/(loss), net	**96,754**	(113,713)	**150,364**	(48,081)
Loss before operations	**(783,388)**	(1,241,103)	**(2,628,585)**	(3,402,416)
Interest income	**9**	5,964	**2,723**	7,002
Finance costs	**(82,882)**	(281,144)	**(196,514)**	(682,188)
Change in fair value of derivative financial liability - warrants	**—**	—	**—**	(507,882)
Foreign exchange (loss)/ gain	**(973)**	57,770	**(35,811)**	25,007
Share of loss on an investment in associate, net *[note 5]*	**(7,733)**	—	**(1,113,326)**	(744,647)
Loss before income taxes	**(874,967)**	(1,458,513)	**(3,971,513)**	(5,305,124)
Income tax expense/ (recovery)				
Current	**184,664**	—	**(84)**	7,350
Deferred	**—**	(568)	**75,209**	(30,519)
	184,664	(568)	**75,125**	(23,169)
Net loss for the period	**(1,059,631)**	(1,457,945)	**(4,046,638)**	(5,281,955)
Loss for the period attributable to:				
Owners of the Company	**(1,059,631)**	(1,457,945)	**(4,046,638)**	(5,281,955)
Non-controlling interest	—	—	—	—
Other comprehensive loss				
Other comprehensive income (loss) to be reclassified to profit or loss				
Foreign exchange (loss)/ gain on translation of foreign subsidiaries	**390,840**	(260,393)	**(633,468)**	2,101,767
Items that will not be reclassified to profit or loss				
Share of other comprehensive loss of associate accounted for using the equity method	**(29,352)**	—	**(29,352)**	—
Other comprehensive income/ (loss) for the period, net of tax	**361,488**	(260,393)	**(662,820)**	2,101,767
Other Comprehensive loss attributable to:				
Owners of the Company	**361,488**	(260,393)	**(662,820)**	2,101,767
Non-controlling interest	**—**	—	**—**	—
Total Comprehensive loss for the period	**(698,143)**	(1,718,338)	**(4,709,458)**	(3,180,188)
Net loss per share				
Basic and fully diluted	**(0.00)**	(0.01)	**(0.02)**	(0.03)
Weighted average number of outstanding shares				
Basic and diluted	**261,404,275**	229,160,398	**246,919,304**	209,774,983

Going concern *[note 2]*
*See Note 4 for details regarding the restatement as a result of change in accounting policy
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Colt Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine months ended September 30,
[Canadian dollars]

	Unaudited	
	2016	2015
	$	**Restated** $
OPERATING ACTIVITIES		
Net loss for the period	**(4,046,638)**	(5,281,955)
Items not impacting cash:		
Accretion expense	**207,702**	82,228
Change in fair value of derivate financial liability - warrants	**—**	507,882
Depreciation	**397,953**	341,743
Change in inventories to net realizable value	**304,980**	91,067
(Gain)/ loss on dilution of investment *[note 5]*	**(936,702)**	78,921
Share of loss of an investment in associate recognised *[note 5]*	**2,020,675**	744,647
Deferred income taxes	**75,209**	(30,519)
Unrealized foreign exchange gain	**(28,223)**	(32,098)
	(2,005,043)	(3,498,084)
Change in non-cash working capital	**2,480,901**	269,828
Net cash flows from operating activities	**475,858**	(3,228,256)
INVESTMENT ACTIVITIES		
Increase/ (decrease) in bank overdraft	**65,094**	35,061
Investment in an associate *[note 5]*	**—**	(400,000)
Decrease/ (increase) in deposits - long term	**135,831**	(943)
Addition to property, plant and equipment - Net	**(869)**	753,001
Additions to exploration and evaluation assets, net *[note 8]*	**(483,351)**	(1,953,271)
Net cash flows from investing activities	**(283,294)**	(1,566,152)
FINANCING ACTIVITIES		
Loan to Associate	**—**	(1,072,865)
Loan from Shareholder to subsidiary *[note 13]*	**368,400**	—
Proceeds from issuance of common shares and warrants, net of issuance cost *[note 10]*	**2,377,220**	5,899,606
Net cash flows from financing activities	**2,745,620**	4,826,741
Foreign exchange (gain)/ loss on cash	**(3,868)**	11,563
Net increase in cash	**2,938,183**	32,333
Cash, beginning of period	**25,606**	159,873
Cash, end of period *[note 6]*	**2,959,921**	203,769

Going concern *[note 2]*

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

Colt Resources Inc.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nine months ended September 30,
[Canadian dollars]

	Share capital	Warrants	Contributed surplus	Equity component of preferred shares	Accumulated other comprehensive income *	Accumulated Deficit	Total attributable to owners of the Company	Non controlling interest	Total equity
	$		$	$	$	$	$	$	$
As at December 31, 2014	61,181,617	1,793,250	4,452,025	700,628	379,973	(43,503,337)	25,004,156	—	25,004,156
Net loss for the year (restated)	—	—	—	—	—	(11,976,400)	(11,976,400)	—	(11,976,400)
Other comprehensive loss (restated)	—	—	—	—	1,769,569	—	1,769,569	—	1,769,569
Comprehensive loss for the year (restated)	—	—	—	—	1,769,569	(11,976,400)	(10,206,831)	—	(10,206,831)
Issuance of common shares and warrants, net of share issue costs *[note 10]*	9,492,574	5,414,014	—	—	—	—	14,906,588	—	14,906,588
Exercise of warrants *[note 10]*	7,200	(7,200)	—	—	—	—	—	—	—
As at December 31, 2015 (restated)	70,681,391	7,200,064	4,452,025	700,628	2,149,542	(55,479,737)	29,703,913	—	29,703,913
Net loss for the period	—	—	—	—	—	**(4,046,638)**	**(4,046,638)**	—	**(4,046,638)**
Other comprehensive income	—	—	—	—	**(662,820)**	—	**(662,820)**	—	**(662,820)**
Comprehensive income/(loss) for the period	—	—	—	—	**(662,820)**	**(4,046,638)**	**(4,709,458)**	—	**(4,709,458)**
Issuance of common shares and warrants, net of share issue costs *[note 10 & 10.1]*	**1,534,482**	**842,738**	—	—	—	—	**2,377,220**	**2,210,400**	**4,587,620**
Expiry of warrants *[note 10]*	—	**(784,998)**	**784,998**	—	—	—	—	—	—
As at September 30, 2016	**72,215,873**	**7,257,804**	**5,237,023**	**700,628**	**1,486,722**	**(59,526,375)**	**27,371,675**	**2,210,400**	**29,582,075**

Going concern *[note 2]*

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

* represents foreign exchange attributable to foreign subsidiaries

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine months ended September 30, 2016 and 2015 **Unaudited**

1. GENERAL INFORMATION

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

The Company’s main focus is the continued exploration and development of its gold and tungsten properties in Portugal. The Company is also earning in a copper-zinc project in the Iberian Pyrite Belt in Portugal through an earn-in agreement with another Canadian TSXV listed corporation Avrupa Minerals Ltd.

Colt Resources Inc. [the “Company” or “Colt”] is incorporated in Canada and it has an administrative office in Montreal, Canada and an operating office in Lisbon, Portugal where it conducts operations 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”]. These subsidiaries represent the interests of Colt Resources Inc. in Portugal.

During the three months ended September 30, 2016, Eurocolt invested € 500,000 (C$ 736,800) in Turcolt Resources Madencilik Anonim Sirketi [“Turcolt”], a corporation incorporated in Turkey. Of the € 500,000 investment, €250,000 was invested from funds raised from the recent private placement in the third quarter of 2016 and the remaining € 250,000 was invested by a loan from a shareholder of Colt to Eurocolt to invest in Turcolt. (See note 9 and note 13 of the condensed interim financial statements for details of shareholder loan). Turcolt currently has no operations. The investment of € 500,000 represents 25% of the nominal paid up share capital in Turcolt and represents 50% of the ownership of equity interest of Eurocolt in Turcolt. However, the shareholder agreement supporting this ownership arrangement is unknown. If Turcolt is unwound prior to commencing operations it is unlikely it would receive more than the amount invested regardless of its equity interest. Two out of three directors of Turcolt have been nominated by Eurocolt. Therefore, under *IFRS 10- Consolidated Financial Statements* definition of control, Eurocolt has ability to control the operations of Turcolt and requires consolidation. Hence, as at September 30, 2016 Turcolt’s standalone financial statements have been consolidated in these condensed interim financial statements of the Company. The remaining 75% of the nominal paid up share capital for Euros €1,500,000 (C$ 2,210,400) representing the remaining 50% of equity interest in Turcolt is held by an unrelated private investment holding company in Turkey and its share in Turcolt is represented by non-controlling interest in these condensed interim consolidated financial statements. Also, refer Note 6 of the condensed interim consolidated financial statements.

The address of the registered office of Colt Resources Inc. is 500 Place D’Armes, Suite 1800, Montreal, Quebec, Canada H2Y 2W2.

2. GOING CONCERN

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

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

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

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

The Company's current committed cash resource is insufficient to cover remaining expected expenditures in fiscal 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.

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

3. BASIS OF PREPARATION

Statement of compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ["IFRS"] and in accordance with IAS34 "Interim Financial Reporting".

Basis of presentation

The policies applied in these condensed interim consolidated financial statements are consistent with the policies disclosed in Notes 5 and 6 of the consolidated financial statements for the year ended December 31, 2015, with the exception of the new standard adopted as described in Note 4.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

The Board approved and authorised these condensed interim consolidated financial statements on for issue on November 29, 2016.

4. NEW STANDARD ADOPTED

IAS 41 Agriculture

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 are no longer 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.

On January 1, 2016, the company retrospectively applied amendments to IAS41 Agriculture. The Company elected to use the fair value of the Biological assets as at January 1, 2015 as its deemed cost. This change is 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 32 years as at January 1, 2015. Refer note 8.

Consequently, the following have been restated:

i) Consolidated Statement of Financial Position

	Impact of change in accounting policy		
	As previously reported	Adjustment	As restated
As at January 1, 2015	$	$	$
Property, plant and equipment	1,219,405	461,806	1,681,211
Biological assets	461,806	(461,806)	—
Others	31,446,905		31,446,905
Total Assets	33,128,116	—	33,128,116
Total Liabilities	(8,123,960)	—	(8,123,960)
Total Shareholders Equity	(25,004,156)	—	(25,004,156)
As at December 31, 2015			
Property, plant and equipment	1,834,813	478,956	2,313,769
Biological assets	676,863	(676,863)	—
Others	37,333,160	—	37,333,160
Total Assets	39,844,836	(197,907)	39,646,929
Total Liabilities	(9,943,016)	—	(9,943,016)
Accumulated other comprehensive income	(2,167,687)	18,145	(2,149,542)
Accumulated deficit	55,299,975	179,762	55,479,737
Others	(83,034,108)	—	(83,034,108)
Total Shareholders Equity	(29,901,820)	197,907	(29,703,913)

ii) Consolidated Statement of Operations and Comprehensive Loss

	Impact of change in accounting policy		
	As previously reported	Adjustment	As restated
For the year ended December 31, 2015			
Depreciation	(223,154)	(14,431)	(237,585)
Change in fair value of biological assets (included in Other loss/ income)	172,169	(172,169)	—
Others	(11,745,653)	—	(11,745,653)
Net loss for the year	(11,796,638)	(186,600)	(11,983,238)
Comprehensive loss for the year	(10,008,925)	(186,600)	(10,195,525)
For the three months ended September 30, 2015			
Depreciation	(135,633)	(11,333)	(146,966)
Change in fair value of biological assets (included in Other loss/ income)	(325)	325	—
Others	(1,310,979)	—	(1,310,979)
Net loss for the period	(1,446,937)	(11,008)	(1,457,945)
Comprehensive loss for the period	(1,707,330)	—	(1,718,338)
For the Nine months ended September 30, 2015			
Depreciation	(318,568)	(23,175)	(341,743)
Change in fair value of biological assets (included in Other loss/ income)	(17,478)	17,478	—
Others	(4,940,212)	—	(4,940,212)
Net loss for the period	(5,276,258)	(5,697)	(5,281,955)
Comprehensive loss for the period	(3,151,529)	(22,962)	(3,180,188)

5. INVESTMENT IN ASSOCIATE

Colt Resources Middle East ("CRME") is a private entity that is not listed on any public exchange and is involved in exploration activities in the Greater Middle East area. The Company's interest in Colt Middle East has been accounted for using the equity method in the consolidated financial statements as the Company has a significant influence having one representative among the four directors on the CRME board.

The following table illustrates the summarized unaudited financial information of CRME and the proportionate carrying amount of the Company's investment in CRME as at September 30, 2016 and December 31, 2015.

	Unaudited	
	September 30, 2016	December 31, 2015
Balance Sheet	$	$
Current assets	**549,586**	269,660
Non-current assets	**829,282**	838,587
Current liabilities	**(650,004)**	(2,449,856)
Net assets	**728,864**	(1,341,609)
Proportion of the Company's ownership	**14.22%**	12.81%
Investment at balance sheet date	**103,657**	-
Movement of Company's share in CRME's net assets		
As at January 1, 2016 and January 1, 2015	**-**	344,647
Share of losses	**(817,292)**	(1,910,247)
Share of losses not recognised *	**-**	180,872
Effect of increase in shareholding – recognition of losses	**(1,203,384)**	-
Effect of dilution of shareholding	**936,702**	817,320
	(1,083,974)	912,055
Share of OCI	**(29,352)**	167,408
Additional investment by the Company during the period (i)	**1,216,984**	400,000
As at September 30 / December 31	**103,657**	-

* Share of losses restricted to value of investment. Hence as at December 31, 2015 share of losses amounting to $180,872 could not be recognized as investment value was reduced to Nil.

(i) On January 13, 2016, at the Company's Annual General Meeting, a majority of disinterested shareholders formally approved the conversion of loan to associate into the investment in common shares of CRME at USD 0.30 per share. As a result of this conversion, the Company received 2,837,982 shares of CRME which increased its shareholding in CRME to 14.22% [December 31, 2015: 12.81%].

	2016	2015
Loss and Comprehensive Loss	$	$
Expenses	**5,746,781**	13,869,013
Average proportion of the Company's ownership	**14.22%**	13.77%
Company's share of loss for the period	**817,292**	1,910,247

6. CASH AND CASH EQUIVALENTS

	September 30, 2016	**December 31, 2015**
	$	$
Cash at banks (i)	**2,959,921**	25,606

(i) Includes cash balance of Euro 2,000,000 (C$ 2,947,200) held by Turcolt with a local Turkish bank. The terms of the shareholder agreement with Turcolt are currently unknown. The terms, conditions and provisions once known and documented, may have impacts, among other things, on the Company's obligations, the Company's equity interest in Turcolt and the Company's ability to use this cash. Also, refer note 1 "General Information".

Cash at banks earn interest at floating rates based on daily bank deposit rates or prime rates.

7. OTHER RECEIVABLES

	September 30, 2016	December 31, 2015
	$	$
Trade receivables, net	**284,812**	470,396
Commodity taxes receivable	**82,164**	452,539
Other receivables	**207,407**	236,903
	574,383	1,159,838

Trade receivables are non-interest bearing and are generally on a term of 30 to 60 days.

8. EXPLORATION AND EVALUATION ASSETS

	December 31, 2015	**Additions/ (Disposals)**	**Foreign currency translation adjustments**	**Impairment**	**September 30, 2016**
		$	$		
Tabuaço	15,681,981	126,408	606,799	—	16,415,188
Santo António (formerly Penedono)	2,912,614	—	—	—	2,912,614
Boa Fé	9,677,795	15,069	372,057	—	10,064,921
Alvalade	3,013,052	341,875	128,778	—	3,483,705
	31,285,442	**483,352**	**1,107,634**	**—**	**32,876,428**

	December 31, 2014 $	Additions/ (Disposals) $	Foreign currency translation adjustments $	Impairment	December 31, 2015
Tabuaço	14,468,815	345,373	867,793	—	15,681,981
Santo António (formerly Penedono)	2,912,614	—	—	—	2,912,614
Boa Fé	8,904,755	237,500	535,540	—	9,677,795
Montemor-o-Novo	—	102,098	—	(102,098)	—
Cercal	—	77,863	—	(77,863)	—
Borba	—	112,015	—	(112,015)	—
Alvalade	—	3,013,052	—	—	3,013,052
	26,286,184	3,887,901	1,403,333	(291,976)	31,285,442

Non-cash additions amounted Nil for the period ended September 30, 2016. [December 31, 2015: $2,015,591]

Intangibles

Intangible assets included in exploration for and evaluation assets amounted to $29,222,363 as at September 30, 2016 [December 31, 2015: $27,558,722].

Tangibles

The detail of property, plant and equipment included in exploration and evaluation assets relating to Tabuaço are as follows:

	Land $	Building $	Total $
As at December 31, 2014	1,946,050	1,534,933	3,480,983
Foreign currency translation adjustment	137,380	108,357	245,737
As at December 31, 2015	2,083,430	1,643,290	3,726,720
Foreign currency translation adjustment	(40,618)	(32,037)	(72,655)
As at September 30, 2016	2,042,812	1,611,253	3,654,065

9. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	September 30, 2016	December 31, 2015
	$	$
Trade payables	**3,380,225**	2,622,271
Accrued liabilities	**581,540**	472,370
Employees and social institutions	**162,065**	74,970
Related parties	**563,666**	409,391
Other payables	**1,561,124**	332,913
	6,248,620	3,911,915

Other payables include an amount of short-term shareholder loan of € 250,000 (C$357,500) to Eurocolt based on the shareholder loan agreement dated July 13, 2016. It is a short-term shareholder loan provided to Eurocolt for investment in Turcolt at 12% annualized rate of interest payable on maturity. The term of the loan is 120 days which expired on November 13, 2016. The loan is now repayable on demand. The loan is secured on a personal guarantee given by the Chief Executive Officer (CEO) on:

- one million shares owned by the CEO in Colt Resources Middle East; and
- potential to register a second mortgage on the residential property owned by the CEO in Portugal

Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

9.1 REDEEMABLE PREFERRED SHARES

Represents fully accreted amount for 5,000,000 preferred shares issued to the seller of the Company's winery operation in 2011. These shares were convertible at any time by the holder into 4,385,965 common shares until August 23, 2016 at which point they became fully redeemable for a cash consideration of €2,500,000. As at the date of these financial statements, this liability remains payable and the Company is in negotiation with the original vendor to settle the liability.

10. SHAREHOLDERS' EQUITY

Authorised

An unlimited number of common or preferred shares without nominal or par value.

Issued and outstanding common shares

The common shares issued by the Company are shown in the following table during the period ended September 30, 2016 and year ended December 31, 2015:

	Number of shares	$
As at December 31, 2014	**173,632,915**	**61,181,617**
Issuance of common shares [ii]	**68,139,447**	**10,194,340**
Share issue costs	**-**	**(701,766)**
Issuance of shares for options exercised [ii]	**48,000**	**7,200**
As at December 31, 2015	**241,820,362**	**70,681,391**
Issuance of common shares [i]	**30,290,000**	**1,580,607**
Share issue costs	**-**	**(46,125)**
As at September 30, 2016	**272,110,362**	**72,215,873**

i. During the period ended September 30, 2016, the Company issued the following:

a) During August 2016, the Company closed a private placement consisting of 20,400,000 units comprising of 20,400,000 common shares and 20,400,000 warrants at $0.07 per unit and exercise price of $0.10 per warrant having expiry of 2 years for a total gross consideration of $1,436,400. The Company incurred share issuance cost of $8,400, as finder fees, which was entirely non-cash comprising of 120,000 shares and 120,000 broker warrants having expiry of 2 years. The relative fair value of these common shares was calculated as $838,279 (net of share issuance costs) and allocation of $589,721 as relative fair value of warrants) calculated using Black Scholes option pricing model based on the following assumptions:

Share price ($ per share)	$0.07
Expected risk free interest rate [%]	0.57%
Expected volatility [%]	134.1762%
Expected life [in years]	2 years
Expected dividends [$]	Nil
Weighted average fair value per warrant ($)	$0.0496

b) During June 2016, the Company closed a private placement consisting of 9,770,000 units comprising of 9,770,000 common shares and 4,885,000 warrants at $0.10 per unit and exercise price of $0.15 per warrant having expiry of 3 years for a total gross consideration of $977,000. The Company incurred share issuance cost of $43,706 of which $33,761 was paid in cash and remaining $9,945 as 168,800 Broker warrants having expiry of 2 years. The relative fair value of common shares was calculated as $739,882 (net of share issuance costs) and allocation of $237,118 as relative fair value of shareholder warrants) calculated using Black Scholes option pricing model based on the following assumptions:

Share price ($ per share)	$0.10
Expected risk free interest rate [%]	0.53%
Expected volatility [%]	120.1515%

Expected life [in years]	3 years
Expected dividends [$]	Nil
Weighted average fair value per warrant ($)	$0.6412

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

The fair value of broker warrants was calculated as $9,945 using Black Scholes option pricing model based on the following assumptions:

Share price ($ per share)	$0.10
Expected risk free interest rate [%]	0.53%
Strike price	$0.150
Expected volatility [%]	134.671%
Expected life [in years]	2 years
Expected dividends [$]	Nil
Weighted average fair value per warrant ($)	$0.0589

ii. During the year ended December 31, 2015, the Company issued the following:

a. 1,388,306 common shares at $0.10 per share for an amount of $138,833 to pay semiannual interest up to December 31, 2014 to the units holders of senior secured notes issued in 2014 and 2013.

b. During February - March 2015, the Company closed a private placement consisting of 20,000,000 units comprising of 20,000,000 common shares and 10,000,000 warrants at $0.10 per unit and exercise price of $0.15 per warrant having expiry of 2 years for a total gross consideration of $2,000,000. The Company incurred share issuance costs of $173,075 of which $88,520 was paid in cash and remaining as 885,200 Broker warrants having expiry of 2 years. The relative fair value allocation of shares was calculated as $1,367,586 (net of share issuance costs) and allocation of $459,272 as relative fair value of shareholder and broker warrants calculated using Black Scholes option pricing model based on the following assumptions:

Share price ($ per share)	$0.15
Expected risk free interest rate [%]	0.46%
Expected volatility [%]	112.32%
Expected life [in years]	2 years
Expected dividends [$]	Nil
Weighted average fair value per warrant	$0.105

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

c. During June 2015, the Company closed a private placement consisting of 21,843,142 units comprising of 21,843,142 common shares and 21,843,142 warrants at $0.175 per unit and exercise price of $0.25 per warrant having expiry of 3 years for a total gross consideration of $3,822,550. The Company incurred share issuance cost of $493,838 of which $266,174 was paid in cash and remaining as 1,520,994 Broker warrants having expiry of 2 years. The relative fair value of common shares was calculated as $1,990,434 (net of share issuance costs) and allocation of $1,319,409 as relative fair value of shareholder warrants) calculated using Black Scholes option pricing model based on the following assumptions:

Share price ($ per share)	$0.235
Expected risk free interest rate [%]	0.67%
Expected volatility [%]	114.99%
Expected life [in years]	3 years
Expected dividends [$]	Nil
Weighted average fair value per warrant ($)	$0.1584

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

The fair value of broker warrants was calculated as $227,664 using Black Scholes option pricing model based on the following assumptions:

Share price ($ per share)	$0.235
Expected risk free interest rate [%]	0.67%
Strike price	$0.250
Expected volatility [%]	130.873%
Expected life [in years]	2 years
Expected dividends [$]	Nil
Weighted average fair value per warrant ($)	$0.1497

d. 1,866,354 common shares at $0.245 per share issued to the former executive in payment of unpaid salary, as well as severance totalling $457,257.

e. 1,069,718 common shares at $0.12 per share and 179,550 warrants [fair value of $18,853] at an exercise price of $0.15 per share for an amount totalling $132,543 to settle the debt to certain vendors and service providers.

f. 19,341,222 common shares at $0.175 per share and 19,341,222 warrants at strike price of $0.25 per share to settle senior note liability of USD 2,700,000 [equivalent to C$3,334,152] along with accrued interest of USD 100,000 [equivalent to C$123,400]. 5,999,998 warrants issued along with the Senior notes in 2013 and 2014 were cancelled. The issuance of share capital and warrants was recorded at the Fair value of $5,105,230 and $3,173,842 respectively. This settlement resulted in a loss on settlement of $ 6,067,341. The fair value of Senior note warrants was calculated using Black Scholes option pricing model based on the following assumptions:

Share price ($ per share)	$0.26
Expected risk free interest rate [%]	0.67%
Strike price	$0.250
Expected volatility [%]	104.48%
Expected life [in years]	3 years
Expected dividends [$]	Nil
Weighted average fair value per warrant ($)	$0.16

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

g. During November 2015, the Company closed a private placement consisting of 2,400,000 units comprising of 2,400,000 common shares and 2,400,000 warrants at $0.175 per unit and exercise price of $0.25 per warrant having expiry of 3 years for a total gross consideration of $420,000. The relative fair value of common shares was calculated as $266,868 and allocation of $153,132 as relative fair value of shareholder warrants calculated using Black Scholes option pricing model based on the following assumptions:

Share price ($ per share)	$0.115
Expected risk free interest rate [%]	0.54%
Strike price	$0.250
Expected volatility [%]	191.259%
Expected life [in years]	3 years
Expected dividends [$]	Nil
Weighted average fair value per warrant ($)	$0.066

The expected price volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

Issued warrants

A summary of the changes in the Company's share purchase warrants during 2016 and 2015 is as follows:

	Number of warrants and exercisable	**Weighted average exercise prices** $	**Weighted average years to expiry**
As at December 31, 2014	**14,182,540**	$0.35	**2.39**
Issued	53,763,914	$0.23	1.98
Issued [broker]	2,406,194	$0.21	1.12
Exercised	(48,000)	-	-
As at December 31, 2015	**70,304,648**	$0.24	**1.66**
Issued	25,405,000	$0.11	**2.01**
Issued [broker]	168,800	$0.15	**1.53**
Expired	(10,500,000)	$0.26	-
As at September 30, 2016	**85,378,448**	$0.20	**1.76**

11. SHARE-BASED COMPENSATION

A summary of the share option transactions during the period ended September 30, 2016 and year ended December 31, 2105 is as follows:

	Number of options	Weighted average exercise price $	Weighted average years to expiry
Outstanding and exercisable as at December 31, 2014	**5,575,000**	**$0.50**	**1.07**
Expired	(3,175,000)	$0.38	0.56
Cancelled *	(400,000)	$0.36	0.50
Outstanding and exercisable as at December 31, 2015	**2,000,000**	**$0.71**	**0.56**
Expired/Cancelled	**(1,800,000)**	$0.73	-
Exercised	-	-	-
Outstanding and exercisable as at September 30, 2016	**200,000**	**$0.55**	**0.95**

* relates to cancellation of fully vested options before expiration of J W Murton who stepped down as a director during the year.

The following table summarizes stock options outstanding and exercisable as at September 30, 2016 and December 31, 2015:

		Number of Options	
Expiry Date	**Exercise price** $	**2016**	**2015**
July 3, 2016	$0.75	**-**	50,000
September 11, 2017	$0.55	**200,000**	200,000
Total options outstanding and exercisable	**$0.55**	**200,000**	2,000,000

12. ADMINISTRATIVE EXPENSES BY NATURE

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
	$	$	**$**	$
Management fees	**242,232**	246,678	**445,307**	821,863
Professional and consulting fees	**134,389**	260,520	**691,377**	647,652
Salaries	**50,592**	120,159	**191,394**	301,539
	427,213	627,357	**1,328,079**	1,771,054
Investor relations and marketing	**32,115**	44,702	**123,945**	92,760
Property investigation	**-**	-	**9,082**	-
Legal expenses	**6,445**	31,007	**24,362**	136,749
Insurance	**11,668**	20,174	**40,211**	58,705
Listing and transfer agent fees	**6,500**	37,623	**46,854**	113,163
Rent	**40,132**	53,167	**126,963**	148,311
Office expenses	**111,060**	144,563	**442,127**	614,132
General and administrative expenses	**4,303**	21,831	**84,276**	77,718
Administrative Expenses	**639,437**	980,424	**2,225,900**	3,012,592

13. RELATED PARTY TRANSACTIONS

Following were the related party transactions for the nine months ended September 30, 2016 and 2015:

Nine months ended September 30	**2016**	**2015**
	$	$
Management fees and related costs	**445,307**	821,863
Professional and consulting fees	**108,000**	68,531
Short-term benefits	**-**	29,112
Director fees	**113,250**	74,000
	666,557	993,506

As at September 30, 2016, $563,666 was owed to related parties [December 31, 2015, $409,391] and is included in accounts payable and accrued liabilities and $ 207,174 [2015: $123,203) is included as due from the Chief Executive Officer (CEO) of the Company. The Company is discussing repayment timing with the CEO. Should this remain outstanding on January 31, 2017, the Company will cancel shares held by the CEO.

Other payables under Note 9 'Accounts Payable and Accrued Liabilities' include an amount of short-term shareholder loan of € 250,000 (C$357,500) to Eurocolt based on the shareholder loan agreement dated July 13, 2016. It is a short-term shareholder loan provided to Eurocolt for investment in Turcolt at 12% annualized rate of interest payable on maturity. The term of the loan is 120 days which expired on November 13, 2016. The loan is now repayable on demand. The loan is secured on a personal guarantee given by the Chief Executive Officer (CEO) on:

- one million shares owned by the CEO in Colt Resources Middle East; and
- potential to register a second mortgage on the residential property owned by the CEO in Portugal

14. SEGMENTED INFORMATION

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

Total Assets	**September 30, 2016**	**December 31, 2015**
	$	$
Canada	**410,738**	1,810,369
Portugal	**38,324,778**	37,804,979
Turkey	**2,947,200**	-
	41,682,716	39,615,348

Non-current Assets

Canada	**222,819**	1,334,271
Portugal	**35,519,613**	34,657,554
Turkey	**-**	-
	35,103,908	35,991,825

15. COMMITMENTS

The Company's mining and exploration activities are subject to various federal, provincial and local laws and regulations governing the protection of the environment as well as obtaining permits necessary for the Company's operations. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes that it conducts its operations to protect public health and the environment, and its operations are materially in compliance with all applicable laws and regulations and therefore it will be granted the required permits. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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 CITICGEM 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 ($600,000) 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 September 30, 2016, the Company has not activated this facility and therefore the commitment has no accounting impact on the consolidated financial statements as of September 30, 2016.

16. SUBSEQUENT EVENTS

No significant subsequent event to report.