Zacks Small-Cap Research

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Colt Resources, Inc. (V.GTP – TSX-V)

V.GTP: Boa Fé gold and Tabuaço tungsten projects continue to advance quickly. Updated NI 43-101 for Boa Fé expected in first quarter.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	06/05/2012
Current Price (01/31/13)	$0.42
Six- Month Target Price	**$1.70**

OUTLOOK

Colt Resources is a junior gold exploration company with two advanced stage projects in Portugal: the Boa Fé gold project and the Tabuaço tungsten project. An updated NI 43-101 compliant mineral resource estimate on Boa Fé is expected during the first quarter, and during the second quarter, the PEA on Tabuaço is expected to be completed. The company continues to be very successful in obtaining equity capital to finance the exploration and development of these gold and tungsten projects. We reiterate our Outperform rating on Colt Resources.

SUMMARY DATA

52-Week High	**$0.60**
52-Week Low	**$0.37**
One-Year Return (%)	**-14.29**
Beta	**N/A**
Average Daily Volume (shrs.)	**72,456**
Shares Outstanding (million)	**136**
Market Capitalization ($ mil.)	**$57.3**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**35.0**
Insider Ownership (%)	**6.4**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2012 Estimate	**N/M**
P/E using 2013 Estimate	**N/M**
Zacks Rank	**3**

Risk Level	**Above Average**
Type of Stock	**Small - Value**
Industry	**Mining - Gold**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in thousands of $CDN)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2010	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2011	0.0 A	0.0 A	35.5 A	123.6 A	159.1 A
2012	74.1 A	-149.5 A	-67.8 A	125.0 E	-13.1 E
2013					58.0 E

Earnings per Share
(EPS is operating earnings before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2010	-$0.01 A	-$0.01 A	-$0.03 A	-$0.04 A	-$0.09 A
2011	-$0.05 A	-$0.03 A	-$0.02 A	-$0.03 A	-$0.13 A
2012	-$0.01 A	-$0.02 A	-$0.02 A	-$0.02 A	-$0.08 E
2013					-$0.04 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

Results originally reported under March FY; results re-arranged as Dec. year.

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KEY POINTS

- Colt Resources is a Canadian junior gold exploration company with numerous mineral exploration properties, primarily in Portugal but also in Canada.
- The **Boa Fé gold project** in southern Portugal and the **Tabuaço tungsten project** in north-central Portugal are each at an **advanced stage** of exploration. Management is planning to advance both towards production.
- Under CEO **Nikolas Perrault**, CFA, the company has been aggressive in acquiring concessions in Portugal and advancing the Boa Fé gold and Tabuaço tungsten projects.
- During 2012, there was a continuous stream of announcements concerning drilling results from Boa Fé and Tabuaço. Assay results have been impressive with historical drilling being both confirmed and expanded. An **initial NI 43-101 resource estimate for Boa Fé** was released on July 3rd and an **upgraded resource estimate for Tabuaço** was announced on October 3rd.
- Management continues to be engaged in discussions with undisclosed potential partners to bring a mine to production at Tabuaço within two or three years. We would expect that the **development of Tabuaço** would be structured in a manner similar to the Penedono joint venture with the partner providing capital and further developing the project in order to earn a substantial stake in the concession. In this manner, Colt Resources would be able to focus its capital resources on the development of the Boa Fé gold project in southern Portugal.
- The 100% controlled Boa Fé (47 km^2) project is surrounded by the 100% controlled **Montemor exploration concession** (732 km^2), which is known to host the extension of the mineralized shear zone found within Boa Fé. In December, drilling results from the **Monfurado deposit** are expected to contribute to the upcoming NI 43-101 compliant mineral resource estimate scheduled for completion during the first quarter of 2013.
- In September 2012, Colt Resources entered into a **joint venture** with Contécnica to further develop the **Penedono gold project**. Contécnica can earn a 51% stake in the Penedono concession by investing at least €2.0 million in the project over three years. The Penedono gold concession contains the now-closed Santo António underground gold mine. There are 13 individual mineralized quartz veins in the San Antonio area, along with other vein systems of gold mineralization.
- After having closely followed Colt Resources for over one year, it has become apparent that the company is one of the few micro caps in the mining industry to deliver consistently on management's prospective timetable.
- Colt Resources has been **very successful in obtaining capital** through equity offerings and the exercise of warrants and options.
- Consult our Initiation Report dated July 20, 2012 for full background information of the company and its projects.
- We reiterate our Outperform rating with a price target of $1.70.

DEVELOPMENTS OF 2012

- **Boa Fé and Montemor**
  - During 2012, the drilling campaign accelerated resulting in 14 announcements of drilling results for Boa Fé gold project (Chaminé, Banhos, Braços, Casas Novas and Covas deposits) and the Monfurado gold deposit in the Montemor concession.
  - In July 2012, the initial **NI 43-101 compliant resource estimate for the Chaminé and Casas Novas** deposits was announced. Indicated resources are estimated to be 214,000 ounces of gold and inferred resources 15,400 ounces of gold.
  - The final Environmental Impact Assessment (EIA) was completed in September.
  - In December, Colt Resources announced the discovery of gold mineralization below the near-surface gold deposit at Chaminé. The results of the **deep drilling** required a reevaluation of our interpretation of the model of gold deposits along the Boa Fé shear zone. We believed, as did

prior lease owners, that the gold mineralization was confined to near-surface kinks and folds of the Boa Fé shear zone. However, the assay results from these two deep drill holes now indicate that **stacked layers of kinks and folds** contain additional gold deposits. It is now probable, as management suggests, previous exploratory work has "only tested a relatively minor part of a potentially larger mineralized zone." The next phase will include the application of downhole geophysical techniques to better target further deep exploratory drilling.

- **Tabuaço**
  - The aggressive drilling campaign at Tabuaço resulted in six announcements of drilling results, including the discovery of mineralized skarn at Aveleira and the Gap between the skarn deposits at São Pedro das Águias and Aveleira.
  - The application for an Experimental Mining License for Tabuaço was submitted to the DGEG in August.
  - In October 2012, the **resource estimate of Tabuaço was updated** increasing the indicated resource estimate of contained metal by 85.2% from 440,000 to 815,000 MTU WO_3. Expansion of the entire resource, as well as upgrading the quality of a portion of the resource from the inferred to the indicated category, contributed to the incremental 375,000 MTU WO3 rise in the indicated resource estimate. In response to the updated resource estimate, we raised our price target to $1.70.
- **Penedono gold concession**
  - Colt Resources entered into a joint venture with Contécnica to further develop the Penedono gold project. Contécnica will earn a 51% stake in the Penedono concession by investing at least €2.0 million in the project over three years while Colt retains a 49% stake.
- **Financing**
  - During 2012, the company received net proceeds of $13,908,788 from the issuance of shares and the exercise of options.
- **Miscellaneous**
  - During 2012 Colt Resources changed its financial year-end from March 31 to December 31.

EXPECTATIONS FOR 2013

- **Boa Fé and Montemor:**
  - An updated NI 43-101 compliant mineral resource estimate is expected during the first quarter of 2013, which is expected to include recent drilling results at Chaminé, Casas Novas, Ligeiro, Braços and Banhos and also possibly Monfurado.
  - In 2012, the drilling at the Banhos gold deposit extended to the North West beyond the scope of historical drilling. Given these incremental drilling results, there is significantly higher probability that our valuation of the Banhos deposit will increase when the updated NI 43-101 compliant resource estimate is released.
  - In addition to further assay results from drilling programs to confirm and advance the gold mineralization associated with shallow dipping intrusive units, we look forward to a better defined interpretation of the deep deposits occurring in the stacked layers of kinks and folds.
- **Tabuaço**
  - During the first quarter 2013, Colt Resources should receive final approval for a Trial Mining License (aka Experimental Mining License) at Tabuaço. Work on a preliminary economic assessment (PEA) has already begun, and management anticipates the PEA to be completed during the second quarter. Thereafter, management plans to conduct a pilot mill test on approximately 20 metric tons of scheelite ore. Also, the potential production of fluorite concentrate as by-product will be examined.
  - Management continues to be engaged in discussions with undisclosed potential partners to bring a mine to production at Tabuaço within two or three years. We would expect that the development of Tabuaço would be structured in a manner similar to the Penedono joint venture with the partner providing capital and further developing the project in order to earn a substantial stake in the concession.

- **Penedono gold concession**
  - With Contécnica obligated to further develop the Penedono gold project by investing at least €2.0 million in the project over three years, incremental information concerning the gold deposits could be forthcoming during 2013.
- **Financing**
  - The non-brokered private placement announced on January 7, 2013 should provide Colt Resources with sufficient capital to fund its projects for the next few quarters.

RECENT NEWS

Boa Fé Experimental Mining License

On November 20, 2012, Colt Resources announced the assay results for 36 diamond drill holes from the **Banhos, Chaminé and Casas Novas deposits** at the Boa Fé gold project. Six of the 36 intersected two intervals of gold mineralization. The majority of holes (30 of 36) were drilled at Banhos.

The **drilling campaign at Banhos** began in August 2012 and was designed to confirm and expand historical drilling results. The drilling pattern is based on a 50 meter x 50 meter pattern that consists of both vertical and inclined holes. To date, the drilling has been more concentrated in the north western half of the deposit. The results will be used not only in the creation of a 3-D model of the gold deposit but also as part of the database for the updated NI 43-101 compliant resource estimate, which is expected to be completed during the first quarter of 2013. We already incorporate the mineralization at Banhos into our valuation model by utilizing historical estimates that we believe are valid despite not yet being NI 43-101 compliant.

Noteworthy high-grade assay results at Banhos include inclined hole (BFBH-12-023) intersecting 5.45 g/t gold over 2.00 meters and inclined hole (BFBH-12-033) intersecting 4.39 g/t gold over 5.30 meters. The longer low-grade intervals (all from inclined holes) were 1.33 g/t over 20.80 meters (BFBH-12-027), 0.76 g/t gold over 16.00 meters (BFBH-12-0235), 1.05 g/t over 15.10 meters (BFBH-12-031) and 1.25 g/t over 14.08 meters (BFBH-12-024).

At **Chaminé**, which is currently the most easily mineable deposit at Boa Fé, the results of four vertical drill holes were announced, of which two (BFCH-12-033 and BFCH-12-035) intersected over 4.7 g/t gold over 5 meters and one (BFCH-12-036) intersected 2.78 g/t over 15.16 meters.

On December 17, 2012, Colt Resources announced the assay results for 27 additional diamond drill holes from the **Banhos gold deposit** at the Boa Fé gold project. The consecutively numbered holes (37 to 63) all intersected intervals of gold mineralization, and six of the 27 intersected multiple intervals. All were drilled at the Banhos gold deposit, which is located four kilometers northwest of Casas Novas.

Noteworthy high-grade assay results at Banhos include inclined hole (BFBH-12-047) intersecting 8.39 g/t gold over 6.88 meters (including 14.96 g/t gold over 3.70 meters) and inclined hole (BFBH-12-048) intersecting 33.20 g/t gold over 1.70 meters. The longer low-grade intervals (all from inclined holes) were 0.65 g/t over 24.10 meters (BFBH-12-040) and 1.15 g/t over 12.50 meters (BFBH-12-059).

The drilling campaign at Banhos began in August 2012 and was designed to confirm and expand historical drilling results. The drilling pattern is based on a 50 meter x 50 meter pattern that consists of primarily inclined holes. The drilling results announced in November were concentrated in the northwestern half of the deposit. However, yesterday's announcement related to assay results on the southeastern half of the deposit, along with the drilling of six additional holes on strike to the northwest.

On December 20, 2012, Colt Resources announced that the first two holes in its deep drilling campaign to test deep targets at the **Chaminé gold deposit** encountered gold mineralization between 200 and 400 meters below the surface. Namely, inclined hole (BFCH-12-041) intersected 2.07 g/t gold over 21.75

meters (including 4.69 g/t gold over 4.93 meters) and inclined hole (BFCH-12-039) intersected 0.60 g/t gold over 14.85 meters.

Previous historical drilling focused on near-surface gold mineralization along the regional shear within 100 meters of the surface. However, pursuing a conceptual model of a stacked system, which was somewhat indicated by prior shallower holes intersecting gold mineralization at deeper levels approximately 220 meters below the surface, Colt's management decided to embark on a deep drilling program.

The discovery of gold mineralization below the near-surface gold deposit at Chaminé is a **game-changing event** in our interpretation of the model of gold deposition along the Boa Fé shear zone. We believed, as did prior lease owners, that the gold mineralization was confined to near-surface kinks and folds of the Boa Fé shear zone. However, the assay results from these two drill holes now indicate that stacked layers of kinks and folds contain additional gold deposits. It is now probable, as management suggests, previous exploratory work has “only tested a relatively minor part of a potentially larger mineralized zone.” The next phase will include the application of downhole geophysical techniques to better target further deep exploratory drilling.

Montemor Regional Exploration Concession

On December 13, 2012, Colt Resources announced the assay results for a drilling campaign at the **Monfurado deposit** located within the **Montemor exploration concession** in Portugal. The drilling program was composed of 12 diamond drill holes totaling 1,305.8 meters. All 12 bore holes intersected intervals of gold mineralization. Noteworthy assay results at the Monfurado deposit include MOMF-12-007 intersecting 1.46 g/t gold over 10.15 meters and MOMF -12-011 intersecting 1.59 g/t gold over 4.86 meters.

The assay results confirm a near surface gold deposit previously identified by trenching and drilling. Importantly, the drilling program has advanced the understanding of the Monfurado deposit in several ways.

1 - The assay results have been utilized to better understand the nature of the deposit and to contribute to the preparation an informative cross section diagram of gently-dipping, structure-controlled zone of gold mineralization between two litho-stratigraphic units.

2 - The assay results are expected to support a part of the upcoming NI 43-101 compliant mineral resource estimate scheduled to be published during the first quarter of 2013.

3 - **The Monfurado deposit has not yet been incorporated in our valuation model** of Colt Resources. A prior non-compliant resource estimate of the Monfurado deposit calculated by an international consulting group under the auspices of Rio Tinto/ Riofinex and Portuglobal/MRI was relatively modest. We look forward to a NI 43-101 compliant resource estimate to confirm and potentially expand the historical 10,400 ounce inferred resource estimation.

4 - The gold mineralization at Monfurado remains open both down dip and along strike.

Tabuaço Tungsten Project

On January 30, 2013, Colt Resources announced important and positive **metallurgical results** from representative samples taken from the São Pedro das Águias deposit at the **Tabuaço tungsten project**. Also, the company released **additional drilling results** from several zones of mineralization (located up to one kilometer northwest of the São Pedro das Águias deposit), known as the Tabuaço-Aveleira gap, Aveleira and Quintã).

Metallurgical process testing on a 522 kilogram scheelite sample containing 0.64% WO_3 from the São Pedro das Águias deposit was conducted by a Chinese metallurgical services provider. The results **indicate 87.2% overall tungsten recovery** can be achieved via flotation and acid leaching circuit producing a **final concentrate containing 70.65% WO_3**. Marketable scheelite ore concentrates typically contain between 65% (industry standard) and 70% WO_3. It appears that premium grade scheelite concentrate is achievable from the São Pedro das Águias deposit at the Tabuaço**.** Part of the metallurgical process testing was the creation of a feasible process flow diagram for the production of scheelite concentrate.

Of the eleven holes for which drilling results were released, five holes tested the **Aveleira** skarn tungsten deposit (750 meters north of São Pedro das Águias), which was first discovered by Colt Resources in February 2012. All five holes intersected the lower skarn horizon over of narrower intervals ranging from 1.0-to-2.0 meters. The main upper skarn horizon was absent leading management to believe it has been eroded away. The highest grade intersected was inclined hole DHT-86 grading 1.06 WO_3 over 3.20 meters. It appears that lateral limits (or down-dip extent of the mineralized skarn into the mountain) of the Aveleira deposit have been outlined, and future drilling at Aveleira will consist of infill drilling to better estimate the indicated resource for the next NI 43-101 report.

Three holes were drilled in **the Gap** between the São Pedro das Águias and Aveleira skarn deposits. Two holes (DHT-77 and DHT-88) intersected two distinct and well separated mineralized skarn horizons (similar to the São Pedro das Águias deposit) with hole DHT-88 intersecting thicker (4.0-to-6.0 meters) intervals of mineralized skarn. Future down-dip drilling is planned to test the contact relationship between the two skarn horizons located in the Gap and impressive skarns of the São Pedro das Águias deposit.

The three holes drilled at the **Quintã** zone approximately 1.0 kilometers NW of the São Pedro das Águias deposit intersected narrow intervals of poorly mineralized skarn. Management is reevaluating the need for future exploratory drilling at the Quintã zone.

During the first quarter 2003, Colt Resources should receive final approval for a Trial Mining License at Tabuaço. Work on a preliminary economic assessment (PEA) has already begun, and management anticipates the PEA to be completed during the second quarter. Thereafter, management plans to conduct a pilot mill test on approximately 20 metric tons of scheelite ore. Also, the potential production of fluorite concentrate as by-product will be examined.

Management continues to be engaged in discussions with undisclosed potential partners to bring a mine to production at Tabuaço within two or three years. We would expect that the development of Tabuaço would be structured in a manner similar to the Penedono joint venture with the partner providing capital and further developing the project in order to earn a substantial stake in the concession.

Third Quarter Results

On November 28, 2012, Colt Resources reported **financial results for the third quarter** ending September 30, 2012. The company reported a loss for the quarter of $3,111,600 ($0.02 per diluted share) versus a loss of $2,244,048 ($0.02) in the comparable-quarter last year. Over 20% of the net loss (or $671,615) was attributable to the non-reoccurring impairment (aka write-down) of the company's Santa Margarida do Sado property due to management's decision not to proceed with any further work on the base metals project. At the end of the quarter, for the first time Goodwill was recognized on the balance sheet as a result of the requirement to recognize deferred income tax liabilities related to the difference between the assigned fair values and the tax bases of assets purchased in the acquisition. During the first half of 2012, the company received net proceeds of $13,908,788 from the issuance of shares and the exercise of options. No further financing activities occurred in the third quarter. At quarter-end (September 30, 2012), the company had $6.8 million of cash & equivalents, up from $3.9 million on December 31, 2011.

Financing

On January 7, 2013, Colt Resources secured firm commitments to sell up to 17,777,778 common shares at $0.45 per share in a non-brokered private placement to Asian-based and Portuguese-based investors, along with a number of the company's Directors. Estimated net proceeds of $7.5 million will be utilized primarily to advance the Boa Fé and Montemor gold projects.

OVERVIEW

Based in Montreal, Quebec, Colt Resources, Inc. (GTP: TSX-V; COLTF: OTCQX) is a junior gold exploration company with **two advanced stage projects** (one gold and the other tungsten) located in the Portugal. These two projects (the **Boa Fé gold project** within the Montemor concession and the **Tabuaço tungsten project** in the Armamar-Meda concession) are very promising. In November 2011, an experimental mining license and an exploration concession were granted for Boa Fé and Montemor, respectively, and a NI 43-101[1] compliant resource estimate was filed in August 2012. At Tabuaço, an initial NI 43-101 compliant resource estimate was filed in December 2011 and updated in October 2012. Aggressive drilling programs at both projects are in progress to further define several potentially economic deposits (**Chaminé** and **Casas Novas** at Boa Fé and **San Pedro das Águias** and **Aveleira** at Tabuaço).

We believe the deposits at Chaminé, Casas Novas and San Pedro das Águias are readily recoverable. Management's internal goal is to initiate production at both locations in 2015. Chaminé is well-suited for an open pit mining project under the experimental mining license, which allows for an open pit with a maximum surface area of 5 hectares. Infill and confirmatory drilling continues. Management has accelerated drilling in order to evaluate nearby deposits and plans to complete a pre-feasibility study by the second quarter of 2013. At Tabuaço, drilling continues in order to better delineate and upgrade the resource estimate, and expand the scope of the deposit to the north. An internal preliminary conceptual mine plan has been completed, and management has applied for an experimental mining license. A feasibility study is expected to be completed in the first quarter of 2013. Management is in discussions with unnamed parties to act as a potential partner to bring the mine to production within two to three years.

Colt Resources is also drilling areas adjacent to the deposits slated for production. The Boa Fé shear zone hosts a series of high grade, near-surface gold deposits and occurrences. Within the confines of the Boa Fé experimental mining license, confirmatory and exploratory drilling is also occurring at the **Banhos**, **Braços**, **Covas** and **Ligeiro** deposits**.** Historical drilling at these deposits suggests significant potential. At **Tabuaço**, other promising occurrences of scheelite (tungsten) around the São Pedro das Águias deposit are being investigated, namely, **Quinta das Herédias, Quintã, Quinta do Paço** and **Quinta da Aveleira**. These numerous targets at Boa Fé and Tabuaço have the potential to define additional economic deposits that could be brought into production with Chaminé, Casas Novas and San Pedro das Águias.

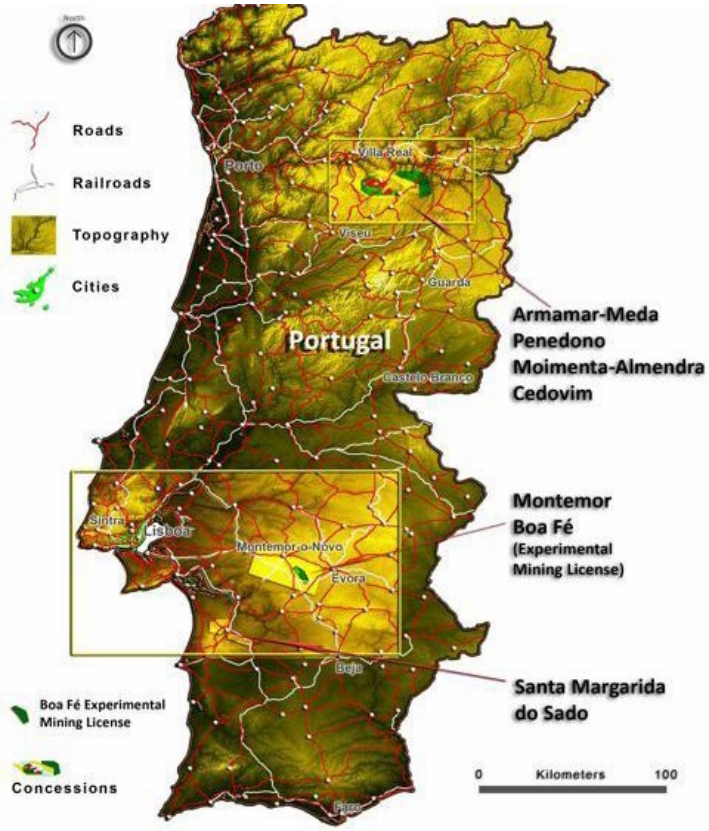
Located in north-central Portugal, the **Tabuaço project** contains a gently-dipping scheelite (tungsten) deposit in the **São Pedro das Águias** zone. To better explore the area, Colt Resources acquired the land rights[2] over a portion of the São Pedro das Águias deposit. Utilizing results from an aggressive

[1] National Instrument 43-101 is a mineral resource classification methodology that Canadian securities regulatory authorities required to report publicly disclosed information related to mineral properties by companies listed on stock exchanges within Canada. The terms "measured", "indicated" and "inferred" mineral resources are terms specifically defined pursuant to NI 43-101 compliant rules and guidelines. The U.S. Securities and Exchange Commission does not recognize these terms, which are not equivalent to the standards of "proven" and "probable" reserves set forth in SEC Industry Guide 7.

[2] The real estate includes a port wine vineyard that generates revenues for Colt Resources.

drilling program that was begun in April 2011, an initial NI43-101 resource estimate was completed in November 2011 by SRK Exploration, followed by an updated resource estimate completed in October 2012, which expanded the size of the **indicated resource estimate** to **815,000 MTU WO_3 (**1,495,000 tonnes grading 0.55% WO_3) and estimated the inferred resource to be **720,000 MTU WO_3 (**1,230,000 tonnes grading 0.59% WO_3).

Also located in north-central Portugal, the 51.2 km^2 **Penedono gold concession** contains the now-closed **Santo António underground gold mine**, which produced approximately 10,500 ounces of gold between 1954 and 1957. The Penedono concession contains a number of significant vein systems of gold mineralization, of which one system in the San Antonio area consists of 13 individual mineralized quartz veins. This parallel series of steeply dipping, northeast-trending, gold-bearing quartz veins are within a 1.2 km by 0.8 km area about three kilometers northwest of the town of Penedono. In September 2012, Colt Resources entered into a **joint venture with Contécnica** to further develop Penedono. Contécnica will be able to earn a 51% stake in the concession after investing at least €2.0 million in the project over three years. The capital commitment from Contécnica enables Colt to focus its capital resources on Boa Fé and Tabuaço while retaining a 49% stake in the Penedono concession.



Nikolas Perrault, CFA, was appointed CEO in December 2008. While at Colt Resources, Mr. Perrault has a track record of opportunistically pursuing acquisitions of concessions in Portugal, most recently the Boa Fé gold project. Under his tenure during 2011, the Montemor and Cedovim concessions were acquired as well as the Boa Fé experimental mining license. Prior to Mr. Perrault's arrival, the Penedono concession had been the company's primary focus. **Mr. Perrault is fast-tracking the development of the Boa Fé and Tabuaço projects.**

Management believes that neither a recession in Portugal nor the country's need for financial assistance from the European Union is detrimental to the company's progress. On the contrary, there is a national need for investment into industry, including the mining sector, in order to stimulate Portugal's economy.

The company has been very successful in obtaining capital through equity offerings and the exercise of warrants. During the nine moths ending December 2011, the company raised $18.4 million through private placements and the exercise of warrants. During 2012, the company received net proceeds of $13,908,788 from the issuance of shares and the exercise of options. Interestingly, an un-named Portuguese conglomerate participated in the European offering. The proceeds funded the aggressive drilling programs at Boa Fé and Tabuaço. The Canadian private placement was completed through an underwriting syndicate including TD Securities, Desjardins Securities and Versant Partners. In January 2013, Colt Resources secured firm commitments to sell up to 17,777,778 common shares at $0.45 per share in a non-brokered private placement to Asian-based and Portuguese-based investors, along with a number of the company's Directors. Estimated net proceeds of $7.5 million will be utilized primarily to advance the Boa Fé and Montemor gold projects.

BOA FÉ & MONTEMOR (PORTUGAL) – GOLD

The **Montemor Regional concession** is Colt's most important gold concession in Portugal. Located in the Alentejo Region in southern Portugal, approximately 100 kilometers east of Lisbon, the Montemor Regional concession encompasses **728.22 square kilometers** (km^2). Colt Resources entered into an agreement with privately-owned Australian Iron Ore PLC to acquire 100% ownership of Montemor in July 2010. Upon being granted an **exploration license** for the Montemor Regional concession by the Direcção-Geral de Energia e Geologia (DGEG) on November 2, 2011, Colt Resources attained 100% ownership of the Regional concession from Australian Iron Ore for total payments of €185,000 and 3 million restricted shares[3].

Within the Montemor Regional concession, the **Boa Fé project** is an **advanced exploration stage of development project**, which management believes has the potential for near term production. Encompassing **46.78 km^2**, the Boa Fé gold project is operating under an **experimental mining license** granted by the DGEG on November 2, 2011.

An initial NI 43-101-compliant mineral resource estimate for the **Boa Fé project** was published on July 3, 2012. The resource estimate only pertains to the **Chaminé** and **Casas Novas** deposits, which are located along the Boa Fé shear zone at the point where the trend of the shear zone changes from north-south to northwest-southeast (approximately 15 kilometers southeast of Montemor-o-Novo and 16 kilometers west of Évora). Prepared by SRK Consulting, the resources in these two deposits are estimated to contain **214,000 ounces** of *in situ* gold categorized as Indicated (77,000 ounces at Chaminé and 137,000 ounces at Casas Novas) **and 15,400 ounces** of *in situ* gold characterized as Inferred (400 ounces at Chaminé and 15,000 ounces at Casas Novas)[4]. However, the initial NI 43-101-compliant estimate represents a subset of the deposits covered by other historic resource estimates. For example, the NI 43-101 non-compliant but JORC-compliant estimate completed in 2005 for Iberian Resources pertains to seven of the 15 deposits identified within the Boa Fé experimental mining license. In that report, the resource is estimated to contain **610,522 ounces** of *in situ* gold (8.72 million tonnes at 2.18 g/t Au), of which 220,000 ounces Au were categorized as Measured and Indicated. Further, in the 43-101 technical exploration report completed for Colt Resources in May 2011, SRK estimated that the **Boa Fé and Montemor concessions hold the potential to expand the gold resource to a range of 640,000 to 1.1 million ounces** (8-to-12 million tons grading at an average of 2.5-to-3.0 g/t Au).

Colt's aggressive ongoing drilling program at Boa Fé has confirmed the presence of substantial, recoverable gold deposits. The targeted infill and step-out drilling confirmed and expanded upon the historical assay results at **Chaminé** and **Casas Novas**, and the assay results were used to prepare the initial NI 43-101 resource estimate published in July. In addition, during the second quarter of 2012, an **aeromagnetic and radiometric survey** was conducted by helicopter over the entire area of the Boa Fé project and also parts of the surrounding Montemor concession. Though initial drilling efforts focused on the evaluation of the Chaminé and Casas Novas, diamond drilling expanded to **Banhos, Braços** and **Covas** deposits. Also, **soil geochemical surveys** have been conducted.

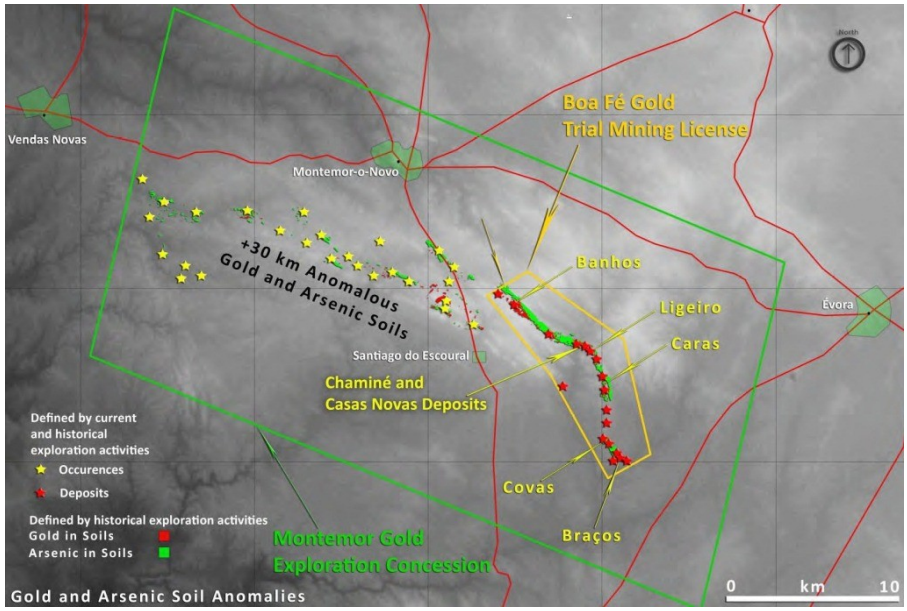
Both Chaminé and Casas Novas are well-suited for open pit mining. At Chaminé a mining plan is being contemplated for an experimental pit with a maximum surface area of five hectares (or 0.05 km^2). The Casas Novas area is located within the Monfurado protected zone (aka PIERSM) and, like any mining operation above a total of five hectares and/or over 150,000 tons, requires an Environmental Impact Assessment (EIA).

[3] The €185,000 was paid in two installments: €60,000 on September 14, 2010 and €125,000 on November 2, 2011. The 3 million shares were issued on November 2, 2011 and placed in escrow, to be released in 500,000 share increments every four months over a 24 month period.
[4] 4.233 million tonnes grading at an average of 1.57 g/t Au (classified as an Indicated resource) and 0.209 million tonnes grading at an average of 2.36 g/t Au (classified as an Inferred resources), both utilizing a 0.40 g/t Au cut-off.

Portugal

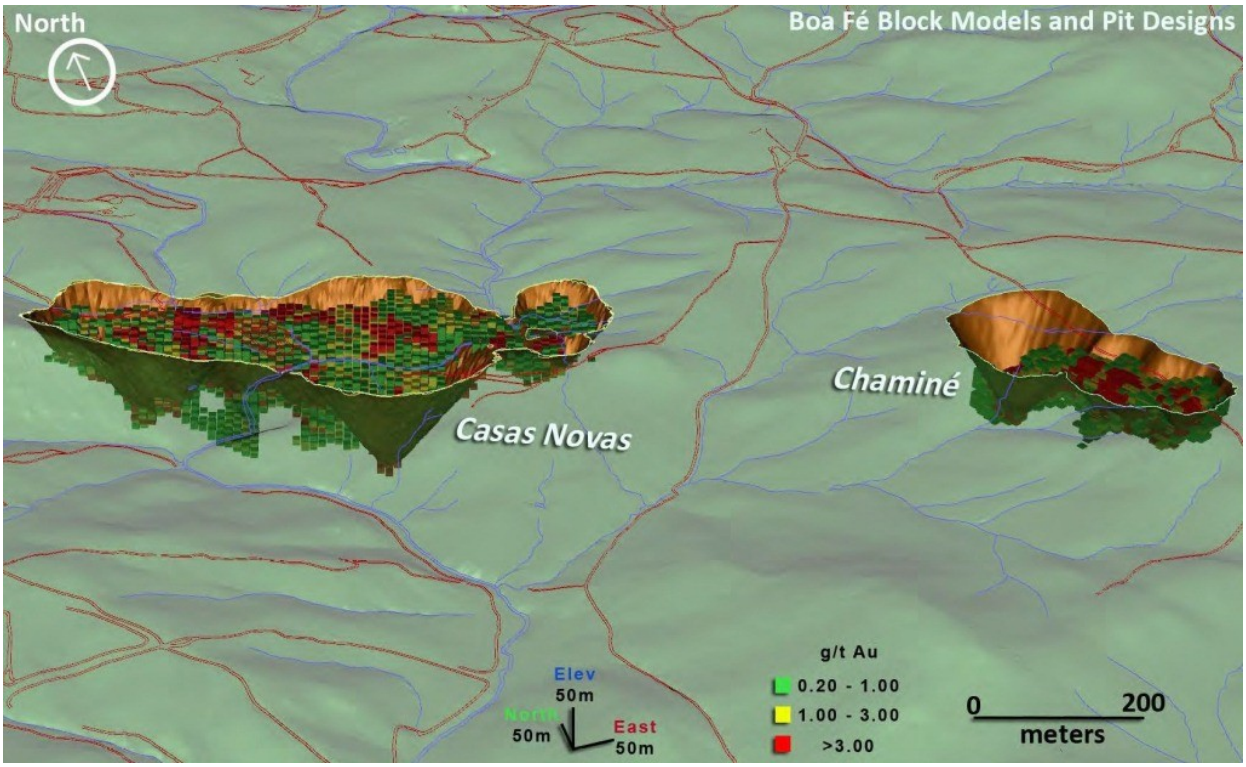


Montemor and Boa Fé



Expected Development

Chaminé is well-suited for an open pit mining project. A mining plan is being contemplated for an experimental pit with a maximum surface area of five hectares (or 0.05 km2). The Experimental Mining Contract permits the development of a relatively small open pit mine of this size without performing an Environmental Impact Assessment (EIA). Importantly, Chaminé is exempt from the Monfurado protected zone (Plano de Intervenção no Espaço Rural do Sítio Monfurado aka PIERSM). On the other hand, **Casas Novas** and some other deposits in the Boa Fé concession are located within the PIERSM, and like any mining operation above a total of five hectares and/or over 150,000 tons, those deposits will require Environmental Impact Assessments prior to surface mining. In addition, cork trees are abundant on the Montemor and Boa Fé concessions. Protected by law, a special permit is required to remove them, and landowners must be compensated for lost income.



In preparation for applying for a full mining permit, Contecmina, a Brazilian consulting group, was contracted to prepare a **conceptual mining plan** for the deposits at Chaminé and Casas Novas. Also, the Geomega consulting group was contracted to prepare the **Environmental Impact Assessment** (EIA). Management contemplates applying for a Definitive Mining License (Full Mine Permit) for all gold mineralized zones identified in the Boa Fé concession in the fourth quarter of 2013 with construction to begin in 2014 and gold production to begin in 2015.

Resources

A NI 43-101-compliant estimate for the Chaminé and Casas Novas deposits was published on July 3, 2012. Prepared by SRK Consulting, the Indicated resource estimate represents **214,000 ounces** of *in situ* gold (77,000 ounces at Chaminé and 137,000 ounces at Casas Novas) while **15,400 ounces** Au are categorized as Inferred (400 oz. at Chaminé and 15,000 oz. at Casas Novas). Representing a subset of deposits covered by previous historic estimates completed between 1991 and 2008, the resource estimate only pertains to the **Chaminé** and **Casas Novas** deposits.

Resource Statement for the Chaminé and Casas Novas deposits

Deposit Area	Resource Category	Quantity	Average Grade	Contained Metal
		Tonnes	Au (g/t)	Au Oz
Chamine	Indicated	1,207,000	2.00	77,000
Casas Novas		3,026,000	1.40	137,000
Total Indicated		**4,233,000**	**1.57**	**214,000**
Chamine	Inferred	4,000	3.14	400
Casas Novas		205,000	2.34	15,000
Total Inferred		**209,000**	**2.36**	**15,400**

Given the extensive historic exploration of certain deposits at Boa Fé and the corroborative drilling result released thus far by Colt Resources, **we believe that the confirmatory drilling will not only validate, but also expand on the historic resource estimates at the other major deposit areas, especially** at **Braços** and **Banhos.**

Montemor

Given the findings and extension of the Boa Fé shear zone within the experimental mining license area, Colt's management is also optimistic about the broader **Montemor concession** area. Outside the Boa Fé experimental mining license area but within the Montemor Regional concession, lie four other shear corridors, namely the **Monfurado, Mourel, Gouveia** and **Grou** belts. Lightly explored, primarily by trenching, Colt Resources began a field-based exploration program targeting three of the four shear corridors (Monfurado, Mourel and Gouveia) in January 2012. During the first half of 2012, prospecting, pilot soil geochemical surveys, a stream sediment survey and trenching were completed. The stream sediment survey covered an area of approximately 7 kilometers long. During the second quarter 2012, 11 trenches totaling 877 meters were excavated in the Malaca and Mourel areas where no historical drilling has been conducted. Gold mineralization was encountered in both areas.

In the first half of 2012, five scout diamond drill holes totaling 396 meters were drilled in the **Monfurado** area along the Monfurado belt. Low-grade gold mineralization was encountered with hole no. 1 intersecting 0.52 g/t Au over 14.25 meters and hole no. 2 assaying 0.48 g/t Au over 14.23 meters. In December 2012, Colt Resources announced the assay results for a drilling campaign composed of 12 diamond drill holes totaling 1,305.8 meters. All 12 bore holes intersected intervals of gold mineralization. Noteworthy assay results at the Monfurado deposit include MOMF-12-007 intersecting 1.46 g/t gold over 10.15 meters and MOMF -12-011 intersecting 1.59 g/t gold over 4.86 meters. The assay results are expected to support a part of the upcoming NI 43-101 compliant mineral resource estimate scheduled to be published during the first quarter of 2013. The Monfurado deposit has not yet been incorporated in our

valuation model of Colt Resources. A prior non-compliant resource estimate of the Monfurado deposit calculated by an international consulting group under the auspices of Rio Tinto/ Riofinex and Portuglobal/MRI was relatively modest.

ARMAMAR-MEDA /TABUAÇO (PORTUGAL) – TUNGSTEN

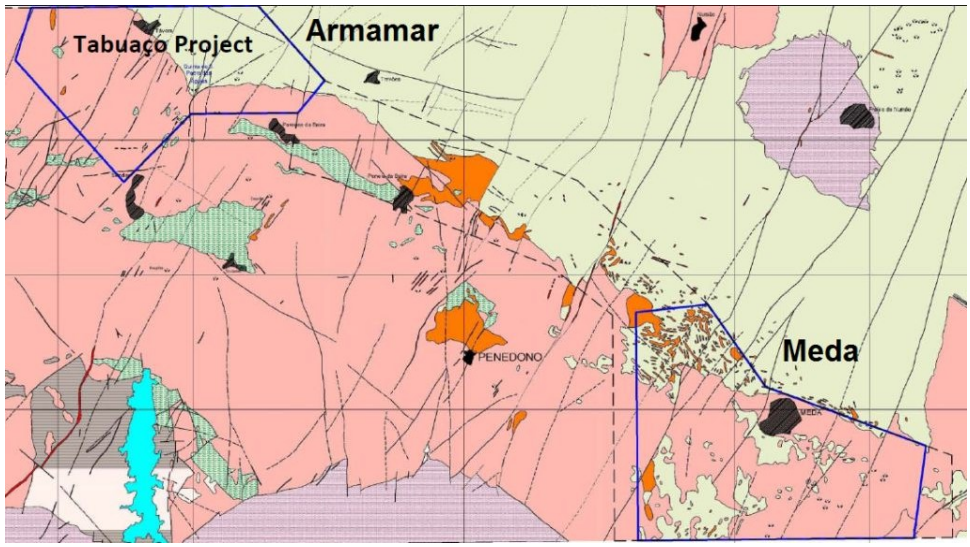
Located in north central Portugal, the Armamar-Meda concession covers an area of **109.20 square kilometers**. Colt Resources owns a 100% beneficial interest in the exploration and prospecting concession with the exclusive right to prospect and explore the property gold, silver, copper, lead, zinc, tungsten, tin and other associated basic and strategic metals. This concession was obtained in December 2007 through an initial three-year prospecting and exploration license agreement with the Portuguese government, which can be extended twice for one-year periods.

Management's recent chief objective in northern Portugal has been to focus on the exploration and development of the tungsten deposit at Tabuaço. Currently, diamond drill rigs are operating to further explore and delineate the high-grade tungsten deposits, which appear in the form of **scheelite** ($CaWO_4$). The completion of an **updated NI 43-101 mineral resource estimate** was announced in October 2012 which increased the indicated portion of the mineral resource by 85% from 440,000 to 815,000 MTU WO_3. The resource estimate concerns the gently dipping **São Pedro das Águias** deposit, but other occurrences are being investigated; specifically, **Quinta das Herédias, Quintã, Quinta do Paço** and **Quinta da Aveleira**.

Description

Located in the District of Viseu, the **Armamar-Meda concession** is 93 kilometers east of city of Porto and 300 kilometers northeast of Lisbon (approximately a five hour drive by car from the capital). Encompassing 109.20 square kilometers, the property is contiguous to two other Colt exploration concessions: Penedono and Moimenta-Almendra. Elevations range from 175 meters above sea level along the Távora River to almost 1,000 meters at the hilltop areas. The Armamar-Meda concession is comprised of two separate blocks: the Meda block in the south and the Armamar block in the north.





Tabuaço NI 43-101 (dated December 21, 2011)

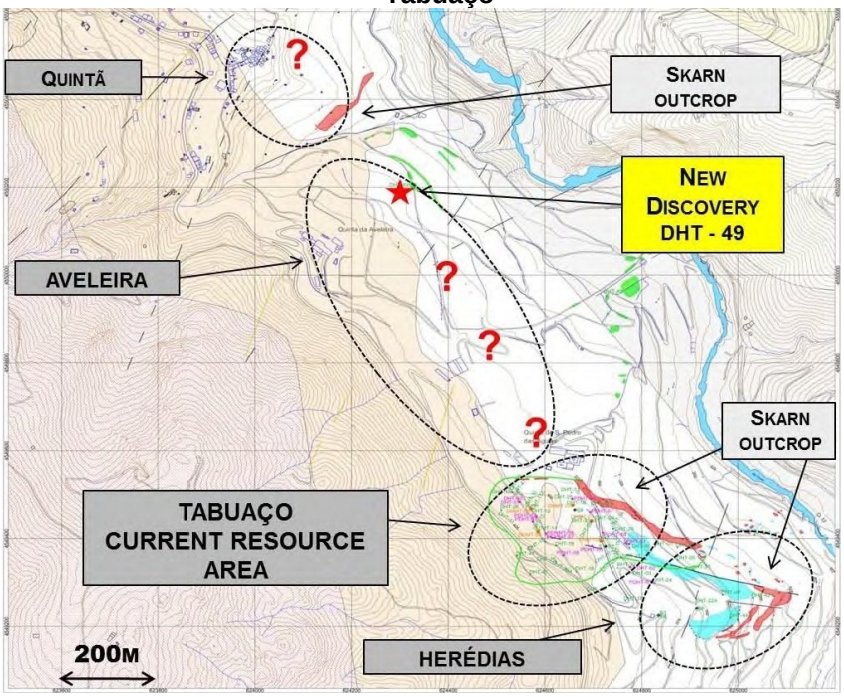
Situated within northern Armamar block, the **Tabuaço tungsten exploration project** is comprised of a scheelite (tungsten) deposit. A portion of the deposit underlies a port wine vineyard on the western terraced slope of the Távora River valley. In August 2011, Colt Resources acquired 140 hectares of surface rights, which includes a vineyard and operational winery producing Senhora do Convento port

and red table wines, along with a former Cistercian monastery, which the company plans to convert into a business conference center. [5] By securing the land over the majority of the deposit area, the company has unencumbered access to the most of the project area during the drilling program. In addition, the land is suitable for the entrance to the planned underground mine. Additional acreage will be required to accommodate the mine's infrastructure upon development, specifically for the mine tailings disposal facility and tungsten ore concentrator plant; however, management plans to procure a site within three kilometers of the proposed mine entrance.

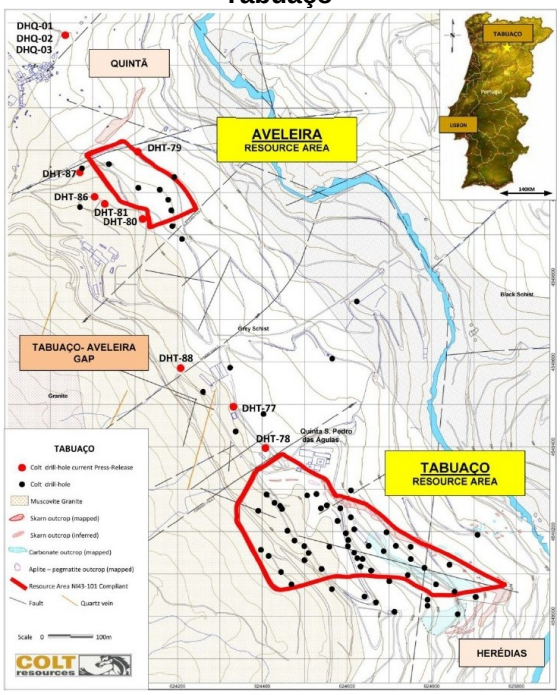
The main scheelite (tungsten) deposit is the **São Pedro das Águias** occurrence, which is situated 2.7 kilometers south-southeast of the village of Távora along the Távora River. Tungsten mineralization also occurs in several other areas: **Quinta das Herédias, Quintã, Quinta do Paço** and **Quinta da Aveleira** (NW and SE).

The geological model being used to help determine the geometry and placement of scheelite deposits at Tabuaço is the **contact metamorphosed tungsten skarn model**. Classified as an intermediate intrusion-type model, the scheelite deposit is associated with the contact zone of an igneous intrusive, usually granite, and a favorable carbonate host rock. A mineralized skarn horizon is formed in close proximity to the boundary with the intrusive, which typically provided the heat source that drove the hydrothermal activity that altered and introduced the tungsten mineralization into the host rocks.

Tabuaço



Tabuaço



Resource

An updated NI 43-101 technical report was announced on October 3, 2012. Completed by SRK Exploration, the mineral resource estimate is based on a tungsten scheelite skarn model in proximity to a granite intrusion. Based on 64 diamond drill holes, SRK estimated an indicated resource of 1,495,000 tons averaging 0.55% WO_3 and an inferred resource of 1,230,000 tons averaging 0.59% WO_3 (0.30% WO_3 cutoff).

[5] On August 24 2011, Colt Resources acquired 140 hectares of real estate, including the surface rights and an operational winery, through the purchase of 100% of Q.S.P.A, a private Portuguese company. The total transaction cost was €10 million (US$14.4 million), of which half was in stock and half in cash. At closing, Colt paid €3 million in cash, along with 5,000,000 restricted common shares of Colt Resources (valued at $2,850,000 or $0.57 per share) and 5,000,000 zero-coupon convertible preferred shares (redeemable at €0.50 per share). On August 24, 2012 and again on August 24, 2013 (the first and second anniversaries), Colt Resources must pay an additional €1 million in cash to the seller.

São Pedro das Águias Tabuaço (Armamar)	Tonnage (tonnes 000)	Grade (WO_3 %)	Contained Metal (WO_3 tonnes)	Contained Metal (WO_3 pounds)	Contained Metal (MTU WO_3)
Indicated	1,495	0.55	8,150	18,000,000	815,000
Inferred	1,230	0.59	7,200	16,000,000	720,000

The results of the exploration indicate that the **São Pedro das Águias zone contains important tungsten mineralized skarns** that are proximal to a granite intrusion. At least two distinct, sub-parallel carbonate skarn horizons have been discerned that are separated by schists.

Expected Development

Management is fast tracking the development of the Tabuaço tungsten project. The application for an Experimental Mining License was submitted to the DGEG in August 2012, and management expects to receive final approval for a Trial Mining License (aka Experimental Mining License) during the first quarter 2013, Colt Resources should rat Tabuaço. Work on a preliminary economic assessment (PEA) has already begun, and management anticipates the PEA to be completed during the second quarter. Thereafter, management plans to conduct a pilot mill test on approximately 20 metric tons of scheelite ore. The company is well prepared since an internal preliminary conceptual mine plan was completed in 2011, which calls for an underground mine to exploit the São Pedro das Águias zone with a mine portal on land already owned by Colt Resources. A concentrator and tailings impoundment facility is being contemplated at a secluded area within three kilometers from the entrance of the mine. Management continues to be engaged in discussions with undisclosed potential partners to bring a mine to production at Tabuaço within two or three years. We would expect that the development of Tabuaço would be structured in a manner similar to the Penedono joint venture with the partner providing capital and further developing the project in order to earn a substantial stake in the concession. Management plans on bring the mine to production in 2015.

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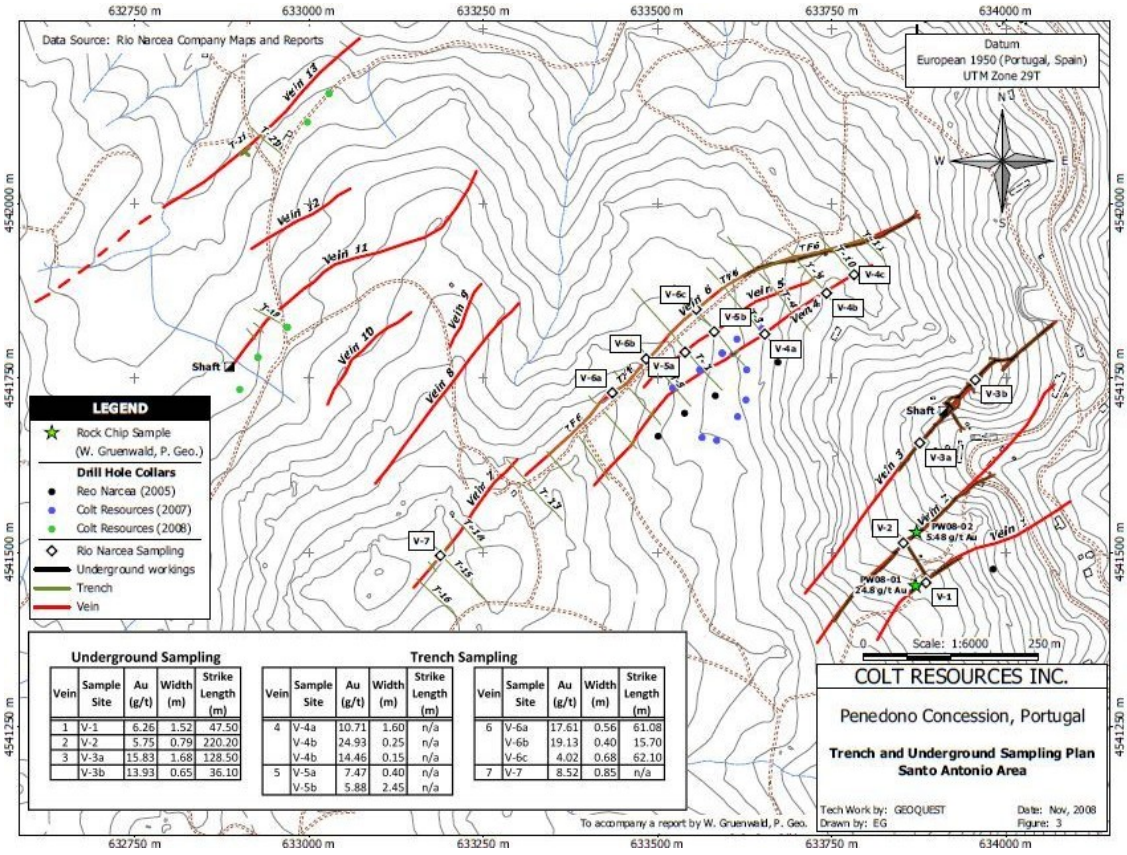
PENEDONO (PORTUGAL) - GOLD

Located in north-central Portugal, the **Penedono gold project** is being developed in a **51.22 square kilometer** concession located between Colt's Almendra and Moimenta blocks. Penedono was mined by the Romans over 2,000 years ago and also contains the now-closed Santo António underground gold mine, which was active during the 1950's. Colt Resources obtained the exclusive right to prospect and explore the property for base and precious metals through an agreement with Rio Narcea in May 2007. Since the 1970's, Penedono has been explored by several mining companies, including the S.P.E.[6]-BRGM[7] consortium, the Sociedade Mineira de Moimento- Greystar Resources Ltd. JV and Rio Narcea Gold Mines S.A.

The Penedono concession contains a number of significant vein systems of high grade gold mineralization. Colt's primary gold exploration efforts have been focused on the Santo António area, which is located about three kilometers northwest of the town of Penedono and historically has produced approximately 12,000 ounces Au in modern times. Other gold prospects include Turgueira, Marofa, Ferronha, Paredes-Dacotim, Bouções and Sirigo Dama (see diagram), though these areas remain relatively under-explored.

[6] S.P.E. or Sociedade Portuguesa de Empreendimentos SA is a Portuguese company now 81.1% owned by Portuguese government.
[7] BRGM or Bureau de Recherche Géologiques et Minières is the French national institute for research related to the management of natural resources.

Several exploration programs support the existence of high grade gold deposits. Thirteen individual mineralized quartz veins have been identified in the San Antonio area. From the east of the cluster to the west, the Santo António veins have been numbered from Vein 1 to Vein 13. The strike lengths in the table above are approximate, and in some cases (Veins 7 - 13) are based solely on surface indications. Some of the veins are smaller in width and discontinuous in grade (Veins 4 - 13).



Underground Sampling

Vein	Sample Site	Au (g/t)	Width (m)	Strike Length (m)
1	V-1	6.26	1.52	47.50
2	V-2	5.75	0.79	220.20
3	V-3a	15.83	1.68	128.50
	V-3b	13.93	0.65	36.10

Trench Sampling

Vein	Sample Site	Au (g/t)	Width (m)	Strike Length (m)
4	V-4a	10.71	1.60	n/a
	V-4b	24.93	0.25	n/a
	V-4b	14.46	0.15	n/a
5	V-5a	7.47	0.40	n/a
	V-5b	5.88	2.45	n/a

Vein	Sample Site	Au (g/t)	Width (m)	Strike Length (m)
6	V-6a	17.61	0.56	61.08
	V-6b	19.13	0.40	15.70
	V-6c	4.02	0.68	62.10
7	V-7	8.52	0.85	n/a

In September 2012, Colt Resources entered into a joint venture with Contécnica to further develop the Penedono gold project. Contécnica, a privately-held Brazilian engineering consulting firm, will earn a 51% stake in the Penedono concession upon investing at least €2.0 million in the project over three years. In addition, Contécnica must pay €50,000 to Colt Resources when the JV obtains an Experimental Mining License. Colt Resources will retain a 49% stake in the Penedono concession while Contécnica incurs the capital commitment to further develop the project.

VALUATION

Managements of mineral production and exploration companies create value through evaluating, acquiring, exploring and/or developing mining properties. In the case of Colt Resources, management's strategy is to increase shareholder value by fast-pacing the development of the **Boa Fé gold project** in southern Portugal and the **Tabuaço tungsten project** in north-central Portugal, along with other properties in Portugal. As an exploration company**,** we believe it would be inappropriate to value Colt Resources on an earnings, cash flow or book value basis, which would not adequately capture the value of the company's resource base. Though book value can often represent the value of a junior exploration company, the company has advanced to a milestone point in the exploration phase that the resources have been estimated to a degree of certainty the we are comfortable in utilizing a resource-based valuation model.

Our calculation of **share value of attributable reserves and resources** is based on the ascertained value of each property plus balance sheet adjustments for working capital, PPE (property, plant and equipment) and marketable securities. The **value of each individual property** is determined by **adjusting the value of current resources for the expected recovery rate, mining/processing costs** and **royalties**, if any**.** The reserves/resources are assigned a **confidence factor** that attempts to take into account the risks of each project, such as the locality of the deposits, the assurance level of the reserves/resources, various technical mining/production risks, etc. The current price of gold and tungsten are utilized. The reserve/resource valuation methodology involves the following assumptions:

1) For the Chaminé and Casas Novas Braços deposits at Boa Fé, a 95% confidence factor is applied to the in-situ gold resources categorized as Indicated and a 65% confidence factor on resources characterized as Inferred. The NI 43-101-compliant resource announcement confirmed historical drilling results, giving us a high level of confidence.
2) For the Banhos and Braços deposits at Boa Fé, a 70% confidence factor is being applied since drilling results for these two deposits have not yet been announced by the company.
3) At the São Pedro das Águias zone at the Tabuaço project, an 85% confidence factor is applied to NI 43-101-compliant measured & indicated resource and 70% confidence factor for the inferred resource.
4) Each deposit is unique; therefore, the estimated production life of each mine is different. Chaminé is expected to begin production in 2015 and produce for three years, while Casas Novas is expected to begin production one year thereafter and produce for four years due to the need for an EIA. Production at the São Pedro das Águias zone at Tabuaço is estimated to begin in 2015 and continue through 2019.
5) Portugal's net smelter return (NSR) for gold at Boa Fé is 4% and 2% for tungsten at Tabuaço. The net tax rate is estimated to be 27.5%.
6) Concessions that do not have a resource definition (specifically Montemor, Penedono, Santa Margarida do Sado, Cedovim, Extra High, Gaspésie and the remainder of Armamar-Meda outside the Tabuaço project) have not been assigned a value.

Based on our calculation of share value of attributable resources (see table below), **our target for Colt Resources is $1.70.**

Colt Resources Inc.

PORTUGUESE Projects	Metal	Measured & Indicated Resource (oz)	Grade (g/t)	Inferred Resource (oz)	Recovery Rate	Average Production Cash Costs (per oz)	Current Price	Royalties & Net Smelter Return (NSR)	% Ownership	Net Value to GTP	Net Present Value to GTP
Boa Fé - Gold											
Chaminé	Au	77,000	2.00	400	85%	300	1,665	4.0%	100%	81,766,994	74,223,935
Casas Novas	Au	137,000	1.40	15,000	85%	300	1,665	4.0%	100%	155,826,216	138,138,012
Braços	Au	20,000	3.30		85%	300	1,665	4.0%	100%	15,593,760	14,851,200
Banhos	Au		3.30	25,000	85%	300	1,665	4.0%	100%	19,492,200	18,122,000
Tabuaço - Tungsten		**(MTU)**	**(% WO_3)**	**(MTU)**		**(per MTU)**					
San Pedro das Águias	WO3	440,000	0.58	360,000	80%	52	340	2.0%	100%	141,345,792	122,390,662
Quinta das Herédias	WO3	N/A									
Quintã	WO3	N/A									
Quintã do Paço	WO3	N/A									
Quintã da Aveleira	WO3	375,000	0.52	360,000	80%	52	340	2.0%	100%	128,870,784	111,588,611
DEVELOPMENT COSTS											
Boa Fé										(100,000,000)	(89,450,383)
Tabuaço										(100,000,000)	(43,294,767)
TAXES											
Taxes										(94,296,330)	(88,837,197)
BALANCE SHEET ADJUSTMENTS											
Working capital										16,892,676	16,892,676
Loans payable										(1,220,816)	(1,220,816)
								Net Assets & Resources		264,271,276	273,403,933
								Shares Outstanding		162,174,568	162,174,568
								Asset Value		1.63	
								Discounted Asset Value			**1.69**

The valuation model is quite conservative in that it includes the development costs of two mining operations (gold at Boa Fé and tungsten at Tabuaço). In general, these costs are not usually incorporated into resource-based models. Removing the development costs would produce a $2.26 per share value of attributable resources.

In August 2007, Japanese trading company Sojitz Corp. (2768: TSE) acquired Primary Metals Inc. (PMI: TSX V), the operator of the Panasqueira underground tungsten mine in Portugal. The purchase price was $51.4 million or 8.02 times book value. The mine produced 99,095 metric tonne units (MTUs) of tungsten in its 2007 fiscal year ended March and produced approximately 110,000 MTUs in 2011. Just before its acquisition, Primary Metals received an updated reserve/resource estimate. Proven and probable reserves were estimated to be 590,000 MTUs (2,430,000 tonnes grading at 0.243% WO_3) indicated resources were 748,000 MTUs (2,700,000 tonnes at a grade of 0.277% WO_3), and the inferred resource was estimated at 405,000 MTUs (1,810,000 tonnes grading at 0.224% WO_3). Taking various factors into account, specifically that Primary Metals was operating an active underground tungsten mine with a processing plant and had been granted exploration concessions at Argimela (tin) and Quinta/Banjas (gold) and that in the month prior to the acquisition, tungsten had been trading in a range between $240 and $270 per MTU, **we estimate that the São Pedro das Águias zone deposit alone would be worth approximately $0.40 per Colt share to a strategic buyer today.**

BALANCE SHEET & PROJECTED INCOME STATEMENT

Colt Resources Inc.
Consolidated Balance Sheets
(in $ Canadian)
For the years ending March 31 or Dec 31

	FY 2008 3/31/2008	FY 2009 3/31/2009	FY 2010 3/31/2010	FY 2011 3/31/2011	2011 12/31/2011	FY 2012 3/31/2012	2Q 2012 6/30/2012	3Q 2012 9/30/2012
ASSETS								
Cash and cash equivalents	625,911	19,818	484,445	1,236,079	3,885,777	6,345,876	9,791,552	6,779,977
Other financial assets	-	-	-	-	3,003,868	3,011,066	3,019,214	-
Trade and other receivables	45,116	43,846	21,429	146,895	401,279	589,301	994,341	1,253,476
Taxes receivable	1,967	22,611	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	3,710,550	3,646,867	3,316,533	2,944,569
Prepaid expenses	12,936	7,886	40,098	127,149	316,298	515,125	471,179	655,506
Due from related party	4,138	-	-	-	-	-	-	-
Current Assets	**690,068**	**94,161**	**545,972**	**1,510,123**	**11,317,772**	**14,108,235**	**17,592,819**	11,633,528
Property, plant and equipment	**14,023**	**11,464**	**6,144**	**190,003**	**4,871,505**	**4,880,739**	**4,739,187**	**1,547,105**
Biological assets	-	-	-	-	**1,694,970**	**1,693,941**	**1,630,807**	**1,499,521**
Exploration and evaluation assets	**1,267,706**	**1,932,549**	**2,867,390**	**4,765,569**	**9,635,704**	**11,168,818**	**13,467,465**	**20,669,122**
Goodwill	-	-	-	-	-	-	-	**702,242**
Performance Bonds	**113,707**	**133,600**	**123,300**	**124,038**	**229,587**	**629,235**	**658,410**	**644,946**
Intangible assets	-	-	-	-	**2,389,656**	**2,394,357**	**2,311,653**	**1,201**
Total Assets	**2,085,504**	**2,171,774**	**3,542,806**	**6,589,733**	**30,139,194**	**34,875,325**	**40,400,341**	**36,697,665**
LIABILITIES								
Trade and other payables	103,654	227,577	414,622	797,594	830,247	695,633	1,005,895	999,203
Due related parties	11,074	130,543	49,670	83,012	63,273	220,181	50,525	20,833
Loans payable	-	-	-	-	1,262,068	1,309,297	1,283,402	1,220,816
Current Liabilities	**114,728**	**358,120**	**464,292**	**880,606**	**2,155,588**	**2,225,111**	**2,339,822**	**2,240,852**
Deferred taxes	-	-	-	-	-	-	-	702,242
Loans payable	-	-	-	-	1,262,068	1,258,951	1,234,032	0
Convertible preferred shares	-	-	-	-	2,690,174	2,740,415	2,689,361	2,663,708
Convertible debenture	692,440	287,917	271,038	0	0	0	0	0
Long-term liabilities	**692,440**	**287,917**	**271,038**	**0**	**3,952,242**	**3,999,366**	**3,923,393**	**3,365,950**
Share capital stock	1,573,182	3,358,545	5,596,992	12,263,860	35,222,854	41,170,722	49,098,237	49,098,237
Additional paid-in capital	393,183	434,421	824,596	2,631,351	3,886,136	3,886,136	3,886,136	3,966,618
Equity portion of convertible shares	-	-	-	-	700,628	700,628	700,628	700,628
Equity portion of convertible debenture	807,860	214,097	128,458	-	-	-	-	-
Unrealized gain on financial assets AFS	-	-	-	-	6,746	11,247	19,395	-
Accumulated translation adjustments	-	-	-	-	(725,040)	(662,222)	(908,242)	(1,068,771)
Retained earnings (deficit)	(1,495,889)	(2,481,326)	(3,742,570)	(9,186,084)	(15,059,960)	(16,455,663)	(18,659,028)	(21,605,849)
SHAREHOLDERS' EQUITY	**1,278,336**	**1,525,737**	**2,807,476**	**5,709,127**	**24,031,364**	**28,650,848**	**34,137,126**	**31,090,863**
Total Liabilities and Equity	**2,085,504**	**2,171,774**	**3,542,806**	**6,589,733**	**30,139,194**	**34,875,325**	**40,400,341**	**36,697,665**
Common shares outstanding	10,028,056	17,799,096	32,109,336	55,198,419	98,452,604	111,603,494	129,571,430	129,571,430

Colt Resources Inc.

Consolidated Statements of Operations and Retained Earnings

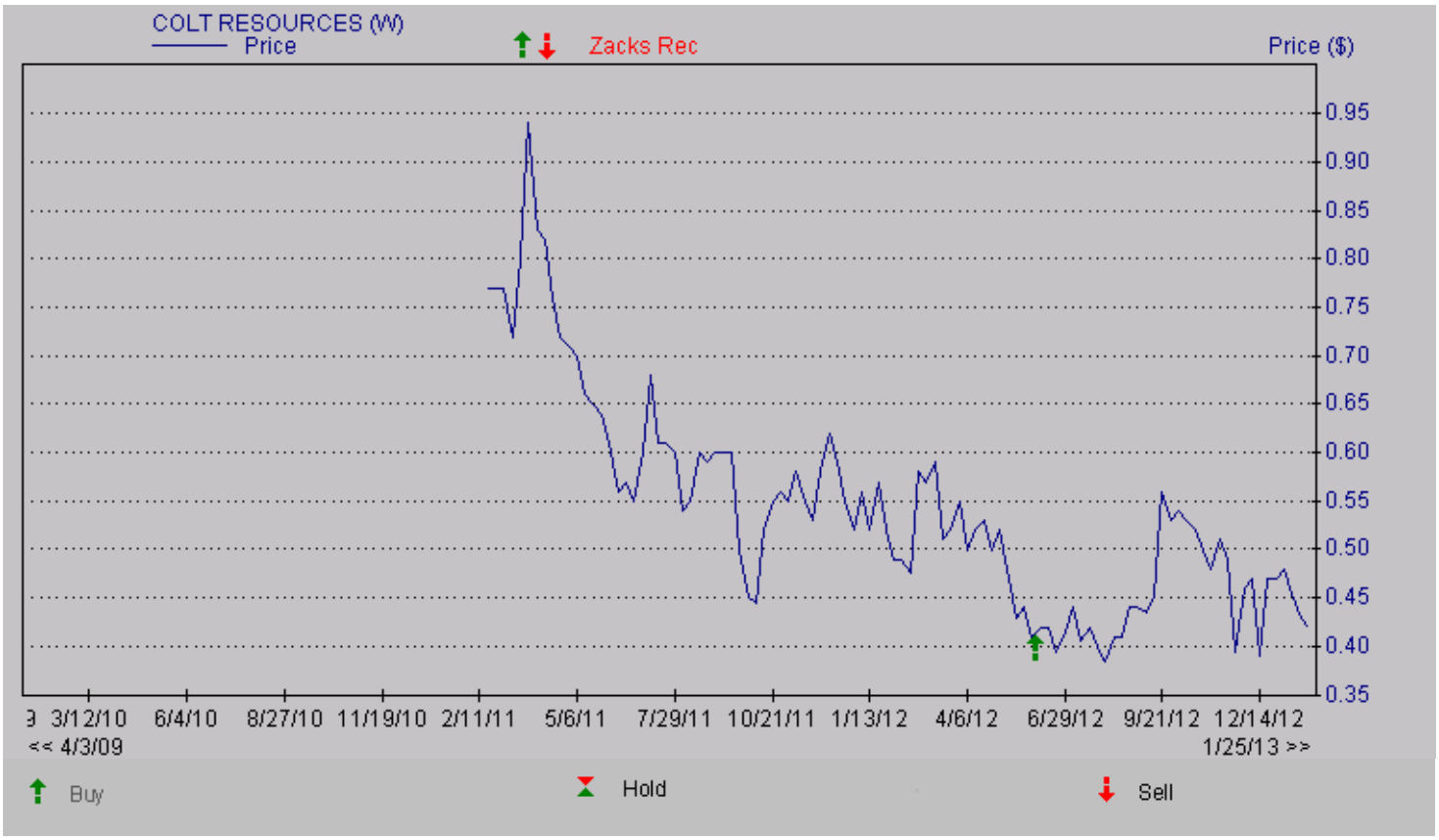
(in $ Canadian)	FY 2008	FY 2009	FY 2010	FY 2011	(9 months) 2011	2012 E
For the years ending March 31	3/31/2008	3/31/2009	3/31/2010	3/31/2011	12/31/2011	12/31/2012 E
Revenue:	**0**	**0**	**0**	**0**	**159,064**	**(13,135)**
Expenses:						
Stock-based compensation	495,939	248,423	246,963	1,265,942	1,254,785	1,230,482
Interest on convertible debenture	130,016	152,780	111,401	7,919	-	-
Consulting	203,367	176,470	390,064	447,218	431,216	475,890
Management fees	-	-	-	-	570,008	966,239
Salaries	43,837	129,463	70,313	291,095	348,342	542,964
Investor relations & Marketing	98,252	87,269	168,498	2,051,013	1,414,044	1,882,844
Accounting and audit	27,562	47,179	39,560	97,625	153,174	-
Rent	27,213	33,339	40,772	41,090	192,383	49,810
Office	73,680	22,591	45,674	128,250	960,381	1,362,023
Property investigation	0	21,626	3,450	67,789	44,627	2,559
Listing and transfer agent fees	16,093	10,522	21,295	205,666	146,478	15,249
Filing fees	5,465	6,978	4,215	32,076	14,859	-
Bank charges	3,806	4,724	3,766	7,016	16,544	22,024
Insurance	1,825	3,494	3,384	14,745	78,858	196,818
Legal	30,915	2,823	81,890	245,865	458,926	253,504
Interest expense	4,376	0	8,264	11	-	-
Other costs	-	-	-	-	59,910	1,002,437
Amortization expense	2,337	4,250	940	16,210	145,524	381,491
Operating expenses	**1,164,683**	**951,931**	**1,240,449**	**4,919,530**	**6,290,059**	**8,384,333**
Loss from operations	**(1,164,683)**	**(951,931)**	**(1,240,449)**	**(4,919,530)**	**(6,130,995)**	**(8,397,468)**
Interest income	29,678	5,666	622	0	42,243	52,779
Interest (expense)	-	-	-	-	(79,514)	(254,098)
Write-off of mineral property interest	-	(90,000)	-	-	-	(671,615)
Loss on disposal of equipment	-	-	(9,652)	-	-	-
Derivatives gain (loss)	-	-	-	-	-	(29,500)
Foreign exchange gain (loss)	9,802	3,013	(8,425)	(74,811)	243,831	(175,226)
Total other income (expense)	**39,480**	**(81,321)**	**(17,455)**	**(74,811)**	**206,560**	**(1,077,660)**
Loss before income taxes	**(1,125,203)**	**(1,033,252)**	**(1,257,904)**	**(4,994,341)**	**(5,924,435)**	**(9,475,128)**
Future income tax (recovery)	(29,450)	(47,815)	3,340	0	(11,814)	15,136
Net Gain (Loss)	**(1,095,753)**	**(985,437)**	**(1,261,244)**	**(4,994,341)**	**(5,912,621)**	**(9,490,264)**
Other comprehensive loss						
Unrealized gain on available for sale marketable securities	-	-	-	-	6,746	12,649
Foreign exchange gain (loss) on translation of foreign operations	0	0	0	0	(725,040)	(201,550)
Total comprehensive loss	**(1,095,753)**	**(985,437)**	**(1,261,244)**	**(4,994,341)**	**(6,630,915)**	**(9,679,165)**
Net income per common share (diluted) - continuing ops.	**(0.16)**	**(0.07)**	**(0.05)**	**(0.11)**	**(0.07)**	**(0.08)**
(diluted) - continuing ops.						
Weighted average common shares outstanding - diluted	6,833,463	14,866,814	23,717,819	46,205,934	86,749,732	122,533,259

Colt Resources Inc.

Consolidated Statements of Operations and Retained Earnings

(in $ Canadian) For the years ending March 31	FY 2011 AMJ 1Q	FY 2011 JAS 2Q	FY 2011 OND 3Q	FY 2011 JFM 4Q	Fiscal Year 2011	FY 2012 AMJ 1Q	FY 2012 JAS 2Q	FY 2012 OND 3Q	(9 months) Year FY 2012	2012 JFM 1Q	2012 AMJ 2Q	2012 JAS 3Q	2012 OND 4QE	Year 2012 E
Revenue:	**0**	**0**	**0**	**0**	**0**	**0**	**35,484**	**123,580**	**159,064**	**74,143**	**(149,513)**	**(62,765)**	**125,000**	**(13,135)**
Expenses:														
Stock-based compensation	0	208,367	337,590	719,985	**1,265,942**	910,000	130,949	213,836	**1,254,785**	-	-	80,482	1,150,000	**1,230,482**
Interest on convertible debenture	0	0	0	7,919	**7,919**	-	-	-	**-**	-	-	-	-	-
Consulting	94,578	121,478	54,557	176,605	**447,218**	165,262	167,727	98,227	**431,216**	138,702	143,106	96,080	98,002	**475,890**
Management fees	-	-	-	-	**-**	-	-	570,008	**570,008**	235,846	252,981	237,412	240,000	**966,239**
Salaries	25,645	91,733	80,312	93,405	**291,095**	206,423	594,164	117,763	**348,342**	130,984	147,671	130,846	133,463	**542,964**
Investor relations & Marketing	186,161	364,219	718,871	781,762	**2,051,013**	514,585	539,973	359,486	**1,414,044**	437,233	533,744	441,156	470,711	**1,882,844**
Accounting and audit	3,150	36,407	1,350	56,718	**97,625**	66,113	12,532	74,529	**153,174**	-	-	-	-	-
Rent	8,481	7,897	11,571	13,141	**41,090**	44,599	68,456	79,328	**192,383**	49,810	-	-	-	**49,810**
Office	23,151	21,693	21,454	61,952	**128,250**	49,522	196,958	713,901	**960,381**	248,903	-	563,120	550,000	**1,362,023**
Property investigation	35,174	0	0	32,615	**67,789**	31,693	37,520	(24,586)	**44,627**	7,657	(5,098)	0	0	**2,559**
Listing and transfer agent fees	21,872	31,176	94,544	58,074	**205,666**	90,646	45,172	10,660	**146,478**	15,249	-	-	-	**15,249**
Filing fees	850	5,178	1,095	24,953	**32,076**	4,527	9,513	819	**14,859**	-	-	-	-	-
Bank charges	1,438	2,597	1,661	1,320	**7,016**	4,975	4,925	6,644	**16,544**	22,024	-	-	-	**22,024**
Insurance	1,523	5,292	4,061	3,869	**14,745**	18,139	22,114	38,605	**78,858**	42,285	64,988	44,329	45,216	**196,818**
Legal	21,435	53,177	47,315	123,938	**245,865**	44,947	309,698	104,281	**458,926**	25,657	88,257	71,590	68,000	**253,504**
Interest expense	14,378			(14,367)	**11**	-	-	-	**-**	-	-	-	-	-
Other costs	-	-	-	-	**-**	-	-	59,910	**59,910**	106	565,224	237,107	200,000	**1,002,437**
Amortization expense	9,115	(918)	810	7,203	**16,210**	16,092	63,359	66,073	**145,524**	97,065	88,731	98,630	97,065	**381,491**
Operating expenses	**446,951**	**948,296**	**1,375,191**	**2,149,092**	**4,919,530**	**2,167,523**	**2,203,060**	**2,489,484**	**6,290,059**	**1,451,521**	**1,879,604**	**2,000,752**	**3,052,456**	**8,384,333**
Loss from operations	**(446,951)**	**(948,296)**	**(1,375,191)**	**(2,149,092)**	**(4,919,530)**	**(2,167,523)**	**(2,167,576)**	**(2,365,904)**	**(6,130,995)**	**(1,377,378)**	**(2,029,117)**	**(2,063,517)**	**(2,927,456)**	**(8,397,468)**
Interest income	0	0	0	0	**0**	121	31,961	10,161	**42,243**	8,860	3,839	30,080	10,000	**52,779**
Interest (expense)	-	-	-	-	**0**	0	(81)	(79,433)	**(79,514)**	(54,300)	(54,009)	(91,789)	(54,000)	**(254,098)**
Write-off of mineral property interest	-	-	-	-	**0**	-	-	**-**	**0**	0	0	(671,615)	0	**(671,615)**
Loss on disposal of equipment	-	-	-	-	**0**	-	-	**-**	**0**	0	0	0	0	**0**
Derivatives gain (loss)			-	-	-	-	-	-	-	-	(29,500)	-	-	**(29,500)**
Foreign exchange gain (loss)	19,855	32,300	(112,568)	(14,398)	**(74,811)**	73,387	84,191	86,253	**243,831**	27,114	(76,692)	(154,648)	29,000	**(175,226)**
Total other income (expense)	**19,855**	**32,300**	**(112,568)**	**(14,398)**	**(74,811)**	**73,508**	**116,071**	**16,981**	**206,560**	**(18,326)**	**(156,362)**	**(887,972)**	**(15,000)**	**(1,077,660)**
Loss before income taxes	**(427,096)**	**(915,996)**	**(1,487,759)**	**(2,163,490)**	**(4,994,341)**	**(2,094,015)**	**(2,051,505)**	**(2,348,923)**	**(5,924,435)**	**(1,395,704)**	**(2,185,479)**	**(2,951,489)**	**(2,942,456)**	**(9,475,128)**
Future income tax (recovery)	0	0	0	0	**0**	0	4,825	(16,639)	**(11,814)**	0	15,372	(236)	0	**15,136**
Net Gain (Loss)	**(427,096)**	**(915,996)**	**(1,487,759)**	**(2,163,490)**	**(4,994,341)**	**(2,094,015)**	**(2,056,330)**	**(2,332,284)**	**(5,912,621)**	**(1,395,704)**	**(2,200,850)**	**(2,951,253)**	**(2,942,456)**	**(9,490,264)**
Other comprehensive loss														
Unrealized gain on available for sale marketable securities			-	-	-	0	0	6,746	6,746	4,501	8,148	0	0	**12,649**
Foreign exchange gain (loss) on translation of foreign operations			-	-	-	0	(187,718)	(537,322)	(725,040)	62,817	(129,020)	(160,347)	25,000	**(201,550)**
Total comprehensive loss	**(427,096)**	**(915,996)**	**(1,487,759)**	**(2,163,490)**	**(4,994,341)**	**(2,094,015)**	**(2,244,048)**	**(2,862,860)**	**(6,630,915)**	**(1,328,386)**	**(2,321,722)**	**(3,111,600)**	**(2,917,456)**	**(9,679,165)**
Net income per common share (diluted) - continuing ops.	**(0.01)**	**(0.03)**	**(0.04)**	**(0.05)**	**(0.11)**	**(0.03)**	**(0.02)**	**(0.03)**	**(0.07)**	**(0.01)**	**(0.02)**	**(0.02)**	**(0.02)**	**(0.08)**
Wgtd avg. com. shares out.- diluted	33,313,862	34,735,837	40,766,213	46,205,934	46,205,934	63,165,182	86,026,054	86,387,893	86,749,732	104,075,137	113,059,900	136,499,000	136,499,000	122,533,259

HISTORICAL ZACKS RECOMMENDATIONS



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