Zacks Small-Cap Research

July 20, 2012

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Colt Resources, Inc. (V.GTP – TSX-V)

V.GTP: Zacks initiates coverage with an Outperform rating and a NPV-derived target of $1.35.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	06/05/2012
Current Price (07/20/12)	$0.42
Six- Month Target Price	**$1.35**

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. Drilling programs are proceeding at both properties with positive assay results having been announced 14 times thus far in 2012. The company has been very successful in obtaining equity capital to finance the exploration and development of these gold and tungsten projects. Both Boa Fé and Tabuaço have NI 43-101-compliant estimated resource reports. We initiate coverage of Colt Resources with an Outperform rating.

SUMMARY DATA

52-Week High	**$0.64**
52-Week Low	**$0.39**
One-Year Return (%)	**-34.4**
Beta	**N/A**
Average Daily Volume (shrs.)	**72,978**
Shares Outstanding (million)	**130.5**
Market Capitalization ($ mil.)	**$54.8**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**7.7**
Insider Ownership (%)	**6.7**
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	**N/A**

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	25.3 E	70.1 E	127.0 E	296.5 E
2013					330.2 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	-$0.01 E	-$0.02 E	-$0.01 E	-$0.05 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 by 2014.
- Under CEO **Nikolas Perrault**, CFA, the company has been aggressive in acquiring concessions in Portugal and conducting drilling programs at Boa Fé and Tabuaço.
- During 2012, there has been a continuous stream of announcements concerning drilling results at Boa Fé (ten news releases) and Tabuaço (four). Currently, seven drilling rigs are active at Boa Fé and five at 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 2012 and an upgraded resource estimate for Tabuaço is anticipated later in 2012.
- 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.
- Requiring further exploration, the **Penedono gold concession** contains the now-closed **Santo António underground gold mine**. The 13 individual mineralized quartz veins in the San Antonio area, along with other vein systems of gold mineralization, appear to have the potential for further development.
- The **Santa Margarida do Sado concession** in the mineral-rich Iberian Pyrite Belt, exhibits 13 gravity anomalies, some of which are consistent with Volcanogenic Massive Sulphide deposits (namely copper, lead, zinc, silver and gold) and are worthy of follow-up exploration work.
- Colt Resources has been **very successful in obtaining capital** through equity offerings and the exercise of warrants and options.
- We initiate coverage of Colt Resources with an Outperform rating and a target of $1.35.

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. At Tabuaço, a NI 43-101[1] compliant resource estimate was filed in December 2011. 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** at Tabuaço).

We believe **these deposits are readily recoverable**. Management's internal goal is to initiate production at both locations in 2014. 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. **An initial NI 43-101-compliant resource estimate for Chaminé** and **Casas Novas** at **Boa Fé, was released on July 3rd, 2012.** Management has accelerated drilling in order to evaluate nearby deposits and plans to complete a preliminary economic assessment by the first quarter of 2013. At Tabuaço, drilling continues in order to better delineate and upgrade the resource

[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.

estimate, which is expected later this year. An internal preliminary conceptual mine plan has been completed, and management plans to apply for an experimental mining license. Management is in discussions with a number of 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.

Portugal has many mineral deposits as demonstrated by two active world-class mines [Neves-Corvo (copper & tin) and Panasqueira (tungsten & tin)], along with approximately 175 inactive mine sites. **Colt Resources holds numerous other mineral exploration concessions in Portugal** and Canada (see table below).

Exploration Concessions (100% interest unless otherwise noted)	Date First Entered Into	Country	Area (km^2)	Primary Minerals
Montemor	07/30/2010[2]	Portugal	732.61	Gold
Boa Fé (experimental mining)	07/30/2010	Portugal	46.78	Gold
Armamar-Meda	12/10/2007	Portugal	109.20	Tungsten - Gold
Moimenta-Almendra	01/10/2008	Portugal	283.15	Gold-Tungsten
Penedono	05/07/2007[3]	Portugal	51.22	Gold
Santa Margarida do Sado	09/17/2009	Portugal	180.17	Copper-Zinc-Lead
Cedovim	11/02/2011	Portugal	218.13	Tungsten - Gold
Gaspésie	12/15/2008	Canada	153.00	Copper - Gold
Extra High (67% interest)	01/21/2008[4]	Canada	N/A	Copper-Zinc-Lead

Located in southern Portugal, approximately 100 kilometers east of Lisbon, the **Montemor concession** encompasses 732.61 square kilometers and surrounds the area governed by **Boa Fé** experimental mining license. There are five historical resource estimates that were completed between 2004 and 2008 and based on over 1,100 drill holes and 510 trenches. **A JORC-compliant resource estimate, which includes Boa Fé, estimated 610,522 ounces of in-situ gold** (8.72 million tonnes at 2.18 g/t Au), of which 220,000 ounces were categorized as Measured and Indicated. **On July 3, 2012, a NI 43-101-compliant estimate for the Chaminé and Casas Novas deposits was published. Representing a subset of deposits covered by previous estimates**, the estimated resources represent **214,000 ounces** of in-situ gold categorized as Indicated (77,000 oz. at Chaminé and 137,000 oz. at Casas Novas) **and 15,400 ounces** of gold in-situ gold characterized as Inferred (400 oz. at Chaminé and 15,000 oz. at Casas Novas).

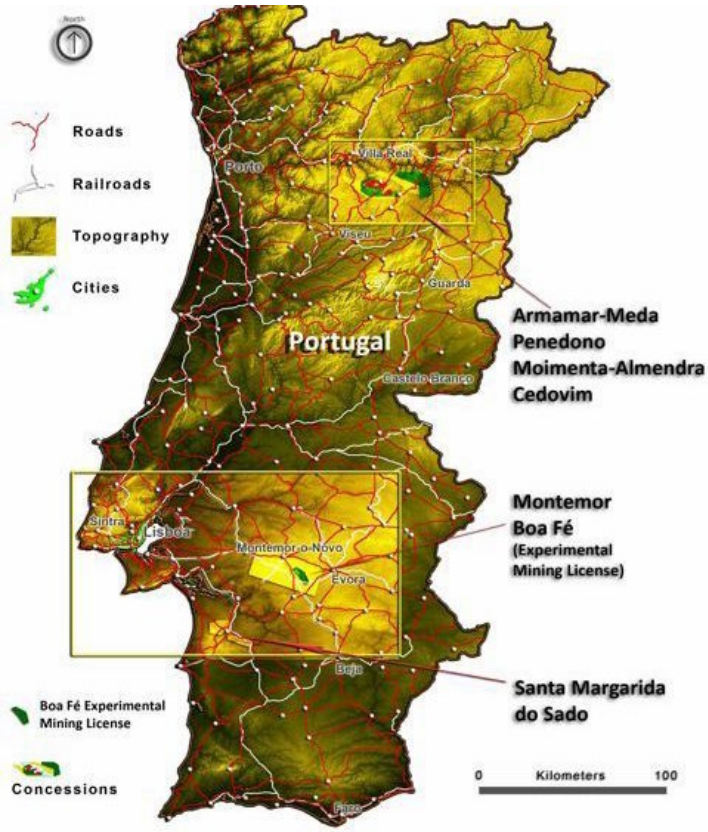
Located in north-central Portugal and near two other Colt concessions (Penedono and Moimenta-Almendra) the **Armamar-Meda concession** is comprised of two separate blocks: the Meda block in the south and the Armamar block (which contains the Tabuaço tungsten project) in the north. The Tabuaço project 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[5] over a portion of the São Pedro das

[2] Colt Resources & AIOC signed an acquisition agreement for Montemor and Boa Fé on July 30, 2010.
[3] On May 7, 2007, a Definitive Agreement was signed in which Rio Narcea agreed to assign the Penedono concession to Colt.
[4] On January 21, 2008, Colt Resources entered into an option agreement with Kokomo for the right and option to acquire an interest in the Extra High Property.
[5] The real estate includes a port wine vineyard that generates revenues for Colt Resources.

Águias deposit. Utilizing results from an aggressive drilling program that was begun in April 2011, **an initial NI43-101 resource estimate was completed in November 2011** by SRK Exploration. The technical report indicates that **the São Pedro das Águias zone** contains an **Indicated resource** of **440,000 MTU WO_3** (760,000 tonnes grading 0.58% WO_3 with a 0.30% cut-off grade) and an **Inferred resource** of **760,000 MTU WO_3 (**1,330,000 tonnes grading 0.57% WO_3). Drilling continues at the Tabuaço tungsten project, with results expected to contribute to an upgraded proportion of indicated resources.

An internal preliminary conceptual mine plan has been completed for the São Pedro das Águias scheelite deposit, which calls for an underground mine with a mine portal on land already owned by Colt Resources. A concentrator and tailings management facility is being planned at a secluded area within three kilometers from the proposed entrance of the mine. Management expects to apply for an experimental mining license in 2012 and also to complete a Preliminary Economic Assessment. An application for a full mining license is expected after an Environmental Impact Assessment and a Feasibility Study have been completed. Management plans on bring the mine to production within two or three years with a strategic partner.

Located in north-central Portugal between Colt's Almendra and Moimenta blocks, the **51.2 km^2 Penedono gold concession** contains the now-closed **Santo António underground gold mine**, which **produced approximately 10,500 ounces 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. Colt's primary gold exploration efforts have focused on the Santo António area where gold was historically recovered from four of the 13 veins. With potential for underground high-grade gold veins and near-surface lower-grade gold zones at San António and other areas of vein clusters, the Penedono concession requires further exploration as recommended by the latest of the four NI 43-10 technical reports produced between 2007 and 2010.



Located in southern Portugal within the western arc of the mineral rich Iberian Pyrite Belt, the **Santa Margarida do Sado concession** encompasses 180.17 square kilometers. Though located near active (Neves-Corvo and Aljustrel) and inactive (Lousal and Caveira) mines, exploration of Santa Margarida do Sado was not performed until the late 1980's when the Portuguese Geological and Mining Institute (Instituto Geológico e Mineiro or IGM) conducted ground geophysical surveys. Later, in the early 1990's, Rio Tinto completed both air magnetic and ground geophysical surveys, which isolated several anomalies consistent with Volcanogenic Massive Sulphide (VMS) deposits (namely copper, lead, zinc, silver and gold). A NI 43-101-compliant technical report completed in February 2011 identified 13 gravity anomalies which are worthy of follow-up exploration work. Diamond drilling is scheduled to begin at Porqueira gravity anomaly during the second quarter of 2012.

Colt Resources was granted the **Cedovim** exploration concession on November 2nd, 2011. Composed of two separate blocks which total 218.129 km^2, Cedovim contains areas previously relinquished in the required 50% reductions of Armamar-Meda.

Currently, no fieldwork is being performed at the Canadian properties (**Extra High** and **Gaspésie**).

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, the base-metal Santa Margarida do Sado concession was acquired in 2009, the Montemor and Cedovim concessions in 2011, and the Boa Fé experimental mining license, also in 2011. Prior to Mr. Perrault 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 the expected recession in Portugal this year 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. More recently, the company received $5.95 million from the exercise of warrants in March 2012 and $8.18 million in net proceeds from private placements to Canadian and European investors in May. Interestingly, an un-named Portuguese conglomerate participated in the European offering. The proceeds will fund and accelerate the aggressive drilling programs at the Boa Fé and Tabuaço projects. The Canadian private placement was completed through an underwriting syndicate including TD Securities, Desjardins Securities and Versant Partners. In 2012, other than the ongoing exploration programs, the only major liability coming due is a $1.26 million loan in late August.

PORTUGAL

By virtue on its **unique geologic history**, Portugal is home to **two world class mines**. The country is one of the leading producers of mined **copper, silver, tin and zinc** in the European Union and continues to be one of the world's largest producers of **tungsten** outside of China, ranking fifth after Russia, Bolivia, and Australia.[6] Still rich in these minerals and others, Portugal has considerable mining potential, especially since the **Portuguese Government encourages mineral exploration and development**. Portugal is a modern, industrial country with **well-developed infrastructure** (excellent road, power and communication networks) to support mine operations. The nation's mining laws are favorable towards the development of mines with reasonable regulations. Both the **Ministério da Economía** and its subordinate agency, the **Direcção-Geral de Energia e Geologia**, may grant exploration and mining rights. The government's geology and mining agency (the **Instituto Geológico e Mineiro** or IGM) encourages and promotes the advancement of projects geared toward the exploitation of the country's mineral resources.

Geologically, during the Hercynian-Variscan age (between 380 and 300 million years ago), a complicated series of tectonic microplate collisions occurred in the area of present day Portugal. The resulting crustal deformations created a variety of complex structures, which were formed by folding, metamorphism, fracturing, shearing and magmatization. The multifaceted and diverse **geologic history** created an environment conducive for the formation of considerable mineral deposits. In the north and central part of the country, granite intrusions and associated vein/hydrothermal mineralizations created tungsten, tin and gold deposits along the contact zones. In the south, the Iberian Pyrite Belt (IPB) contains volcanic

[6] USGS 2010 Minerals Yearbook - Portugal.

massive sulphide (VMS) deposits that host gold, copper and other base metal mineralizations. The IPB is one of the most mineralized areas of Western Europe.

With abundant mineral occurrences, Portugal has a remarkable mining history. Mining began in the Copper Age around 5,000 BC as evidenced by archeological finds of copper utensils. Later, from 700 BC to 300 BC, copper, iron, tin, gold and silver was extracted by the Phoenicians, followed by more intense operations by the Romans until approximately 400 AD. The Romans exploited gold, pyrite and copper deposits on large scales. For example, approximately 10 million tons of ore and overburden was extracted from the Três Minas gold deposits in northern Portugal. In southern Portugal, the Romans excavated 120-meter mine shafts at the Aljustrel zinc and copper mine. Also, the Romans mined copper and pyrite at São Domingos in the Iberian Pyrite Belt. Slag piles at São Domingos indicate the excavation of an estimated 750,000 tons of ore between 12 AD and 397 AD.

Little mining occurred during the Middle Ages; however, around the beginning of the Industrial Revolution, the first mining concessions were granted in 1836. By 1900, about 300 concessions had been granted. The main minerals mined were polymetallic sulphides [galena (lead), sphalerite (zinc) and chalcopyrite (copper)] at Aljustrel and São Domingos in the IPB, tungsten and tin at Panasqueira and gold at Jales- Gralheira, Castromil, Freixeda and Santo Antonio (Penedono). For example, between 1933 and 1992, 830,000 ounces of gold and 3 million ounces of silver were extracted from the Jales-Gralheira mine[7]. Demand for tungsten increased during the Second World War with Portugal supplying both the Allied and the Axis Powers.

Today, there are **two active world class metal ore mines** in Portugal: **Neves-Corvo** (copper and tin) in the Iberian Pyrite Belt and **Panasqueira** (tungsten and tin) in the Central Iberian Zone (CIZ). With mineral deposits discovered in 1977, Neves-Corvo commenced commercial production in 1989 with the support of the Portuguese government. Cited as a mining project that helped rejuvenate the Portuguese mining industry, Neves-Corvo was acquired by Lundin Mining (LUN: TO) in 2006.

The tungsten bearing mineral wolframite ($FeMnWO_4$) has been mined at Panasqueira for over a century and continues to be a significant producer of tungsten-bearing concentrates outside China. Panasqueira is located 111 kilometers to the south of Colt's Tabuaço project; however, at Panasqueira, wolframite occurs within a series of quartz veins, which is consistent with a vein/stockwork geological model. Employing a room-and-pillar mining technique in an underground mine, wolframite concentrate is produced by a combination of gravity and flotation procedures. The mine first became operational in 1898 and has remained in continuous production with only two brief interruptions. Sojitz Corporation (2768: TSE) acquired the Panasqueira mine in 2007 through its acquisition of Primary Metals (formerly PMI: TSX-V). The purchase price was $51.4 million or 8.02 times book value. An updated reserve/resource estimate was completed in 2007 in which proven and probable reserves and indicated resources totaled 5.13 million tonnes at 0.261% WO_3, containing 590,000 metric tonne units (MTUs) of tungsten trioxide[8].

Also noteworthy is the **Aljustrel** mining area in the Iberian Pyrite Belt, one of the most mineralized areas in the European Union. Copper, zinc, lead and silver mineral deposits were discovered at several areas at Aljustrel (namely, Moinho in 1955, Feitais in 1963, Estacão in 1968 and Gavião in 1970). In late 2008, zinc production at Aljustrel was suspended due to the decline in zinc prices, and Lundin Mining sold the mine to a private firm (MTO SGPS) in early 2009. However, targeting copper-rich zones, production of copper-silver ores recommenced in late 2010. Silver Wheaton (SLW: NYSE and TO) owns the silver stream at both Neves-Corvo and Aljustrel at a cash cost of $3.98 and $3.94 per ounce, respectively.

In addition, **in testament to the country's mineral resources, Portugal has approximately 175 abandoned or inactive mine sites**. Examples include polymetallic sulphides mines in the IPB (Aljustrel and São Domingos), tungsten and/or tin mines (Covas, Borralha, Argozelo and Montesinho), gold and/or silver mines (Castromil, Jales-Gralheira, Penedono and Freixedo), and copper mines (São Domingos).

[7] SEG newsletter 80, Society of Economic Geologists, January 2010, page 14.
[8] An MTU equals 10 kilograms of tungsten trioxide.

Portugal's Important Mines

Mine	Zone	Type	Dates	Minerals
Covas - Três Minas	GTMZ	Open Pit/adit	Roman only	Gold
Ribeirinha - Três Minas	GTMZ	Open Pit/adit	Roman only	Gold
Lagoinhos - Três Minas	GTMZ	Underground	Roman only	Gold
Freixeda	GTMZ	Underground	1952 - 1955	Gold, Silver & Lead
Covas	GTMZ	Underground	N/A	Tungsten & Tin
Jales - Gralheira	GTMZ	Underground	Romans, 1933-1992	Gold & Silver
Castromil	CIZ	Open Pit/adit	Romans, -1940	Gold
Santo António-Penedono	CIZ	Underground	Romans, 1954-1957	Gold
Panasqueira	CIZ	Underground	1898 - present	Tungsten & Tin
São Domingos	IPB	Open Pit	Romans, 1855-1966	Copper & Pyrite (Sulfur)
Aljustrel	IPB	Underground	Romans, 1955-2008	Copper, Zn, Pb, Silver & Pyrite
Neves-Corvo	IPB	Underground	1989 - present	Copper, Zn, Silver, Tin, Lead

The Portuguese Government encourages mineral exploration and mine development. Having implemented several reforms to improve the economic environment for foreign investment, major and junior mining and exploration companies from North America, Europe and Australia have been granted concessions and have conducted exploration programs in search of base and precious metals. Managements of many mining companies have reported that interaction with the Portuguese Government and its mining agencies have been positive, constructive and productive. During the exploration phase, the Government of Portugal benefits directly from the annual payments based on the surface area of the concession contracts, and the economy is stimulated through the required exploration expenditures to maintain the contracts in good standing. Once a mine is in production, the government receives royalty rates (a 3% net smelter return) and corporate taxes. Officially entitled República Portuguesa, Portugal has been a stable constitutional democratic republic since 1976.

The mining laws of Portugal were updated and modernized on March 16, 1990 by Decree-Law No. 88/90 and Decree-Law No. 90/90 (Decretos-Lei no 88/90[9] and Decretos-Lei no 90/90). Since the minerals in Portugal are owned by the State, mining activity (including exploration, development, production, environmental protection and royalties) is regulated by the Ministry of Economy (**Ministério da Economía**). Both the Ministry of Economy and its subordinate agency, the General Directory of Geology and Energy (**Direcção-Geral de Energia e Geologia** or **DGGE**) are empowered to grant exploration and mining concessions. The DGGE also oversees the extraction and processing of ore and is responsible for amassing the geological data and research on the country's geological resources. Exploration contracts are processed and monitored by the Geological and Mining Institute (**Instituto Geológico e Mineiro** or **IGM**). The IGM also promotes the development of mineral resources by providing access to maps and technical documentation (geological, geophysical, geochemical and drilling data) resident in the Portuguese archives. In addition, the IGM offers technical and administrative assistance in the submission of the applications, the definition of exploration targets and the formulation of exploration strategies.

Exploration concessions (rights) are be granted by the Ministry of Economy or the DGGE. A prospecting and exploration **contract** defines the land boundaries of the concession, the mineral resources to be explored, the initial duration period, renewal terms, the annual surface area fee and the minimum exploration work expenditures required to maintain the concession. Though the terms of the exploration contract are negotiated with Portuguese authorities, generally the duration period (including optional renewals periods) for mineral resources is **five years** with the initial period being two or three years and subsequent renewals thereafter. **At the time of each renewal, the concession land area is reduced by 50%**. During the term of the contract, the licensee must semiannually submit progress reports detailing the work completed and the expenditures made. After the fifth year, in order to maintain

[9] Decretos-Lei no 88/90 applies to ore deposits, including all metallic and radioactive ores, coal, graphite, pyrites, phosphates, asbestos, talcum, kaolin, diatomite, quartz, feldspar, precious and semi-precious stones, potassium salts and rock-salt.

the concession either a new exploration contract or an exploitation concession must be applied for and granted. During the life of the exploration contract, the licensee has the option to apply for and upgrade to either an experimental mining license or a mining contract.

Mining (or exploitation) concessions are governed by mining contracts which entitle the licensee the sole right to exploit specific mineral deposits within a defined area for a duration period, usually determined by the estimated life of mine under normal operating conditions and with conditions for renewal. For example, the mining concession of Neves-Corvo grants the rights to exploit the deposits for copper, zinc, lead, silver, gold, tin and cobalt for an initial period of fifty years with two further extensions of twenty years. The application must include a geological report, preliminary feasibility study, mining plan and an environmental impact assessment. An **experimental mining license** may be granted for operations covering 5 hectares or less, not located in an area of protected landscape identified in the law and with expected production of less than 150,000 tonnes. This profile pertains to the **Boa Fé gold project** of Colt Resources.

Production from mineral concessions granted in Portugal since 1990 is subject to a **net smelter return (NSR) of 3%** payable to the DGGE (the Portuguese government).[10] However, the Government may opt for a profit-related royalty of 10% of the net mining income (after income tax and charges).[11] Some mining contracts include a reduction of revenue-based royalty payments for mining development investment.

The total corporate tax rate for commercial and industrial activity in Portugal is 27.5% composed of a standard corporate tax rate 25% and a 2.5% local tax. The tax code allows for full deductibility of capital expenditures and also provides for an annual deduction for future expenses related to the mine site's environment recovery plan, including landscaping.

Canada and the United States have tax treaties with Portugal by which earnings may be repatriated subject to a 10% withholding tax.

MONTEMOR & BOA FÉ (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[12].

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

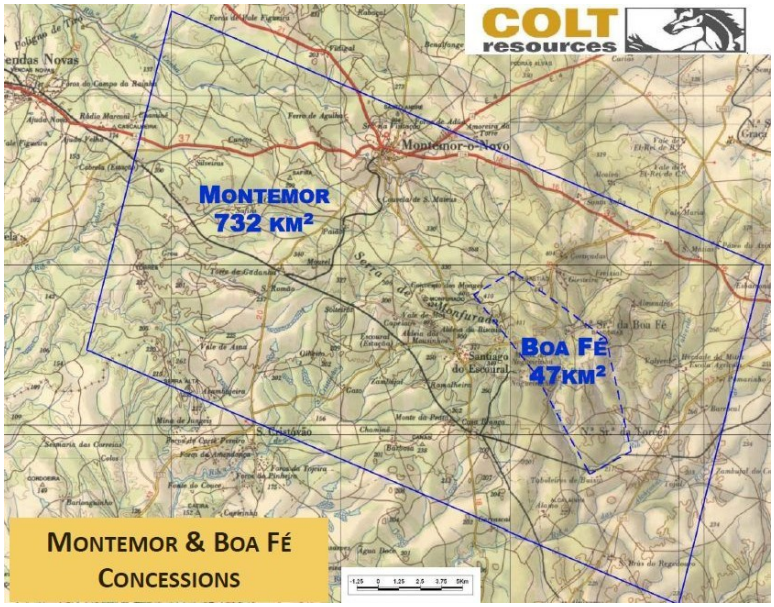
[10] The Aljustrel mining concession was granted prior to 1990 and is exempt from the governmental royalty (NSR).
[11] For example, the Portuguese Government elected the profit-related royalty of 10% of the net income at Neves-Corvo in 2005.
[12] The €185,000 was paid in two installments: €60,000 on 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.

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 gold *in situ* gold characterized as Inferred (400 ounces at Chaminé and 15,000 ounces at Casas Novas)[13]. 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).

Boa Fé Gold Project



Montemor and Boa Fé



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).

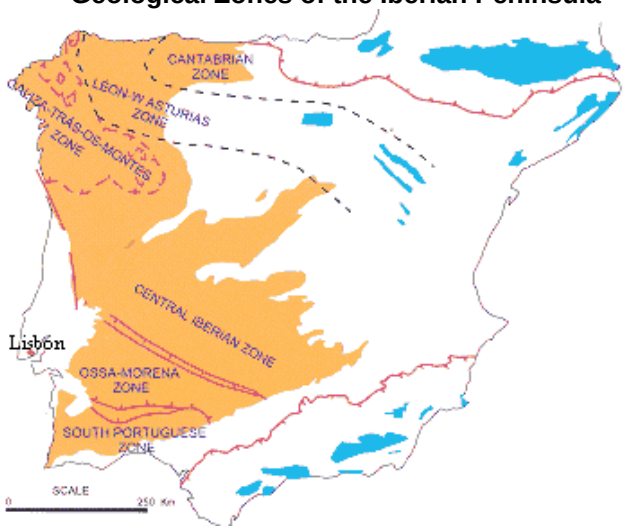
Colt Resources continues to conduct diamond drilling at the Boa Fé shear zone, primarily evaluation drilling at Chaminé and Casas Novas. Currently, seven drilling rigs are turning in a program designed to expand the resource estimates at Chaminé and Casas Novas and to further investigate the **Banhos, Braços, Covas** and **Ligeiro** deposits, among others. The program of exploratory and scout drilling includes select sites not only in the Boa Fé project area, but also in the surrounding Montemor concession. The additional assay results are expected to contribute to an updated resource estimate which management plans on having prepared during the first quarter of 2013.

[13] 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.

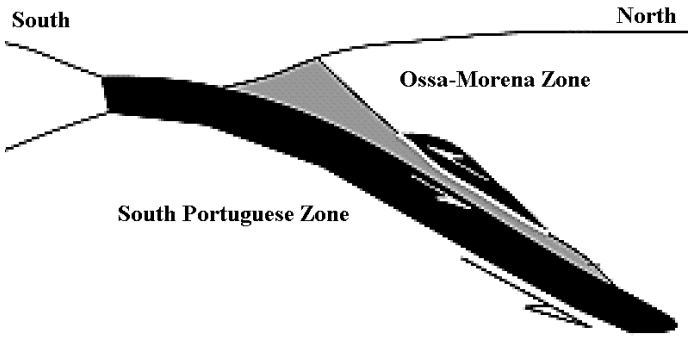
Geology

The Montemor Regional concession is located in the Ossa-Moreno Zone[14] (OMZ), a geologically complex and diverse domain[15], the in-depth details of which are beyond the scope of this report. However, a brief geographic chronology will afford a better understanding of the geological settings and mechanisms for the gold deposition at Boa Fé, the foremost gold project in the Montemor Regional concession. In addition, an understanding of the structural geology assists in the construction of a model for the ore formation's geometry, which can directly applied to resource/reserve estimation and mine development.

Geological Zones of the Iberian Peninsula



OMZ – SPZ Deformation

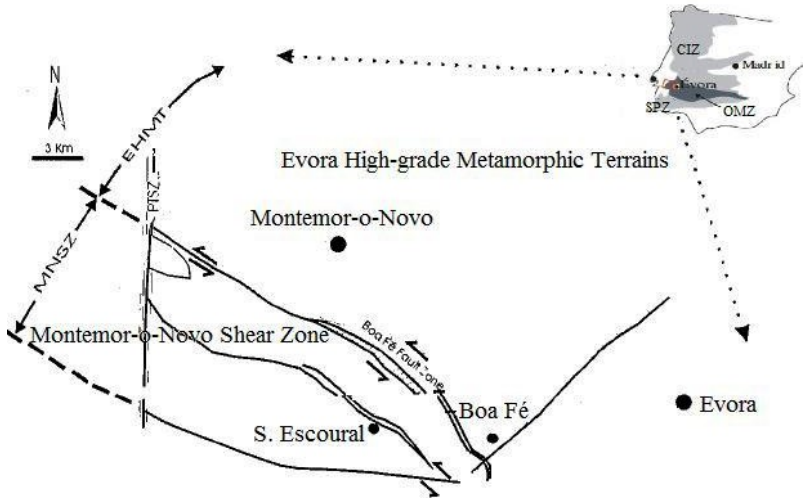


The OMZ exhibits a complex evolution pattern of orogenic events conducive to the deposition of gold mineralization hosted by faults and shear zones. In an orogenic process, the Earth's crust is structurally deformed by the tectonic plate movement over a period of tens of millions of years. During the Cadomian Age (between 680 and 550 million years ago), the OMZ experienced a period of deformation, including three phases of folding. The Montemor area, in particular, experienced folding, cleavage and shearing. Later, during the Hercynian-Variscan age (between 380 and 300 million years ago), the area was subject to further deformation resulting in the refolding of the structures and the formation of fractures. In addition, the South Portuguese Zone to the south was thrust northwards and under the OMZ (see diagram). This collision and subsequent lateral movement created a variety of structures conducive to the formation of gold deposits in both zones during the hydrothermal process in the late stages of the Hercynian-Variscan orogeny, when the area was exposed to metamorphism, magmatization and crustal melting.

The **orogenic gold deposit model** applies to gold mineralization which is formed during the period of orogenic deformation, especially along the **leading edge** of tectonic plates. The massive stresses related to the collision of tectonic plates deform the leading edges and also form fractures, faults and shear zones. Initially, metamorphic fluids **deposit gold in host rocks.** Later, magma intrusions or tectonic movement heat the area, remobilizing the deposited gold in aqueous solutions. The gold mineralization is then disseminated via fluid conduits and permeable areas, such as fractures, faults and shear zones. These permeable formations are receptive to the migration of ascending mineral-bearing fluids. As the gold mineralization precipitates in low strain areas, **hydrothermal gold deposits** are formed. Gold deposits formed by this secondary process are marked by gold-bearing quartz veins which are hosted by the fractures, fissures, faults and/or shear zones.

[14] The Ossa Moreno Zone is one of five tectonic sub-divisions of the Iberian-Hesperian Massif (a section of the Earth's crust underlying the Iberian Peninsula).
[15] A domain is a geologic formation with distinctive structural characteristics

The Hercynian-Variscan orogenic events provided various episodes of gold mineralization. Within the Montemor Regional concession, the Hercynian- Variscan orogenic gold disposition first occurred in the host rocks of the Escoural Formation, one of the three formations of the Évora Massif[16]. Later during the orogeny, the **Boa Fé shear zone** was formed as a result of intense shearing and high levels of deformation when the Évora High-grade Metamorphic Terrains (EHMT) tectonic unit moved to the northwest and the Montemor-o-Novo Shear Zone (MNSZ) unit moved towards to southeast (see diagram below).



Finally, during the period of magmatization in the late Hercynian- Variscan orogeny, various degrees of partial melting and hydrothermal alteration (stimulated by intrusions) remobilized the gold deposits in the host rocks to areas of enhanced permeability, such as the Boa Fé shear zone where evidence of hydrothermal activity is present. The gold deposits at Boa Fé are concentrated in the shear zone, and gold-bearing quartz veining is ubiquitous. Both these characteristics are consistent with the process of hydrothermal mineral deposition.

Therefore, geologists believe that the Boa Fé shear zone contains a relatively high number of gold occurrences and deposits as result of the complex geologic evolution of the Montemor area. More specifically, the gold mineralization is characterized as 1) orogenic gold deposits due to the orogenic tectonic setting and 2) shear-zone gold deposits owing to the subsequent creation of hydrothermal gold deposits.

The most important gold deposits in the Montemor Regional concession are located at **Chaminé** and **Casas Novas** along the Boa Fé shear zone. In addition, there are gold deposits at Braços, Banhos and Covas, also on the Boa Fé shear zone. The gold deposits are associated with quartz veins and also occur in host rocks, usually schists (metamorphic rocks). The gold mineralization is usually, but not always, associated with sulfides, specifically arsenopyrite and pyrite.

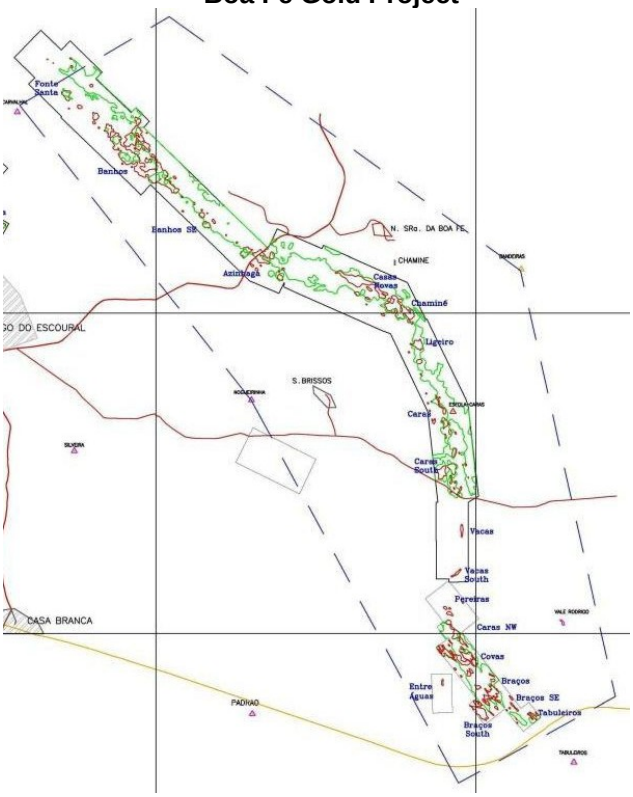
Description

The **Montemor Regional exploration concession** encompasses 728.22 square kilometers (km^2) in the Alentejo Region of southern Portugal. The Montemor Regional concession is rectangular in shape with the walled city of Évora (population 41,150[17]) on the eastern border and Vendas Novas (12,000) on the western edge. In the northern central section and just two kilometers north of the Boa Fé shear zone is the city of Montemor-o-Novo (18,500). Colt Resources maintains its field office and core storage facilities at the village of Santiago do Escoural (1,335), which is within five kilometers of the deposits at Chaminé and Casas Novas. Colt Resources holds the mineral exploration rights for the Montemor Regional

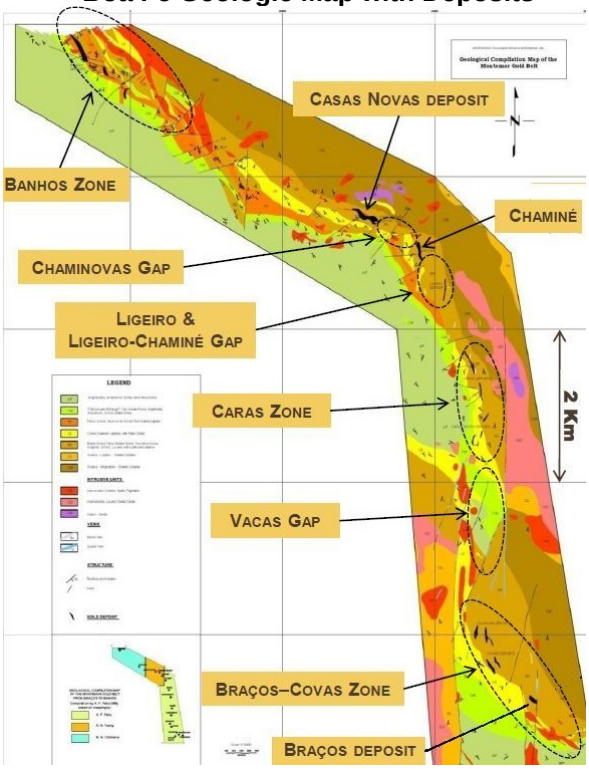
[16] The Évora Massif extends approximately 75 kilometers from Montemor-o-Novo to Évora
[17] Populations are of the municipalities of the cities according to the 2011 Census.

exploration concession through November 3, 2016, contingent on specific annual exploration expenditures, the payment of an annual exploration license fee and exercising two one-year extensions.

Boa Fé Gold Project



Boa Fé Geologic Map with Deposits



Within the Montemor concession, Colt Resources holds an **experimental mining license** to 46.78 square kilometers known as the **Boa Fé gold project**. Hosting several gold deposits, the most important are (from north to south) Banhos, Casas Novas, Chaminé, Ligeiro and Braços (see diagram). The Boa Fé gold project takes its name from the Boa Fé shear zone that extends for approximately 33 kilometers in the Escoural Formation. The Boa Fé shear zone trends northwest-southeast between Fonte Santa and Chaminé and north-south between Ligeiro and Braços.

In addition, gold mineralization occurs elsewhere in the Montemor Regional exploration concession at Covas, Braços South, Monfurado, Caras South, Caras, Fonte Santa, Carvalhal and Tabuleiros.

Ownership

The mineral rights of the Montemor concession resided with the Portuguese government until 1984 when **BP Minerals**[18] and **Riofinex**[19] obtained prospecting concessions in the Escoural region. BP Minerals explored the western portion of the Montemor concession between 1984 and 1986, while Riofinex extensively explored the eastern areas between 1984 and 1990. Though BP Minerals abandoned its exploration efforts in 1986, interestingly Rio Tinto-Zinc Corporation (now known as Rio Tinto Group[20]), the parent company of Riofinex, acquired BP Minerals in December 1989. After Riofinex relinquished the Montemor concession in the early 1990's, the mineral rights in the area were acquired by Empresa de Desenvolvimento Mineiro, S.A. (EDM), the Portuguese State mining conglomerate.[21]

[18] BP Minerals (BP Minerals International Limited) was a subsidiary of The British Petroleum Company plc (BP).
[19] Riofinex (Rio Tinto Finance and Exploration Limited), a subsidiary Rio Tinto-Zinc Corporation, conducted the exploration in association with Sociedade Mineira Rio Artezia Lda. (another Portuguese subsidiary of Rio Tinto-Zinc).
[20] The Rio Tinto-Zinc Corporation operated between 1962 and 1995, after which the company was renamed RTZ-CRA for two years and then became the Rio Tinto plc portion of Rio Tinto Group.
[21] Ribeiro, Carlos A., Comunicações da XII Reunião de Geologia do Oeste Peninsular, Gold Mineralizations of the Escoural Area (Montemor, Évora, Portugal): A progress report, Volume 1, 1993, page 216.

In 1995, **Portuglobal**[22] obtained an exploration license for area within the Montemor concession under an agreement with the Portuguese government. Encompassing only 262 km2, Portugobal's concession included the deposits residing in the current Boa Fé gold project area, along areas within the current Montemor Regional exploration concession.[23] Later in 1995, **Auspex Ltd.** acquired Portuglobal in a strategic effort to diversify into precious mineral exploration properties outside the U.S. At the time, Portuglobal also held the Portuguese gold concessions at Portalegre and Bigorne. In 1996, Portuglobal formed a joint-venture with **Montemor Resources Inc**.[24] to advance the exploration project. However, Portuglobal abandoned the concession in 1999 when management's focus turned towards the company's newly acquired zinc-lead-silver mine located in Aljustrel Portugal within the western sector of the Iberian Pyrite Belt.

Iberian Resources[25] (IBR: ASX) was granted an exploration concession on 17 km2 of the current Boa Fé gold project area in September 2004 and subsequently acquired an 833 km2 exploration concession that encompassed the current Montemor Regional concession. On May 10, 2007, **Tamaya Resources Limited** (TMR: ASX)[26] acquired an 86.2% interest in Iberian Resources through a takeover offer. Tamaya acquired Iberian Resources primarily for its Lichkvaz copper-gold-silver project in Armenia. With copper projects in both Chile and Armenia, Tamaya Resources succumbed to falling copper prices and placed itself under Voluntary Administration on October 28, 2008, but Iberian Resources still held the concessions in Portugal.

Timeline

• 100 BC	Romans mine gold at Braços (Montemor) evidenced by small pits
• 1984–1991	Riofinex extensively explores Montemor
• 1995-1999	Portuglobal further investigates Montemor
• 11/07/1995	Auspex Ltd acquires Portuglobal/
• 09/29/2004	Iberian Resources acquires exploration contract for Montemor
• 05/10/2007	Iberian Resources acquired by Tamaya Resources
• 10/28/2008	Tamaya declared insolvent
• 01/02/2009	Iberian Resources sold to Australian Iron Ore PLC
• 01/28/2009	Australian Iron Ore PLC (AIOC) applies for an EML for Montemor
• 07/30/2010	Colt Resources & AIOC sign Montemor acquisition agreement
• 09/14/2010	Portuguese government extends AIOC's license application until January 2011
• 09/14/2010	Colt acquires 51% stake in Montemor
• 09/29/2010	Colt applies for license for Montemor surrounding area
• 03/04/2011	SRK completes NI 43-101 technical report on Montemor
• 10/24/2011	Government approves EML license for Boa Fé
• 10/24/2011	Colt initiates €125,000 and 3,000,000 share payment to Australian Iron Ore PLC
• 11/02/2011	Portuguese government grants surrounding area license
• 11/03/2011	Colt becomes 100% beneficial owner of Montemor and Boa Fé

On January 2, 2009, **Iberian Resources** was sold to privately-owned **Australian Iron Ore PLC**, and a request for an experimental mining license was submitted to the Direcção-Geral de Energia e Geologia later that same month[27]. On August 10, 2010, Colt signed an agreement with Australian Iron Ore for the

[22] Portuglobal (Portuglobal Explorações Mineiras Lda.) is the Portuguese company, which was acquired by and became a subsidiary of Auspex Ltd. on November 7, 1995.
[23] Until 2008, the Montemor Regional concession was named the Monfurado concession. In addition, the current Boa Fé concession was referred to as Montemor concession
[24] Montemor Resources Inc. was formed on September 20, 1996 on the amalgamation of 1169479 Ontario Inc. and Consolidated Deer Creek Resources Limited. Montemor Resources was renamed European Gold Resources Inc. on July 25, 1997 and again changed its name to Galantas Gold Corporation on May 5, 2004. Galantas Gold is currently listed on the TSX Venture Exchange and London Stock Exchange AIM under the symbol GAL.
[25] Iberian Resources Portugal Recursos Minerais Unipessoal Lda., the Portuguese subsidiary of Iberian Resources Limited, was granted the Montemor exploration contract (encompassing 17 km2 in the current Boa Fé project area) on September 29, 2004. Iberian Resources was de-listed from the Australian stock exchange on December 5, 2007.
[26] Tamaya Resources Limited was de-listed from the Australian stock exchange on August 30, 2010.
[27] January 28, 2009.

acquisition of the Montemor Regional concession. In a two-stage process, Colt acquired first purchased a 51% interest in the concession for €60,000 on July 30, 2010, and then exercised an option to acquire the remaining 49% stake in exchange for €125,000 and 3 million shares of stock on November 3, 2011. The stock was placed in escrow, and Colt is obligated to release 500,000 shares every four months over the following two years. Simultaneously with the option exercise, Colt was awarded an experimental mining license on the Boa Fé concession. **Colt Resources now holds a 100% beneficial interest of the Montemor Regional concession and the Boa Fé project.**

The Boa Fé experimental mining license expires after three and one half years (three years from the date of issuance with an option to extend for an additional half year) while the exploration license for the Montemor Regional concession expires in five years (three years from the date of issuance plus two one-year extensions).

Exploration & Resource Estimations

The **geological division of the Portuguese government**[28] conducted regional geochemical prospecting campaigns in the vicinity of Montemor from time to time between the 1940s and the 1970s. The investigations determined that gold occurrences were prevalent, but especially in the Boa Fé shear zone. Subsequently, several private-sector companies have conducted extensive exploration programs in parts of the Montemor Regional concession, including diamond drilling, trenching, reverse circulation drilling and open-hole percussion drilling. Between 1984 and 1986, **BP Minerals International** Limited explored for gold at the western end of the Montemor concession. From 1984 to 1992, Rio Tinto-Zinc Corporation (through its **Riofinex** subsidiary) investigated the eastern portion of Montemor. Additional exploration by **Portuglobal** between 1995 and 1996 and by **Iberian Resources** between 2004 and 2008 advanced knowledge of the deposits leading to five resource estimates. **Colt Resources** acquired a 100% beneficial interest of the Montemor Regional concession and the Boa Fé project on November 3, 2011 and began conducting a drilling program at the Boa Fé gold project immediately thereafter. The most important concentrations of gold mineralization are located in the SE portion of the Boa Fé shear zone at Chaminé, Casas Novas, Ligeiro, Banhos, Caras, Covas and Braços.

The Montemor area was initially studied by the Instituto Geológico e Mineiro (IGM) between the 1940s and the 1970s, and gold mineralization was identified in the Boa Fé shear zone during the 1950's. Between 1988 and 2008, various operators drilled 312 diamond drill holes totaling 32,724 meters, completed 504 trenches totaling 30,535 meters, drilled 159 reverse circulation drill holes (RC) totaling 10,705 meters and drilled 653 open-hole percussion holes totaling 15,490 meters.[29] Utilizing the extensive array of assay results, resource estimates were produced in 1991, 1996, 2004, 2005, 2007 and 2008.

Between 1984 and 1992, Riofinex (in association with Sociedade Mineira Rio Artezia Lda) explored the Montemor area. Initially, the exploration concession only covered the eastern part of the present Boa Fé gold project area; [30] however, after gold anomalies were identified in several locales, the exploration concessions for additional adjacent areas were obtained. The exploration campaigns included stream sediment sampling, mapping, soil sampling, trenching, geophysical surveys and drilling. Riofinex's extensive trenching (510 trenches) and diamond drill (223 holes) identified 14 discontinuous but significant gold ore bodies, of which **Braços, Chaminé and Casas Novas were the most promising**. Locating **structural breaks** with electromagnetic very low frequency (VLF) surveys and **arsenopyrite** through arsenic geochemistry tended to be particularly useful in identifying gold occurrences. **In 1991**, Riofinex estimated *in situ* gold resources of **188,000 ounces Au** (2.17 million tons grading at 2.7 g/t Au with a cut-off of 1 g/t) at Chaminé, Braços 2 and Casas Novas (measured and indicated) and at Ligeiro, Caras, Covas, Braços 1 and Banhos (inferred). [31] However, Riofinex abandoned the project when

[28] Servicio de Formento Mineiro is the geological division of the Instituto Geológico e Mineiro (IGM) in the Ministerio de Economía.
[29] NI 43-101 Technical Report on Exploration Montemor Gold Project, SRK Consulting, March 4, 2011.
[30] According to Carlos A. Ribeiro in Gold Mineralizations of the Escoural Area, initial exploration targeted areas east of Évora (Tabuleiros and Azinhaga).
[31] Mineral Potential of Portugal (1998), Laboratório Nacional de Energia e Geologia (LNEG).

management determined that gold resource estimate did not meet corporate requirements for development. The price of gold in 1991 ranged between $275 and $312 per ounce.

In 2003, the Moriminas Company augmented the resource report originally produced by Riofinex/Sociedade Mineira Rio Artezia. Utilizing a different methodology (multivariate analysis) to account for the unique geological settings extant at other Portuguese gold deposits, the estimate of the defined resource was increased to **402,000 ounces** (4.45 million tonnes grading at 2.81 g/t Au, of which 46% was categorized as defined, 45% inferred and 9% potential).[32]

Summary of Resource estimates (1998 – 2008) [33]

Colt Resources Inc.				Measured		Indicated		Inferred		M, I & I	Cut-off
	Measured	Indicated	Inferred	tonnes	g/t	tonnes	g/t	tonnes	g/t	Total	g/t
Chaminé											
Montemor Resources - 1998			96,700					1,170,700	2.57	96,700	N/A
Iberian Resources - 2004	59,091			606,510	3.03					59,091	N/A
DataGeo - 2005			109,325					1,000,000	3.40	109,325	1.50
Iberian Resources - 2005	43,541	41,592	70,737	449,877	3.01	637,199	2.03	1,301,728	1.69	155,870	0.50
Zhilloe 2007		70,740	9,003			500,000	4.40	100,000	2.80	79,743	1.50
Maptek 2008		78,482	3,666			720,000	3.39	30,000	3.80	82,148	1.00
SRK 2012		77,000	400			1,207,000	2.00	4,000	3.14	**77,400**	0.40
Casas Novas											
Montemor Resources - 1998			125,800					1,672,350	2.34	125,800	N/A
Iberian Resources - 2004		78,468				1,135,050	2.15			78,468	N/A
DataGeo - 2005			137,942					1,100,000	3.90	137,942	1.50
Iberian Resources - 2005	28,794	74,390	61,312	290,745	3.08	835,209	2.77	851,248	2.24	164,496	5.00
Zhilloe 2007		90,675	11,897			600,000	4.70	100,000	3.70	102,572	1.50
Maptek 2008		108,810	6,740			940,000	3.60	80,000	2.62	115,550	1.00
SRK 2012		137,000	15,000			3,026,000	1.40	205,000	2.34	**152,000**	0.40
Braços											
Montemor Resources - 1998			24,100					172,200	4.36	24,100	N/A
Iberian Resources - 2004	10,403			51,112	6.33					10,403	N/A
DataGeo - 2005			17,363					200,000	2.70	17,363	1.50
Iberian Resources - 2005		17,577	3,786			164,653	3.32	63,984	1.84	**21,363**	0.50
Zhilloe 2007		21,222	5,788			200,000	3.30	100,000	1.80	27,010	1.50
Maptek 2008		8,900				80,000	3.46			8,900	1.00

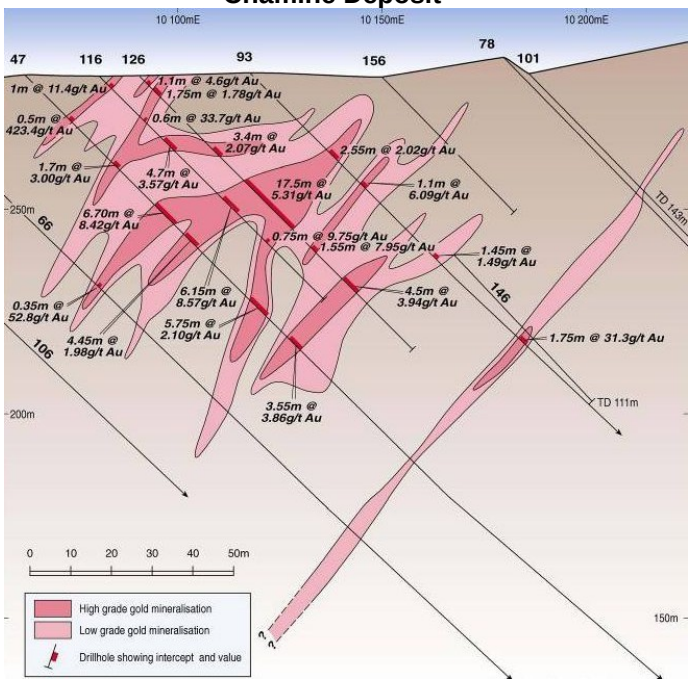
In 1995 Portuglobal acquired the Montemor concession. The following year, an updated resource was generated by the mining and geological consultants A.C.A. Howe International UK. Reducing the cut-off to 0.5 g/t Au, the estimate of *in situ* gold resources (measured, indicated and inferred) was determined to be **284,000 ounces** (4.9 million tons grading at 1.8 g/t Au) **in 1996**. Thereafter, Portuglobal continued exploration with a joint venture partner (Montemor Resources), focusing on Braços, Chaminé, Casas Novas and Banhos deposits. 48 diamond infill and step-out drill holes were drilled. In addition, the JV introduced rotary air blast hole (RAB) drilling to the area, completing 20 RAB holes totaling 328 meters.

After Portuglobal abandoned the concession in 1999, five years lapsed before **Iberian Resources** Limited acquired the concession on September 29, 2004. At the time of acquisition, the Montemor concession had a JORC-compliant inferred gold resource estimate of **363,400 ounces** comprised of 4.12 million tonnes grading at 2.74 g/t Au, which was contained in a series of 11 shallow deposits along 12 kilometers of the Boa Fé shear zone. Iberian initiated a diamond core drilling program in December 2004. Not only did Iberian Resources drill 27 diamond drill holes and 653 open-hole percussion holes between 2004 and 2008, but also Iberian introduced RC drilling to the project, completing 176 RC drill holes. In addition, Iberian completed an extensive soil sampling program at Montemor. In 2005 Iberian Resources presented the following cross sections of the Chaminé and Casas Novas deposits.

[32] Reis, A.P., Application of geostatistical methods in gold geochemical anomalies identification (Montemor-O-Novo, Portugal), Journal of Geochemical Exploration, February 2003, Volume 7 Issue 1, page 45-63.
[33] 43-101 Technical Report on Exploration – Montemor (March 2011) and Prospectus of Iberian resources dated October 15, 2004.

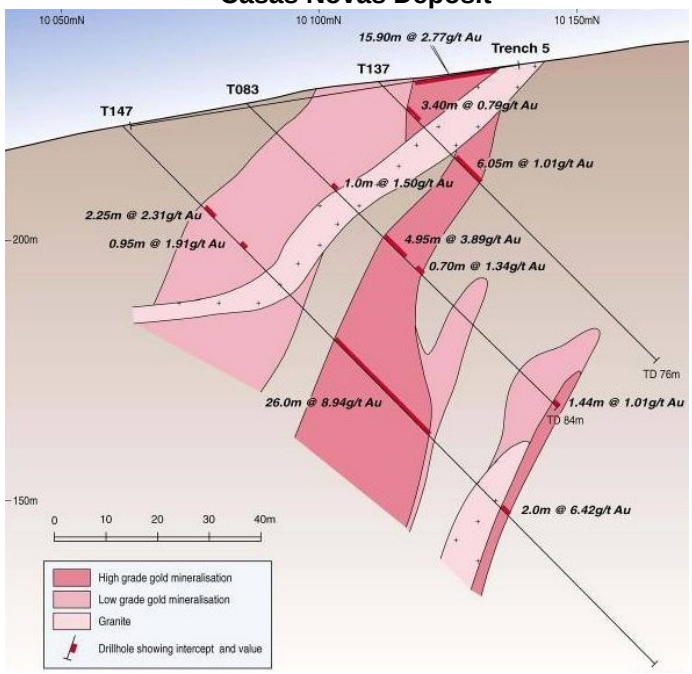
In late-2005, DataGeo Geological Consultants (Perth, Western Australia) published a JORC-compliant resource estimate on the Montemor concession for Iberian Resources. Utilizing the assay results of Iberian's first phase of exploration (10,300 meters of drilling and 2,200 meters of trenching), the estimate of *in situ* gold resources (measured, indicated and inferred) was determined to be **610,522 ounces** (8.72 million tons grading at 2.18 g/t Au utilizing a cut-off of 0.5 g/t Au) [34] of which 220,000 ounces were categorized as measured and indicated and located at Casas Novas, Chaminé, Banhos, Braços and Ligeiro. The mineral deposits with the most attractive development profiles were Casas Novas (185,000 ounces Au) and Chaminé (185,000 ounces Au). With a 1.5 g/t cut-off, the entire resource was estimated to be **440,000 ounces** (3.9 million tons grading at 3.51 g/t Au).

Chaminé Deposit



Iberian Resources Prospectus 2004

Casas Novas Deposit



Iberian Resources Prospectus 2004

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes	Au g/t	Ounces	Tonnes	Au g/t	Ounces	Tonnes	Au g/t	Ounces	Tonnes	Au g/t	Ounces
Casas Novas	290,745	3.08	28,794	835,209	2.77	74,390	851,248	2.24	61,312	1,977,202	2.59	164,641
Chamine	449,877	3.01	43,556	637,199	2.03	41,551	1,301,728	1.69	70,528	2,388,804	2.03	155,615
Banhos				27,300	1.68	1,476	2,445,270	1.62	127,374	2,472,570	1.62	128,835
Covas							974,951	2.61	81,821	974,951	2.61	81,811
Bracos				164,653	3.32	17,556	63,984	1.84	3,779	228,637	2.90	21,332
Ligeiro				94,270	3.29	9,979	76,782	2.86	7,056	171,052	3.10	17,032
Bracos South							177,620	2.17	12,393	177,620	2.17	12,392
Monfurado							188,750	1.72	10,439	188,750	1.72	10,439
Caras South							48,750	4.64	7,273	48,750	4.64	7,273
Caras							40,450	5.58	7,258	40,450	5.58	7,258
Fonte Santa							26,000	2.84	2,374	26,000	2.84	2,374
Carvalhal							27,500	1.72	1,521	27,500	1.72	1,521
Total	740,622	3.04	72,350	1,758,631	2.56	144,952	6,223,033	1.96	393,128	8,722,286	2.18	610,522

Iberian Resources press release October 24, 2005

A **scoping study** was completed for Iberian Resources. Recommending that the deposits be mined from a series of shallow open cuts, the preliminary assessment expected the operations to be able to produce 60,000 ounces Au annually at a cost below $350 per ounce. The proposed method of processing ore included primary and secondary crushers, a ball mill and 70% recovery through a gravity circuit with a flotation circuit raising recoveries to over 90%. Thereafter, the high-grade gold concentrate could either be 1) bagged and sold or 2) processed on-site.

[34] Iberian Resources press release October 24, 2005.

A second phase of exploration consisting of 4,000 meters of trenching and 14,000 meters of RC and diamond core drilling was completed over the next two years in order to better define and potentially extend the main deposits on strike and at depth. Simultaneously, a **pre-feasibility study** concluded that the deposits be mined from a series of shallow open pits. In addition, the study recommended that the gold concentrate be processed on-site by the carbon-in-leach (CIL) process, to be followed by electro-winning for the production of doré bars.

In 2007, with Iberian Resources now controlled by **Tamaya Resources**, drilling activity was limited; however, a **feasibility study** was commissioned. Though never completed, progress was made in several components of the study. Specifically, some work was done on baseline environmental studies for an Environmental Impact Statement (EIS), along with design work for waste rock management facilities for the disposal of tailings. Importantly, metallurgical testing demonstrated that the recovery rate of flotation was over 85% and that the re-ground concentrate should be further processed by cyanidation. Progress ceased when Iberian's majority shareholder, Tamaya Resources, placed the project on care and maintenance at the end of June 2008 and subsequently placed itself under Voluntary Administration in October 2008.

Australian Iron Ore acquired Iberian Resources in January 2009 and almost immediately applied for an experimental mining license. In the following year, **Colt Resources** negotiated an agreement with Australian Iron Ore for the acquisition of the Montemor Regional and Boa Fé concessions contingent on the ability to continue the process with the Direcção-Geral de Energia e Geologia to attain the licenses.

Historical Exploratory Efforts		Montemor
Performed by	**Date(s)**	**Efforts**
Portuguese government	1940s-1970s	Gold, iron and base metals exploration
BP Minerals International Ltd	1984-1986	Limited gold exploration (only Safira and Grou veins)
Riofinex	1984-1991	Gold exploration
Riofinex	1991	Resource estimate
Riofinex	1991	Resource estimate
Portuglobal	1995-1999	Gold exploration
Iberian Resources	2004	Resource estimates
Iberian Resources	2005	Resource estimates
Iberian Resources	2006	Metallurgical testing and open pit design
Tamayan Resources	2007	Resource estimates
Tamayan Resources	2008	Resource estimates, scoping study, metallurgy testing
Australian Iron Ore PLC	2009	Applied for experimental mining license
Colt Resources	2011-2012	Gold exploration drilling program

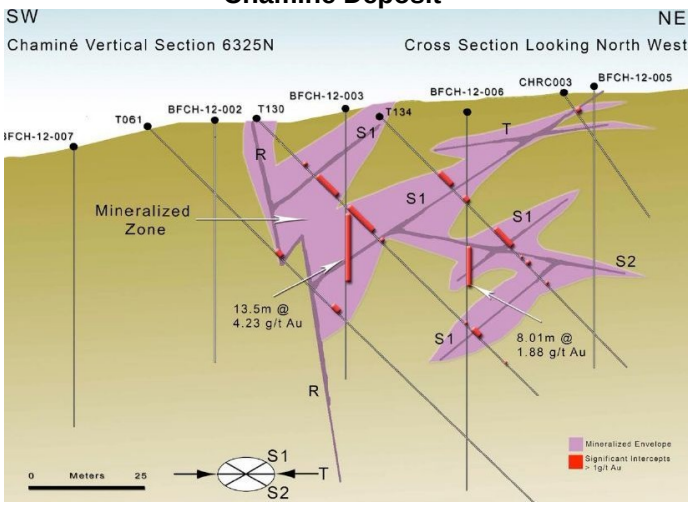
Current Exploration Campaign

After acquiring control (51%) of the project, the management of Colt Resources focused on validating and analyzing the database compiled through the prior 25 years of exploration work at Boa Fé and Montemor. In order to optimize drilling, trenching and other exploratory fieldwork, Colt conducted geological and structural analysis, 3D modeling of mineralization and statistical analysis of the data. Colt also commissioned an NI 43-101 technical report on exploration, which was completed on March 4, 2011. Within weeks of being awarded the exploration and experimental mining licenses, an aggressive exploration program was initiated on the Boa Fé shear zone targeting Chaminé, Casas Novas and Ligeiro. Two drill rigs were active in December 2011 and a third arrived in January 2012. Currently, seven drills are turning, and management expects to drill at least 10,000 meters in this program of diamond core drilling.

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. Additional evaluation drilling continues in order to

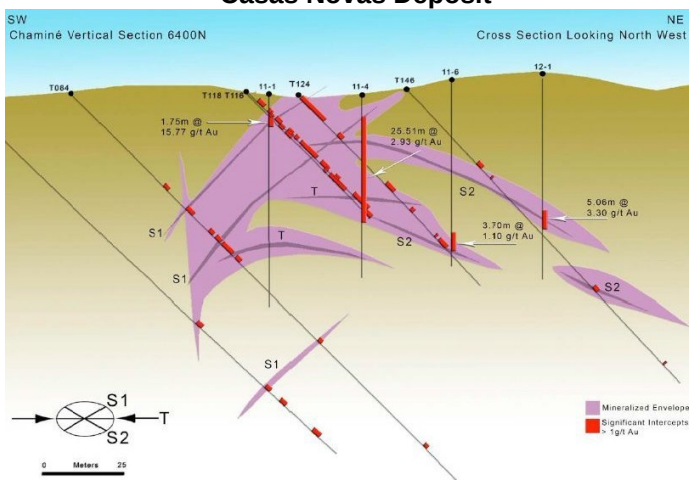
expand the known mineralized zones. Though historic exploration of the Boa Fé area has been extensive, almost all has been rather shallow (within 70 meters of the surface). Moreover, the exploration had not previously incorporated modern geophysical testing methods. Additional assay results are expected to contribute to an updated resource estimate, which management expects to be filed during the first quarter of 2013

Chaminé Deposit



Colt Resources February 2012

Casas Novas Deposit



Colt Resources February 2012

The aggressive exploration program continues at Boa Fé. Though initial drilling efforts focused on the evaluation of the Chaminé and Casas Novas, with some exploratory drilling at Ligeiro, the **Banhos, Braços** and **Covas** deposits are also targeted for further investigation. Pilot **soil geochemical surveys** were conducted at these three deposits during the first half of 2012, and exploratory drilling is now being conducted. Also, the areas between Chaminé-Casas Novas and Chaminé-Ligeiro are being investigated. For example, nine trenches totaling 1,009 meters have been excavated between Chaminé and Ligeiro. Assay results revealed low-grade gold mineralization, which management intends to follow-up with exploratory drilling.

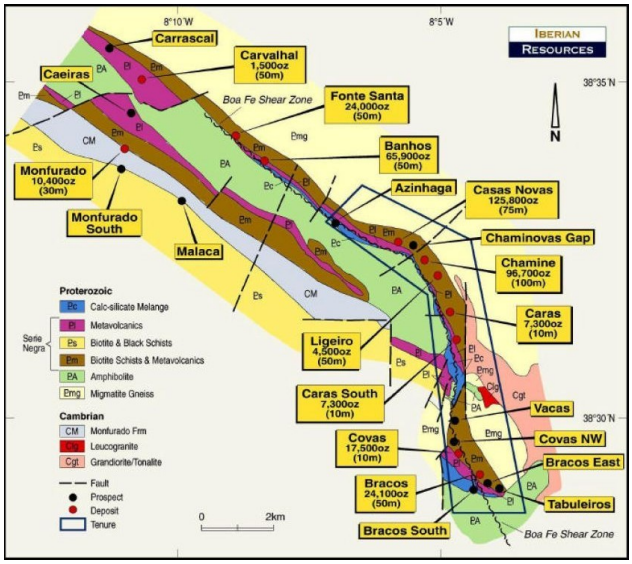
Given the findings and extension of the Boa Fé shear zone within the experimental mining license area, Colt's management is also optimistic about the broader **Montemor concession** area. Outside the Boa Fé experimental mining license area but within the Montemor Regional concession, lie four other shear 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, stream sediment surveys and trenching were completed. In addition, three scout diamond drill holes totaling 273 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.

Expected Development

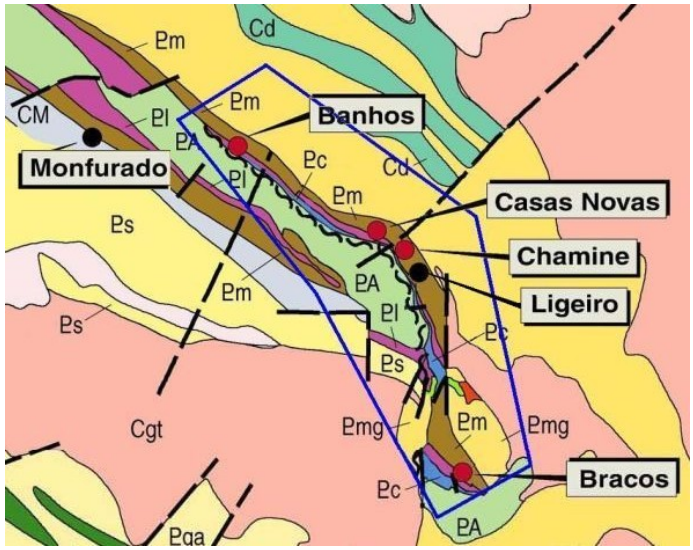
Chaminé is well-suited for an open pit mining project. A mining plan is being contemplated for an experimental pit with a maximum surface area of five hectares (or 0.05 km2). The Experimental Mining Contract permits the development of a relatively small open pit mine of this size without performing an 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. Management contemplates applying for a

Definitive Mining License for all gold mineralized zones identified in the Boa Fé concession at some time during the three and a half year period of the Experimental Mining License.

Over a dozen separate discontinuous, but significant gold ore bodies have been identified in the Boa Fé experimental mining license area, of which Chaminé, Casas Novas, Braços and Banhos are the most promising. In addition, at least another 20 disparate gold deposits have been identified in the Montemor Regional concession related to the Boa Fé shear zone; however, insufficient work has been done to confirm their economic potential.



Iberian Resources Press Release July 18, 2005



Colt Resources NI 43-101 March 4, 2011

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**

Prior to the NI 43-101-compliant resource estimate being published in July 2012, there were five historic resource estimates which were completed between 2004 and 2008. These resource estimates, which do not comply with NI 43-101 standards, encompass more of the near-surface gold deposits within the confines Boa Fé project area than the two (Chaminé and Casas Novas) addressed in the initial NI 43-101-compliant resource estimate published in July. With over 20 gold deposits documented along the Boa Fé shear zone, it appears that high-grade gold mineralization occurs along its whole length, specifically along shears. Within the area governed by the Boa Fé experimental mining license, the

highest historic resource estimates are concentrated at Chaminé and Casas Novas, both of which are at or immediately adjacent to the flexure in the Boa Fé shear zone where it changes orientation from northeast-southwest to NNE-SSW.

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.**

The estimation of gold reserves hosted within a shear zone is challenging. Most techniques used to estimate of gold reserves assume that an ore deposit exhibits a relatively uniform grade and thickness. However, the distribution of hydrothermal gold mineralization in a shear zone is rarely homogeneous. The mineralization is usually unevenly distributed since the circulation of the hydrothermal fluids was controlled by the contours within the shear zone. These alternating zones of high and low concentrations of gold mineralization indicate zonality in the distribution mineralization in the deposits. Also, shoots of high-grade mineralization are generally detected at intersections of shear planes. The identification of the geometry of the shear zone is critical to the estimation of the gold resource.[35] Colt Resources is incorporating this structural interpretation on the entire Chaminé deposit and testing the structural continuity of the deposit by analyzing shear orientations and specifically targeting shear intersections in the drilling program. Utilizing this framework and based on drilling results, a 3D gold mineralization deposit model was constructed on the Chaminé deposit. [36] The disclosure of this methodology lends towards a higher confidence level on the NI 43-101-compliant resource estimate.

Taxes and Royalties

Portugal's standard corporate tax rate is 25%. An additional 2.5% municipality tax is imposed. Therefore, the total corporate tax rate is 27.5%. Also, gold production is subject to a 4% Net Smelting Royalty (NSR) for gold production, including doré and high-grade gold concentrates produced on site.

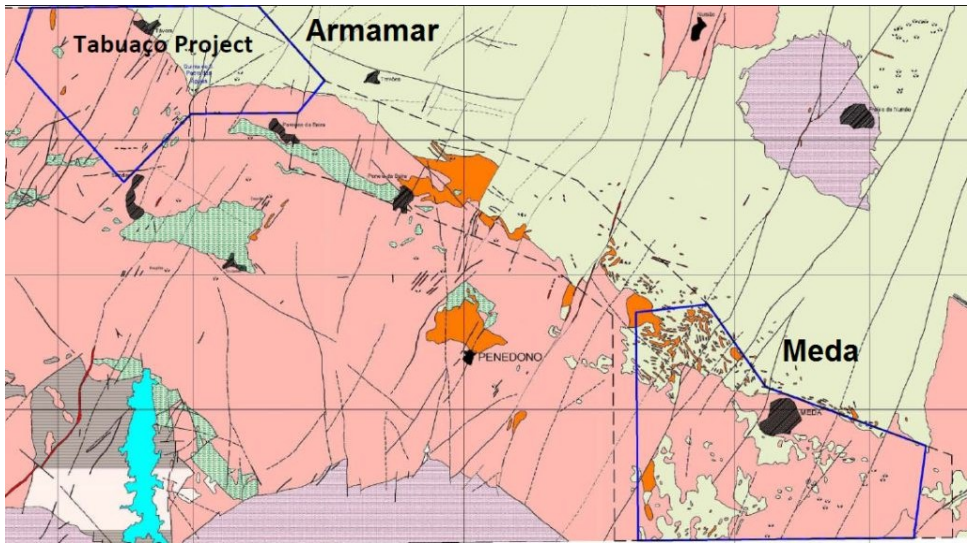
[35] Yates, M. G, Estimation of Reserves and Resources in Shear Zone Hosted Deposits, 1991.
[36] A 3D geological model was prepared of the Casas Novas gold deposit in 2010 by the New University of Lisbon utilizing field work by Iberian Resources.

ARMAMAR-MEDA (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 of the tungsten deposit at Tabuaço. Having confirmed the presence of high-grade tungsten deposits in the form of **scheelite** ($CaWO_4$) with an initial NI 43-101 mineral resource estimate, Colt is now conducting a drilling program to further delineate the mineralized zones in order to upgrade the inferred portion of the mineral resource, along with expanding the gently dipping **São Pedro das Águias** deposit at depth. Other occurrences are being investigated; specifically, **Quinta das Herédias, Quintã, Quinta do Paço** and **Quinta da Aveleira**. Being encouraged by the assay results, management has increased the number of drill rigs over time to five in order to accelerate the exploration process. To-date, the company has completed 49 diamond drill holes for a total of approximately 2,850 meters.





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

Description

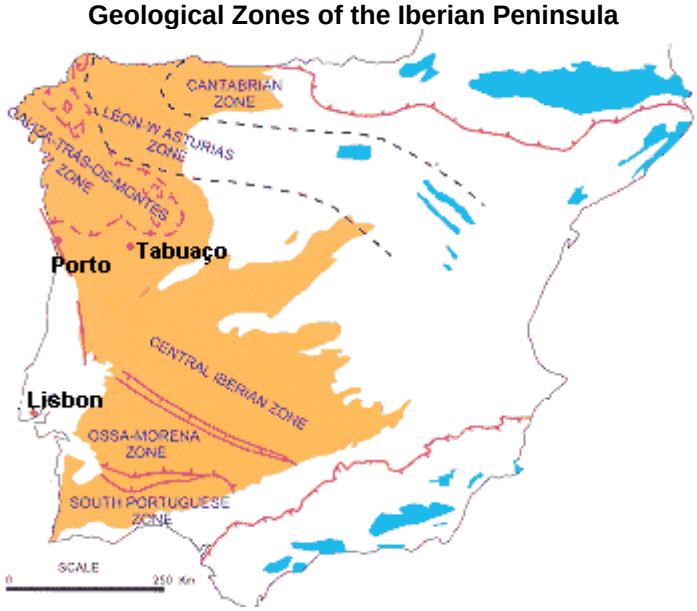
Located in the District of Viseu, the **Armamar-Meda concession** is 93 kilometers east of city of Porto and 300 kilometers northeast of Lisbon (approximately a five hour drive by car from the capital). Encompassing 109.20 square kilometers, the property is contiguous to two other Colt exploration concessions: 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.

Situated within northern Armamar block, the **Tabuaço tungsten exploration project** is comprised of a scheelite (tungsten) deposit with an initial NI 43-101 mineral resource estimate. A portion of the deposit underlies a port wine vineyard on the western terraced slope of the Távora River valley. Though surface rights are subordinate to mining rights, often exploration and development activities are hampered by delays imposed by land owners. Therefore, 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.[37] 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).

Geological Zones of the Iberian Peninsula



Geology

Located in the Central-Iberian Zone (CIZ), the Armamar-Meda concession is dominated by granite formed in the Hercynian[38] orogeny (between 380 and 300 million years ago) and the Lower Cambrian age (between 542 and 513 million years ago) Douro Valley Schist-Greywacke Complex (SGC)[39]. The CIZ is one of the most important metalogenic provinces of Europe due to this Cambrian-age thick sequence of sedimentary rock formations (composed of greywackes and shales) having been metamorphosed by deformation and granite intrusions during the Hercynian-age. The granite in Tabuaço area is specifically named the Armamar-Tabuaço granite batholith. The border of these two major geologic zones is a favorable context for scheelite skarn formation. The term "skarn" is over-used and is applied in many ways to denote odd rocks, usually calcium-bearing silicates, occurring with ores that usually form at the contact zone between granite intrusions and carbonate sedimentary rocks.

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

[37] 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.

[38] The Hercynian or Variscan orogeny involved a complicated assembly of different microplate collisions between Euramerica (present day North America, British Isles, northern Germany, Scandinavia and western Russia) and Gondwana (present day South America, Africa, Antarctica and Australia) to form the super-continent of Pangaea.

[39] Douro Valley Schist-Greywacke Complex is also known as Complexo Xisto Grauvaquico Grupo do Douro.

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.

Geologically, the **Tabuaço project area**, which is in the northwest of the Armamar-Meda concession, is characterized by **scheelite mineralized skarn**. The skarn at Tabuaço is wall rock[40] developed by the intrusive Armamar-Tabuaço granite contacting the meta-sedimentary rocks of the SGC. During the Hercynian orogeny, the area was altered by a variety of geologic phenomena, including tectonic deformation, magmatization, metamorphism and crustal melting. The Hercynian deformation created the Távora anticline.[41] Through the sub-surface intrusion of magma (which formed the granite batholith) and subsequent hydrothermal alteration, the tungsten-enriched sharn was formed in the adjoining meta-sedimentary rocks of the SGC. Though better classified as exoskarn due to its location outside the granite batholith, the scheelite mineralized skarn was controlled by the Távora anticline and confined by the strata of the SGC. In line with the traditional geologic model for scheelite skarn, the intrusive granite batholith is nearby at distances ranging from 20 to 400 meters. The Tabuaço deposit is also affected by small-scale local faulting. **All tungsten in the Tabuaço area is hosted by scheelite mineralized skarn**.

Tungsten occurrences are prevalent in northern Portugal. Even SRK Consulting in its 43-101 technical resource report states that it "considers the delineation of a Mineral Resource at Tabuaço to be an exciting development not only for Colt Resources but for the region and possibly Portugal. Tungsten and tin occurrences are quite widespread in the northern part of Portugal …." Located **12.4 kilometers northwest** is the **Régua exploration concession**. Once owned by Tamaya Resources/Iberian Resources and recently abandoned by EMED Mining[42] in January 2012, the Régua deposit consists of scheelite ($CaWO_4$) contained within two skarn horizons with a JORC-compliant estimated resource (indicated and inferred) of 3.72 million tonnes with an average grade of 0.35% WO_3.[43] Located **80 kilometers to the east** of the Tabuaço project, the scheelite skarns at the **Riba de Alva mine** are particularly similar to the skarns of the Tabuaço project area. Again, formed after an intrusion of Hercynian granite, the scheelite mineralization is hosted strata-bound skarn within Cambrian meta-sedimentary rocks. In 1976, the historical resource was estimated to be 380,000 tons grading of 0.51% WO_3.[44]

Finally, the **Panasqueira** underground mine is located **111 km to the south** of Tabuaço. At Panasqueira, tungsten is found in the form of wolframite within a series of quartz veins, which is consistent with a vein/stockwork geological model. The mine first became operational in 1898, and has remained in continuous production with only two brief interruptions. The mine produces approximately 1,000 tonnes of tungsten concentrate annually and accounts for almost all of Portugal's tungsten production. In 2007, an updated reserve/resource estimate was completed, which may prove useful as empirical evidence for a theoretical transaction valuation comparable for the Tabuaço deposit in that the operator of the Panasqueira was acquired in August 2007 by a Japanese trading company for $51.4 million. Lastly, tungsten at the Armamar-Meda concession has been observed not only as scheelite mineralized skarn at Tabuaço), but also as wolframite ($FeMnWO_4$) in granite-hosted quartz veins at Bebezes.

Tabuaço is the primary area within the Armamar-Meda concession that management believes offers the greatest economic potential. However, in addition to Tabuaço, Colt's recent exploration efforts have also targeted **Bebezes**, which management also believes presents solid prospects. Bebezes is located on the southern border of the Armamar Meda concession area, approximately 14 kilometers east-southeast of the Tabuaço project. Granite-hosted quartz veins in the area contain wolframite. In the mid-1900s, small-scale mining for tungsten was conducted. Some veins exceed one meter in width and are up to 300 meters in length. An abandoned artisanal tin-tungsten mine exploited the Souto vein, which is located three kilometers southeast of Bebezes.

[40] Wall rock is rock adjacent to an area undergoing geologic activity.
[41] An anticline is a geological term used to describe a fold in which surface strata (rock layers) are older since the center/core of the fold has been uplifted.
[42] EMED Mining obtained an exclusive option to acquire the exploration permit covering Régua Tungsten Deposit In September 2010.
[43] Maiden JORC Compliant Resource for Régua Tungsten Project, Tamaya Resources, October 2008, cut-off 0.05% WO3.
[44] Gaspar, L. Miguel, Mineralogy and Metasomatic Evolution of Distal Strata-Bound Scheelite Skarns in the Riba de Alva Mine, Northeastern Portugal.

Ownership

Colt Resources acquired the mineral rights to the Armamar-Meda concession on December 10, 2007 through a prospecting and exploration license agreement with the government of Portugal.
The Direcção Geral de Energia e Geologia awarded the concession contract for an initial three-year period (December 10, 2007 to December 10, 2010) for an area of 436.81 km2, along with two one-year extensions (December 10, 2010-to-December 10, 2011 and December 10, 2011-to-December 10, 2012), each requiring an additional 50% reduction in area. In accordance with the Portuguese exploration license contract, the surface area was reduced by 50% in December 2010 (to 218.41 km2) and again by 50% in December 2011 to 109.20 km^2.[45] In order to maintain the Armamar-Meda concession, Colt Resources must make specific annual exploration expenditures in addition to the payment of an annual exploration license fee to the Portuguese government (see table below). The Tabuaço concession is subject to a 4% Net Smelting Royalty (NSR) on gold production and/or a 2% NSR on tungsten production payable to the government of Portugal or to a 10% royalty over the company's net profit.

ARMAMAR -MEDA (License Fee)	Required Expenditures	Required Expenditures	Date By Which Expenditures Due
€10,250	€25,000	C$32,727	Dec. 10, 2008
€15,288	€50,000	C$65,455	Dec. 10, 2009
€15,288	€75,000	C$98,182	Dec. 10, 2010
€7,630	€100,000	C$130,909	Dec. 10, 2011
€3,815	€100,000	C$130,909	Dec. 10, 2012

Between 1979 and 1984, the lands of the Armamar-Meda concession were part of the large Alto Douro exploration concession awarded to the S.P.E.[46]- BRGM[47] consortium. Also parts of the concession were included in the Penedono concession held by Greystar Resources Ltd. (GSL: TSE until August 2011, then EOM: TSE) [48] from 1995 to 1997. Also parts were contained in the exploration license on the 440 km2 Penedono concession awarded to Rio Narcea in October 1998.

Through September 30, 2011,[49] Colt's expenditures at Armamar-Meda totaled $2,005,755, which complies with the required terms of the Armamar-Meda concession and exploration license. Colt's expenditures to date in prospecting and exploration have exceeded the annual minimum contractual expenditures.

Exploration

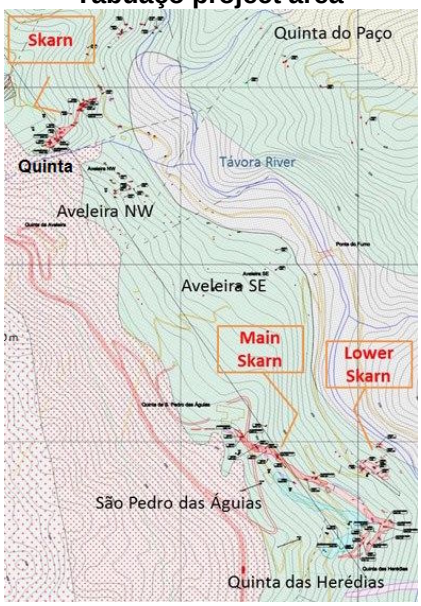
Tungsten occurrences were initially discovered along the Távora River in the 1970s by government geologists **prospecting with UV lamps**. Scheelite or calcium tungstate ($CaWO_4$) fluoresces bright bluish-white when radiated by ultraviolet light. In 1981 and 1982, a joint venture between Portugal's S.P.E. and France's SEREM[50] (a wholly owned subsidiary of BRGM) investigated the Tabuaço tungsten occurrences. In the first phase (November 1980 - November 1981), exploration consisted of geological mapping, UV lamp prospecting and sampling of rocks, soil and stream sediments. Soil sampling further investigated the Quintã and Quinta do Paço deposits while **stream sediment sampling** discovered scheelite anomalies near the village of Távora. The second phase (November 1981 - November 1982) concentrated on the **São Pedro das Águias** area, where six diamond drill holes were drilled, one of

[45] Though Colt Resources surrendered 327.61 km2 of the Armamar-Meda concession over the term of the license, the company re-acquired 218.13 km2 by re-applying and by being granted a new exploration license (Cedovim) on November 2, 2011.
[46] S.P.E. or Sociedade Portuguesa de Empreendimentos SA is a Portuguese company now 81.1% owned by Portuguese government.
[47] BRGM or Bureau de Recherche Géologiques et Minières is the French national institute for research related to the management of natural resources.
[48] Greystar Resources Ltd. changed its name to Eco Oro Minerals Corp. effective August 16, 2011.
[49] September 30, 2011 is the last date at which prospecting and exploration expenditures were itemized in the financial statements
[50] Société d'Etudes de recherché et d'Exploitations Minières.

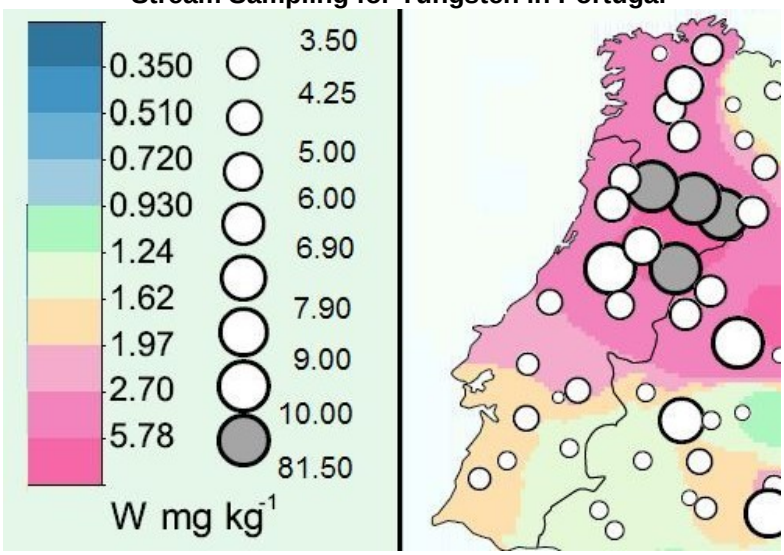
which assayed 1.18% WO_3 over 19.35 meters. **Two distinct and sub-parallel scheelite mineralized horizons** were discerned, of which the lower contained significantly more tungsten skarn mineralization. The results of the exploration program contributed to a **non-compliant resource estimate** of 1 million tonnes at an average grade of 0.87% WO_3.[51]

Additional drilling was planned; however, one of two land owners holding the surface rights over a portion of the São Pedro das Águias deposit became difficult, which led to an impasse and the cessation of the exploration program. No further investigative work was undertaken until Colt Resources acquired the concession in December 2007.

Tabuaço project area



Stream Sampling for Tungsten in Portugal



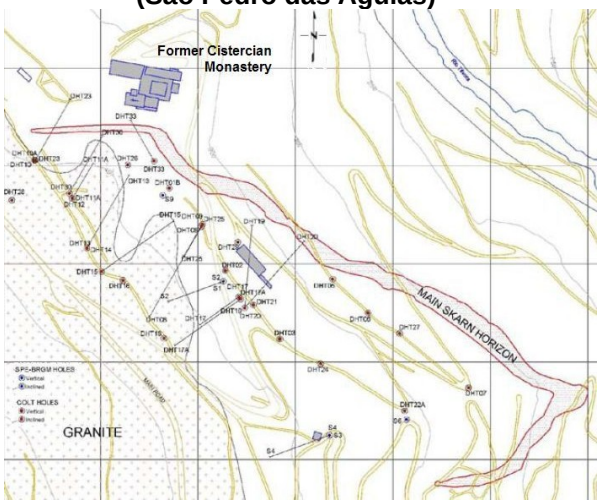
Beginning in July 2008, Colt Resources initiated an exploration campaign consisting of rock sampling over the São Pedro das Águias, Quintã and Quinta do Paço zones at Tabuaço and in the Bebezes area. However, the **São Pedro das Águias zone is the most significant**. The program focused on validating and expanding upon the historic S.P.E.-SEREM exploration work at São Pedro, but also pursuing the hypothesis that the tungsten mineralization associated with the Távora anticline at São Pedro extends northerly to the Quinta da Aveleira, Quintã and Quinta do Paço mineralized zones. Though results from the chip and random grab samples were encouraging, it was channel sampling of one skarn horizon at the São Pedro das Águias zone that yielded the most important results. Six widely spaced but continuous samples over 23.30 meters averaged 0.45% WO_3 (including 0.78% WO_3 over 12.45 meters). The calculated weighted average grade was diluted by 3.50 meters of barren schist.

In the first half of 2009, another rock sampling campaign was conducted at Tabuaço. A total of 123 rock samples were collected. Both skarn horizons of the São Pedro das Águias zone were sampled as well as the Quinta das Herédias deposit to the immediate south, where the skarn zone was investigated with 30 channel samples. Chip and grab rock sampling was also conducted at the Quinta da Aveleira, Quintã and near Távora. The weighted average grade of 23 channel samples taken from the main skarn horizon at the São Pedro das Águias was 0.673% WO_3. In the 1980's, S.P.E.-SEREM had channel sampled and drilled the Quinta das Herédias area and Colt's work confirmed that the exposed skarn thickness (roughly six meters) was narrower than São Pedro's (between 10 and 20 meters); however, a high-grade tungsten sample (1.74% WO_3) was taken. At Quintã, the weighted average grade of channel samples taken from south slope (11 samples) and east slope (six samples) was 0.368% and 0.295% WO_3, respectively.

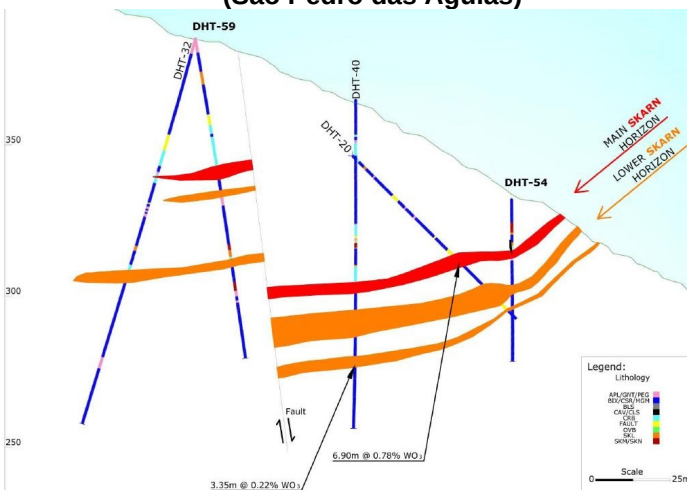
[51] NI 43-101 Technical Report on the Tabuaço Tungsten Project dated December 21, 2011. Curiously, the Technical Reports on the Armamar Meda Concession dated December 19, 2008 and September 6, 2012 state that the resource was estimated to be "around one million tons grading between 0.63 and 0.79 % W."

Having confirmed that significant tungsten mineralization was present, management began a **diamond drilling program on the São Pedro das Águias zone in November 2009**. Over the course of a few months, nine diamond drill holes totaling 815.45 meters were drilled. Some were drilled adjacent to historic holes completed by SPE-SEREM in order to confirm the historic drilling results while others targeted areas in attempts to expand the resource. All the holes intersected tungsten mineralization in skarn horizons. The intersections ranged from 1.70 to 21.60 meter, and the grades ranged from 0.17% to 1.44 % WO_3.

(São Pedro das Águias)



Cross Section of Scheelite Skarn (São Pedro das Águias)



Encouraged by the drilling results and in an effort to provide sufficient data to support the preparation of an initial NI43-101 resource estimate, **an aggressive drilling program was initiated in April 2011**. The number of drill rigs on site was increased to five, and 21 drill holes (totaling 2,677 meters) were completed over the course of the next six months. A NI 43-101 technical report with an initial resource estimate was completed in the fourth quarter by SRK Exploration (see below). Drilling continued at a fast pace for the remainder of the year with an additional ten holes (totaling 1,115 meters) being completed.

During 2012, management intends to pursue a campaign of infill drilling in order to upgrade the initial resource estimate. Also, nearby mineralized skarn horizons will be drilled. In March, the company announced that 1.25% WO_3 had been intersected over 6.05 meters by a scout drill hole testing a soil geochemical anomaly at Quinta da Aveleira, approximately 750 meters northwest of São Pedro das Águias. Management continues to test for the northerly continuation of the tungsten mineralization associated with São Pedro das Águias.

Resource

An initial NI 43-101 technical report dated December 21, 2011 was completed by SRK Exploration. The mineral resource estimate is based on a tungsten scheelite skarn model in proximity to a granite intrusion. Based on 32 diamond drill holes totaling 3,427.5 meters, SRK estimated an indicated resource of 760,000 tons averaging 0.58% WO_3 and an inferred resource of 1,330,000 tons averaging 0.57% WO_3 (0.30% WO_3 cutoff). The deposit remains open in all directions.

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	760	0.58	4,600	9,700,000	440,000
Inferred	1,330	0.57	8,000	16,700,000	760,000

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. The widths of the skarn horizons range between 10 and 20 meters while the schist layer separating the two horizons is approximately 20 meters thick. Management believes the potential strike length of the mineralized skarn horizon is over 500 meters.

Initial Production Plans

With the exploration concession of Armamar-Meda set to expire in December 2012, management expects to complete a Preliminary Economic Assessment and apply for an experimental mining license in 2012. An internal preliminary conceptual mine plan has been completed, 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 planned at a secluded area within three kilometers from the entrance of the mine. An application for a full mining license is expected after an Environmental Impact Assessment and a Feasibility Study are completed. Management plans on bring the mine to production within two or three years with a strategic partner.

Taxes and Royalties

Colt Resources entered into a prospecting and exploration license agreement with Portuguese Government on December 10, 2007, which gave the company the exclusive right to prospect and explore the Armamar-Meda concession for base and precious metals. Colt Resources is required to make prospecting and exploration expenditures to keep the concession in good standing. In addition, the company is obligated to pay an annual license fee in the amount of €35 per square kilometer.

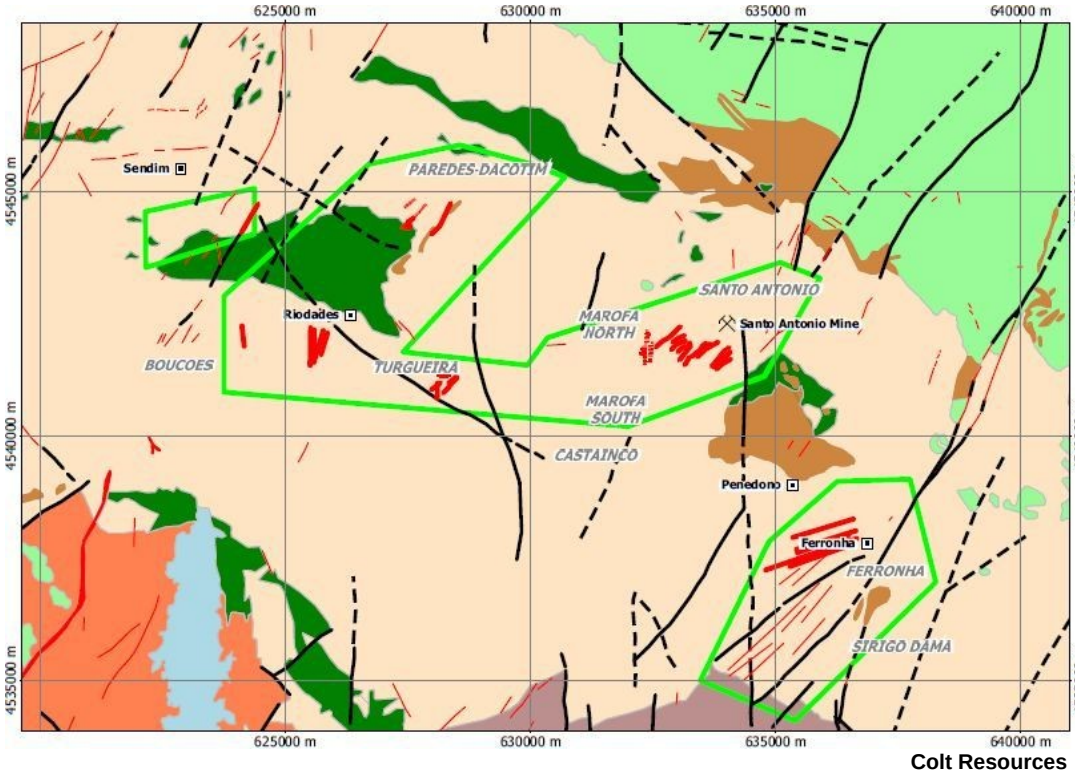
After the five-year license expires in December 2012, Colt may apply for a 30-year Exploitation License.[52] Also, under an Exploitation License, the company would be obligated to pay a 4% Net Smelting Royalty (NSR) on gold production and/or a 2% NSR on tungsten production (payable to the government of Portugal) or a 10% royalty over the company's net profit. If mining activities are expected to cumulatively exceed 1,000,000 ounces of gold or gold-equivalent over the life of the mine, an additional €100,000 commercial discovery bonus is also payable.

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.[53]-BRGM[54] 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.

[52] When the Exploitation License is granted, if it is determined that production from the mining activities will exceed one million ounces of gold or gold equivalent during the life of the mine, a €100,000 payment of a commercial discovery bonus is required.
[53] S.P.E. or Sociedade Portuguesa de Empreendimentos SA is a Portuguese company now 81.1% owned by Portuguese government.
[54] BRGM or Bureau de Recherche Géologiques et Minières is the French national institute for research related to the management of natural resources.



Colt Resources

Ownership

Colt Resources acquired the mineral rights to the Penedono concession on May 7, 2007 from Rio Narcea Gold Mines S.A., the Portuguese subsidiary of Rio Narcea Gold Mines Ltd.[55] Through a Definitive Agreement with Rio Narcea, Colt Resources obtained the minerals rights to gold, silver, copper, lead, zinc, antimony, tungsten, tin, molybdenum, tantalum and niobium on the lands covered by the concession in exchange for 200,000 common shares of Colt Resources. Also, Rio Narcea retained a 1% net smelter royalty capped at $1.0 million.

Rio Narcea first acquired an exploration license[56] on the Penedono concession in October 1998. After nearly two years of negotiations, Rio Narcea secured the exploration license by reaching an agreement with the prior owners (a joint venture of Sociedade Mineira de Moimento Lda. and Greystar Resources Ltd.) and then by negotiating a contract with the Portuguese government, which was pursuing litigation over insufficient work commitments by the JV. The exploration contract of October 1998 awarded a 440 km2 concession for an initial three-year period and renewable for an additional three years with a 50% reduction in area. In October 2001, the area was reduced to 220 km^2. The contract also specified a sliding-scale **net smelter royalty** (NSR), which remains in force today. When commercial production is achieved on the concession, the Portuguese government is entitled to a NSR of 2% for when the gold price is lower than $300 per ounce, 3% between $300 and $350 per ounce, and 4% for when gold is above $350.

Between 1998 and 2003, Rio Narcea completed a five-year exploration program (see Exploration section below). Encouraging results prompted the management of Rio Narcea to secure a new five-year exploration contract.[57] The Direcção Geral de Energia e Geologia awarded another Penedono contract exploration license for a three-year period (October 29, 2004 to October 28, 2007) for an area of 205.190 km2, along with two one-year extensions (October 29, 2007-to-October 28, 2008 and October 29, 2008-to-October 28, 2009)., each requiring an additional 50% reduction in area. During the initial three-year

[55] Rio Narcea Gold Mines Ltd (RNG: TSX; RNO: AMEX) was a publicly traded company until mid-2007, when Rio Narcea was acquired by Lundin Mining (LUN: TSX) for $918 million in cash (CDN$5.50 a share), primarily for the Aguablanca nickel mine in Spain.
[56] Rio Narcea confirms gold, The Northern Miner, June 21, 1999.
[57] Mining Journal 2005, Portugal, January 1, 2005.

period, Rio Narcea formed a joint venture[58] with C2C Inc., which drilled eight exploratory holes totaling 1,080 meters at Santo António, Paredes-Dacotim and Turgueira. Thereafter, Rio Narcea transferred the mineral rights to Colt Resources in May 2007. In accordance with the Portuguese exploration license contract, the surface area was reduced by 50% on October 29, 2007 to 102.471 km^2 and again by 50% on October 29, 2008 to 51.221 km^2. In September 2009, Colt Resources renegotiated the exploration contract with the Portuguese government. Effective October 29, 2009, Colt Resources was awarded an amended Penedono concession for a three-year period, divided into a two-year initial period ending October 29, 2011 for an area encompassing 102.471 km^2 and a one-year extension for an area reduced by 50% to 51.22 km^2 until October 29, 2013. Currently, Colt Resources holds an exploration license on the Penedono concession, which covers an area of 51.221 km2 and expires on October 28, 2012. **The company is preparing the required documentation to apply for an experimental mining license.**

In order to maintain the Penedono concession, Colt Resources must make specific annual exploration expenditures in addition to the payment of an annual exploration license fee to the Portuguese government. (see table below). Through December 31, 2010, Colt's expenditures at Penedono totaled at least €2.2 million ($2.7 million), which complies with the required terms of the Penedono Concession and Exploration License.

PENEDONO (License Fee)	Required Expenditures	Date By Which Expenditures Due
€10,250	€160,250	Oct. 29, 2007
€5,125	€205,125	Oct. 29, 2008
€2,562	€252,563	Oct. 29, 2009
€5,125	€500,000	Oct. 29, 2010
€5,125	€500,000	Oct. 29, 2011
€2,562	€250,000	Oct. 29, 2012

Geology

A geological understanding of a mineral deposit is a key element in the discovery process, and an important underpinning for the design of gold exploration programs. The selection of the appropriate exploration methods are significantly influenced by the characteristics of the targeted geological model, the type of gold deposit and the geologic setting.

Geologically, the Penedono concession is characterized by intrusion-related gold-bearing quartz vein systems. Located in the Central-Iberian Zone (CIZ), the Penedono region is dominated by granite formed in the Hercynian[59] orogeny, a period of severe structural deformation of the Earth's crust in Western Europe during the Carboniferous period of the Late Paleozoic era between 380 and 300 million years ago. This tectonic event is associated with a variety of other geologic phenomena, including magmatization, metamorphism and crustal melting. Through a combination of three successive phases of tectonic deformation, sub-surface intrusion of magma, various degrees of partial melting and hydrothermal alteration, the area was progressively enriched with metals, such as gold, tungsten and tin (Au, W and Sn, respectively).

The granite at Penedono is specifically named the Hercynian Mêda-Penedono-Lumbrales granite complex, which composed of two types of granite: biotite and two-mica. **All gold mineralization**

[58] In December 2004, Rio Narcea entered into a joint venture with C2C Inc. by which C2C could earn a 50% interest in the Penedono project by spending €600,000 on exploration over next three years, specifically, €150 000 in the first year, €200 000 in the second year and €250 000 in the third year.
[59] The Hercynian or Variscan orogeny involved a complicated assembly of different microplate collisions between Euramerica (present day North America, British Isles, northern Germany, Scandinavia and western Russia) and Gondwana (present day South America, Africa, Antarctica and Australia) to form the super-continent of Pangaea.

discovered on the Penedono concession is characterized by individual quartz veins hosted by the two-mica granite. In addition, the gold deposits are associated with tungsten and tin but not copper.

In northern Portugal, gold mineralization generally occurs parallel to the regional Hercynian fault system (NNE-SSW direction). The Hercynian deformation of the Central-Iberian Zone included folding, thrusting, shearing and crustal thickening. Three successive phases of deformation (known as D1, D2 and D3) affected the structure of the granite located in the Central-Iberian Zone. At Penedono, in particular, the mineralizations align with the Hercynian fault system and the Vila Nova de Cerveira-Braga-Amarante-Lamego D3 shear zone.

The **geological model for gold mineralization at Penedono** has been accepted as an **intrusion-related gold system**[60] (IRGS). Though the IRGS model was introduced by Thompson and Sillitoe[61] relatively recently in late 1990's, several unique attributes of the Penedono deposits are strikingly similar to the gold deposits in the Tintina Gold Belt located in Alaska and the Yukon, which served as the prototype of the IRGS model. Prior to the acceptance of the IRGS model, geologists believed a large hydrothermal system formed the gold mineralization on the Penedono property.

Intrusive-related deposits, which are formed from the slow cooling of the intrusive igneous material, differ from orogenic deposits, which form as a result of deformation of the earth's crust. The distinction is important in that the IRGS process results in minerals being deposited in zones surrounding cooling igneous material, in this case two-mica granite. The system of granite-hosted fractures has an estimated apparent length of nearly 10 kilometers and a width of almost 1.5 kilometers. The zones of mineralization are commonly found in veins and skarns (the contact zone between magna intrusion and adjacent sedimentary rocks).

At Penedono, high grade gold mineralization occurs in a series of vertical, parallel quartz veins (see Exploration section below). The series of veins follow the Hercynian NNE-SSW trending fault structures.

Historic Production

Penedono (and particularly in the Santo António mine area) was mined by the Romans over 2,000 years ago. Numerous small open pits and deep cuts (up to 10 meters in depth) attest to this very early mining activity on several narrow high grade quartz veins in the region between 200 BC and 300 AD.

In the early 1950's the Santo António gold mine was developed by a Portuguese company, Companhia das Minas de Ouro do Penedono Lda. Approximately four kilometers of underground shafts and adits[62] were constructed, along with supporting surface installations. The mine consisted of at least four underground levels, the deepest of which is estimated to be 150 meters below the surface. It is estimated that between 1954 and 1957 approximately **10,500 ounces gold** were recovered from four of the thirteen known gold veins at a time when the price of gold was fixed at $35 per troy ounce. The ore was processed by five rod mills and a flotation and roasting circuits. Mining operations ceased due to the lack of funding, poor equipment and antiquated processing methods. In the 1970's, mining operations resumed briefly producing approximately **1,600 ounces Au** by processing 3,500 tonnes of ore (average grade at least 14.3 g/t)[63]. The extraction process was augmented by a cyanide leach circuit composed of a series of leach tanks. Again operations ceased, principally due to the lack of funding.

From the 1970's to the early 1990's, exploration was hampered by an uncooperative claim owner. However, in 1995, the Portuguese government invalidated the old inactive mining claims, and **Sociedade Mineira de Moimento Lta.** acquired the Penedono concession and formed a joint venture with **Greystar**

[60] Inverno, Carlos M. C., Primary gold deposits in Portugal - mesothermal or epithermal?, Comunicações do Instituto Geológico e Mineiro, 2002, T. 89, pages 63-68.
[61] Sillitoe, R.H. & Thompson, J.F.H., 1998. Intrusion-related vein gold deposits: types, tectono-magmatic settings and difficulties of distinction from orogenic gold deposits, Resource Geology, Volume 48, pages 237-250.
[62] Horizontal (or nearly horizontal) entrances to an underground mine.
[63] Rio Narcea Gold Mines Annual Report, 1998, page 12.

Resources Ltd. (GSL: TSE until August 2011, then EOM: TSE) [64]. The JV explored portions of the concession, but especially in the Paredes-Dacotim where eighteen trenches were excavated, and seven diamond drill holes (totaling 556 meters) were drilled. Greystar abandoned the concession in 1998.

Rio Narcea applied for the Penedono concession in 1998 and conducted several exploration programs between 1998 and 2003. The programs consisted of not only soil geochemical surveys, geological mapping and geophysical exploration[65], but also trenching and diamond drilling. Of the 8,187 meters of trenching, most targeted Santo António, while some also was completed at Turgueira and Marofa. Between 2001 and 2003, Rio Narcea conducted an eleven-hole diamond drilling program (totaling 2,271 meters) at Santo António, Ferronha, Turgueira and Paredes-Dacotim. In total, Rio Narcea expended €1,299,175 and collected and assayed over 9,300 stream, rock and soil samples[66].

In December 2004, Rio Narcea formed a JV with **C2C, Inc.**[67] to continue the exploration of the Penedono concession, and in 2005, an eight-hole 1,080 meter diamond drilling program (which targeted Santo António, Paredes-Dacotim and Turgueira) was completed. The joint venture terminated after C2C did not meet its required exploration expenditures in 2005.

In June 2007, Rio Narcea assigned the Penedono concession to Colt Resources. The prior three diamond drilling campaigns totaling 3,907 meters was augmented by additional diamond drilling` programs in 2007, 2008 and 2010. Since 1996, 61 drill holes totaling 6,875 meters have been completed with over 40 of the holes having targeted the Santo António vein system. In all, ten separate drilling campaigns have been completed with Colt Resources having drilled 40 holes totaling 3158 meters.

The exploration of Penedono has identified three types of gold mineralization:
1) **intrusion-related gold mineralization** concentrated in quartz vein systems, hosted in two-mica granite and associated with arsenic (arsenopyrite), especially in the **Santo António** and **Ferronha** areas,
2) **gold mineralized greisen**[68] that is related to a hydrothermal system located in the **Turgueira** area, which may extend 1.5 kilometers west to the Bouções area and 2.0 kilometers to the east in the Sao Gens area. Both Turgueira and Bouções were mined for tungsten as evidenced by shallow shafts, short tunnels, open cuts and caved-in pits and
3) fracture / micro vein systems at **Sirigo Dama**

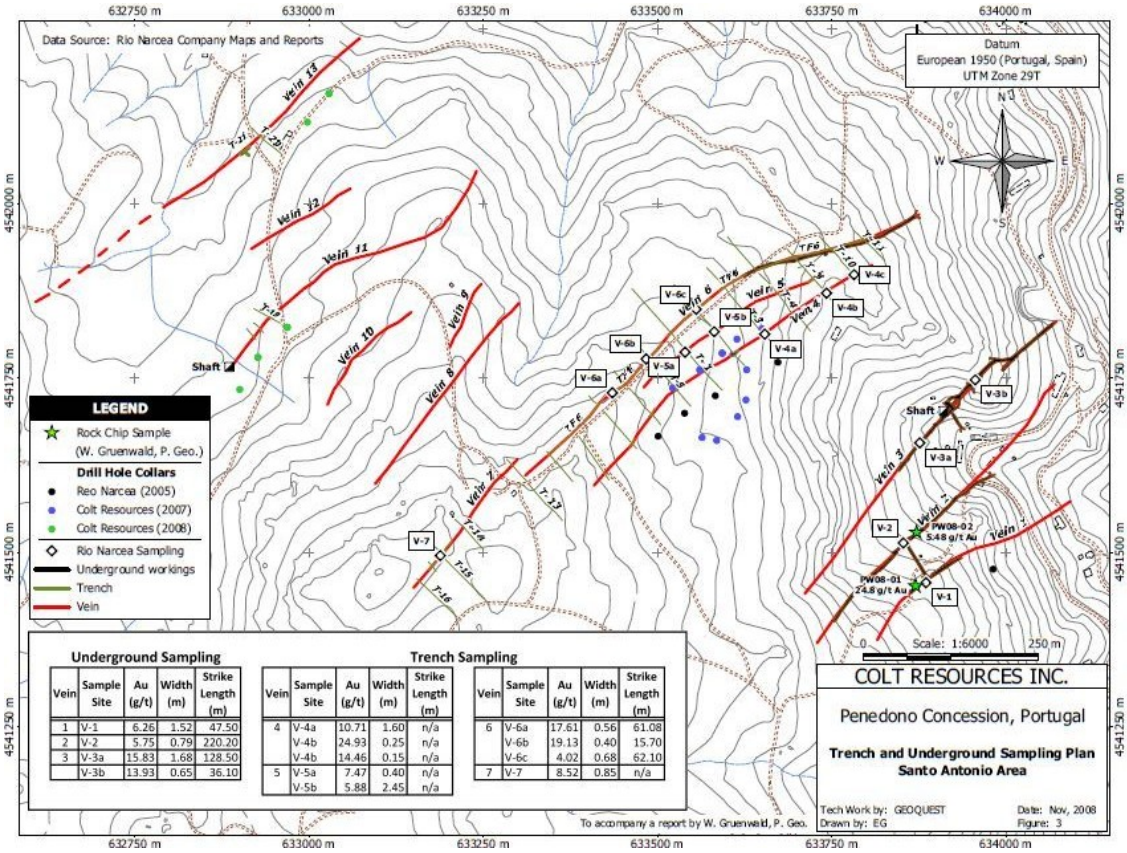
The results of the explorations support the existence of high grade gold deposits. At the time of the acquisition of the Penedono concession, the management of Rio Narcea believed that previous (non-compliant) studies indicated resources of approximately 400,000 ounces Au in 1.5 million tonnes of ore, which implies an average grade of 8.3 g/t). Based on metallurgical tests, the management of Rio Narcea also believed that recovery rates of 85% to 95% could be achieved through flotation and leaching.

San Antonio

The **historic San Antonio underground gold mine** is located approximately three kilometers northwest of the town of Penedono. This relatively small operation produced and processed up to 500 tonnes of ore per day between 1954 and 1957. The area possesses a parallel series of at least 13 high-grade, steeply dipping, northeast-trending quartz veins within a 1.2 km by 0.8 km area. These vein ore shoots vary in thickness from 5 centimeters to more than 3 meters, range in strike length from 100 to 700 meters and most appear to be open at depth.

[64] Greystar Resources Ltd. changed its name to Eco Oro Minerals Corp. effective August 16, 2011.
[65] Geochemical sampling indicated that the Santo Antonio and Marofa areas were the most promising areas for gold. The geophysical exploration consisted of a seven kilometers of Induced Polarization survey and 53.2 kilometers of VLF-EM surveys. Geophysical results did not contribute significantly to the overall understanding of the mineralization.
[66] Between1998 and 2003, Rio Narcea collected 456 stream sediment samples, 6,122 soil samples and 2,742 rock samples.
[67] Via the joint venture, C2C Inc., a Canadian company, could earn a 50% interest in the Penedono project upon expending €150 000 in 2005, €200 000 in 2006 and €250 000 in 2007 towards exploration of the concession.
[68] Greisen is a hydrothermally altered granite-type rock, generally composed of quartz, muscovite mica, tourmaline and topaz.

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
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 mid-1999, Rio Narcea conducted an underground channel sampling program within the accessible adits of the Veins 1, 2 and 3 at San Antonio. The assay results indicated that all three veins had potentially economic veins of high-grade gold mineralization with average grades from 4.49 g/t to 15.83 g/t over strike lengths between 77.6 and 220 meters (see table below).

Results of Underground Channel Sampling by Rio Narcea in 1999[69]

San Antonio (Penedono)	Anomaly Length (meters)	Strike Length (meters)	Average Width (meters)	Average Grade (g/t)	Comments
Vein 1	450	77.65	1.67	4.49	mined in the past
Vein 2	650	220.20	0.79	5.75	mined in the past
Vein 3	700	128.50	1.68	15.83	mined in the past - existing mine shaft

In the second half of 1999, Rio Narcea completed a surface trenching program, which was comprised of 17 trenches totaling 2.5 kilometers targeting Veins 4, 5, 6 and 7. Not only were the veins less continuous at the surface than the formerly mined Veins 1, 2 and 3, but even the previously mined Vein 6 was narrower with an average width ranging between 0.56 and 0.68 meter.

[69] Penedono NI 43-101 Technical Report, June 25. 2007, pages 35 - 36.

Significant Results of Trenching Program by Rio Narcea in 1999[70]

San Antonio (Penedono)	Anomaly Length (meters)	Strike Length (meters)	Average Width (meters)	Average Grade (g/t)	Comments
Vein 4	260	N/A	1.60	10.71	
Vein 5	300	N/A	2.45	5.88	no apparent past underground mining
Vein 6	650	61.08	0.56	17.61	mined in the past
Vein 7	300	N/A	0.85	8.52	

Several drilling programs have been completed on San Antonio over the last decade. In 2002, Rio Narcea tested Vein 4, and in 2005 Rio Narcea's JV partner, C2C, drilled on Veins 4 and 5. In 2007, Colt drilled 12 holes on Veins 4 and 5 totaling 1,355 meters. The mineralized intercepts indicate that Veins 4 and 5 have at least a 260 meter strike length and a vertical extent of over 110 meters. In addition, a new vein was encountered at a depth below 80 meters. In 2008 Colt Resources drilled on Veins 11 and 13 in 2008 and 2010. Together, Rio Narcea and Colt have only drilled on seven of the 13 known veins in the Santo António vein system. Veins 7, 8, 9, 10 and 12 have not yet been explored with a drilling program.

Significant Drilling Results on Vein 4[71]

San Antonio (Penedono)	Year	Hole	Au Zone Length (meters)	Average Grade (g/t)
Vein 4	2005	**RN-PE-04**	1.00	5.10
Vein 4	2007	**PPE-07-06**	1.00	4.78
Vein 4	2007	**PPE-07-07**	1.00	5.90
Vein 4	2007	**PPE-07-09**	0.79	3.92

Significant Drilling Results on Vein 5[72]

San Antonio (Penedono)	Year	Hole	Au Zone Length (meters)	Average Grade (g/t)
Vein 5	2005	**RN-PE-02**	3.40	4.00
Vein 5	2005	**RN-PE-03**	2.81	4.18
Vein 5	2005	**RN-PE-04**	1.00	3.51
Vein 5	2005	**RN-PE-05**	1.57	9.05
Vein 5	2007	**PPE-07-03**	1.85	3.90
Vein 5	2007	**PPE-07-05**	0.57	6.50
Vein 5	2007	**PPE-07-09**	1.53	4.80

[70] Penedono NI 43-101 Technical Report, June 25. 2007, pages 34 - 35.
[71] 2007 Diamond Drill report on the San Antonio Project Penedono Concession, March 25. 2008, pages 27 - 28.
[72] Ibid., pages 27 - 28.

Royalties

When Colt Resources assumed the Penedono concession in 2007, Colt issued 200,000 common shares to Rio Narcea and agreed to pay a 1% Net Smelter Return (NSR) royalty up to $1,000,000 upon achieving commercial production. In addition, Colt Resources assumed Rio Narcea's contractual NSR obligation to the Portuguese government, which consists of a sliding scale royalty of up to 4% when the price of gold is above $400 per ounce. Lundin Mining (LUN: TSX), which acquired Rio Narcea in 2007, now holds the 1% NSR previously held by Rio Narcea.

RECENT NEWS

First quarter results

On May 24, 2012, Colt Resources reported **financial results for the first quarter** ending March 31, 2012. The company reported a loss for the quarter of $1,328,385 ($0.01 per diluted share) versus a loss of $2,151,150 ($0.05) in the comparable-quarter last year. The first quarter reflects Colt's change from a March fiscal year to a calendar year-end.

The narrower loss versus the comparable-period last year reflects lower operating expenses. Both legal fees and investor relations expenses declined significantly (down 79% and 44%, respectively). Also, during the first quarter, no stock-based compensation was recognized versus $720.0 thousand in the comparable-quarter last year; however, this was partially offset by $235.8 thousand in management fees compared to no management fees in the comparable-quarter last year. Lastly, office expense increased over three-fold to $248 thousand, reflecting the effort to bring the Portuguese Boa Fé and Tabuaço projects towards production within two-to-three years.

Financing and Liquidity: During the first quarter, Colt Resources issued 13.5 million shares through the exercise of warrants and options providing the company with **net proceeds of approximately $5.95 million**, which will be used to fund exploration efforts and working capital needs. At quarter-end (March 31, 2012), the company had $6.3 million of cash & equivalents, up from $3.9 million on December 31, 2011.

Business Plan for 2012: Management expects to spend roughly $9.0 million on exploration at the company's Portuguese concessions during 2012. Through an aggressive program of infill drilling at Boa Fé, sufficient data will be available to produce an initial NI 43-101-compliant resource estimate during 2012. Infill drilling on the existing 50 meter x 50 meter drill grid on the São Pedro das Águias tungsten deposit (Tabuaço project) will continue in order to better define the resource and allow for an updated NI 43-101 estimated resource report in which portions of the deposit can be upgraded from inferred to indicated status. Management also plans to accelerate exploratory drilling to test for gold targets in the Montemor concession and tungsten targets near the São Pedro das Águias deposit.

During the first quarter of 2012 at Boa Fé gold project, Colt Resources drilled 2,323 meters and completed 22 holes at the Chaminé deposit, 602 meters and three holes at Casas Novas deposit and 366 meters and five holes at the Ligeiro deposit. At the Tabuaço tungsten project, scout holes were drilled to test possible extensions of the São Pedro das Águias tungsten deposit. With five diamond drill rigs deployed, 931 meters were drilled and eight holes completed in the Tabuaço project area during the quarter.

Private Placements completed

On May 2, 2012, Colt Resources announced the completion of the private placements announced in April. The company raised net proceeds of $8.18 million through the issuance of 17,400,000 restricted

shares at $0.50 per share and 1,226,000 warrants with an excise price of $0.50 and an expiration date of May 2, 2013.

Exploration announcements

Since January 1, 2012, Colt Resources has announced a continuous stream of drilling results at Boa Fé (nine news releases) and Tabuaço (three). Currently, seven drilling rigs are active at Boa Fé and five at Tabuaço. At the **Chaminé deposit in the Boa Fé project** area, high-grade gold has been assayed over considerable lengths, which is consistent with historical drilling results. For example, 9.98 g/t Au over 19.40 meters, 11.96 g/t Au over 10.83 meters, 4.23 g/t Au over 13.50 meters, 5.23 g/t Au over 15.39 meters, 4.46 g/t Au over 19.60 meters, 5.42 g/t Au over 23.58 meters and 8.40 g/t Au over 9.63 meters. There results give us high confidence in the use of non-compliant historical resource estimates in our valuation methodology.

At **São Pedro das Águias in the Tabuaço project** area, the deposit is being better defined with announced high-grade tungsten intersections. The **São Pedro das Águias deposit is characterized by** characterized by two **scheelite mineralized skarn** horizons, namely the upper main skarn and the lower skarn horizon. Due to the nature of the steep slopes in the Távora River valley, the depth of the intersections reported in the drilling results require the exact locations of the holes and a topography map in order to be analyzed correctly.

Selected Results from the Upper Skarn Horizon

Tabuaço Project	DHID	From (meter)	To (meter)	Interval (meters)	WO_3 (%)
São Pedro das Águias	DHT-31	122.60	128.60	6.00	0.49
(Upper Skarn)	DHT -34	30.70	35.19	4.40	0.89
	DHT -39A	125.45	132.90	7.45	0.38
	DHT -46	13.25	16.40	3.15	0.73
	DHT -52	54.20	61.20	7.00	**1.31**
	DHT -70	37.95	50.30	12.35	0.65

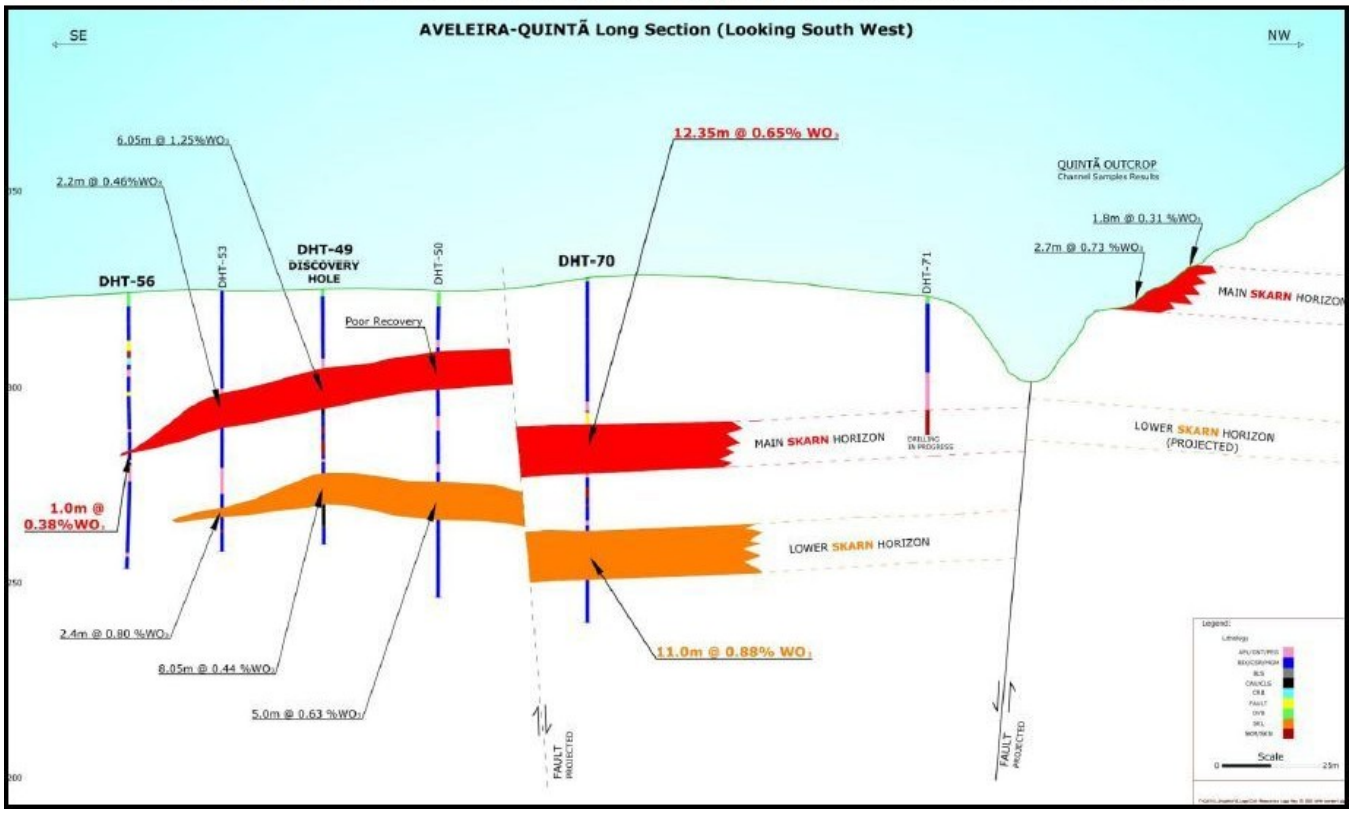
Selected Results from the Lower Skarn Horizon

Tabuaço Project	DHID	From (meter)	To (meter)	Interval (meters)	WO_3 (%)
São Pedro das Águias	DHT-31	139.00	156.20	**17.20**	0.41
(Lower Skarn)	DHT -34	42.80	47.80	5.00	0.55
	DHT -39A	137.50	140.80	3.30	0.42
	DHT -46	21.40	24.40	3.00	0.45
	DHT -70	67.00	78.00	11.00	0.88

In February, the company reported the **discovery of a mineralized zone in the Quinta da Aveleira area** (750 meters north of São Pedro das Águias). Drill results (DHT-49) announced on March 20th included 1.25% WO_3 over 6.05 meters for the upper main skarn and 0.44% WO_3 over 8.05 meters for the lower skarn horizon. Additional results announced on May 18th (including 0.46% WO_3 over 2.20 meters

for the upper skarn horizon and 0.80% WO_3 over 2.40 meters for the lower) and on July 5th 18th (including 0.65% WO_3 over 11.61 meters for the upper main skarn and 0. .88% WO_3 over 10.34 meters for the lower). The announcement of drilling results on July, 5, 2012 included the following cross-sectional view of the two mineralized zones at Quinta da Aveleira.

South–West Facing Long Section showing intersections of the two mineralized zones at Aveleira



Colt Resources 2012

Miscellaneous

On January 24, 2012 Colt Resources announced that the company was changing its financial year-end from March 31 to December 31, effective December 31, 2011.

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 2014 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 $1.35.**

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	1,585	4.0%	100%	76,974,790	69,873,815
Casas Novas	Au	137,000	1.40	15,000	85%	300	1,585	4.0%	100%	146,693,544	130,042,012
Braços	Au	20,000	3.30		85%	300	1,585	4.0%	100%	14,679,840	13,980,800
Banhos	Au		3.30	25,000	85%	300	1,585	4.0%	100%	18,349,800	17,059,905
Tabuaço - Tungsten		**(MTU)**		**(MTU)**		**(per MTU)**					
San Pedro das Águias	WO3	440,000	0.58	760,000	80%	52	403	2.0%	100%	248,961,552	215,574,646
Quinta das Herédias	WO3	N/A									
Quintã	WO3	N/A									
Quintã do Paço	WO3	N/A									
Quintã da Aveleira	WO3	N/A									
DEVELOPMENT COSTS											
Boa Fé										(100,000,000)	(92,970,522)
Tabuaço										(100,000,000)	(90,774,934)
TAXES											
Taxes										(84,056,370)	(69,629,318)
BALANCE SHEET ADJUSTMENTS											
Working capital										9,162,184	9,162,184
Loans payable										(1,262,068)	(1,262,068)
								Net Assets & Resources		229,503,272	201,056,520
								Shares Outstanding		149,000,000	149,000,000
								Asset Value		1.54	
								Discounted Asset Value			**1.35**

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 $0.30 to $0.40 per Colt share to a strategic buyer today.**

PROJECTED BALANCE SHEET & INCOME STATEMENT

Colt Resources Inc.

Consolidated Balance Sheets

(in $ Canadian)	FY 2008	FY 2009	FY 2010	FY 2011	2011	FY 2012	2012 E
For the years ending March 31 or Dec 31	3/31/2008	3/31/2009	3/31/2010	3/31/2011	12/31/2011	3/31/2012	12/31/2012 E
ASSETS							
Cash and cash equivalents	625,911	19,818	484,445	1,236,079	3,885,777	6,345,876	4,000,000
Other financial assets	-	-	-	-	3,003,868	3,011,066	3,018,281
Trade and other receivables	45,116	43,846	21,429	146,895	401,279	589,301	600,000
Taxes receivable	1,967	22,611	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	3,710,550	3,646,867	3,400,000
Prepaid expenses	12,936	7,886	40,098	127,149	316,298	515,125	450,000
Due from related party	4,138	-	-	-	-	-	-
Current Assets	**690,068**	**94,161**	**545,972**	**1,510,123**	**11,317,772**	**14,108,235**	**11,468,281**
Equipment	**14,023**	**11,464**	**6,144**	**190,003**	**4,871,505**	**4,880,739**	**5,000,000**
Biological assets	-	-	-	-	**1,694,970**	**1,693,941**	**1,692,000**
Exploration and evaluation assets	**1,267,706**	**1,932,549**	**2,867,390**	**4,765,569**	**9,635,704**	**11,168,818**	**11,500,000**
Performance Bonds	**113,707**	**133,600**	**123,300**	**124,038**	**229,587**	**629,235**	**750,000**
Intangible assets	-	-	-	-	**2,389,656**	**2,394,357**	**2,399,067**
Total Assets	**2,085,504**	**2,171,774**	**3,542,806**	**6,589,733**	**30,139,194**	**34,875,325**	**32,809,348**
LIABILITIES							
Trade and other payables	103,654	227,577	414,622	797,594	830,247	695,633	500,000
Due related parties	11,074	130,543	49,670	83,012	63,273	220,181	100,000
Loans payable	-	-	-	-	1,262,068	1,309,297	1,258,951
Current Liabilities	**114,728**	**358,120**	**464,292**	**880,606**	**2,155,588**	**2,225,111**	**600,000**
Loans payable	-	-	-	-	1,262,068	1,258,951	0
Convertible preferred shares	-	-	-	-	2,690,174	2,740,415	2,740,415
Convertible debenture	692,440	287,917	271,038	0	0	0	0
Long-term liabilities	**692,440**	**287,917**	**271,038**	**0**	**3,952,242**	**3,999,366**	**2,740,415**
Share capital stock	1,573,182	3,358,545	5,596,992	12,263,860	35,222,854	41,170,722	44,562,813
Additional paid-in capital	393,183	434,421	824,596	2,631,351	3,886,136	3,886,136	6,119,045
Equity portion of convertible shares	-	-	-	-	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	8,997
Accumulated translation adjustments	-	-	-	-	(725,040)	(662,222)	(693,631)
Retained earnings (deficit)	(1,495,889)	(2,481,326)	(3,742,570)	(9,186,084)	(15,059,960)	(16,455,663)	(22,368,284)
SHAREHOLDERS' EQUITY	**1,278,336**	**1,525,737**	**2,807,476**	**5,709,127**	**24,031,364**	**28,650,848**	**28,329,568**
Total Liabilities and Equity	**2,085,504**	**2,171,774**	**3,542,806**	**6,589,733**	**30,139,194**	**34,875,325**	**31,669,983**
Common shares outstanding	10,028,056	17,799,096	32,109,336	55,198,419	98,452,604	111,603,494	119,103,494

Colt Resources Inc.

Consolidated Statements of Operations and Retained Earnings

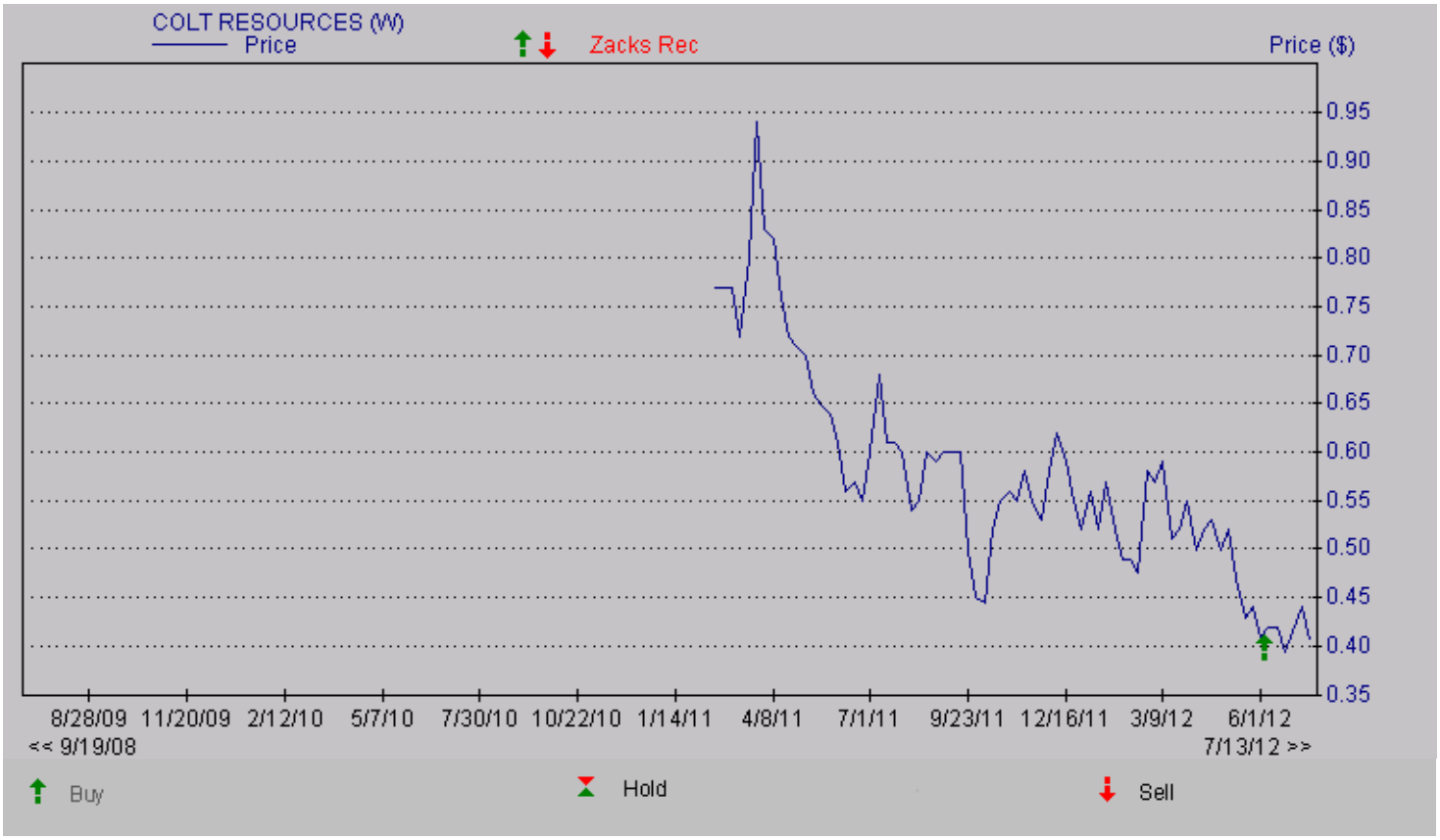
(in $ Canadian)	FY 2008	FY 2009	FY 2010	FY 2011	(9 months) 2011	2012 E
For the years ending March 31	3/31/2008	3/31/2009	3/31/2010	3/31/2011	12/31/2011	12/31/2012 E
Revenue:	**0**	**0**	**0**	**0**	**159,064**	**160,000**
Expenses:						
Stock-based compensation	495,939	248,423	246,963	1,265,942	1,254,785	1,250,000
Interest on convertible debenture	130,016	152,780	111,401	7,919	-	-
Consulting	203,367	176,470	390,064	447,218	431,216	422,833
Management fees	-	-	-	-	570,008	700,000
Salaries	43,837	129,463	70,313	291,095	348,342	400,000
Investor relations & Marketing	98,252	87,269	168,498	2,051,013	1,414,044	1,550,000
Accounting and audit	27,562	47,179	39,560	97,625	153,174	135,000
Rent	27,213	33,339	40,772	41,090	192,383	200,000
Office	73,680	22,591	45,674	128,250	960,381	1,000,000
Property investigation	0	21,626	3,450	67,789	44,627	56,208
Listing and transfer agent fees	16,093	10,522	21,295	205,666	146,478	176,072
Filing fees	5,465	6,978	4,215	32,076	14,859	23,468
Bank charges	3,806	4,724	3,766	7,016	16,544	11,780
Insurance	1,825	3,494	3,384	14,745	78,858	100,000
Legal	30,915	2,823	81,890	245,865	458,926	352,396
Interest expense	4,376	0	8,264	11	-	-
Other costs	-	-	-	-	59,910	50,000
Amortization expense	2,337	4,250	940	16,210	145,524	80,867
Operating expenses	**1,164,683**	**951,931**	**1,240,449**	**4,919,530**	**6,290,059**	**6,508,623**
Loss from operations	**(1,164,683)**	**(951,931)**	**(1,240,449)**	**(4,919,530)**	**(6,130,995)**	**(6,348,623)**
Interest income	29,678	5,666	622	0	42,243	50,000
Interest (expense)	-	-	-	-	(79,514)	(10,000)
Write-off of mineral property interest	-	(90,000)	-	-	-	-
Loss on disposal of equipment	-	-	(9,652)	-	-	-
Foreign exchange gain (loss)	9,802	3,013	(8,425)	(74,811)	243,831	0
Total other income (expense)	**39,480**	**(81,321)**	**(17,455)**	**(74,811)**	**206,560**	**40,000**
Loss before income taxes	**(1,125,203)**	**(1,033,252)**	**(1,257,904)**	**(4,994,341)**	**(5,924,435)**	**(6,308,623)**
Future income tax (recovery)	(29,450)	(47,815)	3,340	0	(11,814)	0
Net Gain (Loss)	**(1,095,753)**	**(985,437)**	**(1,261,244)**	**(4,994,341)**	**(5,912,621)**	**(6,308,623)**
Other comprehensive loss						
Unrealized gain on available for sale marketable securities	-	-	-	-	6,746	0
Foreign exchange gain (loss) on translation of foreign operations	0	0	0	0	(725,040)	0
Total comprehensive loss	**(1,095,753)**	**(985,437)**	**(1,261,244)**	**(4,994,341)**	**(6,630,915)**	**(6,308,623)**
Net income per common share (diluted) - continuing ops.	**(0.16)**	**(0.07)**	**(0.05)**	**(0.11)**	**(0.07)**	**(0.05)**
(diluted) - continuing ops.						
Weighted average common shares outstanding - diluted	6,833,463	14,866,814	23,717,819	46,205,934	86,749,732	136,500,000

Colt Resources Inc.

Consolidated Statements of Operations and Retained Earnings

(in $ Canadian)	2011 AMJ	2011 JAS	2011 OND	2011 JFM	Year	2012 AMJ	2012 JAS	2012 OND	(9 months) Year	2012 JFM	Year
For the years ending March 31	1Q	2Q	3Q	4Q	2011	1Q	2Q	3Q	FY 2012	1Q	2012 E
Revenue:	**0**	**0**	**0**	**0**	**0**	**0**	**35,484**	**123,580**	**159,064**	**74,143**	**296,500**
Expenses:											
Stock-based compensation	0	208,367	337,590	719,985	**1,265,942**	910,000	130,949	213,836	**1,254,785**	-	**1,250,000**
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	**422,833**
Management fees	-	-	-	-	**-**	-	-	570,008	**570,008**	235,846	**700,000**
Salaries	25,645	91,733	80,312	93,405	**291,095**	206,423	594,164	117,763	**348,342**	130,984	**400,000**
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	**1,550,000**
Accounting and audit	3,150	36,407	1,350	56,718	**97,625**	66,113	12,532	74,529	**153,174**		**135,000**
Rent	8,481	7,897	11,571	13,141	**41,090**	44,599	68,456	79,328	**192,383**	49,810	**200,000**
Office	23,151	21,693	21,454	61,952	**128,250**	49,522	196,958	713,901	**960,381**	248,903	**1,000,000**
Property investigation	35,174	0	0	32,615	**67,789**	31,693	37,520	(24,586)	**44,627**	7,657	**56,208**
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	**176,072**
Filing fees	850	5,178	1,095	24,953	**32,076**	4,527	9,513	819	**14,859**	-	**23,468**
Bank charges	1,438	2,597	1,661	1,320	**7,016**	4,975	4,925	6,644	**16,544**	22,024	**11,780**
Insurance	1,523	5,292	4,061	3,869	**14,745**	18,139	22,114	38,605	**78,858**	42,285	**100,000**
Legal	21,435	53,177	47,315	123,938	**245,865**	44,947	309,698	104,281	**458,926**	25,657	**352,396**
Interest expense	14,378			(14,367)	**11**	-	-	-	**-**	-	**-**
Other costs	-	-	-	-	**-**	-	-	59,910	**59,910**	106	**50,000**
Amortization expense	9,115	(918)	810	7,203	**16,210**	16,092	63,359	66,073	**145,524**	97,065	**80,867**
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**	**6,508,623**
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)**	**(6,212,123)**
Interest income	0	0	0	0	**0**	121	31,961	10,161	**42,243**	8,860	**50,000**
Interest (expense)	-	-	-	-	**0**	0	(81)	(79,433)	**(79,514)**	(54,300)	**(10,000)**
Write-off of mineral property interest	-	-	-	-	**0**	-	-	**-**	**0**	0	**-**
Loss on disposal of equipment	-	-	-	-	**0**	-	-	**-**	**0**	0	**-**
Foreign exchange gain (loss)	19,855	32,300	(112,568)	(14,398)	**(74,811)**	73,387	84,191	86,253	**243,831**	27,114	**0**
Total other income (expense)	**19,855**	**32,300**	**(112,568)**	**(14,398)**	**(74,811)**	**73,508**	**116,071**	**16,981**	**206,560**	**(18,326)**	**40,000**
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)**	**(6,172,123)**
Future income tax (recovery)	0	0	0	0	**0**	0	4,825	(16,639)	**(11,814)**	0	
Net Gain (Loss)	**(427,096)**	**(915,996)**	**(1,487,759)**	**(2,163,490)**	**(4,994,341)**	**(2,094,015)** **(2,277,216)**	**(2,056,330)**	**(2,332,284)**	**(5,912,621)**	**(1,395,704)**	**(6,172,123)**
Other comprehensive loss											
Unrealized gain on available for sale marketable securities			-	-	-	0	0	6,746	6,746	4,501	**(6,172,123)**
Foreign exchange gain (loss) on translation of foreign operations			-	-	-	0	(187,718)	(537,322)	(725,040)	62,817	**(12,344,245)**
Total comprehensive loss	**(427,096)**	**(915,996)**	**(1,487,759)**	**(2,163,490)**	**(4,994,341)**	**(4,371,231)**	**(2,244,048)**	**(2,862,860)**	**(6,630,915)**	**(1,328,386)**	**(24,688,491)**
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)**	**(0.05)**
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	136,500,000

HISTORICAL ZACKS RECOMMENDATIONS



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