Zacks Small-Cap Research

October 26, 2012

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Colt Resources, Inc. (V.GTP – TSX-V)

V.GTP: Boa Fé gold and Tabuaço tungsten projects advancing quickly. JV partner on board for Penedono gold project.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	06/05/2012
Current Price (10/25/12)	$0.51
Six- Month Target Price	**$1.70**

OUTLOOK

Colt Resources is a junior gold exploration company with two advanced stage projects in Portugal: the Boa Fé gold project and the Tabuaço tungsten project. In September, a joint venture partner was announced for the Penedono gold project, and in October, and updated resource estimate was announced for Tabuaço, prompting us to increase our price target. The company continues to be very successful in obtaining equity capital to finance the exploration and development of these gold and tungsten projects. We reiterate our Outperform rating on Colt Resources.

SUMMARY DATA

52-Week High	**$0.63**
52-Week Low	**$0.37**
One-Year Return (%)	**-7.27**
Beta	**N/A**
Average Daily Volume (shrs.)	**74,113**
Shares Outstanding (million)	**129.6**
Market Capitalization ($ mil.)	**$66.1**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**35.0**
Insider Ownership (%)	**6.4**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2012 Estimate	**N/M**
P/E using 2013 Estimate	**N/M**
Zacks Rank	**3**

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

ZACKS ESTIMATES

Revenue
(in thousands of $CDN)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2010	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2011	0.0 A	0.0 A	35.5 A	123.6 A	159.1 A
2012	74.1 A	-149.5 A	35.0 E	125.0 E	84.6 E
2013					108.0 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2010	-$0.01 A	-$0.01 A	-$0.03 A	-$0.04 A	-$0.09 A
2011	-$0.05 A	-$0.03 A	-$0.02 A	-$0.03 A	-$0.13 A
2012	-$0.01 A	-$0.02 A	-$0.01 E	-$0.02 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.
- 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 and Tabuaço. Assay results have been impressive with historical drilling being both confirmed and expanded. An **initial NI 43-101 resource estimate for Boa Fé** was released on July 3rd and an **upgraded resource estimate for Tabuaço** was announced on October 3rd.
- The 100% controlled Boa Fé (47 km^2) project is surrounded by the 100% controlled **Montemor exploration concession** (732 km^2), which is known to host the extension of the mineralized shear zone found within Boa Fé.
- In September 2012, Colt Resources entered into a **joint venture** with Contécnica to further develop the **Penedono gold project**. Contécnica can earn a 51% stake in the Penedono concession by investing at least €2.0 million in the project over three years. The Penedono gold concession contains the now-closed Santo António underground gold mine. There are 13 individual mineralized quartz veins in the San Antonio area, along with other vein systems of gold mineralization.
- 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.
- Consult our Initiation Report dated July 20, 2012 for full background information of the company and its projects.
- We reiterate our Outperform rating and price target of $1.70.

RECENT DEVELOPMENTS

- **Boa Fé and Montemor:**
  - In July 2012, the initial **NI 43-101 compliant resource estimate for the Chaminé and Casas Novas** deposits was announced. Indicated resources are estimated to be 214,000 ounces of gold and inferred resources 15,400 ounces of gold.
- **Tabuaço**
  - In October 2012, the **resource estimate of Tabuaço was updated** increasing the indicated resource estimate of contained metal by 85.2% from 440,000 to 815,000 MTU WO_3.
- **Management continues to focus on the development of both Boa Fé and Tabuaço**
  - The drilling campaigns were accelerated at both Boa Fé and Tabuaço with **five additional drill rigs** having been contracted (three at Boa Fé and two at Tabuaço). There are now seven rigs operating at Boa Fé and Montemor and four rigs turning at Tabuaço.
- **Penedono gold concession**
  - Colt Resources entered into a joint venture with Contécnica to further develop the Penedono gold project. Contécnica will earn a 51% stake in the Penedono concession by investing at least €2.0 million in the project over three years while Colt retains a 49% stake.
- **Financing**
  - During the first half of 2012, the company received net proceeds of $13,908,788 from the issuance of shares and the exercise of options.

- At quarter-end (June 30, 2012), the company had $9.8 million of cash & equivalents, up from $3.9 million on December 31, 2011.

RECENT NEWS

Boa Fé and Montemor

On August 27, 2012, Colt Resources released **results for 21 drill-holes at Boa Fé**. Of these, 19 were from the Casas Novas deposit, one from Chaminé and one from Covas. High-grade gold mineralization was again intersected at Chaminé with 4.14 meters grading 5.04 g/t Au, which was part of 15.16 meters grading 2.78 g/t (BFCH-12-036). At Casas Novas, bulk gold mineralization was encountered in 14 of the 19 drill holes, with an additional hole intersecting high-grade gold mineralization, specifically hole BFCN-12-014 assaying 13.06 g/t over 3.47 meters and 8.14 g/t over 2.00 meters. Qualitatively, drilling results continue to confirm the company's model in which high-grade gold primarily occurs in areas of shear intersections and deformations that have acted as fluid conduits for the mineralization. The exploration has expanded to the Banhos deposit where there is a historical JORC-compliant estimated inferred resource. **Three additional drill rigs contracted** from Spektra Jeotek SA are being brought on site, and Colt is moving towards the preparation of a Preliminary Economic Analysis.

On August 13, 2012, Colt Resources announced the analytical results of five recently completed drill-holes completed on the **Monfurado gold deposit** located in its 100%-owned Montemor Regional gold exploration concession. Significant intersections include 5.31 g/t Au over 7.56 meters and 2.80 g/t Au over 10.08 meters. The Montemor concession encompasses 728.22 square kilometers in the Alentejo Region of southern Portugal.

Four shear corridors lie within the Montemor Regional concession, namely the Monfurado, Mourel, Gouveia and Grou belts. In January 2012, Colt Resources began a field-based exploration program targeting three of the four shear corridors (Monfurado, Mourel and Gouveia). During the first half of 2012, prospecting, pilot soil geochemical surveys, stream sediment surveys and trenching were completed. The Monfurado area is the first target area to be drill tested in the Montemor Regional concession by Colt Resources.

At least six scout diamond drill holes have been completed along the Monfurado shear-zone corridor in the Monfurado area. High-grade gold mineralization was intersected over 7.56 meters grading 5.31 g/t with hole no. 4 and over 1.32 meters grading 4.70 g/t with hole no. 6. The company's current model assumes that high-grade gold mineralization occurs where conjugate sets of shears intersect, which is totally consistent with historical exploratory results. Low-grade gold mineralization was encountered over longer distances 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.

The assay results confirm the presence of near-surface gold mineralization in a specific area previously mined for iron. Also, the drilling results correlate well with historical holes that were utilized in a JORC-compliant resource estimate on the Montemor concession conducted for Iberian Resources in late-2005, in which DataGeo Geological Consultants estimated an inferred gold resource of 10,438 ounces in the deposit located at Monfurado. Management is continuing the company's exploration efforts to confirm and expand upon this historical resource estimate for this particular deposit.

The company's interpretation of the results indicates a tabular deposit of some regularity with a 40º-to-45º northeasterly dip. The gold mineralization remains open down-dip and along-strike in all directions. Step-out drilling is being performed to test the down dip and strike extension.

Tabuaço

On October 3, 2012, Colt Resources (GTP: TSXV) announced that an **updated resource estimate has been completed for its 100%-owned Tabuaço tungsten project** in northern Portugal. An infill drilling program at the São Pedro das Águias deposit not only increased the geological confidence level, but also **expanded the size of the indicated resource estimate of contained metal by 85.2% from 440,000 to 815,000 MTU WO_3.** Expansion of the entire resource, as well as upgrading the quality of a portion of the resource from the inferred to the indicated category, contributed to the incremental 375,000 MTU WO_3 rise in the indicated resource estimate.

Though the updated resource includes, for the first time, an inferred resource estimate for the mineralization at Aveleira, the inferred resource estimate declined 5.3% indicating that the overall enhancement in quality of the São Pedro das Águias deposit is truly meaningful. Located approximately 700 meters north of the São Pedro das Águias, the Aveleira deposit, however, increased the geographical scope of tungsten resource. Since it appears that the inferred estimate at Aveleira is based on only five drill holes, a focus in the next phase of infill drilling will be not only to expand, but also to upgrade the quality of the Aveleira deposit.

The updated resource estimate is based on 62 drill holes versus 31 drill holes used for the estimate announced in November 2011. Since 46 drill holes representing approximately 4,500 meters of drilling have been completed since the last resource estimate, we infer that 15 drill holes were scout holes intended to expand the extent of the tungsten-mineralized skarn that appears to be ubiquitous along the western side of the valley. Management plans to continue to explore the gap between Tabuaço and Aveleira, as well as other areas in the concession, during the remainder of 2012 and in 2013.

Management intends to develop the Tabuaço tungsten project and is proceeding with the preparation of a Preliminary Economic Assessment (PEA), which is scheduled for the first quarter of 2013. The company is engaged in discussions with several undisclosed potential partners to bring a mine to production within two or three years. We would expect that the development of Tabuaço would be structured in a manner similar to the Penedono joint venture with the partner providing capital and further developing the project in order to earn a substantial stake in the concession. In this manner, Colt Resources would be able to focus its capital resources on the development of the Boa Fé gold project in southern Portugal.

In response to the updated resource estimate, we raised our price target to $1.70, which was augmented by the higher resource estimate of the Tabuaço tungsten deposit.

On September 5, 2012, Colt Resources announced the **assay results for seven drill-holes from Tabuaço and one from the Tabuaço-Aveleira gap**. Significant high grade intersections include 0.93% WO_3 over 13.34 meters (drill hole DHT-66) and 1.50% WO_3 over 10.01 meters (DHT-57). Based on the infill drilling results, management is more confident on the continuity of São Pedro das Águias deposit.

In addition, the results from the Tabuaço-Aveleira gap and from previously announced results from the northern section of Aveleira (which is located about 700 meters north of Tabuaço) indicate that additional tungsten deposits in scheelite skarns to the north have the potential to expand the size of the overall resources in and around the Tabuaço project area. Moreover, to accelerate the drilling program, Colt Resources contracted with Portuguese drilling contractor Geocontrole for **two additional drilling rigs**.

Penedono

On September 4, 2012, **Colt Resources entered into a joint venture with Contécnica to further develop the Penedono gold project**. Contécnica, a privately-held Brazilian engineering consulting firm, is able to earn a 51% stake in the Penedono concession after investing at least €2.0 million in the project over three years. In addition, Contécnica must pay €50,000 to Colt Resources when the JV obtains an

Experimental Mining License. The capital commitment from Contécnica enables Colt to focus its capital resources on Boa Fé and Tabuaço while retaining a 49% stake in the Penedono concession.

Second Quarter Results

On August 24, 2012, Colt Resources reported **financial results for the second quarter** ending June 30, 2012. The company reported a loss for the quarter of $2,200,850 ($0.02 per diluted share) versus a loss of $2,094,015 ($0.03) in the comparable-quarter last year. Investor relations and marketing expenses increased 3.7% from $514,585 to $533,744 as management continues to increase investor awareness of the company's potential and exploration activities.). Salaries decreased 28.5% to $147,671 due to an internal reorganization. During the first half of 2012, the company received net proceeds of $13,908,788 from the issuance of shares and the exercise of options. At quarter-end (June 30, 2012), the company had $9.8 million of cash & equivalents, up from $3.9 million on December 31, 2011.

Business Plan for 2012: During 2012, management continues to expect to spend approximately $9.0 million on exploration at the company's Portuguese concessions, $6 million for the southern Portuguese projects and $2 million for the northern Portuguese projects.

OVERVIEW

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

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

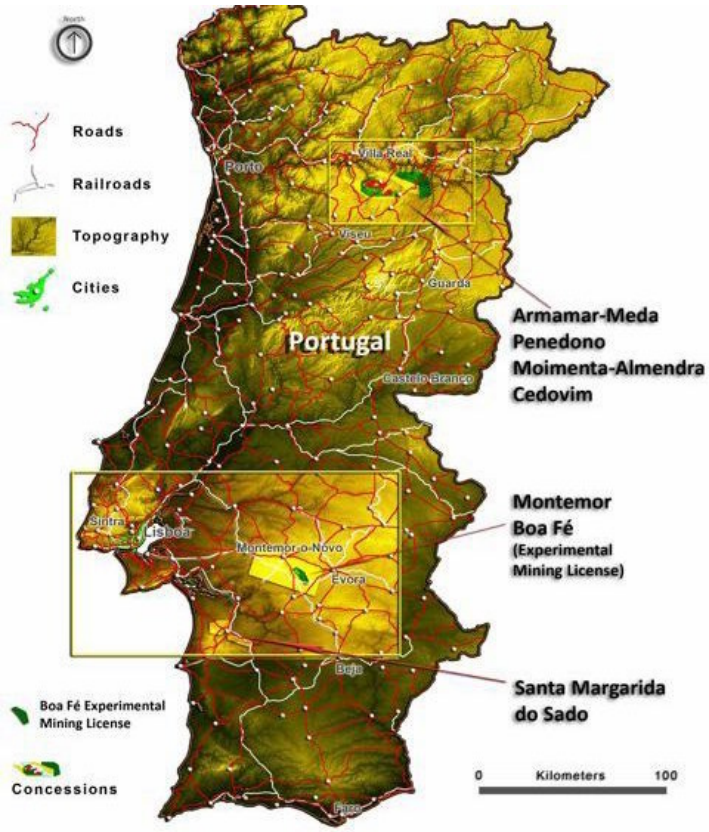
Colt Resources is also drilling areas adjacent to the deposits slated for production. The Boa Fé shear zone hosts a series of high grade, near-surface gold deposits and occurrences. Within the confines of the Boa Fé experimental mining license, confirmatory and exploratory drilling is also occurring at the **Banhos**, **Braços**, **Covas** and **Ligeiro** deposits**.** Historical drilling at these deposits suggests significant

[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.

potential. At **Tabuaço**, other promising occurrences of scheelite (tungsten) around the São Pedro das Águias deposit are being investigated, namely, **Quinta das Herédias, Quintã, Quinta do Paço** and **Quinta da Aveleira**. These numerous targets at Boa Fé and Tabuaço have the potential to define additional economic deposits that could be brought into production with Chaminé, Casas Novas and San Pedro das Águias.

Located in north-central Portugal, the **Tabuaço project** contains a gently-dipping scheelite (tungsten) deposit in the **São Pedro das Águias** zone. To better explore the area, Colt Resources acquired the land rights[2] over a portion of the São Pedro das Águias deposit. Utilizing results from an aggressive drilling program that was begun in April 2011, an initial NI43-101 resource estimate was completed in November 2011 by SRK Exploration, followed by an updated resource estimate completed in October 2012, which expanded the size of the **indicated resource estimate** to **815,000 MTU WO_3 (**1,495,000 tonnes grading 0.55% WO_3) and estimated the inferred resource to be **720,000 MTU WO_3 (**1,230,000 tonnes grading 0.59% WO_3).

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



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

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

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

The company has been very successful in obtaining capital through equity offerings and the exercise of warrants. During the nine moths ending December 2011, the company raised $18.4 million through private placements and the exercise of warrants. During the first half of 2012, the company received net proceeds of $13,908,788 from the issuance of shares and the exercise of options. Interestingly, an un-named Portuguese conglomerate participated in the European offering. The proceeds 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.

BOA FÉ & MONTEMOR (PORTUGAL) – GOLD

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

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

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

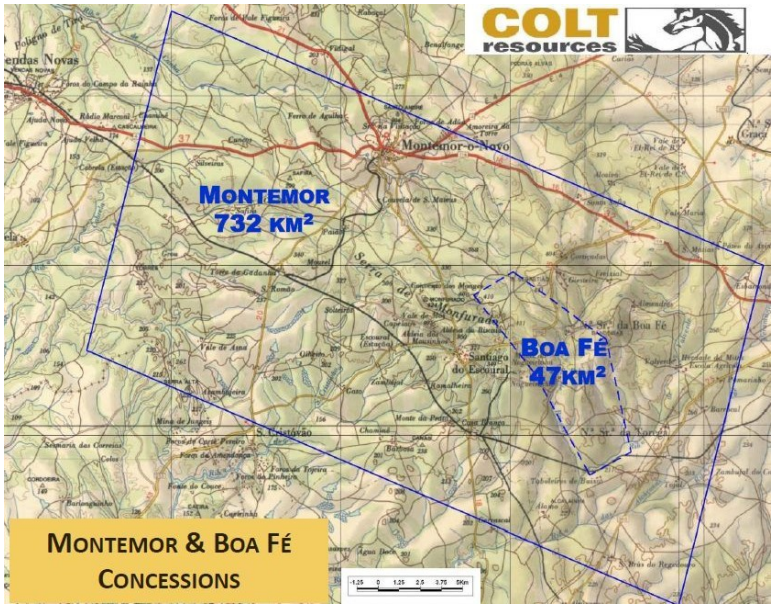
Both Chaminé and Casas Novas are well-suited for open pit mining. At Chaminé a mining plan is being contemplated for an experimental pit with a maximum surface area of five hectares (or 0.05 km^2). The Casas Novas area is located within the Monfurado protected zone (aka PIERSM) and, like any mining operation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

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

Boa Fé Gold Project



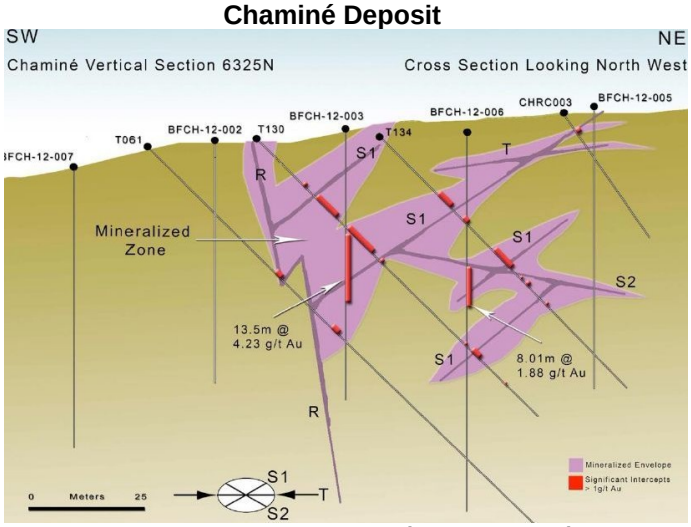
Montemor and Boa Fé



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 NI 43-101 resource estimate which management plans on having prepared during the first quarter of 2013.

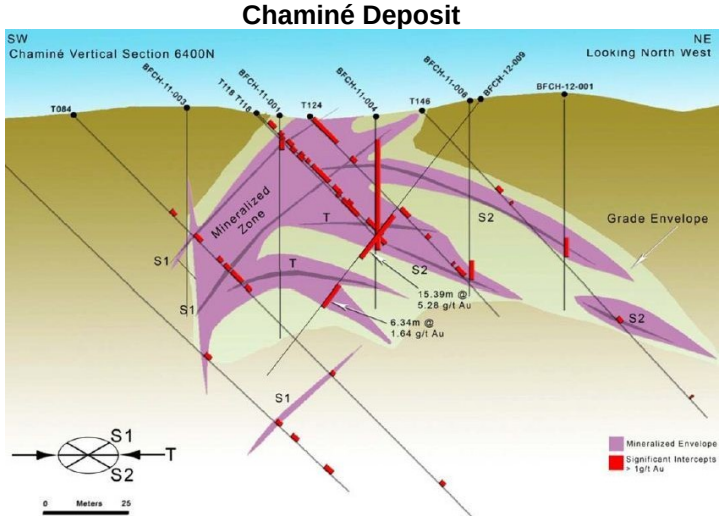
Colt's aggressive ongoing drilling program at Boa Fé has confirmed the presence of substantial, recoverable gold deposits. The targeted infill and step-out drilling confirmed and expanded upon the historical assay results at **Chaminé** and **Casas Novas**, and the assay results were used to prepare the initial NI 43-101 resource estimate published in July. At Chaminé, 39 diamond drill holes totaling 3207.55 meters were completed and 20 diamond drill holes totaling 2,391.5 meters at Casas Novas. In addition, during the second quarter of 2012, an **aeromagnetic and radiometric survey** was conducted by helicopter over the entire area of the Boa Fé project and also parts of the surrounding Montemor concession.

Chaminé Deposit



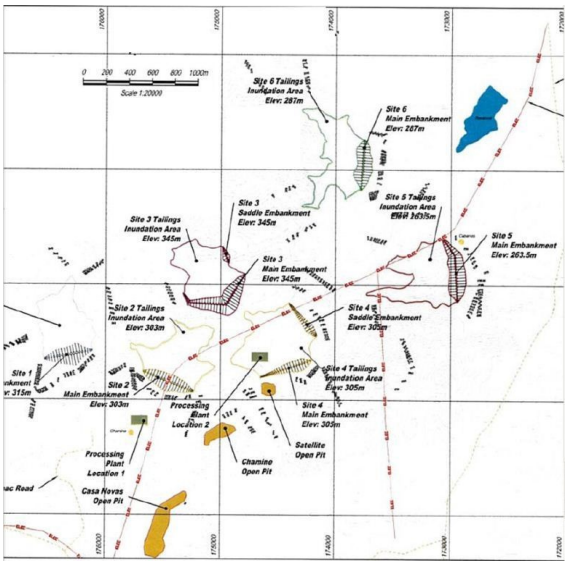
Colt Resources February 2012

Chaminé Deposit

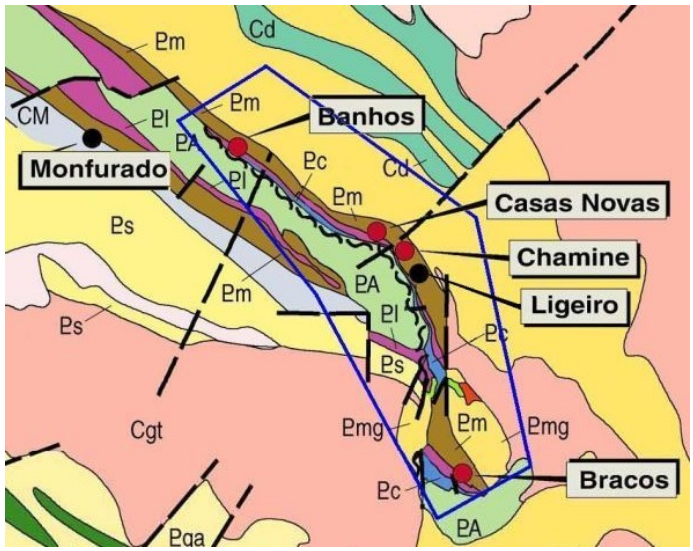


Colt Resources August 2012

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.



Colt Resources NI 43-101 August 16, 2012



Colt Resources NI 43-101 March 4, 2011

Expected Development

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

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

Resources

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

Resource Statement for the Chaminé and Casas Novas deposits

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

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

Montemor

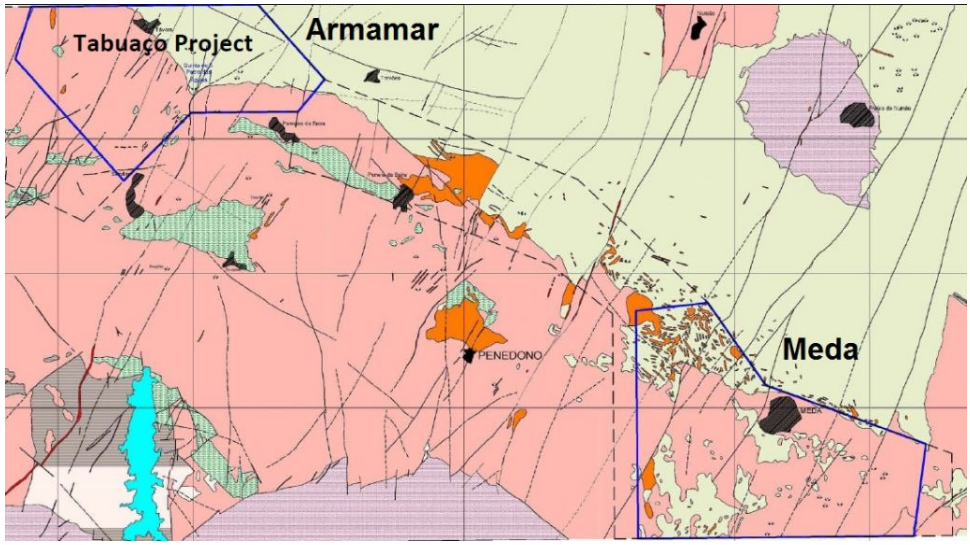
Given the findings and extension of the Boa Fé shear zone within the experimental mining license area, Colt's management is also optimistic about the broader **Montemor concession** area. Outside the Boa Fé experimental mining license area but within the Montemor Regional concession, lie four other shear corridors, namely the **Monfurado, Mourel, Gouveia** and **Grou** belts. Lightly explored, primarily by trenching, Colt Resources began a field-based exploration program targeting three of the four shear corridors (Monfurado, Mourel and Gouveia) in January 2012. During the first half of 2012, prospecting, pilot soil geochemical surveys, a stream sediment survey and trenching were completed. The stream sediment survey covered an area of approximately 7 kilometers long. In addition, five scout diamond drill holes totaling 396 meters were drilled in the Monfurado area along the Monfurado belt. Low-grade gold mineralization was encountered with hole no. 1 intersecting 0.52 g/t Au over 14.25 meters and hole no. 2 assaying 0.48 g/t Au over 14.23 meters. Thus far, the area has the potential for a large, low grade gold deposit that extends at least 300 meters and 80 meters down-dip. During the second quarter 2012, 11 trenches totaling 877 meters were excavated in the Malaca and Mourel areas where no historical drilling has been conducted. Gold mineralization was encountered in both areas.

ARMAMAR-MEDA /TABUAÇO (PORTUGAL) – TUNGSTEN

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

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





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

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

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

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

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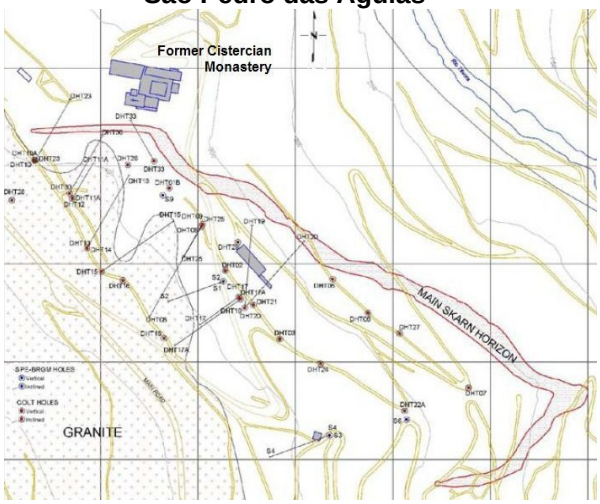
Geologically, the **Tabuaço project area**, which is in the northwest of the Armamar-Meda concession, is characterized by **scheelite mineralized skarn**. The skarn at Tabuaço is wall rock[6] developed by the intrusive Armamar-Tabuaço granite contacting the meta-sedimentary rocks of the SGC. In line 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**.

Exploration

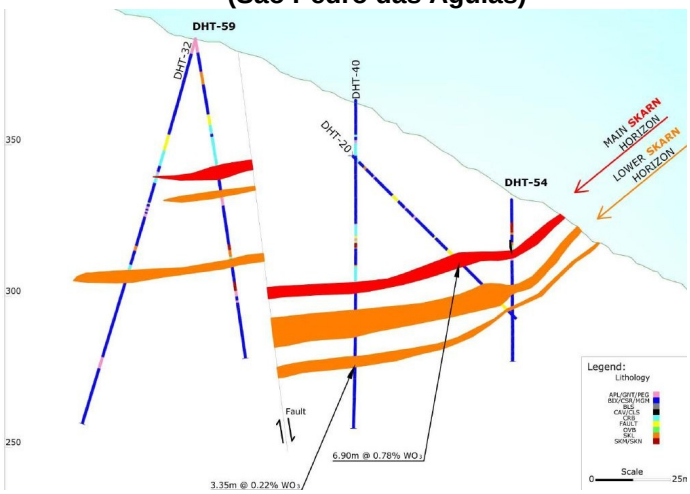
Beginning in July 2008, Colt Resources initiated an exploration campaign consisting of rock sampling over the São Pedro das Águias, Quintã and Quinta do Paço zones at Tabuaço and in the Bebezes area. However, the **São Pedro das Águias zone is the most significant**. The program focused on validating 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.

Having confirmed that significant tungsten mineralization was present through chip and rock sampling, 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. 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)



An aggressive drilling program was initiated in April 2011 to support the preparation of an initial NI43-101 resource estimate. 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. Drilling continued at a fast pace for the remainder of the year with an additional ten holes (totaling 1,115 meters) being completed. Another 2,235 meters were drilled for resource evaluation in the first half of 2012, primarily concentrating on the São Pedro das Águias tungsten deposit in a campaign of infill drilling in order to upgrade the initial resource estimate. Also, nearby mineralized skarn horizons are being drilled, especially the soil geochemical anomaly at **Quinta da Aveleira**, approximately 750 meters northwest of São Pedro das Águias to test the extent of the tungsten deposit there. Geochemical soil sampling was conducted in the gap between the Tabuaço and Aveleira tungsten deposits and a scout drilling program is being carried out.

[6] Wall rock is rock adjacent to an area undergoing geologic activity.

Resource

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

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

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

Initial Production Plans

With the exploration concession of Armamar-Meda set to expire in December 2012, management is fast tracking the application for an experimental mining license by contracting the DHV consulting group to prepare a PDA and a consulting group led by Fernando Real to prepare an Experimental Mining Plan. The completion of a Feasibility Study is targeted for the first quarter of 2013. The company is well prepared since an internal preliminary conceptual mine plan was completed in 2011, which calls for an underground mine to exploit the São Pedro das Águias zone with a mine portal on land already owned by Colt Resources. A concentrator and tailings impoundment facility is being contemplated at a secluded area within three kilometers from the entrance of the mine. 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 in 2015 with a strategic partner.

I

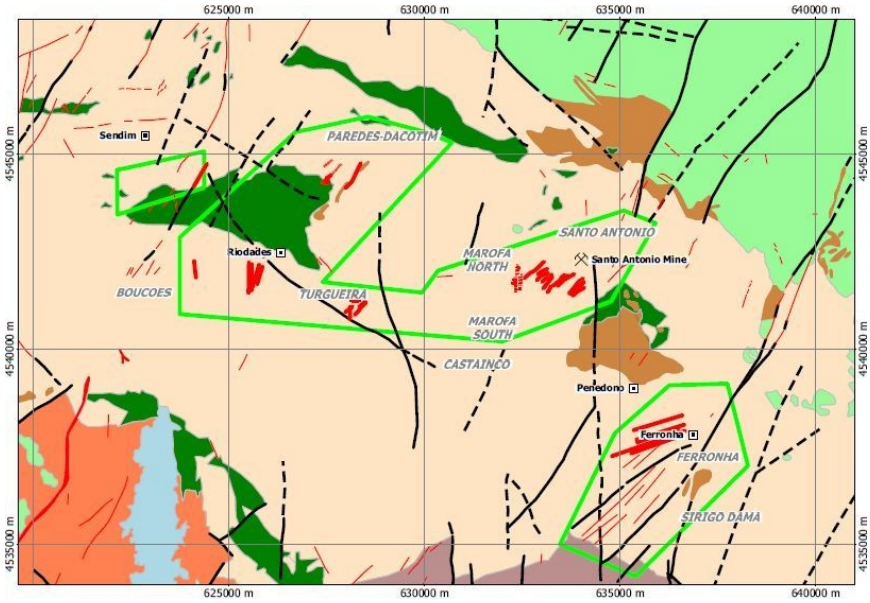
PENEDONO (PORTUGAL) - GOLD

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.[7]-BRGM[8] 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,

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

Ferronha, Paredes-Dacotim, Bouções and Sirigo Dama (see diagram), though these areas remain relatively under-explored.



Colt Resources

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.

The **geological model for gold mineralization at Penedono** has been accepted as an **intrusion-related gold system**[9] (IRGS). Though the IRGS model was introduced by Thompson and Sillitoe[10] 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.

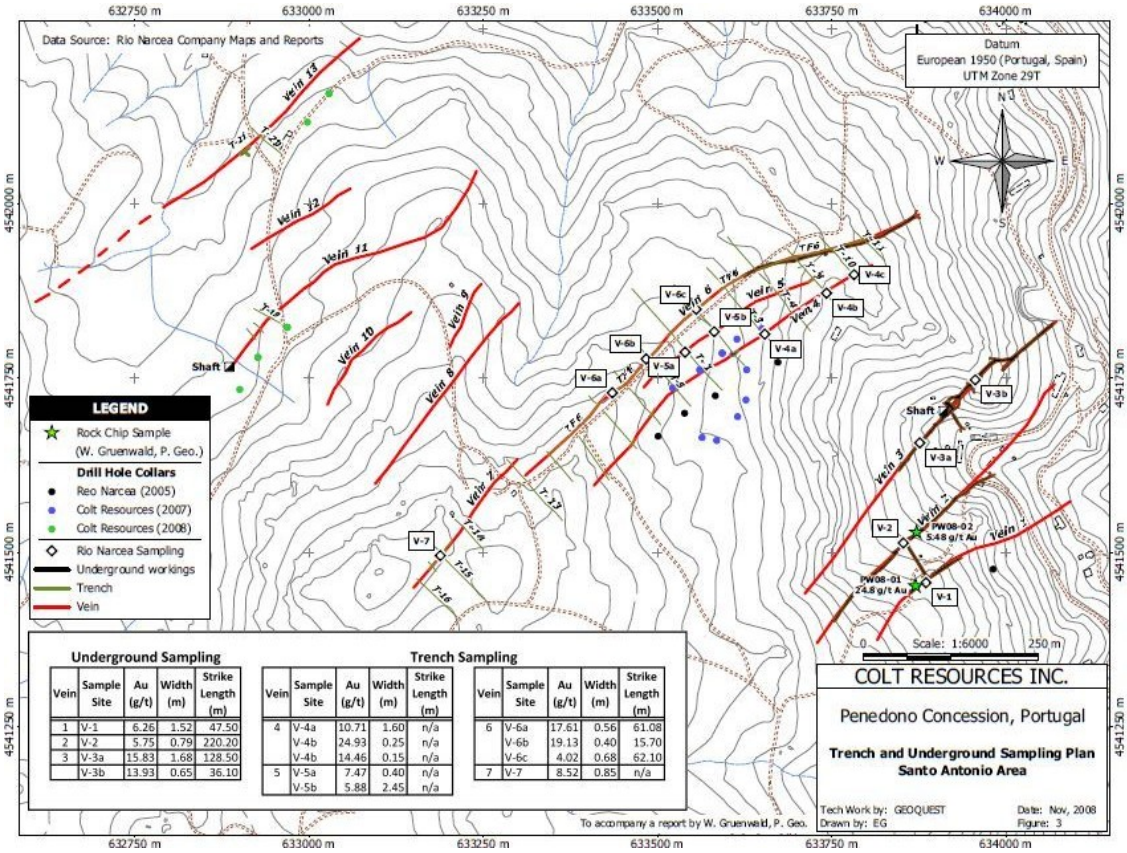
At Penedono, high grade gold mineralization occurs in a series of vertical, parallel quartz veins. The series of veins follow the Hercynian NNE-SSW trending fault structures. The exploration of Penedono has identified three types of gold mineralization:

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**[11] 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 several exploration programs support the existence of high grade gold deposits. Thirteen individual mineralized quartz veins have been identified in the San Antonio area. From the east of the cluster to the west, the Santo António veins have been numbered from Vein 1 to Vein 13.

[9] Inverno, Carlos M. C., Primary gold deposits in Portugal - mesothermal or epithermal?, Comunicações do Instituto Geológico e Mineiro, 2002, T. 89, pages 63-68.
[10] 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.
[11] Greisen is a hydrothermally altered granite-type rock, generally composed of quartz, muscovite mica, tourmaline and topaz.

The strike lengths in the table above are approximate, and in some cases (Veins 7 - 13) are based solely on surface indications. Some of the veins are smaller in width and discontinuous in grade (Veins 4 - 13).



Underground Sampling

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

Trench Sampling

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

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

During the second quarter of 2011, no new field work was conducted at Penedono; however, SRK was contracted to produce a final technical report on the Penedono concession, and Contecmina was contracted to produce a mining plan to support the application of an Experimental Mining Concession.

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

VALUATION

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

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

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

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

Colt Resources Inc.

PORTUGUESE Projects	Metal	Measured & Indicated Resource (oz)	Grade (g/t)	Inferred Resource (oz)	Recovery Rate	Average Production Cash Costs (per oz)	Current Price	Royalties & Net Smelter Return (NSR)	% Ownership	Net Value to GTP	Net Present Value to GTP
Boa Fé - Gold											
Chaminé	Au	77,000	2.00	400	85%	300	1,711	4.0%	100%	84,522,512	76,725,255
Casas Novas	Au	137,000	1.40	15,000	85%	300	1,711	4.0%	100%	161,077,502	142,793,213
Braços	Au	20,000	3.30		85%	300	1,711	4.0%	100%	16,119,264	15,351,680
Banhos	Au		3.30	25,000	85%	300	1,711	4.0%	100%	20,149,080	18,732,705
Tabuaço - Tungsten		**(MTU)**	**(% WO_3)**	**(MTU)**		**(per MTU)**					
San Pedro das Águias	WO3	440,000	0.58	360,000	80%	52	360	2.0%	100%	151,161,472	130,890,013
Quinta das Herédias	WO3	N/A									
Quintã	WO3	N/A									
Quintã do Paço	WO3	N/A									
Quintã da Aveleira	WO3	375,000	0.52	360,000	80%	52	360	2.0%	100%	137,820,144	119,337,820
DEVELOPMENT COSTS											
Boa Fé										(100,000,000)	(92,970,522)
Tabuaço										(100,000,000)	(86,589,533)
TAXES											
Taxes										(101,983,743)	(82,820,301)
BALANCE SHEET ADJUSTMENTS											
Working capital										15,252,997	15,252,997
Loans payable										(1,234,032)	(1,234,032)
								Net Assets & Resources		282,885,197	255,469,294
								Shares Outstanding		149,000,000	149,000,000
								Asset Value		1.90	
								Discounted Asset Value			**1.71**

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

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

BALANCE SHEET & PROJECTED INCOME STATEMENT

Colt Resources Inc.
Consolidated Balance Sheets
(in $ Canadian)

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

Colt Resources Inc.

Consolidated Statements of Operations and Retained Earnings

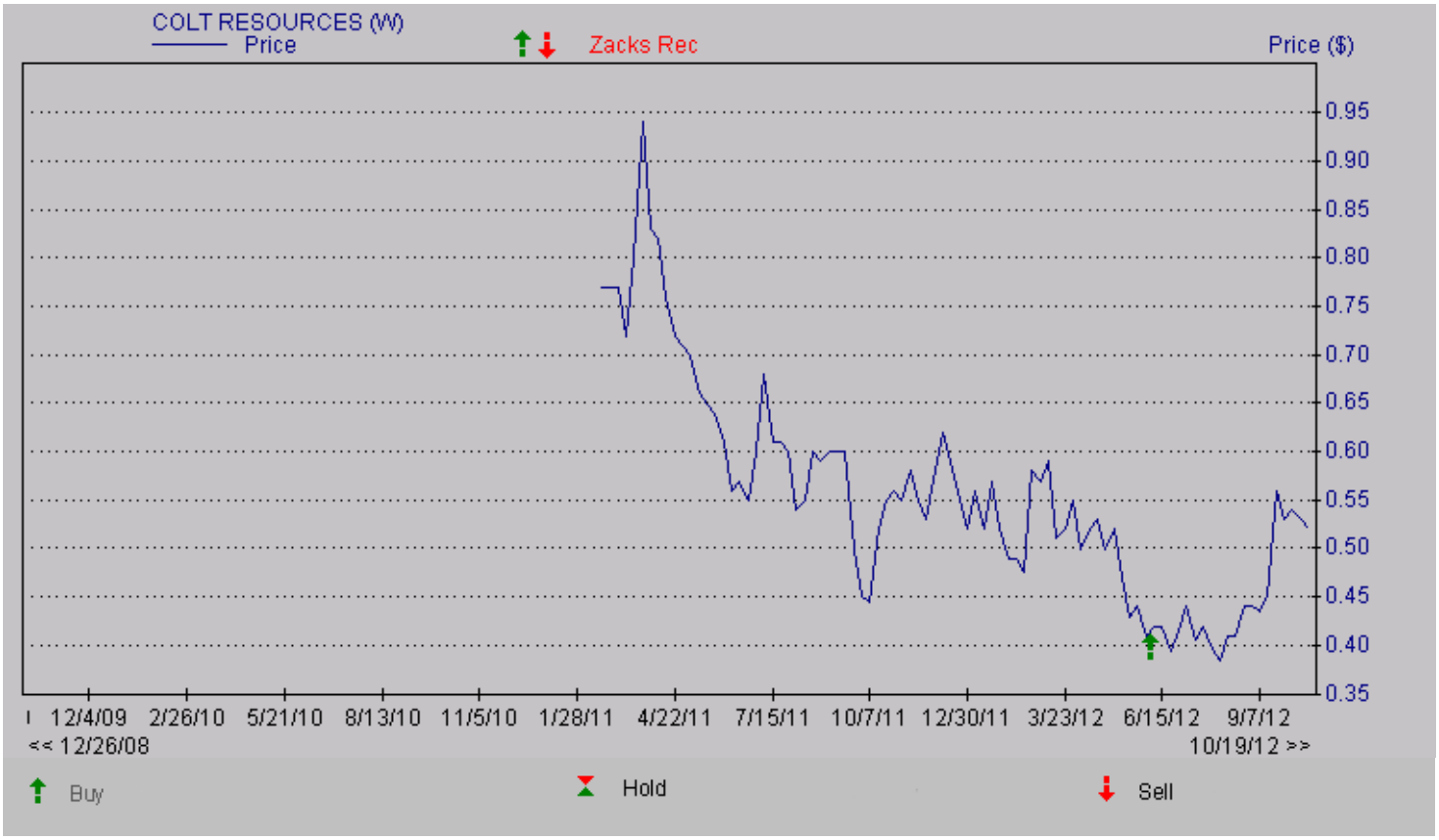
(in $ Canadian)	FY 2008	FY 2009	FY 2010	FY 2011	(9 months) 2011	2012 E
For the years ending March 31	3/31/2008	3/31/2009	3/31/2010	3/31/2011	12/31/2011	12/31/2012 E
Revenue:	**0**	**0**	**0**	**0**	**159,064**	**84,630**
Expenses:						
Stock-based compensation	495,939	248,423	246,963	1,265,942	1,254,785	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	576,664
Management fees	-	-	-	-	570,008	1,133,827
Salaries	43,837	129,463	70,313	291,095	348,342	582,916
Investor relations & Marketing	98,252	87,269	168,498	2,051,013	1,414,044	2,120,977
Accounting and audit	27,562	47,179	39,560	97,625	153,174	-
Rent	27,213	33,339	40,772	41,090	192,383	49,810
Office	73,680	22,591	45,674	128,250	960,381	248,903
Property investigation	0	21,626	3,450	67,789	44,627	15,559
Listing and transfer agent fees	16,093	10,522	21,295	205,666	146,478	15,249
Filing fees	5,465	6,978	4,215	32,076	14,859	-
Bank charges	3,806	4,724	3,766	7,016	16,544	22,024
Insurance	1,825	3,494	3,384	14,745	78,858	241,174
Legal	30,915	2,823	81,890	245,865	458,926	217,551
Interest expense	4,376	0	8,264	11	-	-
Other costs	-	-	-	-	59,910	-
Amortization expense	2,337	4,250	940	16,210	145,524	379,926
Operating expenses	**1,164,683**	**951,931**	**1,240,449**	**4,919,530**	**6,290,059**	**6,854,580**
Loss from operations	**(1,164,683)**	**(951,931)**	**(1,240,449)**	**(4,919,530)**	**(6,130,995)**	**(6,769,950)**
Interest income	29,678	5,666	622	0	42,243	21,699
Interest (expense)	-	-	-	-	(79,514)	(216,309)
Write-off of mineral property interest	-	(90,000)	-	-	-	-
Loss on disposal of equipment	-	-	(9,652)	-	-	-
Derivatives gain (loss)	-	-	-	-	-	(29,500)
Foreign exchange gain (loss)	9,802	3,013	(8,425)	(74,811)	243,831	4,422
Total other income (expense)	**39,480**	**(81,321)**	**(17,455)**	**(74,811)**	**206,560**	**(219,688)**
Loss before income taxes	**(1,125,203)**	**(1,033,252)**	**(1,257,904)**	**(4,994,341)**	**(5,924,435)**	**(6,989,638)**
Future income tax (recovery)	(29,450)	(47,815)	3,340	0	(11,814)	15,372
Net Gain (Loss)	**(1,095,753)**	**(985,437)**	**(1,261,244)**	**(4,994,341)**	**(5,912,621)**	**(7,005,010)**
Other comprehensive loss						
Unrealized gain on available for sale marketable securities	-	-	-	-	6,746	19,649
Foreign exchange gain (loss) on translation of foreign operations	0	0	0	0	(725,040)	18,797
Total comprehensive loss	**(1,095,753)**	**(985,437)**	**(1,261,244)**	**(4,994,341)**	**(6,630,915)**	**(6,966,564)**
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	131,000,000

Colt Resources Inc.

Consolidated Statements of Operations and Retained Earnings

(in $ Canadian)	FY 2011 AMJ	FY 2011 JAS	FY 2011 OND	FY 2011 JFM	Fiscal Year	FY 2012 AMJ	FY 2012 JAS	FY 2012 OND	(9 months) Year	2012 JFM	2012 AMJ	2012 JAS	2012 OND	Year
For the years ending March 31	1Q	2Q	3Q	4Q	2011	1Q	2Q	3Q	FY 2012	1Q	2Q	3Q	4Q	2012 E
Revenue:	**0**	**0**	**0**	**0**	**0**	**0**	**35,484**	**123,580**	**159,064**	**74,143**	**(149,513)**	**35,000**	**125,000**	**84,630**
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	**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	143,106	145,968	148,887	**576,664**
Management fees	-	-	-	-	**-**	-	-	570,008	**570,008**	235,846	252,981	295,000	350,000	**1,133,827**
Salaries	25,645	91,733	80,312	93,405	**291,095**	206,423	594,164	117,763	**348,342**	130,984	147,671	150,624	153,637	**582,916**
Investor relations & Marketing	186,161	364,219	718,871	781,762	**2,051,013**	514,585	539,973	359,486	**1,414,044**	437,233	533,744	500,000	650,000	**2,120,977**
Accounting and audit	3,150	36,407	1,350	56,718	**97,625**	66,113	12,532	74,529	**153,174**	-	-	-	-	-
Rent	8,481	7,897	11,571	13,141	**41,090**	44,599	68,456	79,328	**192,383**	49,810	-	-	-	**49,810**
Office	23,151	21,693	21,454	61,952	**128,250**	49,522	196,958	713,901	**960,381**	248,903	-	-	-	**248,903**
Property investigation	35,174	0	0	32,615	**67,789**	31,693	37,520	(24,586)	**44,627**	7,657	(5,098)	5,000	8,000	**15,559**
Listing and transfer agent fees	21,872	31,176	94,544	58,074	**205,666**	90,646	45,172	10,660	**146,478**	15,249	-	-	-	**15,249**
Filing fees	850	5,178	1,095	24,953	**32,076**	4,527	9,513	819	**14,859**	-	-	-	-	-
Bank charges	1,438	2,597	1,661	1,320	**7,016**	4,975	4,925	6,644	**16,544**	22,024	-	-	-	**22,024**
Insurance	1,523	5,292	4,061	3,869	**14,745**	18,139	22,114	38,605	**78,858**	42,285	64,988	66,288	67,614	**241,174**
Legal	21,435	53,177	47,315	123,938	**245,865**	44,947	309,698	104,281	**458,926**	25,657	88,257	53,637	50,000	**217,551**
Interest expense	14,378			(14,367)	**11**	-	-	-	**-**	-	-	-	-	-
Other costs	-	-	-	-	**-**	-	-	59,910	**59,910**	106	565,224	-	-	-
Amortization expense	9,115	(918)	810	7,203	**16,210**	16,092	63,359	66,073	**145,524**	97,065	88,731	97,065	97,065	**379,926**
Operating expenses	**446,951**	**948,296**	**1,375,191**	**2,149,092**	**4,919,530**	**2,167,523**	**2,203,060**	**2,489,484**	**6,290,059**	**1,451,521**	**1,879,604**	**1,313,582**	**2,775,203**	**6,854,580**
Loss from operations	**(446,951)**	**(948,296)**	**(1,375,191)**	**(2,149,092)**	**(4,919,530)**	**(2,167,523)**	**(2,167,576)**	**(2,365,904)**	**(6,130,995)**	**(1,377,378)**	**(2,029,117)**	**(1,278,582)**	**(2,650,203)**	**(6,769,950)**
Interest income	0	0	0	0	**0**	121	31,961	10,161	**42,243**	8,860	3,839	5,000	4,000	**21,699**
Interest (expense)	-	-	-	-	**0**	0	(81)	(79,433)	**(79,514)**	(54,300)	(54,009)	(54,000)	(54,000)	**(216,309)**
Write-off of mineral property interest	-	-	-	-	**0**	-	-	**-**	**0**	0	0	0	0	**-**
Loss on disposal of equipment	-	-	-	-	**0**	-	-	**-**	**0**	0	0	0	0	**-**
Derivatives gain (loss)			-	-	-	-	-	-	-	-	(29,500)	-	-	**(29,500)**
Foreign exchange gain (loss)	19,855	32,300	(112,568)	(14,398)	**(74,811)**	73,387	84,191	86,253	**243,831**	27,114	(76,692)	25,000	29,000	**4,422**
Total other income (expense)	**19,855**	**32,300**	**(112,568)**	**(14,398)**	**(74,811)**	**73,508**	**116,071**	**16,981**	**206,560**	**(18,326)**	**(156,362)**	**(24,000)**	**(21,000)**	**(219,688)**
Loss before income taxes	**(427,096)**	**(915,996)**	**(1,487,759)**	**(2,163,490)**	**(4,994,341)**	**(2,094,015)**	**(2,051,505)**	**(2,348,923)**	**(5,924,435)**	**(1,395,704)**	**(2,185,479)**	**(1,302,582)**	**(2,671,203)**	**(6,989,638)**
Future income tax (recovery)	0	0	0	0	**0**	0	4,825	(16,639)	**(11,814)**	0	15,372	0	0	**15,372**
Net Gain (Loss)	**(427,096)**	**(915,996)**	**(1,487,759)**	**(2,163,490)**	**(4,994,341)**	**(2,094,015)**	**(2,056,330)**	**(2,332,284)**	**(5,912,621)**	**(1,395,704)**	**(2,200,850)**	**(1,302,582)**	**(2,671,203)**	**(7,005,010)**
Other comprehensive loss														
Unrealized gain on available for sale marketable securities			-	-	-	0	0	6,746	6,746	4,501	8,148	5,000	2,000	**19,649**
Foreign exchange gain (loss) on translation of foreign operations			-	-	-	0	(187,718)	(537,322)	(725,040)	62,817	(129,020)	60,000	25,000	**18,797**
Total comprehensive loss	**(427,096)**	**(915,996)**	**(1,487,759)**	**(2,163,490)**	**(4,994,341)**	**(2,094,015)**	**(2,244,048)**	**(2,862,860)**	**(6,630,915)**	**(1,328,386)**	**(2,321,722)**	**(1,237,582)**	**(2,644,203)**	**(6,966,564)**
Net income per common share (diluted) - continuing ops.	**(0.01)**	**(0.03)**	**(0.04)**	**(0.05)**	**(0.11)**	**(0.03)**	**(0.02)**	**(0.03)**	**(0.07)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.02)**	**(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	113,059,900	128,000,000	130,000,000	131,000,000

HISTORICAL ZACKS RECOMMENDATIONS



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