MANAGEMENT'S DISCUSSION AND ANALYSIS

As at December 31, 2014

An Exploration Stage Company

MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended December 31, 2014

This Management's Discussion and Analysis ("MD&A") of Colt Resources Inc. and its subsidiaries (the "Company") has been prepared based on information as of April 30, 2015 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous periods and should be read in conjunction with our annual consolidated financial statements for the years ended December 31, 2014 and 2013 and related notes. The financial statements and related notes of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes of the December 31, 2014 and 2013 annual consolidated financial statements for disclosure of the Company's significant accounting policies. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Additional information, including our press releases and the Company's annual information form, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. Additional information relating to the Company can be found on the Company's website at www.coltresources.com.

The Company's securities trade on the TSX Venture, OTC Pink and Frankfurt exchanges.

FORWARD LOOKING STATEMENTS

Certain of the information contained in this MD&A may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. In this MD&A, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements.

Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described in this MD&A and any other document published by the Company. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this document to reflect subsequent information, events or circumstances or otherwise, except if required by applicable laws.

COMPANY OVERVIEW

Colt Resources is a Canadian-based exploration stage company focused on the acquisition, exploration and development of mineral properties in Portugal. The Company is led by an experienced managerial and technical team and its strategy is to provide stakeholder value from quality mineral assets located in strategic jurisdictions. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec.

Colt Resources Inc. is incorporated in Canada and operates from its headquarters in Montreal, Canada and also through its wholly owned subsidiary ColtInvestco SGPS S.A. and its subsidiaries, Q.S.P.A. – Sociedade Vitícola Unipessoal Lda. ["QSPA"], Eurocolt Resources Unipessoal Lda. ["Eurocolt"], Aurmont Resources Unipessoal Lda. ["Aurmont"], and TungSPA Unipessoal Lda. ["TungSPA"]. These subsidiaries represent the interests of Colt Resources Inc. in Portugal. It also holds an investment in Colt Resources Middle East (Cayman) ("CRME"), a private company focused on acquiring near term production assets in the Greater Middle East region.

The Company's significant exploration and development projects at December 31, 2014 included the Boa Fé gold project in southern Portugal and the Tabuaço tungsten project in northern Portugal. The Company holds a 100% interest in both projects.

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

QUALIFIED PERSON

The technical information disclosed in this MD&A has been reviewed and approved by Gareth O'Donovan of the firm SRK Exploration Services, a Qualified Person (QP) for Colt Resources, as defined by National Instrument 43-101 for the Standards of Disclosure for Mineral Projects.

The Company's technical reports are available under the Company's profile on www.sedar.com

CORPORATE HIGHLIGHTS

- On March 4, 2014, the Company's associate Colt Resources Middle East (Cayman) ("CRME") completed a private placement issuing a total of 27,500,000 shares at C$0.15 per share for gross proceeds of $4.12 to be used to pursue efforts aimed at securing mining licenses in the Greater Middle East region. An additional 16,665,001 shares in CRME were issued to the Company bringing the Company's equity interest in CRME to 37.73% following the completion of the financing. The Company received back $1.5 million in two instalments on February 19 and March 13, 2014 respectively.

- On June 4, 2014, the Company announced that its former executive chairman, Mr. Richard Quesnel acquired 4,444,444 shares of CRME from the Company for $1 million at $0.225 per share. The transaction was approved by the Company's board of directors and TSX-V. As a result of this transaction and to address potential conflict of interest issues, Mr. Quesnel resigned from the board and stepped down as the executive chairman and accepted to chair the Company's advisory board.

- On August 7, 2014, the Company announced that it had entered into a shares for services transaction for $2.2 million with Spektra Drilling Canada Inc ("Spektra Canada"), a wholly owned subsidiary of Spektra Jeotek A.S., a Turkish company, whereby Spektra acquired 10,500,000 units at $0.21 per unit. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant shall entitle Spektra Canada to acquire one common share at an exercise price of $0.26 for a period of two years following the closing date. Additionally, the Company agreed to a nominee of Spektra to the board of directors of the Company.

- During the fourth quarter ended December 31, 2014, the Company disposed 5,056,352 shares of CRME for total proceeds of $0.65 million. The Company also closed on a financing of US$ 0.2 million in respect of its previously announced senior note offering.

- During the fourth quarter of 2014, a new director, Joe Tai was appointed to the board.

- On February 9, 2015 the Company signed a binding letter of intent (the "LOI") for its Boa Fé Montemor gold exploration concession located in Portugal, setting out the terms of an exclusive proposed earn-in arrangement with DSM Resources Corp ("DSM"), a private mineral exploration company.

- On March 6, 2015, the Company announced that it has completed a private placement for 20 million Units for gross proceeds of $2 Million. Each Unit is comprised of one common share at $0.10 per share and one-half of a warrant. Each whole warrant will be exercisable at a price of $0.15 during a period of 36 months from the date of closing.

- On April 13, 2015, the Company announced that Wayne Murton had stepped down as a director and the Company has appointed former US Ambassador Hans H. Hertell to the board. Wayne will continue to be engaged with the Company in the capacity of an external advisor.

- On April 20, 2015, the Company announced the appointment of Mr. Sabri Karahan, nominee of Spektra, as a director. Mr. Sabri Karahan is a mining engineer with 40 years of experience in mining operation, development, engineering, mine management and corporate management. He is the founder and is currently the Chief Executive Officer and General Manager of DAMA Engineering of Ankara, Turkey, which serves the mining industry worldwide in the areas of exploration, project development, and EPCM work.

OUTLOOK

The Company does not generate any operating cash flows. The Company's sources of financing in the past have been issuance of common shares, warrants, options and senior secured debt financing. Overall prices for metals and precious metals equities, particularly for early stage projects, have decreased during the past year and raising sufficient capital on favourable terms has become difficult for junior exploration companies. These conditions are expected to continue for the foreseeable future and could affect the Company's ability to raise sufficient financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

In addition, as disclosed in the consolidated financial statements, the Company has not earned significant revenue and is considered to be in the exploration and evaluation stage. The Company's current committed cash resources are insufficient to cover expected expenditures in the fiscal year 2015. The Company's ability to continue as a going concern is also dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

Management is strongly committed to effective cash management and maintaining liquidity. The Company's cash burn rate has been significantly reduced based on several cost reduction initiatives the management undertook during the current year ended December 31, 2014. The Company is committed to ensuring that it remains liquid and will continue to identify and to execute cost reduction initiatives, deferral or elimination of discretionary exploration expenditures and/or seeking divestment of its non-core assets/properties to preserve its working capital, raise sufficient capital and maintain adequate liquidity to fund the Company's operations.

OPERATIONS SUMMARY

PORTUGAL

Boa Fé Experimental Mining License

The Boa Fé Experimental Mining License ("EML") covers 46.78km² and is located approximately 95km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal. The property is completely surrounded by the Company's 100% owned Montemor exploration concession.

During the first quarter of 2014, 16 holes were drilled or partially drilled as part of an infill drilling program at both Chaminé and Casas Novas deposits for a total of 1,509 metres. By the end of the first quarter, most of the core had been logged, cut and prepared to be dispatched to the laboratory for analysis.

An infill and resource expansion drilling program ended by June 30, 2014. Data collection was confined to hole logging. As no additional staff were hired no core cutting or sample preparation was done on the data collected.

During the third quarter of 2014 activities were restricted to include data compilation and geological interpretation of the acquired data. On the administrative side, a letter requesting a clarification regarding a further two years extension of the validity of the declaration on environmental assessment was sent to the environmental agency. In addition, the work and investment program for 2015 was prepared and sent to DGEG (Direcção-Geral de Energia e Geologia) for approval along with the request for the contractual extension of the experimental mining license.

Certain data compilation and geological interpretation activities were carried out during the last quarter of 2014.

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the existence of specific rights to explore in a specific area, actual and planned expenditures, results of exploration, and whether an economically-viable operation can be established. Management also considers any decline in resource prices as well as the decline in the Company's market capitalization as an indicator of impairment. An impairment loss is recognized for the amount by which any exploration and evaluation asset exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs to sell and value in use.

As result of the binding letter of intent signed on February 9, 2015 with an unrelated entity , that the carrying value exceeded its recoverable amount. Management used the discounted cash flows based on expected earn-in amounts and percentage ownership to determine the value in use and recoverable amount. As result, an impairment loss of $4 million was recorded during 2014.

Plans for 2015

The Company plans to apply for the full mining license when the current EML ends. Until such time, the mining license application is reviewed and approved by the licensing authorities, mining rights still belong to the Company, no more work can be done in the project until the final mining license is awarded. During this period, the Company anticipates that minor adjustments to the mine application can be required by the licensing authorities.

Tabuaço Experimental Mining License (previously the Armamar-Meda Concession)

The Company has a 100% interest in the Tabuaço property, which has an area of 45.128 km². Located in north central Portugal, the property is approximately 5 hours driving time from Lisbon.

During the first quarter of 2014, 6 drill holes totaling 514 metres were drilled as part of an infill drilling program at the SPA zone. By the end of the quarter, most of the core had been logged, cut and prepared to be dispatched to the laboratory for analysis.

During the second quarter 2014 an infill and resource expansion drilling program recommenced focused on the SPA zone and the "Gap" zone located to the north of SPA. Three holes were drilled totaling 431.90 meters.

During the third quarter 2014 the drilling program continued at the SPA and GAP zones with infill and exploration holes. A total of 28 holes with a total length of 4,543 meters were drilled. Drill hole logging, and sampling preparation was ongoing at the end of the quarter.

During the fourth quarter 2014 the drilling program was completed with the last 2 holes drilled at SPA with a total length of 507 meters. Drill hole logging, and sample splitting was ongoing at the end of the quarter.

With respect to the Company's Tabuaço tungsten property, there were no indicators of impairment as at December 31, 2014. Any changes in the economic assumptions used or the geological information produced during the development and operation of a mine, could materially affect the estimated recoverable amount of the exploration and evaluation assets, which could result in an impairment in the future and such could be material.

Plans for 2015

During 2015, the Company plans to drill several short holes at Aveleira and especially at the GAP zone in order to test for extensions of the recently identified tungsten mineralization, both along strike and down dip, increasing the tungsten resources in the GAP area.

Upon receiving the tungsten analytical results, both from these new holes and from the samples still in the lab, an update of the 3D model of the ore zones and of the mineral resources of the project will be made.

The Company plans to update and increase details on the geotechnical, hydrological and environmental matters that will be necessary for the future underground work and mine licensing.

The Company plans to launch a tender for the construction of the underground experimental mining works and to take underground bulk samples during 2015 so as to provide materials for metallurgical testing as part of the feasibility study while also investigating underground geotechnical conditions.

During 2015 the Company will continue to seek to identify potential offtake partners for the eventual product of a future mining operation.

Santo António Experimental Mining License (previously the Penedono Concession)

The "Consórcio Penedono", a Joint Cooperation Consortium between the Company and Contécnica Consultoria Tecnica ("Contécnica"), has a 100% interest in the Santo António property, which has an area of 35.341 Km^2 located in north central Portugal. The Santo António EML contract was signed on February 20, 2013 and corresponds to the central block of the previously owned Penedono Gold Concession whose exploration license expired on October 28, 2012.

During the first quarter of 2014, Contécnica, continued with the drilling program at Santo António and Turgueira, with 6 holes drilled (4 at Santo António and 2 at Turgueira) with a total of 674.61 metres (134.85 metres at Turgueira and 539.76 metres at Santo António), cutting a sequence of granitic rocks cross cut by quartz veins/veinlets with pyrite and arsenopyrite, as well as greisen bands.

On the hydrogeology side, the final report of the characterization work was received from Contécnica.

Metallurgical test work on samples collected from the existing dumps commenced during the first quarter. A detailed geological mapping was also started.

During the second quarter 2014, Contécnica, continued the drilling program at Santo António, with 4 holes drilled, for a total of 822.2 meters, cutting a sequence of granitic rocks cross cut by quartz veins/veinlets with pyrite and arsenopyrite, as well as greisen bands.

Test work performed during the quarter included pumping tests to estimate the quantity of water contained in the former Santo António mine. In addition, metallurgical test work, contracted to a Brazilian company is ongoing.

The DGEG (mines department) approved the change, in the experimental mining plan, from Turgueira to the Santo António vein system, with some constraints, which are under compliance.

An environmental impact study which is necessary to obtain the license for the recovery of gold from the old tailings dumps was also commissioned during the second quarter.

During the third quarter of 2014, Contécnica, continued with the drilling program at Santo António with 8 holes drilled cutting a sequence of granitic rocks cross cut by quartz veins/veinlets, some with widths up to 2 meters, with pyrite and arsenopyrite, as well as greisen margins. Drill hole logging, density measurements, sampling preparation and dispatching the samples to the assay laboratory was ongoing at the end of the quarter.

Analytical results received from drill hole core, yielded several intersections with gold grade above 1 g/ton with the highest value reported on vein 6 with 11.4 g Au/ton over 0.72m in hole SAD06ID006.

The final report on the exploration work done by Contécnica and previous operators at Turgueira was received.

On the hydrogeology side, the final report of the drawdown tests on the old Santo António mine indicates the possible existence of near 39,390 m^3 of water inside the old mine.

The environmental work needed to obtain the license to recover the gold present from the old tailings dumps was finished and the first draft received.

On the administrative side, the work and investment program for 2015 was prepared and sent to DGEG for approval.

During the fourth quarter of 2014, on the metallurgical side, the leaching tests of the old dumps continued and final report of the underground mining project was received, as well as the scoping environmental study. The second phase of fencing the old mining works and the resource estimation of this vein deposit was also completed.

During the year, the Company's ownership percentage in the property reduced to 66% (93% in 2013) as Contécnica continued to spend to earn-in the project.

With respect to the Company's Santo António property, there were no indicators of impairment as at December 31, 2014.

Plans for 2015

The work planned for 2015 by Contécnica includes the continuation of the drill program at the Santo António gold deposit; completion of a Health and Safety Plan for the experimental mine; preparation of the experimental mining plan; working on the experimental concentration plant and possible demolishing of the ruins of some old mine constructions.

Montemor-o-Novo Gold Concession

The Montemor-o-Novo exploration concession ("Montemor" or the "Concession") covers approximately 728.22km² and is located approximately 95 km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal. The property completely surrounds the Company's 100% owned Boa Fé Experimental Mining License ("EML").

During the first quarter of 2014 the work was restricted to the level of activities to maintain the contractual obligations for the properties with the evaluation, validation and modelling of the existing data with some field checks.

During the second quarter of 2014 the work was restricted to the level of activities to maintain the contractual obligations for the properties, with the evaluation, validation and modelling of the existing data with some field checks.

During the third quarter of 2014 the drilling campaign at Monfurado restarted with three holes drilled with a total of 358.30 meters. They were located to the south-east of the mineralized zone aimed to intersect the possible down dip extension of the gold mineralization found on an historical hole, on section 100 north-west.

On the administrative side, the semester report with the work and investment incurred during the first half of 2014 was prepared and sent to DGEG. The application for the extension of the existing contract for another year along with the work and investment plan for that extension was prepared and submitted.

During the fourth quarter of 2014 all the core of the drill holes drilled previously at Monfurado were cut. For cost saving reasons, all the core and other materials were concentrated in only one field warehouse and the staff was reduced to a minimum level.

With respect to the Company's Montemor exploration concession, there was an indicator of impairment based on current exploration results as at December 31, 2014. Although ongoing exploration is planned for 2015, however no resource estimate for the property is available, the Company believes it will not be able to recover the carrying value of the property and has recorded an impairment loss for the entire book value of $1.82 million in respect of Montemor exploration concession.

Plans for 2015

The work planned for 2015 will comprise detailed geological mapping on areas with relevant gold anomalies and important structural features; trenching and channel sampling to test priority geochemical and/or geophysical targets areas; high resolution VLF surveys over selected geochemical and/or air-borne survey anomalies and diamond drill testing of mineralized or anomalous targets.

Cedovim Concession

The Cedovim exploration concession consists of 218,129 km² of prospective ground located in northern Portugal, approximately 100 km east of the city of Porto. It is composed of two separate blocks, and is contiguous with the "Tabuaço" EML concession.

During the year ended December 31, 2014 no field work was carried out at this property and the property license was relinquished by the Company. At December 31, 2014, the book value of the property has been fully written off.

Borba

The Company holds a 100% interest in the Borba exploration license whose contract was signed on February 20, 2013, following the application made on April 3, 2012. The Borba property has an approximate area of 633.935 km². Located in central Portugal, the property is approximately 2 hours driving time from Lisbon.

During the first quarter 2014, the field work was restricted to field checks around the old "Miguel Vacas" copper mine, where drilling is planned to take place during the early stage of the exploration of this area.

During the second quarter 2014, the fieldwork was restricted to field checks around the old "Miguel Vacas" copper mine.

During the third quarter of 2014, a drilling campaign was carried out at the old "Miguel Vacas" copper mine. Two holes, one located under the middle of the old open pit and the second one along strike and immediately to the North of it, were drilled with a total length of 228 meters. Both holes intersected breccias with some (primary and secondary) copper mineralization. The mineralized sections were cut and dispatched to the assay laboratory for copper and gold analysis.

No significant activities were performed during the last quarter of 2014.

With respect to the Company's Borba property, there was an indicator of impairment based on current exploration results as at December 31, 2014. Although ongoing exploration is planned for 2015, however no resource estimate for the property is available, the Company believes it will not be able to recover the carrying value of the property and has recorded an impairment loss for the entire book value of $0.1 million in respect of this property.

Plans for 2015

The exploration work program for this area, comprises the detailed geological mapping and a soil sampling survey over anomalous copper/gold areas; geophysical surveys - IP and/or VLF- to identify the lateral and depth extensions of the mineralized structure at some old copper mines, especially along the Miguel Vacas Cu-Au belt and the diamond drill evaluation at Miguel Vacas and for testing of other mineralized or anomalous prospects.

Cercal

The Company holds a 100% interest in the Cercal exploration license whose contract was signed on February 20, 2013, following the application made on May 25, 2012. The Cercal property has an approximate area of 455.19 km². Located in South Portugal, the property is approximately 3 hours driving time from Lisbon.

During the first quarter of 2014 the work was restricted to the level of activities to maintain the contractual obligations for the properties, with the evaluation, validation and modelling of the existing data with some field checks.

During the remaining quarters of 2014 no significant work was performed on the property.

With respect to the Company's Cercal property, there was an indicator of impairment based on current exploration results as at December 31, 2014. Although ongoing exploration is planned for 2015, however no resource estimate for the property is available, the Company believes it will not be able to recover the carrying value of the property and has recorded an impairment loss for the entire book value of $0.2 million in respect of this property.

Plans for 2015

The work program for 2015 will involve soil and rock geochemical sampling covering selected areas with prospective geology; trenching and channel sampling, in order to investigate anomalies resulting from geochemical survey data; geophysical surveys - IP and/or VLF- to identify the lateral and depth extensions of the mineralized gold structure at Salgadinho and the diamond drilling program at the Salgadinho deposit, in order to verify historical holes with stratabound Au-Cu-Ag mineralization, as well as to test its extent.

OVERALL PLANS FOR 2015

Projects

For 2015, the Company´s focus will be to continue with the work leading to the production of bankable feasibility studies for the Boa-Fe and the Tabuaço projects, fund drilling activities at Tabuaço to enlarge and improve confidence in the resource estimations and to provide the basis for reserve estimations to be prepared during the feasibility studies, finalize process design and the mine design.

The Company continued focused to continuously improve its cost efficiency and curtailing unbudgeted expenses to effectively utilize its working capital.

Management is continuously evaluating various JV and M&A opportunities with the objective of enhancing shareholder value. As well, it is closely monitoring developments at its CRME associate where if given an opportunity, it will increase its position. See Subsequent Events note for the Company's additional investment in CRME subsequent to December 31, 2014.

Corporate

During 2014 and early 2015, the Company continued to follow up on several significant cost reduction initiatives initiated in late 2013 aimed at preserving its working capital and reducing its payables. These measures included a temporary significant reduction in cash compensation of senior management and executive staff, temporary deferral of director fees for independent directors, reduction of projects related payroll costs, elimination of most investor relations and marketing expenses, imposition of travel restrictions, corporate office relocation in Montreal for savings in rent, reducing office space in Portugal, renegotiation of several existing services contracts and reduction in general administrative overheads in Portugal and in Montreal. During the remainder of 2015, the Company's focus will continue to be cutting down on general and administrative costs.

RESULTS OF OPERATIONS

SELECTED ANNUAL FINANCIAL INFORMATION

Consolidated statement of operations Comprehensive Loss	December 31	December 31	December 31	December 31
For the fiscal year ended	**2014**	**2013**	**2012**	**2011**
	$	**$**	**$**	**$**
Loss from operations	(9,168,473)	(9,861,268)	(9,401,920)	(6,126,563)
Net loss	(8,779,577)	(10,231,330)	(9,436,902)	(5,908,189)
Comprehensive loss	(10,376,887)	(7,576,326)	(9,396,147)	(6,626,665)
Net loss per share	(0.06)	(0.05)	(0.08)	(0.08)
Consolidated statement of financial position	**December 31**	**December 31**	**December 31**	**December 31**
As at	**2014**	**2013**	**2012**	**2011**
	$	**$**	**$**	**$**
Cash and cash equivalents	159,873	2,263,613	6,473,498	3,885,777
Exploration and evaluation assets	26,286,184	29,927,351	24,664,728	15,456,652
Total assets	33,128,116	41,513,769	40,520,113	30,876,451
Total Liabilities	8,123,960	9,038,891	9,217,868	6,840,837
Total non-current financial liabilities	5,274,852	6,043,272	3,239,309	4,685,249
Shareholders equity	25,004,156	32,474,878	31,302,245	24,035,614

Fiscal year ended December 31, 2014 compared to fiscal year ended December 31, 2013

For the fiscal year ended December 31, 2014, the Company reported a net loss of $8.78 million ($10.23 million in 2013) and a comprehensive loss of $10.38 million ($7.58 million in 2013) Total administrative expenses decreased to $4.28 million ($9.02 million in 2013). The expenses were reduced by recovery of past Middle Eastern activities related expenses for $1.73 million of funds in the first quarter. The 2013 figures included approximately $1.75 million relating to operating expenses incurred exclusively in respect of the Company's Middle Eastern initiatives. Excluding this, the total operating expenses were $7.26 million in 2013.

The overall decrease in administrative expenses related to the following variations:

- Management fees and related costs decreased by $0.7 million from 2013 due to reduction of fees by executive management that included the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer and the former Chief Operating Officer during the year
- Decrease in salaries due to continued reduction of permanent staff in Portugal and Montreal

- Decrease in professional and consulting fees due to lower levels of activities during the year compared to 2013
- Decrease in investor relations and marketing expenses, rent, legal, travel and other general administrative expenses mainly due to Company's focus on cutting down general and administrative costs to manage its working capital efficiently

During the current year ended December 31, 2014, the Company recorded impairment loss of $6.18 million on its exploration and evaluation assets:

The Company reported other loss of approximately $0.4 million, ($0.17 million net other expense in 2013) from the Company's winery operations and also received the remainder of a previously approved grant for the winery business from a governmental agency for approximately $0.29 million during the year which was recorded in the statements of operations. The Company also recorded a fair value adjustment for $0.89 million (2013:$0.11 million) in respect of biological assets of its winery business

Depreciation expense of $0.19 million ($0.24 million in 2013) was incurred on the Company's property, plant and equipment. Interest income decreased from last year significantly due to reduction in cash and cash equivalents on hand.

During the year, the Company recorded share of losses of an investment in associate for $1.77 million (2013: NIL), dilution gain of $0.29 million (2013: NIL) on its investment in associate and gain of $0.97 million (2013: NIL) on partial disposal of investment in associate-CRME.

Finance costs increased to $0.5 million ($0.3 million in 2013) as a result of accretion expense on convertible preferred shares, and full year's accretion expense on the senior secured notes issued in 2013 In addition, the Company recorded a change in fair value of derivative financial liability - warrants of $0.99 million ($0.46 million in 2013) in relation to derivative financial liabilities – warrants issued pursuant to the senior secured notes financing.

The Company recorded a net foreign exchange gain of $0.25 million for the current year (loss of $0.34 million in 2013) relating to the Company's monetary assets and liabilities denominated in foreign currencies including convertible preferred shares, senior secured notes and derivative financial liabilities – warrants due to overall significant fluctuation and depreciation of Canadian dollars against Euros or USD in the current year.

In addition, the Company reported a foreign exchange loss on translation of foreign subsidiaries in other comprehensive income of $1.59 million (gain of $2.65 million in 2013)

Fiscal year ended December 31, 2013 compared to fiscal year ended December 31, 2012

For the fiscal year ended December 31, 2013, the Company reported a net loss of $10.23 million ($9.43 million in 2012) and a comprehensive loss of $7.58 million ($9.4 million in 2013) Total administrative expenses increased to $9.02 million ($7.45 million in 2012). Out of this, approximately $1.75 million relates to operating expenses incurred exclusively in respect of the Company's Middle Eastern initiatives. Excluding this, the total operating expenses were $7.26 million in 2013 as compared to $7.45 million in 2012.

The Company reported a write down in exploration and evaluation assets of $0.42 million ($1.39 million in 2012) as in 2012 three properties were written off compared to one property in 2013. The Company reported other expenses, net of $0.16 million (other expense, net of $0.27 million in 2012) relating to its winery operations primarily due to a write down of viticulture inventory of $0.06 million to its net realizable value and change in fair value of biological assets, net of $0.026 million (change in fair value, net of $0.001 million in 2012). Depreciation expense of $0.24 million ($0.28 million in 2012) was incurred on the Company's property, plant and equipment. Interest income decreased to $0.02 million ($0.05 million in 2012) due to reduction in cash and cash equivalents on hand.

Finance costs increased to $0.31 million ($0.27 million in 2012) as a result of accretion expense on convertible preferred shares, senior secured notes and derivative financial liabilities – warrants as described below. In addition, the Company recorded a change in fair value of derivative financial liability - warrants of $0.46 million (NIL in 2012) in relation to derivative financial liabilities – warrants issued pursuant to senior secured notes financing.

The Company recorded a foreign exchange gain of $0.34 million (loss of $0.05 million in 2012) relating to the Company's monetary assets and liabilities denominated in foreign currencies including convertible preferred shares, senior secured notes and derivative financial liabilities – warrants due to overall depreciation of Canadian dollars against Euros or USD.

In addition, the Company reported a foreign exchange gain on translation of foreign subsidiaries in other comprehensive income of $2.66 million (income of $0.05 million in 2012) due to overall depreciation of Canadian dollars against Euros during the year.

Summary of variation in operating costs between December 31, 2014 and 2013

	December 31	December 31	Variation
	2014	2013	2014-2013
For the year ended	**$**	**$**	**$**
Investor relations and marketing	244,049	1,414,508	(1,170,459)
Office expenses*	871,938	2,579,387	(1,707,449)
Management fees*	767,574	1,471,952	(704,378)
Other	84,634	292,733	(208,099)
Salaries*	606,370	734,651	(128,281)
Professional and consulting fees*	768,259	1,162,351	(394,092)
Legal expenses*	207,495	690,464	(482,969)
Insurance*	174,032	217,729	(43,697)
Listing and transfer agent fees	84,882	121,198	(36,316)
Rent	303,316	331,666	(28,350)
Impairment of exploration and evaluation assets	6,198,346	441,519	5,756,827
Recovery of past expenses- CRME	(1,736,966)	-	(1,736,966)
Depreciation	194,786	237,095	(42,309)
Other expense, net	399,757	166,015	233,742
Total operating costs	**9,168,472**	**9,861,268**	**(692,796)**

**2013 numbers included operating expenditure incurred exclusively in relation to the Company's Middle East activities in 2013. Approximately $1.75 million was incurred for Middle East initiatives out of which $1.02 million represents expenses incurred in relation to incorporation of the local subsidiaries in Afghanistan and Dubai, payment for office rents, fees for advisory services, purchase of furniture, fixtures and office equipment and traveling, meals and communication related costs incurred in relation to traveling in the region classified under Office Expenses above, $0.1 million represents allocable management fees for the time spent by the Company's management staff in relation to Middle East projects, $0.42 million represents consultancy fees, $0.13 million represents legal expenses in relation to incorporation of various subsidiaries and related legal advice, $0.06 million represents salaries paid and $0.02 million represents insurance expenses.*

The Company currently does not foresee paying dividends in the near future. Any future decision to pay cash dividends will be left to the discretion of the Board of Directors of the Company and will depend on the Company's financial position, operating results and capital requirements at the time as well as such other factors that the Board of Directors may consider relevant. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

Exploration and evaluation expenditures

The following table represents supplementary information. It represents cumulative Exploration and Evaluation (E&E) expenditures, excluding any impairment, since inception to date and the additional expenditures during 2014 and 2013 on the Company's properties in Portugal. The Company spent approximately $2.5 million in additional E&E expenditure in 2014 compared to approximately $5.23 million in additional E&E expenditure in 2013.

	Santo Antonio		Tabuaco		Moimenta Almendra		Montemor-o-Novo		Boa Fé		Others		Total	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Balance, beginning of period/year	2,912,614	2,942,191	13,574,892	10,997,708	-	430,578	1,491,881	946,277	11,682,912	9,324,634	265,052	23,340	29,927,351	24,664,728
Assays and geochemistry	-	-	-	279,987	-	-	-	87,373		102,436	-	8,788	-	478,584
Field costs	-	-	**26,678**	43,014	-	-	-	3,237	**11,692**	4,502	-	977	**38,370**	51,730
Consulting	-	(29,577)	**95,038**	829,978	-	-	**13,469**	41,243	**82,732**	373,537	**17,655**	33,180	**208,895**	1,248,361
Drilling	-	-	**663,350**	785,283	-	-	**249,208**	19,593	**847,522**	730,981	**19,882**	-	**1,779,963**	1,535,858
Geology	-	-	-	1,499	-	-		5,518	-	-	-	3,131	-	10,148
Geophysics	-	-	-	-	-	-			-	59,670	**3,090**	-	**3,090**	59,670
Salaries and labour	-	-	**108,856**	590,201	-	10,941	**65,508**	321,671	**279,898**	1,087,152	**17,084**	169,424	**471,346**	2,179,389
Acquisition related cost	-	-	-	44,876	-	-		66,969		-	-	26,212	-	138,057
Tangible assets	-	-	-	2,345	-	-		-		-	-	-	-	2,345
Total exploration expenditures	-	(29,577)	**893,922**	2,577,184	-	10,941	**328,186**	545,604	**1,221,844**	2,358,278	**57,712**	241,712	**2,501,664**	5,704,142
Evaluation assets written off	-	-	-	-	-	(441,519)	-	-	-	-		-	-	(441,519)
Sub Total	-	**(29,577)**	**893,922**	2,577,184	-	(430,578)	**328,186**	545,604	1,221,844	2,358,278	**57,712**	**241,712**	**2,501,664**	**5,262,623**
Balance, end of period/year	**2,912,614**	**2,912,614**	**14,468,814**	13,574,892	-	-	**1,820,067**	1,491,881	**12,904,756**	11,682,912	**322,764**	**265,052**	**32,429,015**	**29,927,351**

SUMMARY OF QUARTERLY RESULTS

	December 31	September 30	June 30	March 31
	2014	2014	2014	2014
Quarters ended		$	$	$
Net Loss	(7,944,321)	(1,264,935)	(752,444)	1,182,123
Comprehensive Loss	(8,730,142)	(2,222,782)	(1,627,085)	2,203,122
Basic and diluted loss per share	(0.06)	(0.01)	(0.01)	0.01
	December 31	September 30	June 30	March 31
	2013	2013	2013	2013
Quarters ended		$	$	$
Net Loss	(3,212,760)	(3,187,835)	(2,008,404)	(1,822,331)
Comprehensive Loss	(1,851,085)	(2,821,413)	(960,431)	(1,943,396)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.02)

FOURTH QUARTER RESULTS

For the three month period ended December 31, 2014, the Company reported a net loss of $7.94 million ($3.21 million in 2013) and a comprehensive loss of $8.73 million ($1.85 million in 2013). The increase in the Company's net and comprehensive loss from the third quarter was due primarily to the impairment loss recorded for its various properties in Portugal for $6.18 million offset by decrease in general and administrative expenses due to lower levels of activity during the fourth quarter.

The Company reported a total weighted average number of common shares outstanding of 165,406,588 (159,537,186 for 2013). The Company reported a net loss per share of $0.06 ($0.01 for 2013).

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2014, total assets were $33.13 million ($41.51 million at the end of December 31, 2013).

Cash and solvency

As at December 31, 2014, the Company's cash and cash equivalents balance was $0.16 million ($2.26 million at the end of December 31, 2013). The decrease in cash and cash equivalents was primarily the result from the net cash used in operating activities of $1.14 million (use of cash of $9.78 million in 2013) and use of net cash from investing activities of $3.02 million ($4.13 million in 2013) offset by net receipt of funds for $2.04 million (receipt of $9.85 million in 2013).

As at December 31, 2014, the Company does not have sufficient capital to meet its needs for the next twelve months and is in the process of seeking further financings to meet its long term requirements.

Given that the Company's operations are focused on the exploration and development of mining properties, the most relevant financial information, in its view, relates to current liquidity, solvency, and planned property expenditures. The continuing operations of the Company are dependent on the Company's ability to secure funding and to generate future profits from operations. The underlying value and recoverability of the amounts shown Company's financial success will depend on the economic viability of its resource properties and the extent to which it can discover and develop new ore deposits. A number of factors determine the economic viability of a property including: the size of the deposit; the quantity and quality of the reserves; the proximity of the deposit to current or planned infrastructure; the forecasted development and operating costs and the costs to finance the planned expenditures; and the projected cash flows. Such development may take several years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company largely depends on factors beyond the Company's control, including the market value of the metals and minerals to be produced.

The Company's main sources of funding are debt and equity markets, private placements and exercise of outstanding warrants and options.

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

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

The Company's current committed cash resource is insufficient to cover expected expenditures in the remaining fiscal year 2015 and beyond. The Company's ability to continue as a going concern is also dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

OUTSTANDING SHARE INFORMATION

As at April 28, 2015, there were 196,090,939 issued common shares, 31,362,089 warrants with a weighted average exercise price of $0.28 per warrant and 5,600,000 stock options with a weighted average price of $0.50 per option outstanding.

SEGMENTED INFORMATION

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

Total Assets	**2014**	**2013**
	$	$
Canada	**771,011**	3,329,832
Portugal	**32,357,105**	38,183,937
	33,128,116	41,513,769

Non-current Assets	**2014**	**2013**
	$	$
Canada	**545,565**	755,635
Portugal	**29,104,420**	33,932,435
	29,649,985	34,688,070

CONTRACTUAL OBLIGATIONS

1. The Company's contractual obligation for the properties in Portugal as at December 31, 2014 are as follows:

	Obligations due per year			
	2015	2016	2017	2017+
	$	$	$	$
Montemor-o-Novo Commitments (1)	420,000	420,000	-	-
Borba (1)	98,000	112,000	112,000	112,000
Cercal (1)	105,000	140,000	140,000	140,000
Total contractual obligations	**623,000**	**672,000**	**252,000**	**252,000**
	Obligations for the life of the contract			
	2015-2019			
	$			
Tabuaco EML Commitments (1, 3)	6,300,000			
Santo Antonio EML Commitments (1, 2, 3)	4,200,000			
Total obligations for the life of the contract	**10,500,000**			
(1) Original contractual commitments are denominated in European Euro (€)				
(2) Obligations to be assumed by a Joint Collaboration partner				
(3) Obligations for the duration of the contract				

GOING CONCERN

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

To date, the Company has not earned significant revenue and is considered to be in the exploration and evaluation stage. The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Company's assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Company's investment in these assets is dependent upon the renewed legal ownership of the licenses, and whether an economically viable operation can be established.

The Company's current committed cash resources are insufficient to cover expected expenditures in fiscal 2015. The Company's ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

In addition, while the Company's Positive Economic Assessment and exploration activities in relation to its Boa-Fe and Tabuaço projects appear promising, there can be no assurance that the results of its planned Feasibility Studies will confirm the existence of economically viable quantities of ore or that the project will ultimately go into production.

The Company reported a net loss in 2014 and 2013 of $8.78 million and $10.23 million respectively. These recurring losses and the need for continued financing to further successful exploration and development indicate the existence of a material uncertainty that raises substantial doubt as to the Company's ability to continue as a going concern.

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions include transactions with the Company's associate, CRME and transactions with the Company's Key Management Personnel which includes the Executive Chairman of the Board of Directors, the Chief Executive Officer, the Chief Operating Officer, the Chief Legal Officer, the Chief Financial Officer, the Board of Directors, Advisory Board Members, close family members and entities controlled by these individuals as well as certain consultants performing similar functions. These are the key management personnel of the Company.

All of the following related party transactions were in the normal course of operations and were measured at the amount established and agreed to by the related parties.

Following were the related party transactions for the year ended December 31, 2014 and 2013:

Transactions with the Associate:

During the first quarter of 2014 the Company's subsidiary, CRME issued 16,665,001 shares to the Company diluting the Company ownership to 37.73%.

During the second quarter, the Company sold 4,444,444 of its shares in CRME to its former executive chairman.

Please see below for transaction details.

During September and October 2014, the Company disposed 5,056,352 common shares of CRME for total proceeds of $0.65 million, including disposing 2,631,980 CRME shares to its former executive chairman. As a result of this transaction, the Company's share in CRME was reduced to 14.22% as at December 31, 2014.

Transactions with Key Management Personnel:

Year ended December 31	**2014** $	**2013** $
Management fees and related costs	**729,512**	1,071,952
Professional and consulting fees	**351,533**	363,618
Salaries	**28,846**	12,500
Short-term benefits	**90,130**	302,712
Termination	**-**	400,000
Director fees	**80,272**	51,103
	1,280,093	2,201,885

During the first quarter of 2014, the Company's former Executive Chairman, the Company's Chief Executive Officer and one of the independent directors subscribed for 10,000,000, 1,000,000, and 2,000,000 ordinary shares of CRME, respectively.

During the second quarter of 2014, the Company's former executive chairman acquired 4,444,444 shares of CRME from the Company for $1 million at $0.225 per share. The transaction was approved by the Company's board of directors and TSX-V.

During the third quarter of 2014, the Company's former executive chairman acquired 2,631,980 shares of CRME for $0.52 million.

As of December 31, 2014, the Company holds 7,164,205 shares of CRME representing 14.22% ownership. At the original acquisition price of $0.15 per share, the carrying value of the remaining shares is $1.08 million. Based on the most recent transaction price of $0.20 per share, Company's investment in CRME would represent a value of $1.43 million.

As at December 31, 2014 $0.68 million owed to related parties [December 31, 2013 – $0.42 million] is included in accounts payable and accrued liabilities. Included in the December 2014 accrued amounts to related parties is $0.26 million relating to accrued salaries and unpaid vacation time for the Chief Executive Officer, Chief Legal Officer and the Chief Financial Officer.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Key areas requiring critical judgments and significant estimates include:

Control over Structured Entities and Investments – Judgment

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

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

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

In 2013, the Company consolidated results of CRME, a wholly owned subsidiary, as well as Colt Nimroz Afghanistan Mining Company, Colt Resources Kanz DMCC and Colt Nimruz Resources DMCC, three structured entities. The sole purpose of these Structured Entities was to represent the Company's interest in the Greater Middle East area. The Company considered that it controlled the Structured Entities even though it did not have any voting rights. This is because the sole purpose of the Structured Entities was to manage the Company's assets and expenditures as it related to acquisition of mining licences of advanced stage mining projects in the Greater Middle East area. The Company was exposed to the variability of returns from its involvement with the Structured Entities as the Company also had the ability to direct the Structured Entities through the approval of relevant activities such as the annual budgeted and unbudgeted expenditures and cash disbursements by the board of Colt and of the board of CRME which affected the Company's returns. Accordingly in 2013, the Company had concluded that it controlled the Structured Entities and that they were consolidated within the Company's consolidated financial statements.

During 2014, the Company concluded that it has no control over the Structured Entities. This conclusion was based on the fact that Company transferred all of the assets beneficially owned in the Structured Entities to CRME and the Company was no longer exposed to the variability of returns from its involvement with the Structured Entities and had no ability to direct the Structured Entities through the approval of relevant activities such as the annual budgeted and unbudgeted expenditures and cash disbursements by the board of Colt or of the board of CRME as disclosed below which affected the Company's returns.

Further, the Company also had a dilution in its ownership of CRME and it partially divested further its ownership interest in CRME. The Company concluded it had no control over CRME and had no ability to direct CRME through the approval of relevant activities starting in the first quarter of 2014. This was based on the fact that Colt had no majority over CRME's board (Colt being represented by only 1 board member), the majority of the CRME board members had no management or board positions at Colt or controlled Colt , and the absence of substantial rights, potential voting rights or side agreements

The investment in CRME was accounted for as an investment in associate for the period from April 1, 2014 to December 31, 2014 as the Company believes it has significant influence on CRME as the Chief Executive Officer of the Company is also on the board of CRME.

Going concern – Judgment

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Exploration and evaluation assets – Judgment and estimate

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the existence of specific rights to explore in a specific area, actual and planned expenditures, results of exploration, and whether an economically-viable operation can be established. Management also considers any decline in resource prices as well as the decline in the Company's market capitalization as an indicator of impairment. An impairment loss is recognized for the amount by which any exploration and evaluation asset exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs to sell and value in use.

Management judgment is applied in determining whether to test exploration and evaluation for impairment and in determining the lowest levels of exploration and evaluation assets grouping or cash generating units [CGU's], for which there are separately identifiable cash flows, generally on the basis of a property.

With respect to Boa Fé , as a result of the binding letter of intent signed on February 9, 2015 with an unrelated entity, that the carrying value exceeded its recoverable amount. Management used the discounted cash flows based on expected earn-in amounts and percentage ownership to determine the value in use and recoverable amount. As result, an impairment loss of $4 million was recorded during 2014.

With respect to its Montemor, Borba and Cercal, the Company determined, as at December 31, 2014, that indicators of impairment existed on each property based on current exploration results. As a result, an impairment loss of $2.19 million was recorded during 2014.

For Tabuaço and Santo Antonio, management concluded there were no indicators of impairment identified by management.

Any changes in the economic assumptions used or the geological information produced during the development and operation of a mine, could materially affect the estimated recoverable amount of the exploration and evaluation assets, which could result in an impairment in the future and such could be material.

Functional currency – Judgment

The functional currency of Colt Resources Inc. is the Canadian dollar and the functional currency of the Company's subsidiaries is the Euro. Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to the primary indicators before considering the other indicators, which are designed to provide additional supporting evidence to determine the entity's functional currency. Since the Company doesn't generate revenues, the currency in which the expenditures are made is considered by management in determining the functional currency.

Fair value of derivative financial liability - warrants– Estimate

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes pricing model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns

Inventories – Estimate

Inventories are stated at the lower of cost and net realizable value. The ageing of Port wine bottled or in bulk varies and it can take a significant length of time before the wine inventories are ready to be sold. Net realizable value of grape inventory is determined using forecasted demand and expected market prices at the time the wine is expected to be ready for sale. Forecasted demand and market prices can vary significantly over the holding period and involves estimating the most likely conditions that will be in existence at the time of sale.

The Company's best estimate of net realizable value is based on the average prices published by the "Instituto dos Vinhos do Douro e Porto" which is widely recognized in the region as being a reliable estimate of similar wines sold by the Company. The Company uses this published information as a starting point for estimating the expected sales price of similar wine with similar ageing information and then adjusts for any differences for similar wine.

Biological assets – Estimate

The grape vines are measured at fair value less cost of disposal. Since market-determined prices or values are not available for grape vines, the Company uses a discounted cash flow method to determine fair value. In arriving at fair values, the key assumptions are estimated sales prices less cost of delivery, discount rate, productive life of grape vines, estimated volume and growth estimations. All changes in fair value are recognised in the period in which they arise.

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations listed below that are issued but not yet effective up to the date of issuance of the Company's consolidated financial statements, are those that the Company reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

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

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

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

IAS 41 Agriculture
In June 2014, the IASB published amendments that change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, the amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations [Level 1], without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques [Level 2]. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Other techniques [Level 3] use inputs not based on observable market data. There was no transfer between Level 1, Level 2 and Level 3 during the year.

The Company's financial instruments consist of cash equivalents, receivables, deposits and accounts payables and accrued liabilities.

The fair values of the convertible preferred shares and Senior Secured Notes are determined using the discounted cash flow method using discount rate that reflects rates currently available for debt on similar terms, considering the Company's credit risk and remaining maturity (Level 2).

The fair value of warrants is evaluated using the Black-Scholes pricing model at year end (Level 2).

Below is a comparison of the carrying amount of the financial instruments and their respective fair values recorded at amortized cost as at December 31:

	2014		2013	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible Preferred Shares	3,264,520	3,253,000	3,261,481	3,298,078
Senior Secured Notes	1,639,399	2,264,722	1,211,355	1,863,796
Warrants	Nil	222,222	953,136	1,565,650

Financial risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk [currency fluctuations, interest rates and other price risk]. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Credit risk

The Company is exposed to credit risk with respect to cash and cash equivalents, deposits and trade and other receivables. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk by maintaining cash and cash equivalents and deposits in highly liquid investments with major financial institutions in Canada and Portugal. The Company's commodity taxes receivables are not subject to significant credit risk.

The maximum exposure to credit risk as at:

	2014 $	**2013** $
Cash and cash equivalents	**159,873**	2,263,613
Deposits [held in Portugal]	**558,401**	598,023
Accounts receivable	**45,934**	666,544
	764,208	3,528,180

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows used in operations and exploration activities, anticipated from investing and financing activities, and taking into account the Company's holdings of cash and cash equivalents.

As at December 31, 2014, the Company has cash of $159,873 [2013:$2,263,613]. Trade and other payables have contractual maturities of 30 – 60 days or less and are subject to normal trade terms, amounts due to related parties are due on demand.

The Company's ability to continue as a going concern is also dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. While the Company has been successful in raising debt and equity funds in the past, there is always a degree of risk on whether or not it will be able to raise sufficient funds in the future.

Currency risk

The Company raises its capital in Canadian dollars and holds its cash mainly in Canadian dollars and Euros. The Company and its subsidiaries minimize their exposure to foreign currency risk by minimizing the amount of funds in currencies other than the functional currencies. The Company continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

As at December 31, 2014 and 2013, the Company was exposed to currency risk on the cash balance of US$ Nil [2013: US$1,600,000] and the following net financial assets held in Portugal denominated in Euros:

	2014 $	2013 $
Net financial (liabilities)/ assets	**(2,227)**	16,846

Financial risk associated to agriculture

The Company is exposed to financial risks arising from its vineyard activities. The Company takes reasonable measures to ensure that the current year's harvest is not affected by disease or other climate effects that may have a negative effect upon yield and quality. These measures include involvement of viticulture technicians and continuous focus on development of every plantation.

Risk Factors

Resource exploration and development is a highly speculative business, involves a high degree of risk and is frequently unsuccessful. There is no certainty that the expenditures to be made by the Company in the exploration of its properties or otherwise will result in discoveries of commercial quantities of minerals. The exploration for and development of mineral deposits involves significant risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. Significant expenditures may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the Company's current exploration programs will result in a profitable commercial mining operation.

Significant capital investment is required to achieve commercial production from successful exploration efforts. The commercial viability of a mineral deposit is dependent upon a number of factors. These include: (i) deposit attributes such as size, grade and proximity to infrastructure; (ii) current and future metal prices (which can be cyclical); (iii) government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental protection; (iv) First Nations negotiations and agreements; and (v) technological risks and changes. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

The prices of minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of minerals and future expectation of such prices may have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may affect the Company's ability to raise equity financing for its capital requirements.

OTHER MATERIAL EVENTS AND HIGHLIGHTS

The Company is presently not a party to any proceedings.

SUBSEQUENT EVENTS

On February 9, 2015 the Company announced that it has signed a binding letter of intent (the "LOI") for its Boa Fé and Montemor gold exploration concession located in Portugal, setting out the terms of an exclusive proposed earn-in arrangement with DSM Resources Corp ("DSM"), a private and unrelated mineral exploration company. Under the terms of the LOI, DSM can earn up to a 100% interest, in three phases In Phase I, DSM will commit to drill a total of 16,500 metres, commit to spend a total of €550,000 in non-drilling overheads and return for cancellation 4,000,000 shares of the Company to earn in 51% In Phase II, DSM will commit to drill a total of 7,000 metres, commit to spend a total of €900,000 in non-drilling overheads and will return for cancellation of 3,000,000 shares of the Company to earn in the additional 24%. The Company will commit to assigning the additional 25% to DSM (at the option of DSM) subject to the completion of an updated National Instrument 43-101 resource estimate for the Boa Fé Montemor property for which the Company will receive USD$40 per ounce for 25% of the revised measured and indicated resources and USD$10 per ounce for the revised inferred resources.

On March 6, 2015, the Company announced that it completed a second and final closing on its current private placement. Pursuant to this final closing, the Company issued a total of 20,000,000 Units for gross proceeds of $2,000,000. Each Unit comprised of one common share at $0.10 per share and one-half of a warrant. Each whole warrant is exercisable at a price of $0.15 during a period of 36 months from the date of closing. The Company paid finders' fee of $88,520 in cash equal to 8% on a portion of the gross proceeds raised from applicable subscriptions in the private placement. In addition, the Company granted finders' warrants equal to 8% of the number of units issued and sold on this same portion of the applicable subscriptions.

On April 6, 2015, the Company subscribed for 2,000,000 shares in CRME at a price of $0.20 per share for an investment of $400,000. As a result of this investment, the Company's share in CRME increased to 15.76%

OUTLOOK

Management will continue to manage its funds rigorously, its primary objective being to optimize return on investment for the Company's shareholders. The Company's development strategy is focused on the discovery of economically viable deposits that will generate profits from mining and ensure the Company's survival. In applying its development strategy, management will take into account the global exploration context, stock market trends and the prices of metals.

Other Information

Additional information on the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.coltresources.com

Colt Resources Inc.

Signed *"Nikolas Perrault"*

Nikolas Perrault
Chief Executive Officer

Signed *"Shahab Jaffrey"*

Shahab Jaffrey
Chief Financial Officer