

**COLT RESOURCES INC.
(FORMERLY COLT CAPITAL CORP.)
("Colt" or the "Company")**



**Form 51-102 F1
Management's Interim Discussion & Analysis
Three months ended June 30, 2008**

- Report for the **three months ended June 30, 2008**
- Filing date of this Report is **August 25, 2008**.

*The following discussion and analysis of the financial position and results of operations for Colt should be read in conjunction with the unaudited interim consolidated financial statements and the notes for the three months ended June 30, 2008 and 2007 and the audited consolidated financial statements and the notes for the years ended March 31, 2008 and 2007 and which are prepared in accordance with Canadian generally accepted accounting principals. The unaudited interim consolidated financial statements and notes thereto have not been reviewed by the Company's Auditor. The following Management's Discussion and Analysis **has not been reviewed by the Company's Auditor.***

Additional information relating to the Company is available at www.sedar.com .

Forward Looking Statements

Certain statements contained herein are "forward-looking" and are based on the opinions and estimates of management, or on opinions and estimates provided to and accepted by management. Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied. Readers are therefore cautioned not to place reliance on any forward-looking statement.

The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Description of Business

Colt was incorporated on April 25, 2000. The Company was a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company commenced trading on the Exchange on March 12, 2001. The Company was unable to complete its Qualifying Transaction within the time period allowed by Policy 2.4 of the Exchange, and effective November 10, 2003, the Company was de-listed from the Exchange.

On March 1, 2007, the Company's common shares were approved for listing and commenced trading on the Canadian Trading and Quotation System Inc. ("CNQ") under the ticker symbol COLT.

The Company is engaged in the acquisition, exploration and, if warranted, the development of mineral property interests.

The Company is currently a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.



Results of Operations – June 30, 2008 and 2007

Pursuant to a Special Shareholders' Resolution, the Company changed its name to Colt Resources Inc. and consolidated its capital stock on a 5 (old) shares for 1 (new) share basis effective as of July 18, 2007. As a result, the shares of Colt Capital Corp. were de-listed from trading and the shares of Colt Resources Inc. (cusip number # 196874101) commenced trading on July 18, 2007 on the CNQ under the symbol "COLT".

All common shares and per share amounts have been restated to give retroactive effect to the 5:1 share consolidation which took effect on July 18, 2007.

Extra High Property, British Columbia, Canada

On September 8, 2006, the Company entered into an Option Agreement with Zab Resources Inc. (formerly Bronx Ventures Inc.) ("Zab"), a related company, whereby the Company was granted the right to acquire a 50% undivided interest, subject to a 1.5% net smelter returns royalty payable to an arm's length party, in the Extra High Property by incurring exploration expenditures of \$240,000 on the Extra High Property by no later than February 28, 2007 and by making cash payments to Zab totaling \$133,770 by no later than March 26, 2007. On September 22, 2006, the Company entered into an Amending Agreement (the "First Amending Agreement") with Zab whereby the Joint Venture net smelter returns royalty (the "JV NSR Royalty") was amended from 0.05% to 0.5%. On October 31, 2006, the Company and Zab entered into a Second Amending Agreement (the "Second Amending Agreement") whereby the Company was granted an extension period until June 26, 2007 to incur exploration expenditures on the Extra High Property and to make the cash payments to Zab.

On June 14, 2007, the Company entered into a Third Amending Agreement (the "Third Amending Agreement") with Zab, with respect to the Extra High Property whereby the parties amended the September 8, 2006 Option Agreement, the First Amending Agreement and the Second Amending Agreement. Pursuant to the Third Amending Agreement, Colt paid Canadian \$60,000 to Zab and exercised the Option granted by the September 8, 2006 Option Agreement thereby acquiring a 34% right, title and interest in the Extra High Property, subject only to the 1.5 % net smelter returns royalty payable to an arm's length party.

The Company and its joint-venture partner Zab conducted a diamond drilling program on the Extra High Property during the last quarter of 2007. The diamond drilling program consisted of 8 holes for a total depth of approximately 1,290 metres. The diamond drilling program was targeted at expanding the previously indicated mineralization in the K7 lens and was successful in revealing the potential for larger zones of lower grade mineralization lying adjacent to the massive sulphide mineralization indicated in earlier work.

Holes 07-01 to 07-04 in particular have extended the potential for mineralization to continue to a presently indicated depth of 150 m below surface and the zone remains open to depth.

Holes 07-05 and 07-06 indicate the mineralization may be thinning out to the south at this elevation and may represent the edge of the mineralized lens.

Holes 07-07 and 07-08 have indicated a near surface potential for significant widths of low grade mineralization (28.63 m and 53.56 m) that may be expanded by additional drilling to include bulk tonnage potential in this open pit environment. These intersections are immediately adjacent to the high grade massive sulphide mineralization drilled in 2005 (K7 Zone) and may represent a more distal phase of mineralization associated with the K7 lens. This lower grade zone within the Rea horizon remains open to the south.



Quality Control and Assurance

Drill intercepts presented below have been corrected to represent true width of mineralization using well defined core angles from drill core and the consistency in the dip of the mineralized system.

All diamond drill core samples were split using a mechanical sample splitter for the NQ core with ½ the core sample stored and marked in the core box in secure storage on site with the remaining ½ core sample shipped to EcoTech Laboratories Ltd. in Kamloops, B.C. Canada. All gold results were by fire assay using industry standard methods and all samples were also analyzed using ICP methods. All ICP results for base metals greater than 10,000 ppm were further assayed using industry standard assay procedures.

A system of standards, blanks and duplicate samples were used at regular intervals throughout the sampling program as well as internal laboratory check analyses as quality control checks for the diamond drill results presented in this MD&A.

HOLE #	INTERCEPT		TRUE WIDTH meters	ASSAY DATA				
	FROM metres	TO metres		Au g/t	Ag g/t	Cu %	Pb %	Zn%
07-01	155.05	157.06	2.03	2.23	50.50	0.20	2.96	4.27
07-02	128.00	151.86	23.77	0.62	2.75	0.02	0.14	0.27
incl	143.90	146.52	2.61	1.36	5.50	0.05	0.49	1.03
07-03	134.24	154.55	20.00	1.02	4.81	0.06	0.41	0.78
incl	152.40	154.55	2.12	5.68	17.85	0.44	2.08	4.15
07-04	146.65	161.10	13.58	1.08	5.84	0.07	0.43	1.01
incl	152.85	155.00	2.02	1.88	16.51	0.11	1.42	3.91
07-05	106.90	115.45	8.55	0.26	1.56	0.01	0.08	0.22
	131.64	134.80	3.16	0.22	6.92	0.07	0.18	0.40
07-06	91.05	105.10	12.69	0.16	0.80	0.01	0.10	0.15
	119.60	127.13	7.08	0.31	2.90	0.02	0.19	0.18
07-07	55.50	112.50	53.56	0.26	4.16	0.01	0.08	0.15
incl	87.82	89.65	1.72	1.60	28.61	0.06	0.70	1.21
07-08	52.66	81.40	28.63	0.53	8.01	0.05	0.35	0.51
incl	61.60	66.65	5.03	0.29	13.80	0.14	1.12	1.59
incl	73.55	80.10	6.53	1.47	12.76	0.05	0.37	0.67
incl	78.85	79.20	0.35	5.14	54.00	0.30	1.85	2.69

The diamond drilling program detailed above was under the direct supervision of J.W. Murton, P. Eng, a qualified person as defined by National Instrument 43-101. Mr. J. W. Murton is a director of both Colt and Zab and is responsible for the technical information presented in this MD&A.

On January 21, 2008, the Company entered into an Option Agreement with Zab, a related company, whereby Colt has the right and option to acquire, in two separate equal tranches, Zab's 66% undivided interest in the Extra High Property (the "Property"). Pursuant to the Option Agreement, Colt has exercised the first tranche of the option by making a cash payment of \$250,000 to Zab and has acquired from Zab a 33% undivided interest in the Property. As a result of exercising the first tranche of the option, Colt now holds a 67% undivided interest in the Property and has become the operator of the Property. Furthermore, pursuant to the Option Agreement, Colt will be solely responsible for all



exploration and Property expenditures in respect of the Property which are initiated and incurred by Colt from January 31, 2008 to December 31, 2008.

In order to exercise the second tranche of the option, Colt must make a cash payment of \$250,000 to Zab on or before December 31, 2008. And upon Colt making such payment, then Colt will be deemed to have exercised the second tranche of the option and to have acquired from Zab the remaining 33% undivided interest in the Property, subject only to an existing 1.5% NSR Royalty payable to an arm's length party (the "Arm's Length Royalty") and to a 0.5% NSR Royalty payable to Zab (the "Zab Royalty"). Colt will have the option to purchase the Zab Royalty for the sum of \$500,000 and Colt will also have the option to purchase 50% or 0.75% of the Arm's Length Royalty for the sum of \$500,000.

In the event that Colt does not exercise the second tranche of the option by December 31, 2008, then the Option Agreement will terminate and Colt and Zab shall operate as Joint Venture partners with Colt holding an initial 67% undivided interest in the Property and Zab holding an initial 33% undivided interest in the Property. Thereafter each party shall contribute its proportionate share of the Property expenditures. Should any party's interest be diluted to less than a 10% undivided interest in the Property, then its interest will forever be converted to a 0.5% NSR Royalty.

The Company's Investment in the Extra High Property consists of costs incurred as follows:

	Cumulative to		
	June 30,	March 31,	March 31,
	2008	2008	2007
Property option payments to Zab	\$ 443,770	\$ 310,000	\$ 133,770
Mineral Exploration	88,234	81,533	0
Mineral exploration tax credit	(1,967)	(1,967)	0
Total	\$ 530,037	\$ 389,586	\$ 133,770

Penedono Exploration License - Portugal

On March 20, 2007, the Company entered into a binding letter of intent, and a Definitive Agreement was executed on May 7, 2007, with Rio Narcea Gold Mines S.A. Sucursal Em Portugal ("Rio Narcea"), whereby Rio Narcea agreed to assign all of the rights, benefits and obligations of Rio Narcea covered under the exploration contract dated October 29, 2004 between the Government of Portugal and Rio Narcea in respect to the Penedono Gold Property (the "Penedono Exploration License").

Upon the Government of Portugal approving the Company's requested amendments to the terms and conditions of the Penedono Exploration License, and upon approving its assignment to the Company, Rio Narcea and the Company closed the transaction contemplated in the Definitive Agreement.

As consideration for the Assignment, Colt has issued to Rio Narcea, as fully paid and non-assessable, 200,000 restricted common shares of Colt on the Closing Date of the transaction. Of these 200,000 restricted common shares, 50,000 common shares became tradeable on December 29, 2007, 50,000 common shares became tradeable on March 29, 2008, 50,000 common shares became tradeable on June 29, 2008 and 50,000 common shares will become tradeable on September 29, 2008. Furthermore, from Commercial Production and under certain terms and conditions, Colt is obligated to pay to Rio Narcea 1% Net Smelter Returns Royalty for a maximum amount of US \$1,000,000.

In respect to this transaction, as finder's fee, Colt issued to Mr. Jorge Valente, a director of the Company, who at the time was a Consultant of the Company, 20,000 fully paid and non-assessable common shares.



In respect to the formal transference to the Company of the Penedono Exploration License, the Company has lodged a performance bond in the form of a bank guarantee for the amount of €50,000 Euros in favour of the Portuguese Government. Furthermore the Company has paid to the Portuguese Government an Exploration License fee of €5,125 Euros and, is obliged to pay €2,562.50 Euros on or before October 29, 2009. Should the property be placed into commercial production, then the Company is obliged to pay 4% net smelter returns royalty to the Portuguese Government.

As at June 30, 2008, the Company has invested \$678,338 with respect to its Penedono Exploration License (March 31, 2008: \$596,837).

Pursuant to the terms and conditions of the Penedono Exploration License, the Company has relinquished approximately 100 sq. kms of ground located in the Penedono Concession. The Company has applied to reacquire the relinquished ground from the Portuguese Government.

During the month of May, 2007 the Company hired the services of J. W. Murton, P. Eng., and commissioned him to prepare a technical report compliant with National Instrument 43-101 in respect to the Penedono Exploration License. The Company has filed on www.Sedar.com and on the Company's corporate website, www.coltresources.com the technical report (NI 43-101) dated June 25, 2007 on the Penedono Gold Concession which was prepared for the Company by J.W. Murton, P. Eng., a qualified person and a director of the Company.

During the summer of 2007, Colt conducted a diamond drilling program consisting of 12 holes for a total depth of approximately 1,350 meters on the Santo Antonio target which is located in the Penedono concession.

The diamond drilling program was designed to test a portion of veins 4 and 5, part of a system of 13 known veins that occur near Penedono, in northern Portugal. During the course of the diamond drilling program, a new system of veins was located adjacent to vein 4 but running at 45° to vein 4. This new system was tested with two holes.

The Penedono vein system has seen commercial mining operations in the past by an unrelated party on veins 2, 3 and 6 with partial development occurring on vein 1. Veins 4 and 5 represent a potential relatively untested new source of mineralization for future development. Additional veins on the property remain to be tested, as little exploration has been conducted for over 50 years.

The veins intersected by Colt's 2007 diamond drilling program exhibit typical quartz vein characteristics, in that they pinch and swell along strike as well as up and down dip and show erratic distribution of gold values. Gold values are directly related to arsenopyrite / pyrite content. The total diamond drilling program at Penedono consisted of 12 HQ diamond drill holes totaling 1355.04 metres.

The following intercepts from holes 07-01 to 07-09 and 07-12 are all from veins 4 and 5 and cover a strike distance of approximately 150 m and vertical distance of approximately 50 - 105 m below surface.

Holes 07-10 and 07-11 were drilled on the new vein system running at 45° to vein 4.

Hole 07-01 failed to intercept vein 5 where it was projected and there appears to be a fault offset.

Hole 07-02 drilled 47 m north east from hole 07-01 cut a strong quartz vein from 43.32 – 45.48 with minor sulphide mineralization.

Hole 07-03 drilled 30 m below hole 07-02 cut a well mineralized quartz vein over 0.85 m from 67.89 – 68.74 with mineralization also occurring in adjacent greisen zones.

Hole 07-04 drilled 40 m north east from 07-02 cut vein 5 from 43.70 – 44.13 with weak mineralization at this location within the vein but with mineralization also occurring in adjacent greisen zones.



Hole 07-05 drilled 33 m below hole 07-04 cut several quartz veins in vein 5 area, 62.53 – 64.24, 68.72 – 69.29 and 73.88 – 75.21, one weakly mineralized and two well mineralized with adjacent mineralization in greisen zones.

Hole 07-06 was drilled from a location 85 m behind 07-02 and 07-03 to give a deeper intersection for mineralization, approximately 30 m deeper than in the upper holes. It located a well mineralized quartz vein at vein 4 location and a weak intersection in vein 5 location. On this section, vein 4 has good continuity of mineralization for +80 m below surface.

Hole 07-07 was drilled 45 m behind hole 07-08 to attempt to give a deeper intersection for mineralization in vein 5 located in hole 07-08 as well as give an intersection for vein 4. It located a well mineralized interval in vein 4 and a weakly mineralized interval in vein 5.

Hole 07-08 drilled 30 m north east from 07-04 cut several quartz veins in vein 5 area and as in hole 07-05, some were weakly mineralized and some well mineralized with adjacent mineralization in greisen zones.

Hole 07-09 was drilled 75 m behind 07-04 and 07-05 to give a deeper intersection on vein 5 as well as test vein 4. The hole was successful in locating a well mineralized intersection in both veins, vein 5 at 105 m below surface and vein 4 at 70 m below surface.

Hole 07-10 was the first of two holes drilled on the newly located vein system at 45° to vein 4. It was located approximately 40 m south west from hole 07-06 but drilled at a different azimuth. It located a swarm of narrow, variably mineralized quartz veins at three locations in the hole at depths of 30 and 60 m below surface.

Hole 07-11 was drilled 22 m behind 07-10 to cut the vein swarms at a deeper elevation than in 07-10. It located the second set of veins from hole 07-10 at a depth of 80 m below surface but did not locate the higher or first set of veins.

Hole 07-12 was drilled 40 m to the north east from hole 07-08 to attempt to extend vein 5 to the north east. It cut a weakly mineralized section of vein 5 at a vertical depth of 75 m below surface.

The 2007 diamond drilling program has indicated good continuity of mineralization in:

Vein 4 for over 120 metres in a north east / south west direction (open at both ends) and to a depth of 80 m vertically below surface (open to depth). Intersections range from 4.78 g/t gold over 1.00 m, 1.86 g/t gold over 1.79 m and 5.90 g/t gold over 1.00 m.

Vein 5 for over 100 m in a north east / south west direction (open to the north east) and to a depth of 105 m vertically below surface (open to depth). Continuity of mineralization in vein 5 is not as consistent as in vein 4 with intersections ranging from 0.23 g/t gold over 1.14 m, 8.30 g/t gold over 0.85 m, 1.76 g/t gold over 0.58 m, 6.50 g/t gold over 0.57 m, 4.80 g/t gold over 1.53 m, 8.96 g/t gold over 0.80 m and 1.24 g/t gold over 1.10 m.

The newly located vein system oriented at 45° to vein 4 has returned interesting values to a depth of 80 m below surface with intercept lengths of 5.00 m to 17.0 m core length with intersections varying from 1.14 g/ ton gold over 9.96 m including 46.00 g/t gold over 0.18 m, 1.21 g/t gold over 17.0 m including 8.40 g/t gold over 0.57 m, 11.10 g/t gold over 0.23 m, 0.89 g/t gold over 5.00m and 0.59 g/t gold over 7.48 m. More drilling and extensive surface sampling is required to evaluate this new zone of mineralization.



<u>HOLE #</u>	<u>FROM</u>	<u>TO</u>	<u>INTERVAL</u>	<u>Au G/T</u>	
	<u>metres</u>	<u>metres</u>	<u>metres</u>		
<u>07-01</u>	<u>72.43</u>	<u>72.58</u>	<u>0.15</u>	<u>0.10</u>	<u>Vein 5?</u>
<u>07-02</u>	<u>43.32</u>	<u>44.46</u>	<u>1.14</u>	<u>0.23</u>	<u>Vein 5</u>
	<u>49.20</u>	<u>50.20</u>	<u>1.00</u>	<u>0.72</u>	
<u>07-03</u>	<u>66.89</u>	<u>68.74</u>	<u>1.85</u>	<u>3.90</u>	<u>Vein 5</u>
	<u>incl 67.89</u>	<u>68.74</u>	<u>0.85</u>	<u>8.30</u>	
<u>07-04</u>	<u>43.70</u>	<u>44.13</u>	<u>0.43</u>	<u>0.16</u>	
	<u>46.33</u>	<u>47.48</u>	<u>1.15</u>	<u>1.32</u>	<u>Vein 5 zone</u>
	<u>incl 46.90</u>	<u>47.48</u>	<u>0.58</u>	<u>1.76</u>	
<u>07-05</u>	<u>62.53</u>	<u>64.24</u>	<u>1.71</u>	<u>0.18</u>	<u>Vein 5</u>
	<u>68.72</u>	<u>69.29</u>	<u>0.57</u>	<u>6.50</u>	<u>Vein 5 zone</u>
	<u>73.88</u>	<u>75.21</u>	<u>1.33</u>	<u>2.80</u>	<u>Vein 5 zone</u>
<u>07-06</u>	<u>20.36</u>	<u>20.85</u>	<u>0.49</u>	<u>1.30</u>	
	<u>102.25</u>	<u>103.25</u>	<u>1.00</u>	<u>4.78</u>	<u>Vein 4</u>
<u>07-07</u>	<u>49.43</u>	<u>50.43</u>	<u>1.00</u>	<u>5.90</u>	<u>Vein 4</u>
<u>07-08</u>	<u>49.80</u>	<u>50.80</u>	<u>1.00</u>	<u>1.29</u>	<u>Vein 5</u>
	<u>53.80</u>	<u>57.80</u>	<u>4.00</u>	<u>2.52</u>	<u>Vein 5 zone</u>
	<u>incl 53.80</u>	<u>55.60</u>	<u>1.80</u>	<u>4.62</u>	
	<u>incl 54.80</u>	<u>55.60</u>	<u>0.80</u>	<u>8.96</u>	
<u>07-09</u>	<u>88.06</u>	<u>89.85</u>	<u>1.79</u>	<u>1.86</u>	<u>Vein 4</u>
	<u>incl 88.06</u>	<u>88.85</u>	<u>0.79</u>	<u>3.92</u>	
	<u>136.85</u>	<u>138.38</u>	<u>1.53</u>	<u>4.80</u>	<u>Vein 5</u>
	<u>incl 136.85</u>	<u>137.38</u>	<u>0.53</u>	<u>9.60</u>	
<u>07-10</u>	<u>35.95</u>	<u>45.91</u>	<u>9.96</u>	<u>1.14</u>	<u>New vein</u>
	<u>incl 41.73</u>	<u>41.91</u>	<u>0.18</u>	<u>46.00</u>	<u>system</u>
	<u>66.00</u>	<u>83.00</u>	<u>17.00</u>	<u>1.21</u>	“
	<u>incl 71.93</u>	<u>72.50</u>	<u>0.57</u>	<u>8.40</u>	
	<u>incl 76.28</u>	<u>76.51</u>	<u>0.23</u>	<u>11.10</u>	
	<u>88.00</u>	<u>93.00</u>	<u>5.00</u>	<u>0.89</u>	“
<u>07-11</u>	<u>105.80</u>	<u>113.28</u>	<u>7.48</u>	<u>0.59</u>	<u>New vein</u>
					<u>system</u>
<u>07-12</u>	<u>19.43</u>	<u>20.80</u>	<u>1.37</u>	<u>8.24</u>	<u>Possible</u>
	<u>incl 19.43</u>	<u>19.80</u>	<u>0.37</u>	<u>30.00</u>	<u>new vein</u>
	<u>75.65</u>	<u>76.75</u>	<u>1.10</u>	<u>1.24</u>	<u>Vein 5</u>

Quality Control and Assurance

Drill widths presented above are drill intersection widths and may not represent the true width of mineralization.

All diamond drill core samples were split using a saw for the HQ core with ½ the core sample stored and marked in the core box in secure storage on site with the remaining ½ core sample shipped to EcoTech



Laboratories Ltd. in Kamloops B.C. Canada for analysis. All gold assays were by fire assay using industry accepted standard methods.

A system of standards, blanks and duplicate samples were used at regular intervals throughout the sampling program as well as internal laboratory check analyses as quality control checks for the diamond drill results presented in this MD&A.

The Company's diamond drilling program was under the supervision of J.W. Murton, P.Eng., a qualified person as defined by National Instrument 43-101. Mr. J.W. Murton is a director of Colt and is also responsible for the technical information presented in this MD&A.

As a result of the encouraging results obtained from the 2007 diamond drilling campaign, Colt has commenced during the month of June, 2008 a diamond drilling program which is targeting veins 11 and 13 of the Santo Antonio multi-vein system. The core samples from this year's diamond drilling program are being shipped to OMAC Laboratories Ltd. of Ireland ("OMAC") for analysis.

In addition to the current ongoing diamond drilling program, the Company is presently conducting regional exploration field work on the Penedono Concession.

Armamar-Meda Concession and Exploration License - Portugal

On December 10, 2007, the Company entered into a prospecting and exploration license agreement with the Government of Portugal whereby Colt has been granted the exclusive right to prospect and explore for base and precious metals on the Armamar Meda Property which has a surface area of approximately 436 sq. km. and which is partially contiguous to the Company's Penedono Exploration Concession (the "Armamar Meda Exploration License"). The initial term of the Armamar Meda Exploration License is for three years (the "Initial Term"), which can be extended twice on an annual basis (the "Extended Term"). During the Initial Term, Colt is obligated to incur prospecting and exploration expenditures of not less than 25,000 € in the first year, 50,000 € in the second year and, 75,000 € in the third year.

Upon the expiry of the Initial Term, Colt shall be required to relinquish, on an annual basis, 50% of the area covered by the Armamar Meda Exploration License. During the Extended Term, Colt is obligated to incur exploration expenditures on an annual basis of not less than 100,000 €. During the Initial and Extended Terms, Colt is obligated to pay to the Government of Portugal an annual license fee in the amount of 35 € per sq. km. of ground covered by the Armamar Meda Exploration License. On January 22, 2008, Colt lodged a bank guarantee in favour of the Portuguese Government, as a performance bond, for the amount of 20,000 € in respect to the Armamar Meda Exploration License.

Upon the completion of the Initial and Extended Terms, Colt may apply for an Exploitation License, which, if granted, shall have a term of 30 years and which may be extended by Portuguese Government approval for a period not to exceed 20 years (the "Exploitation License"). Upon the granting of the Exploitation License, and in the event that mining activities are to take place, then Colt shall be obligated, at Colt's sole discretion, either to pay 10% of the net income derived from its mining activities or, alternatively, pay Net Smelter Returns Royalty ("NSR") on production at NSR rates ranging from 1% to 4% depending on the price of gold. Additionally, as soon as the Exploitation License is granted to Colt, and provided that production from the mining activities is determined to exceed 1,000,000 ounces of gold or of gold equivalent during the life of the mining activities, then Colt will be obligated to pay 100,000 € as a commercial discovery bonus to the Government of Portugal.

As at June 30, 2008, the Company has invested \$71,823 with respect to its Armamar Meda Concession and Exploration License (March 31, 2008 - \$53,397).

The Armamar-Meda Concession hosts several TUNGSTEN occurrences which were discovered in the mid 1970's by Portuguese Government Geologists and which were subsequently explored on a limited basis in the 1980's by a joint venture between a Portuguese Company and BRGM. The Company has



recently gathered data in regards to work done previously on these TUNGSTEN occurrences and is currently assessing the information acquired.

A preliminary evaluation of the recently acquired data by Colt's Portuguese Consultant (who also worked in the general area on another similar deposit in the 1980's) has revealed that there are 3 areas hosting scheelite TUNGSTEN mineralization, all located within several kms of each other and which are all located in the Company's Armamar-Meda Concession.

The Tabuaco occurrence has had 6 widely spaced diamond drill holes completed on the mineralized skarn horizon and these holes indicated varying thicknesses of up to 19 metres grading approximately 1 % WO₃. A very preliminary resource calculation which is not NI 43-101 compliant and which has not been confirmed by Colt, indicated a potential for approximately 1,000,000 tonnes with an approximate grade of 0.9% WO₃.

A second occurrence named the Quinta do Paco zone has revealed a number of skarn beds ranging from 0.15 – 1.05 m thick grading from 0.04% - 1.92% WO₃. These results have not as yet been confirmed by Colt.

A third and potentially important occurrence named the Quinta – Tavora Zone has revealed skarn beds ranging from 1 - >8 m thickness with samples from earlier work indicating grades of 0.31% - 0.96% WO₃. This area has only been lightly prospected in the 1980's and remains as an important target for Colt in the near future. Colt has not yet confirmed these widths and grades but is reporting them in this MD&A as an indication of the potential mineralization on this promising area of the Company's Armamar-Meda Concession.

In addition to assessing the recently acquired data covering the TUNGSTEN occurrences, the Company is presently conducting regional exploration field work on the Armamar-Meda Concession.

The Company's exploration program is under the supervision of J.W. Murton, P. Eng., a qualified person as defined by National Instrument 43-101. Mr. J.W. Murton is a director of Colt and is also responsible for the technical information presented in this MD&A.

Moimenta Almendra Property – Portugal

The Company has been officially informed that the Company's application for an exploration license for the Moimenta Almendra Property in Portugal was approved by the Portuguese Government on July 1, 2008 and that the formal signing of the contract between the Government of Portugal and the Company is expected to take place on or around October, 2008.

Portuguese Subsidiary

The Company has incorporated a wholly owned subsidiary in Portugal by the name of Eurocolt Resources Unipessoal Lda ("Eurocolt"). The President and CEO of Eurocolt is Mr. Jorge Valente, who is also a director and Chief Operating Officer of Colt.

Portuguese Contractors

The Company has entered into an agreement with GEOLÓG, a private Portuguese Company, whereby GEOLÓG is providing the Company with technical and logistical services in Portugal.



Uranium Properties – Quebec, Canada

The Company entered into a Property Option Agreement with Diagnos Inc. on the 5th day of October, 2007, as further amended, whereby Diagnos has agreed, under certain terms and conditions, to grant the Company the sole and exclusive option to purchase 100% undivided right, title and interest, subject only to a 2% NSR Royalty, in two uranium exploration prospects which are located in the Province of Quebec. The Company exercised the option and on February 8, 2008 paid Diagnos \$90,000 plus G.S.T. The Company is obligated to drill at least three exploration holes of not less than 100 ft per hole on each prospect by December 31, 2008. Furthermore, in the event that a favourable feasibility study is completed in respect to each property, then the Company is obligated to issue a number of fully issued and non assessable common shares of the Company, which shall be calculated by dividing \$70,000 by the average closing price of the shares of the Company for the 30 days after the completion date of such favourable feasibility study. Additionally, the Company has the right to reduce the 2% NSR Royalty to 1% NSR Royalty by making a cash payment of \$1,000,000 to Diagnos.

Private Placements

In order to enable Colt to meet its ongoing financial obligations, the Company's Board of Directors resolved to enter into non-brokered private placement financing agreements with various investors during the years ended March 31, 2008 & 2007. During the year ended March 31, 2008, the Company's Board resolved to issue Convertible Debentures for the total amount of \$1,465,000 and the Company closed the private placement of Convertible Debentures on June 29, 2007 and issued to various investors Convertible Debentures for the total amount of \$1,465,000. In addition, the Board resolved to issue Units and Flow-Through Shares of the Company (collectively the "Offerings") during the year ended March 31, 2008 and closed the Offerings for total gross proceeds of \$997,000. (Please see Liquidity in this MD&A).

The Company announced on July 3, 2008 that it intends to proceed with a non-brokered private placement consisting of up to 20,000,000 units at a price of \$0.25 per unit to raise gross proceeds of up to \$5,000,000. Each unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of \$0.30 per share for a period of thirty-six months from closing. The Company intends to use the proceeds for exploration expenditures on the Company's mineral property interests and for general working capital purposes. The Company may pay finder's fees in cash of up to 8% of the proceeds, along with finder's warrants entitling the finder to purchase that number of units of the Company as is equal to 8% of the number of units placed by the finder. The finder's warrants will be exercisable at a price of \$0.25 per unit and will expire twelve months after closing. The units issuable on exercise of the finder's warrants will consist of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of \$0.30 per share for a period of three years from the date of issuance of the finder's warrants.

On July 30, 2008, the Company issued 900,000 units at \$0.25 per unit for gross proceeds of \$225,000 (the "First Closing"). Each unit consists of one common share and one share purchase warrant to purchase an additional share at \$0.30 for a period of 36 months from closing. The Company will close subscriptions as they are received.

The Company announced on August 19, 2008 that it intends to proceed with a non-brokered private placement of flow-through units consisting of up to 65,000 flow-through units at a price of \$2.50 per unit to raise gross proceeds of up to \$162,500. Each unit consists of 9 (nine) flow-through common shares, 1 (one) non flow-through common share and 10 (ten) share purchase warrants. Each warrant will entitle the holder to purchase one common share at a price of \$0.35 per share for a period of twelve months from the closing date of the private placement. The Company intends to use the flow-through portion of the proceeds for exploration expenditures on the Company's mineral properties in Quebec. The Company may pay finder's fees in cash of up to 8% of the proceeds, along with finder's warrants entitling the finder to purchase that number of units of the Company as is equal to 8% of the number of units placed by the finder. The finder's warrants will be exercisable at a price of \$0.25 per unit and will expire



twelve months after closing. The units issuable on exercise of the finder's warrants will consist of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of \$0.35 per share for a period of one year from the date of issuance of the finder's warrants.

Directors, Executive Officers and AGM

At the Company's Annual and Special General Meeting of its Shareholders held at the Company's office in Vancouver on Wednesday, June 27, 2007, Shareholders approved and adopted Special Resolutions to change the name of the Company to "Colt Resources Inc."; to consolidate the Company's issued and outstanding common shares on a 5 (old) for 1 (new) basis; to adopt new articles for the Company; and to approve the Company's 2007 Stock Option Plan dated June 27, 2007. All of the Company's directors standing for re-election were elected by the shareholders and Mr. J. Wayne Murton, a new nominee for director, was elected to the Board of Directors for the ensuing year.

Mr. G. Ben J. Dickson, a director of the Company, stepped down from the position of President and Chief Executive Officer of the Company and, effective as of August 10, 2007, Mr. Bedo H. Kalpakian was appointed as President, Chief Executive Officer and Chief Financial Officer of the Company.

Mr. G. Ben J. Dickson resigned as a director and Member of the Company's Audit Committee as of October 30, 2007 and the Board of Directors of the Company accepted his resignation and appointed Mr. Aurelio Useche of Nun's Island, Quebec, as a director of the Company effective as of October 31, 2007 to fill the vacancy created by Mr. Dickson's resignation. The Company paid \$15,000 to Mr. Dickson as compensation for his past services to the Company.

The Company's next annual general meeting has been scheduled for September 15, 2008 and accordingly, the Company has mailed to all shareholders as of July 17, 2008, the meeting's record date, the notice of annual general meeting, information circular and proxy.

On February 1, 2008 Mr. Bedo H. Kalpakian resigned as the Company's Chief Financial Officer and in order to fill the vacancy created by Mr. Kalpakian's resignation, the Company's Board of Directors appointed Mr. Jonathan Rich ("Mr. Rich"), a chartered accountant, to the position of Chief Financial Officer of the Company. Mr. Rich receives a monthly fee of \$6,250 and the Company reimburses him for all out-of-pocket expenses. During the three months ended June 30, 2008, the Company had paid Mr. Rich \$18,750 (2007 - \$0). On March 20, 2008, the Company granted Mr. Rich 150,000 stock options exercisable at \$0.25 per share for a period of 5 years.

The Company has formed an Advisory Board which will have the function of providing opinions and recommendations for the Company's consideration. On February 8, 2008 Mr. Jean Depatie accepted the Company's proposal and joined Colt's newly formed Advisory Board. In addition to reimbursing Mr. Depatie for travel and out-of-pocket expenses, the Company has granted Mr. Depatie 250,000 stock options exercisable at \$0.25 per share for a period of 5 years.

Other

The Company has terminated the Consulting Agreement with GGM Europe Limited.

During 2007, the Company engaged Objective Capital Limited ("Objective Capital") of the UK to provide sponsored research coverage of Colt for an initial term of one year which may be extended annually by mutual consent. The Company shall pay Objective Capital Cdn \$40,000 per annum (\$20,000 of which has been paid as of March 31, 2008) and shall reimburse Objective Capital for all its reasonable out-of-pocket expenses.

During 2007, the Company entered into a sub-lease agreement with an arm's length party in respect to approximately 1,100 square feet of office space which is located in Richmond, British Columbia for a term of 28 months commencing in January, 2008. This lease has been terminated due to default of the



sub-landlord. As of April 1, 2008, the Company signed a lease agreement with the Head Landlord, an arm's length party, for a lease at the existing premises. The agreement stipulates that the Company will pay \$2,517 per month from April 2008 to September 2008; and thereafter the lease payments will be \$2,613 per month until the lease expires on April 30, 2010.

The Company is presently not a party to any legal proceedings whatsoever.

Risks related to our Business

The Company, and the Securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's Securities:

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This will result in further dilution to the Company's shareholders.

The Company has a very limited history of operations, is in the early stage of development and has received no revenues other than insignificant interest revenues. As such, the Company is subject to many risks common to such enterprises. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that the terms of such financing will be favourable. The Company has no intentions of paying any dividends in the future.

Although the Company has taken steps to verify the title to mineral properties in which it has acquired an interest, no assurance whatsoever can be given that the Company's interests may not be challenged by third parties. If challenged, and if the challenge is sustained, it will have an adverse effect on the business of the Company. Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

The exploration of mineral properties involves significant risks which even experience, knowledge and careful evaluation may not be able to avoid. The price of metals has fluctuated widely, particularly in recent years as it is affected by numerous factors which are beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction methods. The effect of these factors on the price of metals, and therefore the economic viability of the Company's interests in the mineral properties cannot be accurately predicted. Furthermore, changing conditions in the financial markets, and Canadian Income Tax legislation may have a direct impact on the Company's ability to raise funds for exploration expenditures. A drop in the availability of equity financings will likely impede spending. As a result of all these significant risks, it is quite possible that the Company may lose its investments in the Company's mineral property interests.

Three Month [First Quarter] Period (June 30, 2008)

During the three month [First Quarter] period ended June 30, 2008, the Company did not have any revenues (2007: \$Nil). The Company earned interest in the amount of \$1,868 as compared to \$1,196 during the corresponding period in 2007. As at June 30, 2008, the Company had a working capital of \$263,439 as compared to a working capital of \$1,399,000 for the same period in 2007 (March 31, 2008 - \$575,340).

During the three month [First Quarter] period ended June 30, 2008, the Company had a net loss of \$292,248 or \$0.02 per share as compared to a net loss of \$31,123 or \$0.00 per share in the same three

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month [First Quarter] period of 2007. The increase in the net loss was due to the increase in total expenses of the Company which consisted of Directors' compensation expense of \$45,000 as compared to \$0 in the corresponding three month [First Quarter] period of 2007; Interest, accretion and financing fees on long term debt of \$90,048 as compared to \$0 in the corresponding three month [First Quarter] period of 2007; Shareholder Communication of \$30,856 as compared to \$3,892 in the corresponding three month [First Quarter] period of 2007; Office of \$3,843 as compared to \$4,596 in the corresponding three month [First Quarter] period of 2007; Consulting fees of \$43,890 as compared to \$0 in the corresponding three month [First Quarter] period of 2007; Salaries of \$41,733 as compared to \$0 in the corresponding three month [First Quarter] period of 2007; Legal of \$356 as compared to \$10,485 in the corresponding three month [First Quarter] period of 2007; Accounting and audit of \$22,179 as compared to \$5,062 in the corresponding three month [First Quarter] period of 2007; Rent of \$7,426 as compared to \$900 in the corresponding three month [First Quarter] period of 2007; Listing and transfer agent fees of \$2,040 as compared to \$3,243 in the corresponding three month [First Quarter] period of 2007; Filing fees of \$1,250 as compared to \$3,083 in the corresponding three month [First Quarter] period of 2007; Bank charges of \$1,034 as compared to \$235 in the corresponding three month [First Quarter] period of 2007; Insurance costs of \$1,812 as compared to \$0 in the corresponding three month [First Quarter] period of 2007; Foreign exchange loss of \$1,650 as compared to \$823 in the corresponding three month [First Quarter] period of 2007; and Amortization of \$999 as compared to \$0 in the corresponding three month [First Quarter] period of 2007. The weighted average number of shares during the three month [First Quarter] period was 13,528,940 as compared to 5,796,783 for the corresponding [First Quarter] period in 2007.

Summary of Quarterly Results

	2008		2007				2006	
	Q1 ⁽¹⁾ \$	Q4 ⁽⁵⁾ \$	Q3 ⁽³⁾ \$	Q2 ⁽²⁾ \$	Q1 ⁽¹⁾ \$	Q4 ⁽⁴⁾ \$	Q3 ⁽³⁾ \$	Q2 ⁽²⁾ \$
Total Revenues	0	0	0	0	0	0	0	0
Gain/(loss) from Operations	(294,116)	(809,033)	(295,081)	(121,478)	(32,319)	(61,848)	(7,573)	(9,640)
Net Gain/(loss)	(292,248)	(770,618)	(286,647)	(110,395)	(31,123)	(59,229)	939	(9,640)
Basic net gain (loss) per share *	(0.02)	(0.11)	(0.04)	(0.02)	(0.01)	(0.01)	0.00	(0.01)

Notes: 1. Quarter ended June 30th;

2. Quarter ended September 30th;

3. Quarter ended December 31st;

Notes: 4. Year ended March 31, 2007;

5. Year ended March 31, 2008;

* Basic net gain/(loss) per share in the above table is based on the weighted average number of shares outstanding for the periods and not on the actual issued and outstanding number of shares for the periods shown.

The Company's business is not of a seasonal nature.

Liquidity

As of the three month period ended June 30, 2008, the Company had cash and cash equivalents of \$341,271 as compared to \$1,374,838 for the corresponding period in 2007 and a working capital of \$263,439 as compared to \$1,399,000 for the corresponding period in 2007. As of June 30, 2008 the Company's total assets were \$1,867,504 as compared to \$1,912,250 for the corresponding period in 2007.

In order to meet its working capital requirements, the Company intends to seek equity and/or debt financings through private placements and/or public financings and/or loans. There are no assurances whatsoever that these methods of future funding shall be available to the Company.



Convertible Debenture

The Company closed a Private Placement on June 29, 2007 and issued to various investors, Convertible Debentures for the total amount of \$1,465,000. At June 30, 2008, convertible debentures with a face value of \$375,000 (and accrued interest of \$38,920) due June 28, 2010, with interest at 10% per annum paid at maturity, were outstanding. The debt is convertible into units, each unit consisting of one common share and one share purchase warrant. If converted before June 29, 2009, the conversion price will be \$0.30 per unit and if converted before June 29, 2010, \$0.35 per unit. Each warrant is exercisable to purchase one common share at \$0.30 prior to June 29, 2009 and \$0.35 prior to June 29, 2010, expiring on June 29, 2010.

During Q1, 2008, \$1,040,000 of principal and \$102,760 of interest was redeemed for 4,571,040 units. The non-equity portion related to this conversion totaling \$394,604, the equity portion related to this conversion totaling \$645,396, and accrued interest of \$102,760 were recorded as a reduction in the convertible debenture.

Face value, convertible debt issued March 31, 2008	\$	1,524,966
Accrued interest		31,714
2008 conversion of debt		(1,142,760)
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Face value, convertible debt, June 30, 2008		413,920
Deferred charge for conversion feature		(713,759)
Accretion of deferred charge		48,567
Equity allocation of conversion		645,394
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Unamortized deferred charge for conversion feature, June 30, 2008		(19,798)
Finders' fee on convertible debt issued, March 31, 2008		(87,900)
Amortization of finders' fee		9,766
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Unamortized finders' fee, June 30, 2008		(78,134)
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Convertible debt, June 30, 2008	\$	315,988
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Equity portion of convertible debenture, March 31, 2008	\$	878,108
Equity allocation of conversion		(645,394)
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Equity portion of convertible debenture, June 30, 2008	\$	232,714

The Company used the Black-Scholes model to value the equity portion of the convertible debt by assuming a 188% volatility, an interest rate of 4.56%, and a term to expiry of 3 years and attributed this value to the deferred charge for conversion feature, which is accreted over the term to maturity using the effective interest rate method, by charges to earnings for the period.

Finders' fees of \$117,200 were incurred to independent third parties by way of cash payments and are amortized over the term of the convertible debt.

During the year ended March 31, 2008, convertible debt valued at \$52,782 was converted into units, each unit at a value of \$0.25 per share consisted of one common share and one warrant, yielding 211,130 common shares and warrants.



During the three months ended June 30, 2008, convertible debt valued at \$1,142,760 was converted into units, each unit at a value of \$0.25 per share consisted of one common share and one warrant, yielding 4,571,040 common shares and warrants.

Non-Brokered Private Placement Financings

During the year ended March 31, 2008, the Company closed non-brokered private placements of 3,908,000 Units, with various investors, at \$0.25 per unit for proceeds of \$977,000. Each Unit consists of one common share and one warrant to purchase an additional common share at \$0.30 per share. The warrants will expire on December 30, 2010. Issue costs related to this issuance totaled \$76,080.

During the year ended March 31, 2008, the Company closed a non-brokered private placement of 57,143 flow-through common shares with one investor at \$0.35 per share for proceeds of \$20,000. Issue costs related to this issuance totaled \$1,600.

Pursuant to the non-brokered private placements of Units and Flow-Through Units Offerings, the Company issued an aggregate of 310,720 finders' compensation warrants. Each finder's compensation warrant entitles the holder to purchase one common share at \$0.25 per share. The warrants expire on December 30, 2008.

Pursuant to the non-brokered private placement of Units announced on July 3, 2008, the Company issued 900,000 units at \$0.25 per unit for gross proceeds of \$225,000 (the "First Closing"). Each unit consists of one common share and one share purchase warrant to purchase an additional share at \$0.30 for a period of 36 months from closing. The Company will close subscriptions as they are received.

Stock Options granted

The Company has a stock option plan under which officers, directors, employees and consultants are eligible to receive stock options. The total number of common shares reserved under option for issuance may not exceed 20% of the common shares outstanding.

At June 30, 2008 and 2007, the following stock options are outstanding. Each option entitles the holder to purchase one common share at the exercise price per common share with the following expiry date:

Expiry Date	Exercise Price	Number of Options	
		2008	2007
February 22, 2012	\$ 0.25	433,160	533,160
March 19, 2013	\$ 0.25	1,572,451	0
Total stock options outstanding and exercisable		2,005,611	533,160

If any stock options are exercised, then all funds received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any stock options will be exercised prior to their respective expiry dates.

Warrants Issued.

During the year ended March 31, 2008, the Company issued: 3,908,000 share purchase warrants to various investors exercisable at \$0.30 per share for a period of 36 months and 310,720 finders' warrants exercisable at \$0.30 per share for a period of 12 months. In addition, the Company issued 211,130 share purchase warrants to one investor exercisable at \$0.25 per share if exercised on or before June 28, 2008, at \$0.30 per share if exercised on or before June 28, 2009 and at \$0.35 per share if exercised on or before June 28, 2010.



During the three months ended June 30, 2008, the Company issued an aggregate of 4,571,040 share purchase warrants to several investors exercisable at \$0.25 per share if exercised on or before June 28, 2008, at \$0.30 per share if exercised on or before June 28, 2009 and at \$0.35 per share if exercised on or before June 28, 2010.

On July 30, 2008, the Company issued an aggregate of 900,000 warrants exercisable at \$0.30 per share for a period of 36 months pursuant to the First Closing of the non-brokered private placement announced on July 3rd, 2008.

As of June 30, 2008, the following warrants are outstanding. Each warrant entitles the holder to purchase one common share at the exercise price per common share with the following expiry date:

Expiry Date	Exercise Price	Number of Warrants	
		2008	2007
December 31, 2007	\$ 0.75	0	200,000
December 30, 2008	\$ 0.25	310,720	0
December 30, 2010	\$ 0.30	3,908,000	0
June 29, 2010*	\$ 0.35	4,782,170	0
Total warrants outstanding and exercisable		9,000,890	200,000

If any warrants are exercised, then all funds received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any warrants will be exercised prior to their respective expiry dates.

As of June 30, 2008, there are a total of 9,000,890 share purchase warrants outstanding.

Transactions with Related Parties

(a) Extra High Property

On September 8, 2006, the Company entered into an option agreement for the Extra High Property with Zab; this agreement was subsequently amended on October 31, 2006 and June 14, 2007. The terms of the agreement were completed in full on June 26, 2007.

On January 21, 2008, the Company entered into an option agreement for the Extra High Property with Zab.

As at June 30, 2008, the Company has paid Zab a total of \$443,770 for the acquisition of the Extra High Property.

(b) Private Placements

During the year ended March 31, 2008, the Company issued 100,000 Units of the Company at \$0.25 per Unit to Mr. Jonathan Rich, CFO of the Company, for total proceeds to the Company of \$25,000 pursuant to the Units Offering in December, 2007. Each Unit consists of one common share and one share purchase warrant exercisable at \$0.30 per share for 36 months.

During the year ended March 31, 2008, the Company issued 40,000 Units at \$0.25 per Unit to Mr. Aurelio Useche, a director of the Company, for total proceeds to the Company of \$10,000 pursuant to the Units Offering in December, 2007. Each Unit consists of one common share and one share purchase warrant exercisable at \$0.30 per share for 36 months.

During the three month period ended June 30, 2007, the Company issued \$25,000 in Convertible Debentures to each of Bedo H. Kalpakian and Jacob H. Kalpakian, directors of the Company. During the



three month period ended June 30, 2008, both Directors converted their \$25,000 debentures and the Company issued to each Director 220,673 common shares and 220,673 warrants, Each warrant is exercisable at \$0.25 per share if exercised on or before June 28, 2008, at \$0.30 per share if exercised on or before June 28, 2009 and at \$0.35 per share if exercised on or before June 28, 2010.

(c) Office Space

The Company shared office space and certain employees with Las Vegas From Home.com Entertainment Inc. ("Las Vegas"), a company related by certain common officers and directors. Effective August 1, 2007, Las Vegas increased the monthly fee charged to the Company for providing office space, telephone and photocopy services, office supplies, reception, accounting, secretarial services and other miscellaneous office services.

For the year ended March 31, 2008, the Company paid \$63,593 to Las Vegas (2007 - \$1,590) for office rent and office expenses For the three months ended June 30, 2008, the Company paid \$0 to Las Vegas (2007 - \$4,500) for office rent and office expenses.

Pursuant to the Company's relocation to new office premises, the Company terminated its office services arrangement with Las Vegas effective as of January 1, 2008.

As of January 1, 2008, the Company has entered into an agreement on a month to month basis with Mountain Capital Inc. ("MCI"), a Company related by common directors and officers, whereby MCI pays the Company \$1,575 per month for office rent and office services. At June 30, 2008, \$1,575 (2007 - \$0) was due from MCI.

(d) Compensation to Current and Former Directors and Executive Officers

Mr. Jorge Valente, ("Mr. Valente"), a director and the Chief Operating Officer of Colt who is also President and Chief Executive Officer of Eurocolt, the Company's wholly-owned Portuguese subsidiary receives a monthly fee of \$7,500. For the three months ended June 30, 2008, the Company has paid him \$22,500 (2007 - \$7,000) in relation to these services. All related costs were capitalized against mineral property interests during the year. The Company reimburses him for all out-of-pocket expenses. At June 30, 2008, \$8,523 (2007 - \$0) was owed to the related party.

Mr. J. Wayne Murton is a director of the Company and charges the Company a fee of \$500 plus G.S.T. per day for geological services whenever his services are required by the Company and, the Company reimburses him for all out of pocket expenses. During the three months ended June 30, 2008, the Company has paid him \$11,188 (2007 - \$19,000) in relation to these services. All related costs were capitalized against mineral property interests during the year. At June 30, 2008, \$5,260 (2007 - \$20,714) was owed to the related party.

The Chief Financial Officer of the Company, Mr. Jonathan Rich, charges the Company a fee of \$6,250 per month for his services, pursuant to his contract with the Company. During the three months ended June 30, 2008, the Company has paid him \$18,750 (2007 - \$0). At June 30, 2008, \$6,563 (2007 - \$0) was owed to the related party.

The Company entered into a Management Services Agreement dated November 1, 2007 with Kalpakian Bros. of B.C. Ltd., ("Kalpakian Bros") a private British Columbia corporation equally owned by Bedo H. Kalpakian and Jacob H. Kalpakian, who are also directors of the Company. The Management Services Agreement is renewable on a yearly basis and the Management Fees payable to Kalpakian Bros. is \$15,000 plus G.S.T. per month effective as of July 1st, 2007. During the three months ended June 30, 2008, the Company has paid Kalpakian Bros. \$45,000 (2007 - \$0). At June 30, 2008 and 2007, \$0 was owed to the related party. On July 1, 2008 the Company has renewed the Management Services Agreement with Kalpakian Bros. of B.C. Ltd., for a further period of one year.



During the year ended March 31, 2008, the Company paid \$15,000 to Mr. G. Ben J. Dickson, the former President and director of the Company as compensation for his past services to the Company. Due to the resignation of Mr. Dickson, a total of 100,000 director's stock options exercisable at \$0.25 per common share expired unexercised on January 30, 2008.

(e) Computer Equipment

During the year ended March 31, 2008, the Company paid Las Vegas \$13,387 for computer equipment purchased on behalf of the Company. At June 30, 2008 and 2007, \$0 was owed to the related party.

Trends

Due to global demand, prices of metals have appreciated significantly during the last few years. It is generally expected that the worldwide demand for metals will continue for the foreseeable future. Should this trend continue it is expected that mineral prospects of merit will be more difficult and expensive to acquire and the services of technically competent people will be more difficult to obtain.

Financial Instruments

(a) Financial instruments

The Company has designated its cash and cash equivalents as held-for-trading; interest receivable, amounts due from related party and amounts due to related parties as loans and receivables; performance bonds as held-to-maturity; and accounts payable, accrued liabilities and convertible debenture, as other liabilities.

(b) Fair value

The fair values of the Company's cash and cash equivalents, interest receivable, amounts due from related party, amounts due to related parties, and accounts payable and accrued liabilities approximate their fair values because of the short-term maturity of these financial instruments. The fair value of cash and cash equivalents includes the balance of interest receivable.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in short-term interest bearing accounts and highly liquid short-term interest bearing investments, the Company is exposed to interest rate price risk to the extent that the convertible debenture bears a fixed rate of interest. Management considers the interest rate risk to be limited.

(d) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions. The Company does not have cash and cash equivalents that are invested in asset backed commercial paper.

(e) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Portugal. All transactions in Portugal are settled in Euros. A significant change in the currency exchange rates between the Canadian Dollar relative to the Euro could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.



At June 30, 2008, the Company is exposed to currency risk through the following assets and liabilities denominated in Euros.

Euros (€)	
Cash and cash equivalents	€ 1,243
Performance bonds	€ 70,000
Accounts payable and accrued liabilities	€ (26,416)
Net exposure	€ 44,827
Canadian dollar equivalent	\$ 71,907

Based on the above net exposure as at June 30, 2008, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Euro would result in an increase or decrease of approximately \$7,000 in the Company's pre-tax loss.

(f) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents.

(g) **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. In the management of capital, the Company includes the components of shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, option its mineral properties for cash and/or expenditures or dispose of assets.

Disclosure over Internal Controls

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at June 30, 2008, the CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings) of the Canadian Securities Administrators and have concluded that such controls and procedures are effective and provide reasonable assurance that material information relating to the Company, was made known to them and reported as required, particularly during the period in which the interim filings were being prepared.

Upon completion of the Company's Audit for the year ended March 31, 2008, the Auditors determined that all transactions were diligently and accurately accounted for.

Management is responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management has evaluated the design of the Company's internal controls and procedures over financial reporting as of the end of the period covered by the interim filings and believes the design to be sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. There have been no significant changes to the Company's internal control environment during the three months ended June 30, 2008 that would have materially affected the Company's internal controls over financial reporting.



Off-balance sheet arrangements

The Company has not entered into any off-balance sheet arrangements as of the date of this MD&A.

Financial instruments

The Company does not use financial derivatives.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares with no par value of which 14,599,096 common shares are outstanding as of June 30, 2008 (June 30, 2007: 5,851,783).

As of June 30, 2008, there are no common shares held in escrow (June 30, 2007: 0).

Authorized share capital:

Unlimited number of common voting shares
Unlimited number of preferred shares, issuable in series

Outstanding Share Data	Number of Common Shares	Number of Preferred Shares	Exercise Price per Common Share	Expiry Date
Issued and Outstanding as at August 25, 2008	15,499,096	Nil	n/a	n/a
Stock Options	433,160	n/a	\$ 0.25	Feb 22, 2012
	1,572,451	n/a	\$ 0.25	March 19, 2013
Warrants	900,000	n/a	\$0.30	July 30, 2011
	3,908,000	n/a	\$ 0.30	Dec 30, 2010
Finders' Warrants	310,720	n/a	0.25	Dec 30, 2008
Warrants issued pursuant to conversion of debenture	4,782,170	n/a	See foot note ⁽¹⁾ below	June 28, 2010
Sub Total	27,405,597	Nil	n/a	n/a
⁽¹⁾ Convertible Debentures				
- Shares	⁽²⁾ 1,391,231	n/a	See foot note ⁽¹⁾ below	See foot note ⁽¹⁾ below
- Warrants	⁽²⁾ 1,391,231			
Escrow	n/a	n/a	n/a	n/a
Fully Diluted as at August 25, 2008 including remaining Convertible Debentures ⁽²⁾	30,188,059	Nil	n/a	n/a



- (1) \$1,465,000 in Convertible Debentures issued on June 29, 2007 at an interest rate of 10% compounded monthly. At any time **following September 29, 2007** but on or prior to **June 28, 2010** ("**the Term**"), all or part of the Principal Amount together with all accrued interest thereon may, at the option of the Holder, be converted into Units, each Unit consisting of one Common Share ("**Common Share**") and one Warrant (the "**Warrant**") of the Company on the basis of one Unit for each: \$.30 if converted on or after June 29, 2008 but prior to June 29, 2009, and \$.35 if converted on or after June 29, 2009 but prior to June 29, 2010, of Principal Amount together with interest thereon (the "**Conversion Price**"). Each Warrant included in the Unit will entitle the Holder to purchase one Common Share of the Company until Term, at which time the Warrant shall expire. Each Warrant is exercisable at a price of: \$.30 if exercised on or after June 29, 2008 but prior to June 29, 2009, and \$.35 if exercised on or after June 29, 2009, but prior to June 29, 2010.
- (2) Convertible debentures (Shares and Warrants) as at July 29, 2008.

Outlook

Management is looking forward to the exploration and, if warranted, to the development of the Company's mineral property interests.