



**Colt Resources Inc.**  
(An Exploration Stage Company)

**Unaudited Interim Financial Statements**

Second Quarter ended September 30<sup>th</sup> 2009

**Notice**

These statements have been prepared by management and the Company's independent auditors have not performed a review in accordance with standards established by the Canadian Institute of Chartered Accountants.

# COLT RESOURCES INC.

(An Exploration Stage Company)

Second Quarter and six-month period ended September 30, 2009

## Interim Consolidated Balance Sheets (Unaudited)

As at	September 30, 2009	March 31, 2009
	(unaudited)	(audited)
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 8,004	\$ 19,818
Sales taxes receivable	16,286	43,846
Taxes receivable	20,645	22,611
Prepaid expenses	14,789	7,886
	59,724	94,161
<b>Equipment</b> (note 6)	13,126	11,464
<b>Performance Bonds</b> (note 7)	133,600	133,600
<b>Mineral Property Interests</b> (note 7)	2,190,594	1,932,549
	\$ 2,397,044	\$ 2,171,774
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 190,121	\$ 227,577
Due to related parties (note 10)	205,543	130,543
	395,664	358,120
<b>Convertible Debenture</b> (note 8)	216,383	287,917
	612,047	646,037
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> (note 9)	4,077,263	3,358,545
<b>Contributed Surplus</b>	519,311	434,421
<b>Equity Portion of Convertible Debt</b> (note 8)	128,458	214,097
<b>Deficit</b>	(2,940,036)	(2,481,326)
	1,784,997	1,525,737
	\$ 2,397,044	\$ 2,171,774

Going Concern (note 2)

Commitments and Subsequent Events (notes 12 and 14)

Approved on behalf of the Board:

"Nikolas Perrault"

..... Director  
Nikolas Perrault

"Aurelio Useche"

..... Director  
Aurelio Useche

**COLT RESOURCES INC.**

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Second Quarter and six-month period ended September 30, 2009

**Statement of Operations, Comprehensive Income (Loss) and Deficit  
(Unaudited)**

	Three Months Ended September 30		Six Months Ended September 30	
	2009	2008	2009	2008
<b>Expenses</b>				
Directors' compensation (Note 9)	\$ 0	\$ 45,000	\$ 79,036	\$ 90,000
Interest, accretion and financing fees on long-term debt	24,297	40,578	58,637	130,626
Shareholder communication	36,054	12,031	43,820	42,887
Office	12,934	6,257	23,525	10,100
Consulting	47,256	78,250	131,227	122,140
Salaries	20,913	35,886	45,130	77,619
Legal	5,698	0	18,459	356
Accounting and audit	4,560	0	14,560	22,179
Rent	9,286	6,775	19,370	14,201
Listing and transfer agent fees	3,093	4,392	15,193	6,432
Filing fees	3,765	4,163	3,864	5,413
Bank charges	956	1,665	1,514	2,699
Insurance	0	819	422	2,631
Foreign exchange	2,731	8,971	2,571	10,621
Amortization	999	1,126	1,819	2,125
<b>Loss Before Other Items</b>	<b>(172,540)</b>	<b>(245,913)</b>	<b>(459,148)</b>	<b>(540,029)</b>
<b>Other Items</b>				
Interest Income	406	3,001	439	4,869
<b>Net Loss and Comprehensive Loss for the Period</b>	<b>\$ (172,134)</b>	<b>\$ (242,912)</b>	<b>\$ (458,709)</b>	<b>\$ (535,160)</b>
<b>Basic Loss per Share</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.04)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>21,444,860</b>	<b>14,483,606</b>	<b>21,444,860</b>	<b>14,483,606</b>

**COLT RESOURCES INC.**

(An Exploration Stage Company)

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**Interim Consolidated Statements of Cash Flows  
(Unaudited)**

	Three Months Ended September 30		Six Months Ended September 30	
	2009	2008	2009	2008
<b>Operating Activities</b>				
Net loss	\$ (172,134)	\$ (242,912)	\$ (-458,709)	\$ (535,160)
Items not involving cash				
Accrued interest, accretion and financing fees on long-term debt	23,044	40,578	(71,534)	130,626
Amortization	999	1,126	1,819	2,125
Changes in non-cash working capital	(148,091)	(201,208)	(528,424)	(402,409)
Accounts receivable	0	0	0	0
Prepaid expenses	(9,870)	471	(6,904)	9,120
Taxes receivable	40,577	927	29,526	37,952
Interest receivable	0	(286)	0	1,901
Convertible debentures receivable	0	0	0	0
Accounts payable and accrued liabilities	(150,494)	(60,157)	(37,456)	(86,041)
Bank Guarantee for Penedono property	0	0	0	0
Due to related party	0	(1,196)	75,000	8,889
Due from related party	0	1,575	0	4,138
	<b>\$ (268,084)</b>	<b>\$ (259,874)</b>	<b>\$ (468,258)</b>	<b>\$ (426,450)</b>
<b>Investing Activities</b>				
Purchase of capital assets	(3,481)	0	(3,481)	(1,691)
Performance bonds	0	7,826	0	9,246
Expenditures on mineral property interests	(168,882)	(203,999)	(258,044)	(314,427)
	<b>\$ (172,363)</b>	<b>\$ (196,173)</b>	<b>\$ (261,525)</b>	<b>\$ (306,872)</b>
<b>Financing Activities</b>				
Proceeds of shares issued, net of issuance cost	442,300	364,842	803,607	364,842
Convertible debentures – equity carrying amount	0	0	(119,342)	0
Convertible debentures – debt component	0	0	33,703	0
	<b>\$ 442,300</b>	<b>\$ 364,842</b>	<b>\$ 717,968</b>	<b>\$ 364,842</b>
<b>Net Change in cash plus</b>	2058	(91,205)	11,814	(368,480)
Cash at beginning of period	5,946	341,271	19,818	618,546
<b>Cash at end of period</b>	<b>\$ 8004</b>	<b>\$ 250,066</b>	<b>\$ 8004</b>	<b>\$ 250,066</b>

# COLT RESOURCES INC.

(An Exploration Stage Company)

Second Quarter and six-month period ended September 30, 2009

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## NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

### 1. NATURE OF OPERATIONS

Colt Resources Inc. is a junior mining exploration company engaged in the acquisition, exploration and development of mineral property interests located in Portugal and Canada.

On March 1, 2007, the Company's common shares were approved for listing and commenced trading on the Canadian Trading and Quotation System ("CNQ") now known as the Canadian National Stock Exchange ("CNSX") under the ticker symbol "COLT" and on September 26, 2008, the CNSX adopted a three character format and the Company's ticker symbol was changed to "GTP".

On July 18<sup>th</sup> 2007, the Company changed its name from "Colt Capital Corp." to "Colt Resources Inc." and consolidated its capital stock on a 5 (old) common shares for 1 (new) common share basis, effective as of July 18, 2007.

During the year ended March 31, 2008 the Company incorporated a Portuguese subsidiary, Eurocolt Resources Unipessoal Lda. ("Eurocolt").

On May 21, 2009, the Company listed on the Open Market Segment of the Frankfurt Stock Exchange under the trading symbol: **P01**, with the objective of broadening its shareholder base in European markets.

The company's main focus is the continued exploration and development of its gold and tungsten properties in Portugal.

### 2. GOING CONCERN

The Company's consolidated financial statements have been presented in accordance with Canadian generally accepted accounting principles ("GAAP") on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company reported net losses for the three and six month period ended September 30, 2009. These recurring losses and the need for continued funding raise substantial doubt about the Company's ability to continue as a going concern.

The Company is in the exploration stage and the ongoing investments in and expenditures on its mineral property interests comprise substantially all of the Company's assets. The recoverability of amounts shown for mineral property interests and related deferred costs are dependent upon the Company's ability to obtain the necessary financing to complete the exploration and development of its mineral property interests in order to attain profitable mining operations or receive proceeds from the disposition of its mineral property interests. The Company's ability to continue as a going concern is further dependent on the Company being able to satisfy its liabilities as they become due. Management of the Company believes that it has the ability to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due, and to fund cash payments for planned exploration programs. There can be no assurance that management's plan will be successful given the current difficult conditions.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

# COLT RESOURCES INC.

(An Exploration Stage Company)

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## 3. CHANGES IN ACCOUNTING POLICIES

### (a) Financial instrument disclosures

Effective April 1, 2008 the Company adopted, CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation", which together comprise a complete set of disclosure requirements for financial instruments. Section 3862 requires disclosure of additional detail by financial instruments; Section 3863 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. As a result of the adoption of this standard, additional disclosures on the risks of certain financial instruments have been included in note 5.

### (b) Capital disclosures

Effective April 1, 2008, the Company adopted Section 1535, "Capital Disclosures". This section establishes standards for disclosing information about an entity's capital and how it is managed. As a result of the adoption of this standard, additional disclosures on the Company's capital management strategy have been included in note 15.

### (c) Going concern

Effective April 1, 2008, the Company adopted the amendments to Section 1400, "General Standards of Financial Statement Presentation". This section was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. When financial statements are not prepared on a going concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. The Company's accounting policies were already in accordance with the requirements of amended section and there was no effect on the Company's consolidated financial statements.

### (d) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee (the "EIC") of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which clarifies that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-173. On the date of adoption, the Company re-measured its financial assets and liabilities as appropriate and there was no impact on the consolidated financial statements arising from the adoption of EIC-173. In accordance with EIC-173, prior period consolidated financial statements have not been restated.

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## 3. CHANGES IN ACCOUNTING POLICIES (Continued)

### (e) Mining Exploration Costs

In March 2009, the EIC issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition of long-lived assets. EIC-174 is to be applied in interim and annual financial statements for periods ending on or after the date of issuance of EIC-174. The adoption of this section did not have a significant impact on the Company's consolidated financial statements.

### (f) Future Accounting Changes

#### (i) Business combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-Controlling Interests". These sections replace former CICA Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of business activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

#### (ii) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The IFRS standards will be effective for the Company for interim and fiscal period reporting commencing April 1, 2011. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended March 31, 2011 and earlier where applicable. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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## 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### (a) Financial instruments

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

The carrying values of financial assets by category at September 30, 2009 are as follows:

<b>Financial Assets</b>	Held-for-trading	Loans and receivables	Held to Maturity
Cash and cash equivalents	\$ 8,004	\$	
Performance bonds			133,600
	\$ 8,004	\$	\$ 133,600

The carrying values of financial liabilities by category at September 30, 2009 are as follows:

Accounts payable and accrued liabilities	\$ 190,121
Amounts due to related parties	205,543
Convertible debenture	216,383
	\$ 612,047

### (b) Fair value

The fair values of the Company's cash and cash equivalents, performance bonds 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.

The Company's convertible debenture is segregated into its debt and equity components at the date of issue, in accordance with the substance of the contractual agreements. The value of the conversion option makes up the equity component of the instrument and was recorded upon initial recognition using the Black-Scholes option pricing model. The debt component of the instrument was recorded at initial recognition using the residual approach and is carried at amortized cost using the effective interest method. The carrying value of the equity component remains unchanged in future periods except upon conversion when the related debt and equity components are reclassified to capital stock.

### (c) Credit risk

The Company is exposed to credit risk with respect to cash and cash equivalents and performance bonds. 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 performance bonds with major financial institutions.

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## 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### (c) Credit risk (Continued)

At September 30<sup>th</sup>, 2009, the Company's maximum exposure to credit risk is as follows:

Cash held in bank accounts	\$	8,004
Performance bonds		133,600
	\$	141,604

The Company is not exposed to concentration of credit risk with respect to cash and cash equivalents or performance bonds as the amounts are held with major financial institutions in Canada and Portugal.

### (d) 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 September 30<sup>th</sup>, 2009, the Company has cash and cash equivalents of \$ 8,004 and a working capital deficiency of \$202,339. Accounts payable and accrued liabilities have contractual maturities of 30 days or less and are subject to normal trade terms, amounts due to related parties are due on demand and convertible debenture is due at maturity on June 28, 2010. The Company will require additional equity financing to meet its existing obligations as well as administrative overhead costs and planned exploration activities on its mineral property interests in fiscal 2010. While the Company has been successful in raising debt and equity funds in the past, there exists uncertainty whether it will be able to raise sufficient funds in the future.

### (e) Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, foreign currency risk and other price risk.

#### (i) Interest rate risk

The Company's cash and cash equivalents generally consist of cash held in bank accounts and term deposits that earn interest at variable interest rates. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by purchasing highly liquid, short-term investments from major financial institutions. At September 30, 2009, cash and cash equivalents consist entirely of cash held in bank accounts; therefore, fluctuations in market rates do not have an impact on estimated fair values at year-end.

The convertible debenture is not subject to significant interest rate risk.

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## 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### (e) Market risk (Continued)

#### (ii) Foreign currency risk

The Company operates in Canada and Portugal. The Company is exposed to foreign currency risk to the extent that financial instruments are denominated in European Euros.

#### (ii) Foreign currency risk (Continued)

As at September 30, 2009, the Company held financial instruments denominated in European Euros totaling €80,000 consisting only of performance bonds. As at September 30, 2009, the Company used CDN\$1.67 for €1.00 and varied up to 10% in each direction during the year. At September 30, 2009 a fluctuation in exchange rate of 10% would affect net loss by \$13,360

The Company has not entered into any foreign currency contracts to mitigate the risk.

#### (iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

## 5. SHORT TERM INVESTMENTS (DEPOSITS)

The Company held no term deposits included in cash and cash equivalents at September 30, 2009.

## 6. EQUIPMENT

As at September 30<sup>th</sup> 2009,

	September 30 <sup>th</sup> , 2009		
	Cost	Accumulated Amortization	Net
Computer equipment	\$ 15,710	\$ 7,685	\$ 8,025
Mining equipment	5,823	722	5,101
	\$ 21,533	\$ 8,406	\$ 13,126

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## 7. MINERAL PROPERTY EXPENDITURES

	Canada				Portugal			Total
	Extra High (note 8a)	Uranium Properties (note 8b)	Gaspésie Properties (note 8c)	Penedono Gold (note 8d)	Armamar- Meda (note 8e)	Moimenta Almendra (note 8f)	Sda Margarida (note 8g)	
Balance, March 31, 2008	\$ 523,356	\$ 90,000	\$ 0	\$ 596,837	\$ 53,397	\$ 4,116	\$ 0	\$ 1,267,706
Acquisition costs	0	0	35,150	0	0	0		35,150
Property development expenditures								
Mineral exploration	7,172	0	123,460	406,310	154,570	48,826		740,338
Mineral exploration tax credit	(2,151)	0	(18,494)	0	0	0		(20,645)
Write-off of mineral property interest	0	(90,000)	0	0	0	0		(90,000)
Balance, March 31, 2009	\$ 528,377	\$ 0	\$ 140,116	\$ 1,003,147	\$ 207,967	\$ 52,942	\$ 0	\$ 1,932,549
Acquisition costs	0	0	0	0	0	0	20,217	20,217
Property development expenditures	4117		(4117)					
Mineral exploration	0	0	0	152,198	62,071	23,558		237,827
Mineral exploration tax credit	0	0	0	0	0	0		0
Write-off of mineral property interest	0	0	0	0	0	0		0
Balance, September 30, 2009	\$ 532,494	\$ 0	\$ 135,999	\$ 1,155,344	\$ 270,038	\$ 76,500	\$ 20,217	\$ 2,190,594

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## 7. MINERAL PROPERTY INTERESTS (Continued)

### (a) Penedono Gold Property – 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, the Company has issued to Rio Narcea, as fully paid and non-assessable, 200,000 restricted common shares of the Company on the closing date of the transaction. Of these 200,000 restricted common shares, 50,000 common shares became tradable effective on each December 29, 2007, March 29, 2008, June 29, 2008 and September 29, 2008. Furthermore, from commercial production and under certain terms and conditions, the Company is obligated to pay to Rio Narcea a 1% NSR royalty to a maximum amount of US \$1,000,000.

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

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 in favor of the Government of Portugal. Furthermore, the Company has paid the Government of Portugal an exploration license fee of €5,125 and €2,563 during the years ended March 31, 2008 and 2009, respectively, and is required to pay €5,125 by October 29, 2009. The Company is also obligated to incur expenditures in the amount of US\$150,000 by October 29, 2007 (incurred), €200,000 by October 29, 2008 (incurred) and €250,000 by October 29, 2009. Should the property be placed into commercial production, then the Company is obliged to pay a 4% NSR royalty to the Government of Portugal.

### (b) 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 the Company has been granted the exclusive right to prospect and explore for base and precious metals on the Armamar-Meda Property, which is partially contiguous to the Company’s Penedono Exploration Concession (the “Armamar-Meda Concession and Exploration License”). The initial term of the Armamar-Meda Concession and Exploration License is for three years ending December 10, 2010 (the “Initial Term”), which can be extended twice on an annual basis (the “Extended Term”). During the Initial Term, the Company is obligated to incur prospecting and exploration expenditures of not less than €25,000 by December 10, 2008 (incurred) €50,000 by December 10, 2009, and €75,000 by December 10, 2010. During the Extended Term, Colt is obligated to incur exploration expenditures on an annual basis of not less than €100,000.

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## 7. MINERAL PROPERTY INTERESTS (Continued)

### (c) Armamar-Meda Concession and Exploration License – Portugal (Continued)

Upon the expiry of the Initial Term, the Company shall be required to relinquish, on an annual basis, 50% of the area covered by the Armamar-Meda Concession and Exploration License. During the Initial and Extended Terms, the Company is obligated to pay to the Government of Portugal an annual license fee in the amount of €35 per square kilometer of ground covered by the Armamar-Meda Concession and Exploration License. On January 22, 2008, the Company lodged a bank guarantee in favor of the Government of Portugal, as a performance bond, for the amount of €20,000 in respect to the Armamar-Meda Concession and Exploration License.

Upon the completion of the Initial and Extended Terms, the Company may apply for an Exploitation License, which, if granted, shall have a term of 30 years and which may be extended by the Government of Portugal's 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 the Company shall be obligated, at the Company's sole discretion, either to pay 10% of the net income derived from its mining activities or, alternatively, pay NSR royalty 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 the Company, and provided that production from the mining activities is determined to exceed 1,000,000 ounces of gold or gold equivalent during the life of the mining activities, then the Company will be obligated to pay €100,000 as a commercial discovery bonus to the Government of Portugal.

### (d) Moimenta Almendra Property – Portugal

On January 10, 2008, the Company entered into a prospecting and exploration license agreement with the Government of Portugal (the "Moimenta Almendra License") whereby the Company has been granted the exclusive right to prospect and explore the Moimenta Almendra property which is partially contiguous to the Penedono and Armamar-Meda Exploration concessions.

The initial term of the Moimenta Almendra License is for a period of three years ending January 10, 2011 (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 by January 10, 2009 (incurred), €50,000 by January 10, 2010, and €75,000 by January 10, 2011. 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 fee in the amount of €25 per square kilometer of ground covered by the Moimenta Almendra License.

In respect to the Moimenta Almendra License, Colt has lodged a bank guarantee, as a performance bond, for the amount of €10,000 in favour of the Government of Portugal.

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## 7. MINERAL PROPERTY INTERESTS (Continued)

### (e) Moimenta Almendra Property – Portugal (Continued)

Upon completion of the Initial and Extended Terms, Colt may apply for an Exploitation License which, if granted, shall have a term of 30 years 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, exclusive of all taxes, derived from its mining activities or, alternatively, pay NSR on production at rates ranging from 1% to 4% depending on the price of gold (the "Exploitation License Fees"). However, during the first two years of mining activities, the Government of Portugal shall fully waive the payment of the Exploitation License Fees. Additionally, as soon as the Exploitation License is granted to Colt, provided 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, Colt will be obligated to pay €100,000 as a commercial discovery bonus to the Government of Portugal.

### (f) Santa Margarida do Sado Property – Portugal

On September 23, 2009 the Company entered into a prospecting and exploration license agreement for a new concession with the Government of Portugal (the "Santa Margarida do Sado License") whereby the Company has been granted the exclusive right to prospect and explore the Santa Margarida do Sado Property in Portugal's Iberian Pyrite Belt consisting of 360.46 squared kilometers. The concession was granted for a period of 4 years with a 50% reduction at the end of the 2<sup>nd</sup> and 3<sup>rd</sup> year. The required minimum investment for the 1<sup>st</sup> year is 100,000 Euros, 2<sup>nd</sup> year 300,000 Euros and 3<sup>rd</sup> and 4<sup>th</sup> year each 500,000 Euros.

### (g) Extra High Mineral Property - Canada

On September 8, 2006, the Company entered into an Option Agreement with Kokomo Enterprises Inc. ("Kokomo"), a company related by certain former directors and officers and one current director, whereby the Company had the right to acquire a 50% undivided interest, subject to a 1.5% net smelter returns ("NSR") royalty payable to an arm's length party, in the Extra High Property (the "Property") by incurring exploration expenditures of \$240,000 on the Property by no later than February 28, 2007 and by making cash payments to Kokomo totaling \$133,770 by no later than March 26, 2007 (paid). On October 31, 2006, the Company and Kokomo entered into an Amending Agreement whereby the Company was granted an extension period until June 26, 2007 to incur exploration expenditures on the Property and to make the cash payments to Kokomo.

On June 14, 2007, Kokomo amended its Option Agreement with the Company whereby the Company would have the right to acquire a 34% interest in the Property by making an additional cash payment to Kokomo in the amount of \$60,000 by no later than June 26, 2007 (paid). The Amending Agreement released the Company of the requirement to incur \$240,000 in exploration expenditures on the Property.

On January 21, 2008, the Company entered into a second Option Agreement with Kokomo, whereby the Company has the right and option to acquire, in two separate equal tranches, Kokomo's 66% undivided interest in the Property. Pursuant to the Option Agreement, the Company has exercised the first tranche of the option by making a cash payment of \$250,000 (\$133,770 paid in 2007 and \$116,230 paid in 2008) to Kokomo and has acquired from Kokomo a 33% undivided interest in the Property. As a result of exercising the first tranche of the option, the Company now holds a 67% undivided

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## 7. MINERAL PROPERTY INTERESTS (Continued)

### (g) Extra High Mineral Property – Canada (Continued)

interest in the Property and has become the operator of the Property. Furthermore, pursuant to the Option Agreement, the Company was solely responsible for all exploration and property expenditures in respect of the Property that were initiated and incurred by the Company from January 31, 2008 to December 31, 2008.

In order to exercise the second tranche of the option, the Company was required to make a cash payment of \$250,000 to Kokomo on or before December 31, 2008. And upon the Company making such payment, the Company will be deemed to have exercised the second tranche of the option and to have acquired from Kokomo 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 Kokomo (the "Kokomo Royalty"). The Company will have the option to purchase the Kokomo Royalty for the sum of \$500,000 and the Company will also have the option to purchase one-half of the Arm's Length Royalty for the sum of \$500,000.

As of December 31, 2008, the Company did not exercise the second tranche of the option, as a result of which, the January 21, 2008 Option Agreement was terminated. The Company and Kokomo now operate as joint venture partners with the Company holding a 67% undivided interest in the Property and Kokomo holding a 33% undivided interest in the Property. Henceforth, 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.

### (h) Uranium Properties - Canada

On October 5, 2007, the Company entered into a Property Option Agreement regarding the "Uranium Properties" with Diagnos Inc. ("Diagnos"), as further amended by a letter agreement dated November 28, 2007, whereby Diagnos has agreed, under certain terms and conditions, to grant the Company the sole and exclusive option to purchase a 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 paid Diagnos \$90,000 on February 8, 2008 of which \$18,000 related to the acquisition the claims and \$72,000 was for exploration expenditures. The Company is obligated to drill at least three exploration holes of not less than 100 feet per hole on each prospect by December 31, 2008. If not drilled, Diagnos has the right to terminate the Property Option Agreement. Furthermore, in the event that a favorable 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 trading price of the shares of the Company for the 30 days after the completion date of such favorable feasibility study. Additionally, the Company has the right to reduce the 2% NSR royalty to 1% by making a cash payment of \$1,000,000 to Diagnos.

During the year ended March 31, 2009, the Company decided not to pursue to Uranium properties option and as such wrote-off \$90,000 to operations.

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## 7. MINERAL PROPERTY INTERESTS (Continued)

### (i) Gaspésie Properties – Canada

On December 15, 2008 the Company entered into an Agreement with Diagnos to acquire a 100% interest in four mineral properties (the “Gaspésie properties”) located in the Gaspésie Region of the Province of Quebec (the “Gaspésie Agreement”). The terms of the proposed acquisition include the acquisition of the mineral claims on the four properties for \$35,150 and incurring exploration expenditures in the amount \$214,850. This total debt was to be settled by a payment of \$62,500 in cash and \$187,500 in restricted common shares of the Company at a deemed value of \$0.25 per share for 750,000 common shares, on or before March 27, 2009.

During the year ended March 31, 2009, the Company issued 750,000 common shares to Diagnos valued at their quoted market value on the date of issue of \$90,000 or \$0.12 per common share which resulted in a reduction of mineral property acquisition and exploration costs of \$97,500.

The Gaspésie Agreement was amended by letter dated March 26, 2009, whereby the due date of the payment of \$62,500 in cash was extended to May 15, 2009 and further amended by letter dated May 15, 2009 whereby the Company issued 416,667 common shares (issued) to Diagnos at a deemed value of \$0.15 per share for the Gaspésie properties and is obligated to pay Diagnos \$27,662 in cash.

Additionally, Diagnos will retain a 2% NSR of \$1,000,000 at any time within the first five years of an economic discovery. The Company is required to spend a minimum of \$450,000 in exploration and drilling on the Gaspésie properties by December 15, 2010.

## 8. CONVERTIBLE DEBENTURE

	Sept 30, 2009	March 31, 2009
Convertible debt, beginning balance	\$ 287,917	\$ 692,440
Initial debt portion of convertible debenture	0	0
Finders' fees	0	0
Interest	56,747	152,780
Conversion of debt	(128,280)	(557,303)
<b>Convertible debt, balance</b>	<b>\$ 216,384</b>	<b>\$ 287,917</b>
Equity portion of convertible debenture, beginning balance	\$ 128,458	\$ 807,860
Initial equity portion of convertible debenture	0	0
Finders' fees	0	0
Equity allocation of conversion	0	(593,763)
<b>Equity portion of convertible debenture, balance</b>	<b>\$ 128,458</b>	<b>\$ 214,097</b>

Using the Black-Scholes pricing model, the Company valued 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 operations.

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## 8. CONVERTIBLE DEBENTURE (Continued)

The debt portion of the convertible debenture is amortized to its face value plus accrued interest using an effective interest rate of 4.6%.

## 9. CAPITAL STOCK

(a) The following table summarizes the changes in the share capital of the Company for the six-month period ended September 30<sup>th</sup> 2009.

	Number of Shares	Capital Stock	Equity Portion Convertible Debt	Contributed Surplus	Deficit	Shareholders' Equity
<b>Balance – March 31, 2009</b>	17,799,096	\$3,358,545	214,097	434,422	(2,481,326)	1,525,737
Common shares issued for mineral property interest	416,667	62,499	0	0	0	62,499
Common shares converted from convertible debt (note 8)	609,121	213,919	(85,639)	0	0	128,280
Stock based compensation	0	0	0	84,889	0	84,889
Net Loss for the period	0	0	0	0	(286,575)	(286,575)
<b>Balance – June 30, 2009</b>	18,824,884	\$3,634,963	\$128,458	\$519,311	(\$2,767,901)	\$1,514,831
Common shares issued for Private Placement Financing	4,020,908	\$442,300	0	0	0	\$442,300
Net Loss for the period	0	0	0	0	(\$172,135)	(\$172,135)
<b>Balance – September 30, 2009</b>	22,845,792	\$4,077,263	\$128,458	\$519,311	(\$2,940,036)	\$1,784,997

(b) Stock options

The Company has a stock option plan under which officers, directors, employees, management company 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 the date of the grant. The terms of the options are set by the Board of Directors at the time of grant with the exercise price being not less than \$0.05 per share and the term not exceeding five years.

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## 9. CAPITAL STOCK

### (b) Stock options (Continued)

The following summarizes the stock option activity during the fiscal year ended March 31, 2009 and the six-month period ended September 30<sup>th</sup> 2009:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Balance, March 31, 2008	2,005,611	\$ 0.25	4.74
Options granted	600,000	\$ 0.25	
Options forfeited	(829,031)	\$ 0.25	
Balance, March 31, 2009	1,776,580	\$ 0.25	2.78
Options granted	1,376,580	\$ 0.25	
Options forfeited	(625,000)	\$ 0.25	
Balance, September 30, 2009	2,528,160	\$ 0.25	3.96

The following stock options are outstanding and exercisable at the fiscal year ended March 31, 2009 and the six month period ended September 30, 2009:

Expiry Date	Exercise Price	Number of Options	
		Sept 30 2009	March 31 2009
June 30, 2009	\$0.25	0	500,000
March 19, 2011	\$0.25	100,000	100,000
February 22, 2012	\$0.25	53,160	53,160
March 19, 2013	\$0.25	1,123,420	1,123,420
April 8, 2014	\$0.25	951,580	0
May 25, 2011	\$0.25	200,000	0
May 28, 2014	\$0.25	100,000	0
Total stock options outstanding and exercisable		2,528,160	1,776,580

# COLT RESOURCES INC.

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## 9. CAPITAL STOCK (Continued)

### (c) Warrants

The following summarizes the warrant activity during the six-month period ended September 30<sup>th</sup>, 2009 and the fiscal year ended March 31, 2009:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Balance, March 31, 2008	4,429,850	\$ 0.30	2.59
Warrants expired	(310,720)	\$ 0.25	
Warrants issued	7,084,240	\$ 0.30	
Balance, March 31, 2009	11,203,370	\$ 0.30	1.62
Warrants expired	(656,640)	\$ 0.30	
Warrants issued	609,121	\$ 0.30	
Warrants issued	2,010,453	\$ 0.15	
Balance, September 30, 2009	13,166,304	\$ 0.30	1.19

At March 31, 2009 and 2008 and the six-month period ended September 30, 2009, 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 dates:

Expiry Date	Exercise Price	Number of Warrants	
		2009	2008
December 30, 2008	\$0.25	-	310,720
November 27, 2009	\$0.25	4,960	-
November 27, 2009	\$0.35	62,000	-
December 30, 2009	\$0.25	9,600	-
December 30, 2009	\$0.35	120,000	-
December 30, 2010	\$0.30	3,908,000	3,908,000
June 29, 2010*	\$0.35	4,782,170	211,130
July 30, 2011	\$0.30	900,000	-
November 30, 2011	\$0.30	460,000	-
March 3, 2012	\$0.30	300,000	-
June 29, 2010*	\$0.35	609,121	-
June 30, 2011	\$0.15	2,010,453	-
Total warrants outstanding and exercisable		13,166,304	4,429,850

\*A total of 5,391,291 (2008 – 211,130) warrants expiring June 29, 2010 were exercisable at \$0.25 per share until June 29, 2008 and at \$0.30 per share until June 29, 2009 and are exercisable at \$0.35 per share until June 29, 2010 (note 9).

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(An Exploration Stage Company)

Second Quarter and six-month period ended September 30, 2009

## 9. CAPITAL STOCK (Continued)

### (c) Warrants (Continued)

During 2008, the Company issued finders' warrants totalling 310,720 warrants related to the issuance of private placements of 3,908,000 units exercisable at \$0.25 per share for one year and which have expired on December 30, 2008. The finders' warrants were valued using the Black-Scholes pricing model with the following assumptions: 99.00% volatility, 3.78% risk free interest rate, 0.00% dividend yield, and 1 year expected life. The fair value of the warrants in the amount of \$30,450 was recognized as share issuance costs and credited to contributed surplus.

During 2009, 48,640 finders' warrants related to the issuance of a private placement of 60,800 flow-through units exercisable for one unit at \$0.25 per unit for one year were issued. Each finders' warrant consists of one common share and one share purchase warrant exercisable for \$0.35 per share for one year from the issuance of the finders' warrants. The finders' warrants were valued using the Black-Scholes pricing model with the following assumptions: 80.44% volatility, 2.66% risk free interest rate, 0.00% dividend yield, and 1 year expected life. The fair value of the warrants in the amount of \$3,278 was recognized as share issuance costs and credited to contributed surplus.

During 2009, 14,560 finders' warrants related to the issuance of a private placement of 18,200 flow-through units exercisable at \$0.25 per share for one year were also issued. Each finders' warrant consists of one common share and one share purchase warrant exercisable for \$0.35 per share for one year from the issuance of the finders' warrants. The finders' warrants were valued using the Black-Scholes pricing model with the following assumptions: 188.00% volatility, 3.50% risk free interest rate, 0.00% dividend yield, and 1 year expected life. The fair value of the warrants in the amount of \$1,310 was recognized as share issuance costs and credited to contributed surplus.

### (d) Stock-based compensation

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, stock-based compensation in the amount of \$36,650 (2008 - \$345,939) was recognized in 2009. The amount was allocated to consulting in 2009 and directors' compensation in 2008.

The fair value of each option grant was calculated using the following weighted average assumptions:

	2009	2008
Expected life (years)	2	5
Interest rate	1.10%	2.88%
Volatility	74.60%	134.79%
Dividend yield	0.00%	0.00%
Forfeiture rate	0.00%	0.00%
Grant date fair value	\$ 0.19	\$ 0.25

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## 10. RELATED PARTY TRANSACTIONS

- (a) A director and the Chief Operating Officer of the Company who is also President and Chief Executive Officer of Eurocolt, the Company's wholly-owned Portuguese subsidiary receives a monthly fee of \$7,500. At September 30, 2009, \$37,500 was owed to the related party.
- (b) A director of the Company charges the Company a fee of \$500 per day for geological services whenever his services are required by the Company. At September 30, 2009, \$10,399 was owed to the related party.
- (c) A director and Chief Executive Officer ("CEO") of the Company charged the Company a fee of \$10,000 per month for his services as CEO. At September 30, 2009, \$4,865 was owed to the related party.
- (d) A director and Chief Financial Officer ("CFO") of the Company charged the Company a fee of \$7,500 per month for his services pursuant to his contract with the Company. At September 30, 2009, \$2,626 was owed to the related party.
- (e) 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 two former directors of the Company. The Management Services Agreement was renewable on an annual basis and the management fees payable to Kalpakian Bros. was \$15,000 per month effective as of July 1, 2007. On December 1, 2008, the Company terminated the Management Services Agreement and provided three months notice to Kalpakian Bros. At September 30, 2009 \$21,500 was owed to the related party.
- (f) During the three months ended September 30, 2009, the Company entered into a loan agreement for a loan of \$75,000 from the parents of the CEO bearing interest at 10% per annum if paid in full by November 19, 2009, otherwise bearing interest at 12% per annum due January 19, 2010 (see note 12 (a)).

## 11. SEGMENTED INFORMATION

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

<b>Total Mineral Assets</b>	<b>September 2009</b>	<b>March 2009</b>
Canada	\$ 668,494	\$ 771,144
Portugal	1,522,100	1,400,630
	<b>\$ 2,190,594</b>	<b>\$ 2,171,774</b>

# COLT RESOURCES INC.

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## 12. COMMITMENTS

During the six months ended September 30<sup>th</sup> 2009,

- (a) The Company entered into a loan agreement for a loan of \$75,000 from the parents of the CEO bearing interest at 10% per annum if paid in full by November 19, 2009, otherwise bearing interest at 12% per annum due January 19, 2010.
- (b) The Company entered into an investor relations agreement with an investor relations consulting firm at a cost of €1,000 per month. Pursuant to the agreement, the Company also granted 200,000 stock options to the firm exercisable for \$0.25 each for two years expiring May 25, 2011.
- (c) The Company reported an ongoing commitment for a leased property in Vancouver that commenced on April 1, 2008. As of the reporting period the Company reported a total commitment of \$15,262 (six monthly payments of 2,543\$).
- (d) In August of 2009 the Company entered into an investor relations agreement with Suntura Capital in Europe with a monthly cost of €4500 cancellable any time with 30-day notice.

## 13. CAPITAL 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 exploration and development of its mineral property interests. In the management of capital the Company includes shareholders' equity (excluding equity portion of convertible debt) in the definition of 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, especially in regards to its mineral property interests. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements or dispose of assets. There were no changes in the Company's approach to capital management during the year ended March 31, 2009. The Company is not exposed to externally imposed capital requirements.

## 14. SUBSEQUENT EVENTS

Subsequent to September 30, 2009 the Company:

- (a) issued 4,979,000 shares and 2,489,500 warrants at a price of \$0.11 per Unit for gross proceeds of \$547,690. Each Unit consists of one common share and one half warrant. Each whole warrant entitles the holder to purchase an additional share at \$0.15 each until June 30<sup>th</sup> 2011. This issuance is pursuant to a Non-Brokered Private Placement for up to 9 million Units at \$0.11 announced by the Company on June 18, 2009 and now closed.
- (b) granted 2,150,000 stock options to directors and consultants of the Company. Each option is exercisable at \$0.25 until November 24, 2014.

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## 15. PRIOR PERIOD RESTATEMENT

The consolidated financial statements for the year ended March 31, 2008 have been restated to adjust convertible debenture, capital stock, equity portion of convertible debt, deficit and interest on convertible debenture in accordance with CICA 3855, Financial Instruments – Recognition and Measurement. The Company incorrectly amortized the convertible debenture on a straight-line basis and allocated the finders' fee entirely to the convertible debenture. The convertible debenture should have been amortized using the effective interest method with the finders' fees being allocated on a pro-rata basis to the convertible debenture and equity portion of convertible debt. This error was noted in the current year and resulted in a restatement to reduce net loss by \$103,030 and decrease deficit at the beginning of the year by \$103,030 for the year ended March 31, 2009. The resulting restatements to amounts for the year ended March 31, 2008 are as follows:

	<b>As Previously Reported March 31, 2008</b>	<b>Error</b>	<b>As Restated March 31, 2008</b>
Convertible Debenture	\$ 723,307	\$ (30,867)	\$ 692,440
Capital Stock	\$ 1,575,097	\$ (1,915)	\$ 1,573,182
Equity Portion of Convertible Debt	\$ 878,108	\$ (70,248)	\$ 807,860
Deficit, End of Period	\$ 1,598,919	\$ (103,030)	\$ 1,495,889
Interest on Convertible Debenture	\$ 306,397	\$ (103,030)	\$ 203,367
Loss Per Share, basic and diluted	\$ (0.18)	\$ 0.02	\$ (0.16)