



Colorado Resources Ltd.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE SIX MONTH PERIOD ENDED**

SEPTEMBER 30, 2016

COLORADO RESOURCES LTD.
Management Discussion And Analysis
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2016

Introduction

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Colorado Resources Ltd. (the "Company") as at September 30, 2016 and for the period then ended in comparison to the same period ended in 2015. This MD&A should be read in conjunction with the un-audited condensed consolidated financial statements for the period ended September 30, 2016 and September 30, 2015 and related notes (the "Interim Statements").

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. The effective date of this MD&A is November 23, 2016.

Throughout the report we refer to Colorado, the "Company", "we", "us", "our" or "its". All these terms are used in respect of Colorado Resources Ltd. **Additional information on the Company can be found on SEDAR at www.sedar.com and the Company's website at www.coloradoresources.com.**

Cautionary Statement on Forward-Looking Information

This report contains "forward-looking statements", including, the Company's expectations as to but not limited to, comments regarding the timing and content of upcoming work programs and exploration budgets, geological interpretations, receipt of property titles, and potential mineral recovery processes. Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. The material factors and assumptions used to develop the forward-looking statements and forward looking information contained in this MD&A include the following: our approved budgets, exploration and assay results, results of the Company's planned exploration expenditure programs, estimated drilling success rates and other prospects. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company. Accordingly, while the Company anticipates that it will have the ability to spend the funds available to it, there may be circumstances where, for sound business reasons, a reallocation of funds may be prudent.

Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and Colorado assumes no obligation to update forward-looking information in light of actual events or results.

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Overview Performance and Operations

Colorado Resources Ltd. was incorporated on October 9, 2009 under the *Business Corporations Act* (British Columbia).

The Company is a "reporting" company in the provinces of British Columbia, Alberta and Ontario and is listed on the TSX Venture Exchange (the "Exchange"), having the symbol CXO.V as a Tier 2 issuer.

The Company is in the exploration stage and its principal business activities include the acquisition, exploration and development of mineral properties. As a result the Company has no current sources of

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revenue other than interest earned on cash and short-term investments, and in certain farm-out agreements management fees.

The Company's principal assets include the North ROK, Hit and an option to acquire up to an 80% interest in the KSP Property. The Company also optioned its Heart Peaks Property and made a recent acquisition of the Kingpin Property as discussed herein below. All properties are located in British Columbia

Cautionary Note

Readers are cautioned that the exploration targets at the Company's British Columbia properties are early-stage exploration prospects, conceptual in nature. With the exception of the North ROK Property, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Qualified Person

James Oliver, P. Geo the Company's Chief Geoscientist is the Qualified Person as defined by National Instrument 43-101 who supervised the preparation of the technical data discussed in this report.

Exploration Activities 2016

As reported in the Company's Q1 2017 MD&A dated for reference August 25, 2016 and filed on SEDAR, the Company reported on its 2016 field season that commenced on June 16, 2016 and was completed during September, 2016. The following is an update from the Q1 2017 MD&A for the three months ended September 30, 2016 and as at the date hereof. Highlights include:

British Columbia

KSP Property

The Company has an option (the "KSP Option") to acquire up to an 80% interest in the KSP Property, located approximately 100 kilometres northwest of Stewart in northern British Columbia, with SnipGold Corp. ("SnipGold") recently acquired by Seabridge Gold Inc. ("Seabridge") on June 21, 2016.

2016 Field Season

As earlier reported in the Company's Annual MD&A and Q1 2017 MD&A, since drilling commenced on June 18, 2016, 59 drillholes (totaling 8,861.8 m) have been completed at KSP with an emphasis on the Inel Area where 53 holes were drilled. Inel drillholes INDDHI1631- INDDH1645 returned several high grade gold intercepts, as well significant intercepts at multiple horizons as reported in the Company's news releases dated **August 8, 2016, September 28, 2016 and October 5, 2016 (see Company website www.coloradoresources.com for further details)**. These releases also document the first drill intercept in the interpreted southern extension of the AK Trend in Hole 42 more than 500 m south of the AK Adit and 500 m west of the Discovery Adit.

In addition to the drilling, a total of 990 soil and 511 rock samples were collected, and a further 50 square kilometres of geological mapping were completed. Geophysical surveys consisting of 10.0 line km of IP and 47.0 line km of ground mag were also conducted by Walcott and Associates and a 126 line km helicopter airborne VTEM time domain system was undertaken by Geotech Ltd.

Upon the completion of this year's exploration program, it is anticipated that approximately \$6.0M in cumulative exploration expenditures will have been incurred at KSP over the last three years. This would be one year ahead of schedule as per the underlying agreement with Seabridge Gold Inc. Under this agreement, Colorado has the right to earn an initial 51% interest in the KSP Property by incurring \$6.0M in exploration expenditures and completing total cash payments of \$500k (of which \$225k has been paid to date) on or before December 19, 2017. Colorado has the further right, at its sole election, to increase its interest to 80% by incurring an additional \$4M in exploration expenditures and no further cash payments.

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Outlook

As at September 30, 2016, the Company has incurred \$5,357,723 net of BCMet recoveries (March 31, 2016 - \$1,535,788).

In accordance with the terms of the KSP Option the Company as at September 30, 2016 has completed the exploration expenditures of \$2M due on or before December 19, 2016.

During the period ended September 30, 2016 the Company completed a private placement for gross proceeds of \$4.7M (see Corporate for further details herein below) and commenced a second phase drill program for an additional planned 3,000 meters as described above with a budget of approximately \$1.2M. Upon completion of the 2016 field season the Company anticipates the early completion of the 2017 exploration expenditures obligations of \$2.5M due on or before December 19, 2017. The remaining obligations to exercise the 51% option are the outstanding cash payments of \$125,000 due on or before December 19, 2016 and \$150,000 due on or before December 19, 2017.

Over the next few months Colorado will be further reviewing the results to date and planning the 2017 exploration program at KSP.

For more information on the KSP Project the reader is directed to the Company's website at www.coloradoresources.com.

KingPin Property

Prior to the commencement of the 2016 field season, Colorado acquired a 100% interest in 32,825 ha in the Golden Triangle area in northwestern British Columbia through the combination of staking (29,425 ha) and the purchase of the Max claims (3,400 ha) from a third party (the "Vendor") hereinafter collectively referred to as the "KingPin Property" (*see News Release of April 21, 2016 for further details*).

The KingPin Property covers thirty-five BC Government Minfile (mineral) occurrences and favorable geology on strike between the past producing Granduc Mine** and Colorado's KSP Property under option from Seabridge.

Mineral occurrences on the KingPin Property include copper skarns, copper porphyries, copper gold porphyries, polymetallic veins and gold veins.

Previous explorers in the 1970's, focused on the copper potential and may have not properly recognized or evaluated the gold potential. Colorado intends to advance exploration on the KingPin Property following further review and compilation of the historical data by its technical team.

Pursuant to the terms of a purchase agreement dated April 20, 2016 consideration for the Max claims which form part of the KingPin Property, included:

1. On signing a \$20,000 cash payment to the Vendor; and
2. 200,000 common shares of Colorado to be issued to the Vendor within 10 days of Exchange approval.

The Vendor will retain a 2% Net Smelter Royalty ("NSR") and the Company has the option to purchase from the Vendor a 1% NSR for \$1,000,000 within 240 days of commercial production and thereafter at any time, the remaining 1% for \$5,000,000.

The Max Property will form part of the KingPin Property. The Company received Exchange approval for the purchase terms on April 26, 2016 and accordingly issued the 200,000 common shares.

During the 2016 field season the Company completed initial assessment work required at the KingPin Property which included 47 man days of prospecting, exploration mapping and rock (161 samples) , and soil (129 samples) sampling for approximately \$77,625 in exploration costs.

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As at September 30, 2016 the Company has incurred \$214,574 (March 31, 2016 - \$Nil) in acquisition and explorations costs.

Outlook

The Kingpin Property covers >328 square kilometres of prospective ground in the Golden Triangle area north of Stewart. This first pass work although preliminary in nature has given the Colorado exploration team a better understanding of the region. The technical team will be reviewing the 2016 data and proposing work for the 2017 field season.

Cautionary Note

*****This report contains information about adjacent properties on which Colorado has no right to explore or mine. Readers are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on the Company's properties.***

North ROK Property

The North ROK property is owned 100% by Colorado and is comprised of 16 mineral tenures covering 5,188 hectares. The property is located approximately 70 kilometres south of Dease Lake and straddles Highway 37 approximately 15 kilometres northwest of the new Red Chris** mine development project (currently under construction) in northern British Columbia.

During the 2016 field season the Company completed some drill site reclamation for costs of approximately \$8,000. As at September 30, 2016, the Company has incurred \$4,874,772 net of BCMET recoveries (March 31, 2016 - \$4,866,818) in acquisition and exploration costs.

Outlook

Colorado Resource's technical team has drafted a proposed budget of \$845,000 to complete a 2600 metre five-hole drill program to test for the potential expansion of the known resource. Implementation of this proposed program and any additional work will be dependent on the Company raising additional funds over and above its obligations under its KSP Option as described hereinabove to complete same.

Hit Property

The Hit property is owned 100% by Colorado and is comprised of 97 mineral tenures covering 21,751 hectares including 2 additional claims recently acquired in November 2015 by staking. The property is located approximately 27 km north of Princeton, British Columbia.

Outlook

During the 2016 field season the Company completed assessment work including 16 rock samples which contained no significant metal values. As at September 30, 2016 the Company has incurred, \$1,367,978 net of BCMET recoveries (March 31, 2016 - \$1,364,507) in acquisition and exploration costs.

Colorado's technical team has proposed a further \$100,000 budget of follow up geological and geophysical work in the north-west Golden area as well as full detailed mapping of the Rum & Coke and Hit trends to identify possible drill targets. Implementation of this proposed program and further work will be dependent on the Company raising additional funds over and above its KSP Option obligations as described herein to complete same.

Heart Peaks

The Heart Peaks Property ("HP Property") was acquired by staking 37 contiguous mineral tenures in the Atlin Mining Division, British Columbia.

On September 11, 2015 the Company and Centerra Gold Inc. ("Centerra") entered into an option agreement (the "Centerra Option"), whereby Centerra can earn a 70 % interest in the HP Property through making exploration expenditures totaling \$8,000,000 by December 31, 2019.

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Under the terms of the Centerra Option, Colorado will be the project manager on the HP Property for a minimum of two years and will receive a management fee. As at September 30, 2016 Company has received net management fees of \$78,219 (September 30, 2015 - \$Nil).

During the 2016 field season the Company on Centerra's behalf supervised a 1,703 m diamond drill program which included 10 drill holes in 3 separate zones. (7 at Midas, 2 at Top, and 1 at End Zone), a 6.8-km line of IP geophysical survey, a 500x1,500m ground magnetic geophysical survey, and a small detailed mapping (and structural interpretation) program covering the Top Zone, Midas Zone, Mogul and End Zones, and the collection of a total of 26 rock samples. This work resulted in total expenditures of approximately \$1.1M.

At the Midas Zone, 7 holes were drilled, for a total of 1,250.0m, to test a WNW oriented group of surface talus and soil samples with elevated gold values (i.e. sample 1452870 that returned 151.19 g/t Au and 195.0 g/t Ag (Dawson, 2016)). At the Top Zone, 2 holes were drilled, for a total of 147.4m, to test a mineralized quartz-adularia vein (as seen in a boulder train on surface) above the 1,400m elevation mark. At the End Zone, 1 hole was drilled, for a total of 157.6m, to test an IP geophysical anomaly outlined on L8600E.

Although several significant hydrothermal breccias zones were encountered in the drilling at the Midas Zone, gold grades were lower than anticipated based on the previous surface sampling programs. Drilling at the Midas Zone did not intersect significant silica associated with the breccias as was observed on surface. This suggests that the mineralization at Midas Zone may have an orientation that was not adequately tested with the 2016 diamond drill program. Further drilling would be required to further test alternate orientations to the mineralization at Midas Zone.

On October 3, 2016, pursuant to the terms of the Centerra Option, Centerra provided written notice of its decision to terminate the Centerra Option effective October 3, 2016.

Outlook

Based on a review of the 2016 data the Colorado technical team is of the opinion that given the significant untested potential remaining at the HP property, further drilling is warranted. At least 2 holes (totaling 400m) are recommended at the Midas Zone drilled at 295° and 025° to try and determine the source and orientation of the very significant surface samples; 3 holes (totaling 600m) are recommended along the Mogul Zone trend; 1 hole (200m) is recommended at the End Zone; 2 holes (totaling 400m) are recommended below the Top Zone to test two areas of intense veining and silicification and; one 200 m to test the felsic dyke north of the Midas Zone. This proposed drill program totals 1,600 m and is estimated to cost approximately \$1,000,000.00.

USA

Lithium Project – Nevada

On June 7, 2016 Colorado disposed of its Nevada Lithium property pursuant to a Purchase Agreement with a third party private company (the "Purchaser") for the sale of its 100% interest in the Fish Lake Claims, subject to the Company retaining a 1% net smelter returns royalty ("NSR") wherein the Purchaser is entitled to purchase the NSR for a cash payment of \$1,000,000.

Pursuant to the terms of the Agreement, among other things, the Purchaser is required to complete a Going Public Transaction (as defined in the policies of the Exchange) on or before June 15, 2016 (the "Resulting Issuer") which was completed on June 7, 2016.

Consideration for the sale of the Claims included the following:

- i) a cash payment of \$200,000 on or before May 9, 2016 (received); and
- ii) the issuance of 400,000 common shares (received) of the Resulting Issuer (the "Consideration Shares") on or before June 22, 2016 (the "Closing Date").

As at the date of this report the Company is in receipt of 400,000 shares of American Lithium Corp. representing the Consideration Shares as described herein.

On June 7, 2016, the Company had completed the sale of the Claims for cash and Consideration Shares as follows:

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Balance as at March 31, 2015	\$	-
Transfers from exploration and evaluation assets		201,753
Balance as at March 31, 2016	\$	201,753
Cash consideration		(200,000)
Consideration Shares		(556,000)
Cost of the transaction		27,363
Gain on sale of exploration and evaluation assets as at September 30, 2016	\$	(526,884)

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The following table outlines the details of exploration expenditures for the period ended September 30, 2016:

	British Columbia						Total
	North ROK	KSP	Hit	Heart Peaks	KingPin	Other	
Balance as at March 31, 2016	\$4,866,818	\$1,535,788	\$1,364,507	\$1,206,112	\$-	\$9,957	\$8,983,181
Acquisition - Cash Payments	-	-	-	-	20,000	-	20,000
Acquisition - Staking/Lease Payments	-	10,250	-	-	52,950	(4,723)	58,477
Acquisition - Common shares	-	-	-	-	64,000	-	64,000
Total Acquisition	-	10,250	-	-	136,950	(4,723)	142,477
Assaying	-	162,188	-	-	4,922	2,416	169,526
Community relations	165	170	-	-	-	-	335
Drilling	-	905,351	-	-	-	-	905,351
Field supplies	-	124,384	-	-	-	-	124,384
Fieldwork	5,179	538,411	650	-	14,251	2,459	560,950
Geological & Geophysics	308	314,788	3,705	-	5,145	3,245	327,190
Mapping & misc	86	43,268	(1,195)	-	14,010	627	56,797
Permitting and legal	-	435	261	-	-	-	696
Site costs	2,000	559,328	48	-	9,147	-	570,523
Transport & rentals	215	1,163,364	-	-	30,150	3,600	1,197,329
Total Exploration	\$7,953	\$3,811,685	\$3,469	\$-	\$77,625	\$12,347	\$3,913,080
British Columbia Mining Tax Credits	-	-	-	-	-	-	-
Total Expenditures	\$7,953	\$3,821,935	\$3,469	\$-	\$214,575	\$7,625	\$4,055,557
Balance at September 30, 2016	\$4,874,771	\$5,357,723	\$1,367,976	\$1,206,112	\$214,575	\$17,581	\$13,038,738

The following table outlines the details of exploration expenditures for the year ended March 31, 2016:

	British Columbia				USA		Total
	North ROK	KSP	Hit	Heart Peaks	Other	Nevada	
Balance as at March 31, 2015	\$4,854,562	\$1,171,473	\$1,284,431	\$1,194,323	\$5,405	\$-	\$8,510,194
Acquisition - Cash Payments	-	\$100,000	-	-	-	-	100,000
Acquisition - Staking	\$754	-	\$183	-	\$4,163	128,523	133,623
Acquisition - Lease payments	-	9,000	-	-	-	-	9,000
Total Acquisition	\$754	\$109,000	\$183	\$0	\$4,163	\$128,523	\$242,623
Assaying	-	12,750	279	-	-	-	13,029
Community relations	583	958	-	333	-	-	1,875
Field supplies	-2,463	1,212	881	177	-	3,478	3,284
Fieldwork	338	3,800	13,431	-	-	12,740	30,309
Geological & Geophysics	8,236	133,998	57,162	8,250	73	21,022	228,740
Mapping & misc	1,606	49,359	10,098	2,366	394	6,957	70,778
Permitting and legal	-	-	-	-	-	1,707	1,707
Report compilation	-	1,775	690	-	-	-	2,465
Site costs	492	28,855	3,498	1,865	-	27,294	62,004
Transport & rentals	883	43,058	307	48	-	31	44,327
Total Exploration	\$9,674	\$275,766	\$86,345	\$13,038	\$466	\$73,229	\$458,519
British Columbia Mining Tax Credits	1,829	(20,451)	(6,452)	(1,250)	(78)	-	(26,402)
Reclassification to Assets Held for Sale	-	-	-	-	-	(201,753)	(201,753)
Total Expenditures	\$12,256	\$364,315	\$80,076	\$11,788	\$4,552	\$-	\$472,987
Balance at March 31, 2016	\$4,866,818	\$1,535,788	\$1,364,507	\$1,206,112	\$9,957	\$-	\$8,983,181

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Corporate

Financings

Use of Proceeds

Proceeds received from December 10, 2015 and December 18, 2015	\$1,014,050
Less share issue costs	(85,802)
Net proceeds	\$928,248
Flow-thru funds expended	(500,400)
Balance to working capital	\$427,848

Proceeds received from Tranche 1, Tranche 2 and Final Tranche	\$4,734,006
Less share issue costs	(249,556)
Net proceeds	4,484,450
Flow-thru funds expended	(1,487,780)
Balance to working capital	\$2,996,670

On May 18, 2016, the Company completed the initial tranche ("Tranche 1"), which consisted of the issuance of 2,211,430 non-flow units at a price of \$0.35 ("NFT Units") and 2,282,334 flow-through units at a price of \$0.42 ("FT Units") for aggregate gross proceeds of \$1,732,580. Each Tranche 1 NFT Unit consisted of one common share in the capital of the Company (an "NFT Share") and one common share purchase warrant (an "NFT Warrant"), with each NFT Warrant entitling the holder to acquire an additional NFT Share at an exercise price of \$0.50 until May 18, 2018. Each Tranche 1 FT Unit consisted of one flow-through common share in the capital of the Company (a "FT Share") and one-half of one non-transferable non-flow through common share purchase warrant. Each whole warrant (a "NFT Warrant") will entitle the holder to purchase one additional common share of the Company (a "NFT Share") at an exercise price of \$0.60 until May 18, 2018.

On May 31, 2016, the Company completed the second tranche ("Tranche 2") which consisted of the issuance of 4,463,500 NFT Units and 1,260,000 FT Units for aggregate gross proceeds of \$2,091,426. Each Tranche 2 NFT Unit consisted of one common share in the capital of the Company (a "NFT Share") and one common share purchase warrant (a "NFT Warrant"), with each NFT Warrant entitling the holder to acquire an additional NFT Share at an exercise price of \$0.50 until May 31, 2018. Each Tranche 2 FT Unit consisted of one flow-through common share in the capital of the Company (a "FT Share") and one-half of one non-transferable non-flow through common share purchase warrant. Each whole warrant (a "NFT Warrant") will entitle the holder to purchase one additional common share of the Company (a "NFT Share") at an exercise price of \$0.60 until May 31, 2018.

On June 1, 2016 the Company completed the issuance of 2,600,000 NFT Units for aggregate gross proceeds of \$910,000 (the "Final Tranche"). Each Final Tranche NFT Unit consisted of one common share in the capital of the Company (a "NFT Share") and one common share purchase warrant (a "NFT Warrant"), with each NFT Warrant entitling the holder to acquire an additional NFT Share at an exercise price of \$0.50 until June 1, 2018.

The NFT Warrant and FT Warrants contain an acceleration provision such that, if the closing price of the common shares of the Company on the TSX Venture Exchange is higher than \$0.75 for 20 consecutive trading days, then on the 20th consecutive trading day (the "Acceleration Trigger Date") the expiry date of the Warrants may be accelerated to the date that is 20 trading days after the Acceleration Trigger Date by the issuance of a news release announcing such acceleration within two trading days of the Acceleration Trigger Date.

The Company has paid aggregate finders' fees in connection with Tranche 1 and Tranche 2 of \$180,777 cash and issued to finders 68,880 warrants at an exercise price of \$0.35 and 128,119 warrants at an exercise price of \$0.42 (collectively the "Finder Warrants"). Each Finder Warrant is otherwise exercisable on the same terms as the warrants issued to investors in the offering.

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The proceeds will be used by the Company for exploration activities on its Canadian properties and for working capital.

Warrants

During the period ended September 30, 2016 and as at the date of this report the Company issued 1,895,000 common shares pursuant to the exercise of share purchase warrants at an exercise price of \$0.13 per common share for proceeds of \$246,350.

Stock Options

During the period ended September 30, 2016 and as at the date of this report the Company issued 375,000 common shares pursuant to the exercise of stock options at an exercise price ranging from \$0.08 to \$0.25 per common share for aggregate proceeds of \$62,500.

Outlook

The Company's primary focus for remainder of 2016, will be as follows; complete its 2017 field season budgeted programs for KSP; look to advance North ROK and Hit by seeking joint venture partners; and continue to look for funding opportunities to provide working capital to carry on its planned exploration programs, and fulfill corporate obligations and overhead requirements.

Results of Operations

Financial Results for the three months ended September 30, 2016 and September 30, 2015

The Company has no operating revenues and relies on external financings to generate capital for its continued operations. As a result of its activities, Colorado continues to incur annual net losses.

For the three months ended September 30, 2016, the Company reported a \$106,876 net comprehensive loss or \$0.00 basic and diluted earnings per share. The primary component for the comparative period loss was general and administration costs of \$238,236 share-based compensation costs of \$2,850 and pre-exploration expenditures of \$37,879 were also contributing factors to the loss. The expenditures were offset by interest income of \$7,898 and management fees of \$45,382 as described hereinabove. Additionally the company also recorded \$264,610 in other income for the fulfillment of flow through expenditure requirements.

For the three months ended September 30, 2015, the Company reported a \$159,209 net comprehensive loss or \$0.00 basic and diluted earnings per share. The primary component of the current period loss was general and administration costs of \$155,610 share-based compensation costs of \$55,189 and pre-exploration expenditures of \$17,220 were also contributing factors to the loss. The expenditures were offset by interest income of \$3,499.

Financial Results for the six months ended September 30, 2016 and September 30, 2015

For the six months ended September 30, 2016, the Company reported a \$120,785 net comprehensive income or \$0.00 basic and diluted earnings per share. The primary component of the current period income was the gain on the sale of the SnipGold shares of \$363,385 and the gain on the sale of the Nevada Lithium claims as described herein of \$526,884 (based on the recorded value of the Consideration Shares received). The net income was offset by the fair value loss attributed to the decrease in share price of the Consideration Shares as at September 30, 2016 in the amount of \$302,500. Additionally expenses for general administration in the amount of \$483,060, pre-exploration expenditures of \$58,311 share based payments of \$407,124 were also recorded. Income also included interest income of \$19,964 and management fees of \$78,219 in relation to the Centerra Option. During the period ended September 30, 2016 the Company also recorded \$400,226 in other income for the fulfillment of flow through expenditure requirements.

For the six months ended September 30, 2015, the Company reported a \$325,750 net comprehensive loss or \$0.01 basic and diluted earnings per. The primary component of the comparative period loss was general and administration costs of \$274,301, share-based compensation costs of \$55,189 and pre-

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exploration expenditures of \$24,050 were also contributing factors to the loss. The expenditures were offset by interest income of \$27,781.

The summary of variances in expenditures included:

	2016	2015	Variance	
	\$	\$	\$	%
Directors fees	8,500	10,000	(1,500)	-15%
Pre-exploration expenditures	58,311	24,050	34,261	142%
Accounting and legal	8,235	20,009	(11,774)	-59%
Consulting	221,184	110,223	110,961	101%
Investor relations, website development and marketing	78,717	6,874	71,843	1045%
Office and administration fees	127,056	94,384	32,672	35%
Regulatory fees	2,650	2,661	(11)	0%
Shareholder communications	12,141	9,614	2,527	26%
Transfer agent fees	3,050	1,771	1,279	72%
Travel	18,702	14,597	4,105	28%
Wages	11,325	14,168	(2,843)	-20%
Total	549,871	308,351	241,520	78%

¹(Excludes depreciation, foreign exchange and share-based payments for option grants).

Overall corporate expenditures had a net increase of 78% primarily as a result of the increased exploration activity at KSP, completion of the financings as described herein and an increase in marketing activities. Significant variances to note were:

The increase in pre-exploration expenditures from the comparative period 2015 related to an increase in property reviews.

Increase in consulting fees was the result of increase in directors consulting services, in assistance to management on financing and exploration activities due to the current size of the Company.

Investor relations, website, corporate development and market – the increase in expenditures related to additional conference attendance, increase in news releases and advertising from the prior period in 2015.

Office and administrative fees and wages increased with the addition of personnel, increase in rent as a result of the Company taking the head lease on its office space in April 2016.

Travel – the increase in travel included the increase in conference attendance.

Summary of quarterly results

	Sept 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015
Total revenues	\$—	\$—	\$—	\$—
Income (loss) before tax and other items	\$25,124	\$398,161	\$(193,037)	(349,167)
Comprehensive income (loss) for the period	\$(106,876)	\$227,661	\$(155,537)	(367,917)
Basic and diluted loss per share	\$(0.00)	\$0.00	\$(0.01)	\$(0.01)
	Sept 30, 2015	June 30, 2015	Mar. 31, 2015	Dec. 31, 2014
Total revenues	\$—	\$—	\$—	\$—
Loss before tax	(177,959)	(213,416)	\$(647,776)	\$(218,994)
Comprehensive Loss for the period	(159,209)	(213,416)	\$(629,026)	\$(228,369)
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.01)

The Company earned no revenue during the periods presented other than interest income due to the nature of the industry and its current operations.

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Significant Variances to note:

- 1 For September 30, 2016 net comprehensive loss included \$132,000 included a fair value loss on available-for-sale investment;
- 2 For June 30, 2016 net comprehensive income included \$170,500 included a fair value loss on available-for-sale investment;
- 3 For March 31, 2016 net comprehensive loss of \$155,537 included a fair value gain on available-for-sale investment;
- 4 For March 31, 2015 the increase in loss included the write-off of the Sol Property of \$376,409 and the Kinaskan Property of \$148,891 net of BC MET recoveries;

Financial Condition, Liquidity and Capital Resources

Key changes to the Company's financial condition were a net increase in cash to \$814,544 and an increase in working capital to \$3,552,891 primarily as a net result of the financings offset by general and administrative costs and investments in exploration and evaluation assets as described hereinabove.

	September 30 2016	March 31 2016
Financial position:		
Cash and cash equivalents	\$3,012,272	\$2,197,728
Working capital	3,552,891	2,702,644
Reclamation bonds	\$141,000	\$116,000
Property, plant and equipment	\$20,597	\$3,918
Exploration and evaluation assets	\$13,038,738	\$8,983,181
Total assets	\$16,900,461	\$11,974,293
Shareholders' equity	\$16,753,226	\$11,719,574

With the completion of the recent financings as at the date of this report, the Company has met its exploration expenditure commitments of approximately \$2,000,000 and has completed a substantial portion of the remaining \$2.5M obligations for 2017. The Company has working capital to meet its option payment of \$125,000 for 2016 under the KSP Option and working capital for the next 12 months. Additional funds received from the sale of the SnipGold Shares and exercise of options and warrants will be utilized for working capital requirements.

As Colorado will not generate funds from operations for the foreseeable future, the Company is primarily reliant upon the sale of equity securities in order to fund operations. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants. The Company will continue to have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company's policy is to invest its cash in highly liquid, short term, interest bearing investments with maturities of 90 days or less from the date of acquisition or over for period longer that may be redeemable after 30 days. The Company is not subject to externally imposed capital requirements.

Commitments and Contractual Obligations

On April 1, 2016 the Company entered into a one year lease with Canada West Realty Ltd. for increased office space at an annual rent payable of \$57,513 with an option to renew for an additional year at an agreed rate between the parties.

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Off Balance Sheet Arrangements

As at the date of this report, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial conditions of the Company including, without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

Transactions with related parties were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. These transactions were in normal course of operations and measured at the fair value of the services rendered. With the exception as noted below, amounts due to related parties is unsecured, non-interest bearing and have no formal terms of repayment. The key management personnel of the Company are the directors and officers of Colorado.

Transactions with related parties were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key Management Compensation

	September 30 2016	September 30 2015
Administration and labour	\$71,915	\$25,400
Consulting fees	\$329,121	\$64,470
Share based payments	\$180,500	\$39,000
	\$581,536	\$128,870

- i) Consulting fees of \$125,305 (September 30, 2015 - \$79,918) of which \$36,830 (September 30, 2015 - \$33,394) was capitalized to exploration and evaluation assets were paid or accrued to Cazador, a company controlled by Adam Travis, the President and Chief Executive Officer of the Company;
- ii) Administration and labour fees of \$34,328 (September 30, 2015 - \$28,394) of which \$Nil (September 30, 2015 - \$2,519) was capitalized to exploration and evaluation assets were paid or accrued to Cazador in relation to the Company's general corporate administration and fieldwork;
- iii) Consulting fees of \$75,213 (September 30, 2015 - \$50,438) were paid or accrued to Minco, a company controlled by Terese Gieselman, the Chief Financial Officer and Corporate Secretary of the Company;
- iv) Administration fees of \$37,588 were paid or accrued to Minco in relation to providing administrative and accounting employment services (September 30, 2016 - \$25,889);
- v) Consulting fees of \$51,529 (September 30, 2015 - \$35,408) of which \$49,826 (September 30, 2015 - \$34,139) was capitalized to exploration and evaluation assets were paid or accrued to Greg Dawson, the Company's VP Exploration;
- vi) Consulting fees of \$ 11,700 (September 30, 2015 - \$7,200) were paid or accrued to 43983 Yukon Inc. ("43983") a company controlled by Larry Nagy, a director of the Company;
- vii) Consulting fees of \$60,375 (September 30, 2015 - \$3,500) were paid or accrued to Carl Hering a director of the Company;
- viii) Consulting fees of \$5,000 (September 30, 2015 - \$7,000) were paid or accrued to William Lindqvist a director of the Company; and
- ix) Share-based payments are the fair value of options granted to key management personnel.

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Related Party Liabilities Included in Trade and Other Payables:

Amounts due to:	Service for:	September 30 2016	March 31 2016
Cazador	Consulting Fees	\$24,914	\$200
Greg Dawson	Consulting Fees	-	\$4,434
Carl Hering	Consulting Fees	\$17,533	\$17,439
Minco.	Consulting Fees	\$16,304	-
Minco	Expenses	\$272	-
William Lindqvist	Consulting Fees	-	\$6,000
43983 Yukon Inc.	Consulting Fees	-	\$3,032
		\$59,022	\$31,105

Related Party Receivables

Amounts due from:	Service for:	September 30 2016	March 31 2016
Cazador	Expenses	\$1,277	\$1,943
Damara	Rent & Expenses	8,877	3,706
		\$5,649	\$5,649

Related Party Advances

As at September 30, 2016, \$225,000 (March 31, 2016 - \$225,000) remained advanced to Damara Gold Corp., which has two common directors, Larry Nagy and William Lindqvist of the Company, in connection with property evaluation expenditures. The loan is interest-bearing (15% per annum) and due within 12 months from advancement at the election of Colorado should the companies not proceed on a transaction. The parties have elected not to proceed and are working towards settlement of the debt.

Critical Accounting Policies and Estimates

Colorado is a venture issuer therefore this section is not applicable. The details of Colorado's accounting policies are presented in Note 3 of the audited financial statements for the year ended March 31, 2016. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting years beginning on or after April 1, 2016. The Company has not assessed the impact from adopting these standards.

Future Accounting Pronouncements

The standards listed below include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company is currently assessing the impact of the standards on the consolidated financial statements.

IFRS 9 Financial Instruments

Issued by IASB July, 2014
 Effective for annual periods beginning on or after January 1, 2018

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IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9. However, for annual periods beginning before January 1, 2018, an entity may elect to apply those earlier versions instead of applying the final version of this new standard if its initial application date is before February 1, 2015.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- **Classification and measurement of financial assets:**

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- **Classification and measurement of financial liabilities:**

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- **Impairment of financial assets:**

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- **Hedge accounting:**

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

- **Derecognition:**

The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)

Issued by IASB May, 2014

Effective for annual periods beginning on or after January 1, 2016

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- Introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IFRS 16 Leases

Issued by IASB January, 2016

Effective for annual periods beginning on or after January 1, 2019

Earlier application permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Financial Instruments And Risk Management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

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The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of interest rate and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has cash balances and non-interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash and guaranteed investment certificates are subject to floating interest rates.

The Company as at September 30, 2016 does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of the relevant commodities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company also holds marketable securities that are subject to changes in market price.

Foreign Exchange Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not hold significant monetary assets or liability in foreign currencies and therefore is not exposed to significant risks arising from the fluctuation of foreign exchange rates.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and receivables. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand and receivables are entered into with credit-worthy counterparties.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

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Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company would prepare annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and option payment commitments. The Company does not maintain any trade payables beyond a 30-day period to maturity.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statements of financial position carrying amounts for receivables, trade and other payables, and other liabilities approximate fair value due to their short-term nature.

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents and marketable securities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the available-for-sale investments has been determined by reference to published price quotations in an active market, a Level 1 valuation.

Capital Management

The Company monitors its cash and cash equivalents, common shares, warrants and stock options 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. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended September 30, 2016.

Outstanding Share Data

Colorado's authorized capital is unlimited common shares without par value. As at the date of this report 76,674,232 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

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Type of Security	Number	Exercise price	Expiry Date
Stock options	1,102,500	\$0.30	06-Jun-17
Stock options	100,000	\$0.29	30-Oct-18
Stock options	995,000	\$0.27	01-May-19
Stock options	260,000	\$0.25	12-Sep-19
Stock options	860,000	\$0.15	07-May-20
Stock options	2,070,000	\$0.08	31-Dec-20
Stock options	1,085,000	\$0.44	06-Jun-21
Stock options	200,000	\$0.22	21-11-21
Warrants	3,846,154	\$0.13	10-Dec-17
Warrants	1,337,500	\$0.13	18-Dec-17
Warrants	2,211,430	\$0.50	18-May-18
Warrants	61,800	\$0.35	18-May-18
Warrants	1,141,166	\$0.60	18-May-18
Warrants	128,119	\$0.42	18-May-18
Warrants	630,000	\$0.60	31-May-18
Warrants	4,463,500	\$0.50	31-May-18
Warrants	7,080	\$0.35	31-May-18
Warrants	2,600,000	\$0.50	01-Jun-18

As at the date of this report there were no shares held in escrow.

Other Requirements

Additional disclosure of the Company's material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.

Risks and uncertainties

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company continues to seek opportunities to acquire exploration and/or development projects. The main operating risks include: although the Company has secured the adequate funding to fulfill work commitment and option payment obligations on KSP for 2017 any further development will require additional funding, as well as to acquire, maintain and advance future exploration or advanced staged properties; ensuring ownership of and access to mineral properties by confirmation that claims and leases are in good standing and obtaining permits for drilling and other exploration activities.

As a mineral exploration company, Colorado's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These include metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in provided high-risk equity capital to exploration companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

The Company currently has nine employees. All significant work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project. In certain cases where consultants are unable to carry their own insurance the Company includes such individuals under its coverage.