Colorado Resources Ltd.

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

JUNE 30, 2017

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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 June 30, 2017 and for the period then ended in comparison to the same period ended in 2016. This MD&A should be read in conjunction with the un-audited condensed consolidated financial statements for the period ended June 30, 2017 and June 30, 2016 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 August 23, 2017.

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 1 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 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 a 100% interest in the North ROK, Hit, Heart Peaks, Castle-Kinaskan, KingPin and KSP Property all located in British Columbia. Additionally the Company has an option to acquire a 100% interest in the Green Springs Property located in Nevada, USA.

Cautionary Notes
***Readers are cautioned that the exploration targets at the Company's British Columbia properties are early-stage exploration prospects and 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. (See Company website for further details on North ROK).*

***Readers are cautioned 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.*

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 - 2017 Field Season

British Columbia

KSP Property

On May 10, 2017 pursuant to the KSP Option the Company made the final cash payment of $150,000 and completed the initial exploration expenditures of $6,000,000 at KSP to satisfy its previous agreement with SnipGold Corp. ("SnipGold") (a wholly owned subsidiary of Seabridge Gold Inc). to earn its initial 51% interest in the KSP Property.

On August 3, 2017 Colorado entered into an amending agreement with SnipGold wherein the parties amended the KSP Option wherein Colorado purchased the outstanding 49% interest currently held by SnipGold in in the KSP Property. The Company received Exchange approval and issued the payment of $1,000,000 in cash and 2,000,000 common shares of Colorado. SnipGold will retain a 2% NSR on the KSP Property (half of which can be repurchased at any time for $2,000,000).

The Company as at August 17, 2017 holds a 100% interest in the KSP Property.

Exploration – 2017 Field Season

Drilling commenced at the KSP Property on July 4, 2017 with an approved budget of approximately $4,000,000 for 7,500 m of drilling. The 2017 program is focused on the Inel target and is anticipated to be completed by the end of August 2017. Results of the program are pending with assay results anticipated in early September.

As at June 30, 2017 the Company has incurred $5,669,700 net of BCMET recoveries (March 31, 2017 - $5,357,595) in acquisition and explorations costs.

Outlook

Colorado's focus will be to complete the 2017 exploration program with a budget of $4M.

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

KingPin Property

The KingPin Property is located in the Golden Triangle area in northwestern British Columbia).

During the 2017 field season the Company completed approximately $100,000 in field work in order to keep the claims in good standing.

As at June 30, 2017, the Company has incurred $227,281 (March 31, 2017 - $225,567) 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 as described herein above, although preliminary in nature, has given the Colorado exploration team a better understanding of the region. The technical team continues to review the 2016/2017 field season data to compile a future work program and budget.

North ROK Property

The North ROK property is 100% owned subject to certain net smelter return royalties and is located approximately 70 kilometres south of Dease Lake and straddles Highway 37 approximately 15 kilometres northwest of the new Red Chris property** in northern British Columbia.

North ROK 2016 – 2017 Field Season

During the 2017 field season field crews were mobilized in June 2017 at the expanded North ROK Property and recently completed a targeted soil survey, prospecting and geological mapping. Colorado's technical group is using the invaluable experience gained from the North ROK porphyry discovery to further guide and assess the potential of the adjacent and newly acquired ROK–Coyote property. The acquisition of the ROK-Coyote Property has increased the prospective area at North ROK from approximately 1,000 hectares to over 4,000 hectares and provides Colorado control over the majority of the prospective ground between Imperial Metals Red Chris Mine* and the North ROK porphyry discovery (see News Release dated March 13, 2017).

A total of 2,208 soil samples and 159 rock samples were collected during this program and geologic mapping not only increased the known size of the Mabon intrusion but also identified more than ten separate areas of copper mineralization associated with the eastern contact of the Mabon stock and other intrusive dyke rocks which were not previously recognized on the original ROK–Coyote Property.
Assay results are pending from the sampling program.

As at June 30, 2017, the Company has incurred $5,695,706 net of BCMET recoveries (March 31, 2017 - $5,493,785) in acquisition and explorations costs

Outlook

Colorado Resources' technical team has prepared a Phase I program with a budget of $845,000 to complete a 2500 metre five-hole drill program to test for the potential expansion of the known resource. The initial work has been completed in preparation of this program. Upon completion of the KSP program, as described herein, the Company will review the timing and implementation of the program at that time.

Hit Property

The Hit property is owned 100% by Colorado and is located approximately 27 km north of Princeton, British Columbia.

Outlook

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 exploration program as described herein to complete same.

<u>Heart Peaks</u>

The Heart Peaks Property ("HP Property") is located in the Atlin Mining Division, British Columbia.

Outlook

The Heart Peaks claims remain in good standing for 7 – 10 years wherein several targets remain untested. The Company's technical team has prepared a proposed program to test these targets, the implementation of this proposed program and timing will be dependent on the Company's completion of its KSP exploration program and receipt of the additional funds required to complete the program.

<u>Castle (Kinaskan) Property</u>

Further to the recent acquisition from Kaizen Discovery, the Company holds a 100% interest in the Castle property located in the Liard Mining District of British Columbia which is also surrounded on three sides by Colorado's 100% owned Kinaskan property collectively forming the Castle Property.

As at June 30, 2017 the Company has incurred $452,420 net of BCMET recoveries (March 31, 2017 - $446,574) in acquisition and exploration costs.

Outlook

Colorado's technical team has proposed a $400,000 budget for the 2017 field seasons to include geological and geophysical work and detailed mapping to identify possible drill targets. Implementation of this proposed program and timing will be dependent on the Company's completion of its KSP exploration program as described herein.

USA

Nevada

<u>Green Springs</u>

Colorado has an option with Ely Gold & Minerals Inc. ("ELY") wherein ELY has granted the exclusive option to Colorado to acquire ELY's 100% interest in and to the Green Springs Property by making aggregate cash payments of US$ 2,950,000 and aggregate share issuances of 2,250,000 common shares (300,000 issued to date) over 4 years.

Exploration - 2017

During the month of May 2017, a total of 1,067 soil samples were collected along with 6.3 line kilometres of IP Chargeability and Resistivity Geophysical Surveys and 15 km^2 of geological mapping were completed at Green Springs. The revised and improved technical data will be used to facilitate the siting of future drilling (see News Release dated April 4, 2017).

The geophysical survey was conducted over the "E" Zone area to follow up on the results of RC Drillhole GSC17-01 (25 feet of 9.75 g/t Au**) to help determine possible geophysical signatures to the known mineralization located under cover. Interestingly, the known mineralization appears to correlate with a north-northwest trending >300 m long resistivity break and >500 m long silver in soil anomaly.

Geological mapping and further soil sampling was also focused in the "A" Zone and "A" Zone North areas. Previous RC drill results in the A Zone include GSC17-05 with 130 feet of 1.07 g/t Au, GSC17-06 with 80 feet of 1.75 g/t Au and GSC17-08 with 125 feet of 1.37 g/t Au**. These drillholes targeted the underlying Pilot Shale, opposed to the Chainman Shale, which was mined by previous operators. Twelve BLEG (bulk leachable extractable gold) samples from the Pilot Shale indicated variable gold recoveries in the Pilot shale in this area which will require further investigation.

A large area (200m x 800m) of Chainman Shale is also noted in the "A" Zone area associated with jasperoid bodies and soil geochemical anomalies and has only been tested by two previous historical drillholes and will form the priority target in this area. In the "A" Zone North area a large prospective zone (350m x 500m) of Pilot Shale has been outlined by geological mapping and anomalous gold and silver in soil geochemistry and this target has never been drill tested. This updated work will form the basis for the selection and subsequent permitting of future drilling.

QA/QC statement on Soil Assay Results

The 2017 samples from the Green Springs Project were analyzed by Actlabs Kamloops, British Columbia. Samples were prepared by the S1 method, drying (60º C) and sieving (-80 mesh), save all portions. Base metal assays were first determined using the total digestion ICP and ICP/MS UT-1 method, which reports results as parts per million (ppm). The gold assays were determined using the 1A2 fire assay method which reports results in ppm and are equivalent to grams per tonne (g/t). Any samples returning greater than 10 ppm gold were analyzed by the 1A3 fire assay method with a gravimetric finish. Twenty two samples were run for bulk leachable gold using Actlabs 1A6 BLEG analytical procedure. The analytical results were verified with the application of industry standard Quality Assurance and Quality Control (QA-QC) procedures.

For more information on the KSP, Green Springs or North ROK Projects the reader is directed to the Company's website at www.coloradoresources.com.

The following table outlines the details of exploration expenditures for the three month period ended June 30, 2017:

	British Columbia						USA	
	North ROK/ROK-Coyote	KSP	Hit	KingPin	Castle	Other	Nevada	Total
Balance as at March 31, 2017	$5,493,785	$5,357,595	$1,369,318	$225,567	$446,574	$16,068	$592,541	$13,501,448
Acquisition - Cash Payments/Received	-	150,000	-	-	-	-	33,626	183,626
Acquisition - Staking/Lease Pymts/Claim Fees	-	10	37	-	-	-	-	47
Acquisition - Common shares/units	-	-	-	-	-	-	-	-
Acquisition - Advance Royalties	-	-	-		-	-	-	-
Total Acquistion	-	150,010	37	-	-	-	33,626	183,673
Assaying	19,148	1,808	-	-	-	-	29,537	50,493
Community relations	1,304	6,294	-	-	1,209	-	-	8,808
Drilling	-	-	-	-	-	-	-	-
Field supplies	4,831	25,607	-	-	197	-	-	30,635
Fieldwork	81,681	8,796	-	-	1,047	-	24,159	115,684
Geological & Geophysics	17,800	44,557	760	-	1,140	-	25,154	89,410
GIS mapping/reports	4,872	9,964	1,368	1,709	513	-	4,338	22,764
Permitting/legal	607	39	394	4	13	-	-	1,058
Site costs	53,361	24,382	56	-	92	-	734	78,626
Transport & rentals	18,316	40,648	1,500	-	1,635	-	1,102	63,201
Total Exploration	201,921	162,095	4,078	1,714	5,846	-	85,024	460,678
Total Expenditures	201,921	312,105	4,114	1,714	5,846	-	118,650	644,351
Balance at June 30, 2017	**5,695,704**	**$5,669,701**	**$1,373,432**	**$227,281**	**$452,420**	**$16,068**	**$711,192**	**$14,145,798**

The following table outlines the details of exploration expenditures for the year ended March 31, 2017:

	British Columbia							USA	
	North ROK/ROK-Coyote	KSP	Hit	Heart Peaks	KingPin	Castle	Other	Nevada	Total
Balance as at March 31, 2016	$4,866,818	$1,535,788	$1,364,507	$1,206,112	-	-	$9,956	-	$8,983,181
Acquisition - Cash Payments/Received	-	125,000	-	-	20,000	-	-	65,714	210,714
Acquisition - Staking/Lease Pymts/Claim Fees	-	10,250	-	-	52,950	-	(4,723)	57,264	115,741
Acquisition - Common shares/units	614,922	-	-	-	64,000	443,309	-	60,000	1,182,231
Acquisition - Advance Royalties	-	-	-	-		-	-	26,457	26,457
Total Acquistion	614,922	135,250	-	-	136,950	443,309	(4,723)	209,435	1,535,143
Assaying	-	169,777	336	-	3,962	-	2,416	54,111	230,602
Community relations	165	19,970	-	-	-	-	-	-	20,135
Drilling	-	893,776	-	-	-	-	-	116,155	1,009,931
Field supplies	12	125,824	50	-	-	-	-	6,594	132,480
Fieldwork	6,063	546,157	773	-	16,751	99	2,459	47,964	620,266
Geological & Geophysics	2,145	550,572	3,705	-	13,131	1,326	3,535	81,766	656,180
GIS mapping/reports	1,368	77,522	(397)	-	16,451	2,473	3,089	8,658	109,163
Misc	-	-	-	2,558	-	-	-	-	2,558
Permitting/legal	88	-	-	-	140	123	-	13,819	14,169
Site costs	2,548	558,592	309	-	9,125	-	-	22,078	592,651
Transport & rentals	267	1,168,215	45	-	30,150	-	2,685	31,960	1,233,322
Total Exploration	12,656	4,110,404	4,820	2,558	89,708	4,020	14,184	383,106	4,621,456
Disposal of exploration and evaluation assets	-	-	-	-	-	-	(3,350)	-	(3,350)
Write-down of exploration and evaluation assets	-	-	-	(1,208,670)	-	-	-	-	(1,208,670)
Total Expenditures	627,578	4,245,654	4,820	2,558	226,658	447,329	9,461	592,541	6,156,599
British Columbia Mining Tax Credits	(612)	(423,847)	(9)	-	(1,091)	(755)	-	-	(426,314)
Balance at March 31, 2017	**5,493,784**	**$5,357,595**	**$1,369,318**	**-**	**$225,567**	**$446,574**	**$16,068**	**$592,541**	**13,501,447**

Corporate

Financings

On August 4, 2017 the Company undertook to complete a non-flow through and flow-through non-brokered private placements (the "Placements") that will include up to 10,000,000 units (the "Units") at an issue price of $0.26 per Unit and 12,720,000 flow-through units (the "FT Units") at an issue price of $0.365 per FT Unit. Following completion of the Placements Colorado expects for gross proceeds of up to $7,242,800.

Each Unit will consist of one common share in the capital of the Company (a "Common Share") and one half of one non-transferable Common Share purchase warrant. Each whole warrant (a "Warrant"), will entitle the holder thereof to acquire an additional Common Share at an exercise price of $0.45 for 30 months after the date of issuance (the "Closing Date").

Each Flow-Through Unit will consist of one flow-through common share of the Company that qualifies as a flow-through share for purposes of the *Income Tax Act* (Canada) (a "FT Share") and one half of one Warrant on the same terms as described herein.

The Placements remain subject to the approval of the Exchange. All securities issued in the Placements will be subject to a statutory hold period of four months from the Closing Date of the Placement.

Proceeds from the FT Units will be used by Colorado to incur eligible Canadian exploration expenditures to expand the 2017 exploration program. Colorado will renounce the qualifying expenditures to subscribers of the FT Units for the fiscal year ended December 31, 2017. Proceeds from the sale of Units will be used for general corporate purposes.

The FT Units are part of a donation arrangement structured by PearTree Securities Inc. through which Goldcorp is expected to be the ultimate holder of the FT Units. Goldcorp will also purchase 4,240,000 Units directly from Colorado. The Placements are expected to close on or before August 31, 2017, following which Goldcorp will own approximately 14.25% of the issued and outstanding shares of Colorado.

On completion of the Placements, Goldcorp will have the right to maintain its pro-rata ownership percentage in Colorado during future financings. This right will entitle, but not obligate Goldcorp to participate in any future equity financings by Colorado to the extent necessary for Goldcorp to maintain a 19.95% equity ownership interest in the issued and outstanding common shares of Colorado. Goldcorp will also have a right of first refusal in respect of any non-equity financing and tolling arrangements related to future exploration or development on the KSP property and any BC properties Colorado expends the Goldcorp use of proceeds.

Results of Operations

Financial Results for the three months ended June 30, 2017 and June 30,2016

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 period June 30, 2017, the Company reported a $951,984 (2016 - $227,661) comprehensive loss or $0.01 (2016 - $0.00) basic and diluted earnings per share. The primary component of the current period loss included expenses for general administration in the amount of $252,339 (2016 - $244,824), directors fees of $16,500 (2016 – 2,000) and share based payments of $571,897 (2016 - $404,274). Expenditures were off-set by interest income of $10,852 (2016 - $12,066) and management fees of $Nil (2016 - $32,837l) in relation to a prior option on the Company's Heart Peaks property. During the period ended June 30, 2017 the Company also recorded $54,008 (2016 - $135,616) in other income for the fulfillment of flow through expenditure requirements. Additionally the Company's loss for the comparative period June 30, 2016 was off-set by the gain on exploration and evaluation assets of $530,573. The Company also recorded in the comparative period ended June 30, 2016 a net gain on the sale of available for sale investments of $363,385.

The summary of variances in expenditures[1] included:

	2017	2016	Variance	
	$	$	$	%
Directors fees	16,500	2,000	14,500	725%
Pre-exploration expenditures	1,935	20,432	(18,497)	-91%
Accounting and legal	12,621	5,596	7,025	126%
Consulting	64,191	126,318	(62,127)	-49%
Corporate development	1,398	-	1,398	100%
Investor relations, website development and marketing	42,195	41,996	199	0.5%
Office and administration fees	71,854	51,825	20,029	39%
Regulatory fees	2,500	-	2,500	100%
Shareholder communications	2,555	6,144	(3,589)	-58%
Transfer agent fees	1,315	1,212	103	8%
Travel	7,521	7,097	424	6%
Wages	46,189	4,636	41,553	896%
Total	270,774	267,256	3,518	1%

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

Overall corporate expenditures saw a minor 1% increase, however there were variances in categories to note:

The decrease in pre-exploration expenditures was the result of the current period focus on it KSP property and less new property acquisitions.

The increase in legal was a result of the increased corporate review of transactions such as the KSP Option amendment, property purchases and corporate matters.

The decrease in consulting fees was the result of a decrease in directors' consulting services and the implementation effective April 1, 2017 of annual directors' fees for non-executive directors of $12,500 per annum paid on a quarterly basis and $1,000 per board or audit committee meeting.

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

Wages – the increase in wages was related to the increase in employees from 2 employees to 5 as at June 30, 2017.

Summary of quarterly results

	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept 30, 2016
Total revenues	$—	$—	$—	$—
Income (loss)	$(783,984)	$(1,983,720)	$(512,355)	$25,124
Comprehensive income (loss)	$951,984)	$(1,679,970)	$(530,105)	$(106,876)
Basic and diluted loss per share	$(0.01)	$(0.02)	$(0.01)	$(0.00)

	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept 30, 2015
Total revenues	$—	$—	$—	$—
Loss	$398,161	$(193,037)	(349,167)	(177,959)
Comprehensive loss for	$227,661	$(155,537)	(367,917)	(159,209)
Basic and diluted loss per share	$0.00	$(0.01)	$(0.01)	$(0.00)

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

Significant Variances to note:

1 For March 31, 2017 comprehensive loss included $1,208,670 in write-down of exploration and evaluation assets;
2 For September 30, 2016 comprehensive loss included $132,000 included a fair value loss on available-for-sale investment;
3 For June 30, 2016 comprehensive income included $170,500 included a fair value loss on available-for-sale investment;
4 For March 31, 2016 comprehensive loss of $155,537 included a fair value gain on available-for-sale investment of $37,500;

Financial Condition, Liquidity and Capital Resources

Key changes to the Company's financial condition were a net decrease in cash of $822,280 and a decrease in working capital to $5.651.502 primarily as a net result of the general and administrative costs and investments in exploration and evaluation assets as described hereinabove.

	June 30 2017	March 31 2017
Financial position:		
Cash and cash equivalents	$5,703,753	6,526,033
Working capital	5,651,592	6,679,484
Reclamation bonds	$141,000	$141,000
Property, plant and equipment		$24,611
Exploration and evaluation assets	$14,145,798	$13,501,447
Total Assets	$20,741,556	$21,059,976
Shareholders' equity	$19,964,802	$20,346,542

With the anticipated completion of the recent financings as at the date of this report, the Company has acquired a 100% interest in the KSP Property and will working capital to complete its $4M budget expenditures at KSP. Additionally the Company will have working capital for the next 12 months. Additional funds received from the current FT Unit Placement should fund the next exploration phase at KSP and its some of its current work programs at its other BC properties as they are prioritized.

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 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. On January 1, 2017, the Company amended the lease to renew for a further one year period effective April 1, 2017 at an annual rent payable of $69,957. Effective August 1, 2017 the lease was terminated.

On May 27, 2017 the Company entered into a five year lease with Vintage Commercial Ltd. effective July 1, 2017 at an annual payable rent of $47,191 in the first year (10 months) and $53,766 effective July 1, 2018 until June 30, 2022.

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

	June 30 2017	June 30 2016
Administration and labour	$34,705	$32,123
Consulting fees	88,016	161,506
Share based payments	352,000	180,500
	$474,721	374,128

i) Consulting fees of $52,135 (2016 - $70,601) of which $22,875 (2016 - $10,735) 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 $15,753 (2016 - $11,085) were paid or accrued to Cazador in relation to the Company's general corporate administration and fieldwork;

iii) Consulting fees of $35,881 (2016 - $40.863) 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 $18,950 (2016 - $21,033) were paid or accrued to Minco in relation to providing administrative and accounting employment services;

v) Consulting fees of $Nil (2016 - $24,233) of which $Nil (2016 - $22.838) was capitalized to exploration and evaluation assets were paid or accrued to Greg Dawson, the Company's former VP Exploration. Mr. Dawson resigned September 14, 2016; and

vi) Share-based payments are the fair value of options granted to key management personnel.

Related Party Liabilities Included in Trade and Other Payables:

Amounts due to:	Service for:	June 30 2017	March 31 2017
Cazador Resources Ltd.	Consulting Fees	$33,218	$26,246
Minco	Consulting Fees	$19,465	
43983 Yukon Inc.	Expenses	-	$340
		$52,683	$26,246

Related Party Receivables included in Other receivables:

Amounts due from:	Service for:	June 30 2017	March 31 2017
Damara	Rent & Expenses	17,219	5,872
Golden Ridge Resources Ltd.	Rent & Expenses	5,749	75
		$22,967	$5,649

Related Party Advances

On March 6, 2017, Damara issued 4,200,000 common shares at a price of $0.05 per common share to extinguish a portion of the related party advance in the amount of $210,000 (the "Debt Settlement"). As at June 30, 2017, $15,000 (March 31, 2017 - $15,000) remained advanced to Damara, which has two common directors, Larry Nagy and William Lindqvist of the Company, in connection with property evaluation expenditures. Additionally the remaining principle balance of $15,000 and interest accrued to December 31, 2016 (the settlement date) is non-interest bearing and due on demand.

Critical Accounting Policies and Estimates

Colorado is a venture issuer therefor 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, 2017. 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

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*

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.

  This standard is applicable to annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*.

Applicable to annual periods beginning on or after January 1, 2017.

- *Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)*
  The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 Income Taxes*)
  The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

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.

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 June 30, 2017 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 hold 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 liabilities 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.

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 June 30, 2017.

Outstanding Share Data

Colorado's authorized capital is unlimited common shares without par value. As at the date of this report 96,320,386 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:

Type of Security	Number	Exercise price	Expiry Date
Stock options	100,000	$0.29	30-Oct-18
Stock options	895,000	$0.265	01-May-19
Stock options	210,000	$0.25	12-Sep-19
Stock options	810,000	$0.15	07-May-20
Stock options	1,995,000	$0.08	31-Dec-20
Stock options	1,035,000	$0.44	06-Jun-21
Stock options	200,000	$0.22	21-Nov-21
Stock options	2,607,500	$0.26	06-Jun-22
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
Warrants	1,900,000	$0.40	29-Dec-17
Warrants	1,000,000	$0.60	14-Feb-19
Warrants	1,500,000	$0.45	17-Sep-19
Warrants	441,300	$0.42	17-Sep-19
Warrants	4,462,500	$0.50	17-Sep-19
Warrants	41,700	$0.32	17-Mar-19

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 complete its 2017 exploration program at KSP 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.