



Unaudited Condensed Consolidated Interim Financial Statements of

**COLORADO RESOURCES LTD.**  
(An Exploration Stage Company)

**December 31, 2017**

**COLORADO RESOURCES LTD.**  
(An Exploration Stage Company)  
Nine Months ended December 31, 2017 and 2016  
(Expressed in Canadian Dollars)

<u>Index</u>	<u>Page</u>
• Notice to Readers	1
• Un-audited Condensed Consolidated Interim Statements of Financial Position	2
• Un-audited Condensed Consolidated Interim Statements of Comprehensive Loss	3
• Un-audited Condensed Consolidated Interim Statements of Changes In Equity	4
• Un-audited Condensed Consolidated Interim Statements of Cash Flows	5
• Notes to the Condensed Consolidated Interim Financial Statements	6-34

## **NOTICE TO READER**

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended December 31, 2017 have been prepared by and are the responsibility of management in accordance with International Financial Reporting Standards applicable to unaudited condensed interim financial reporting.

The Company's independent auditor has not audited or performed a review of these financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of unaudited condensed consolidated interim financial statements by an entity's auditor.

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited)**

As at December 31, 2017 and March 31, 2017

(Expressed in Canadian Dollars)

	Note	December 31 2017	March 31 2017
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	5	\$ 5,747,187	\$ 6,526,033
Receivables	6	741,027	483,623
Prepays and advances	17	47,618	47,262
Available-for-sale investments	8	252,000	336,000
<b>Total current assets</b>		<b>6,787,832</b>	<b>7,392,918</b>
<b>Non-current</b>			
Reclamation deposits	9	150,000	141,000
Property, plant and equipment	10	26,696	24,611
Exploration and evaluation assets	7,11, 14	20,013,553	13,501,447
<b>Total non-current assets</b>		<b>20,190,249</b>	<b>13,667,058</b>
<b>Total Assets</b>		<b>\$ 26,978,081</b>	<b>\$ 21,059,976</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current</b>			
Trade and other payables	12,17	\$ 188,371	\$ 173,357
Other liabilities	13	-	540,077
<b>Total current liabilities</b>		<b>188,371</b>	<b>713,434</b>
<b>Shareholders' equity</b>			
Share capital	14	40,387,731	32,331,488
Contributed surplus	14,15	5,489,779	4,951,793
Accumulated other comprehensive income		(63,000)	21,000
Accumulated deficit		(19,024,800)	(16,957,739)
<b>Total shareholders' equity</b>		<b>26,789,710</b>	<b>20,346,542</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 26,978,081</b>	<b>\$ 21,059,976</b>

Signed on behalf of the Board of Directors by:

\_\_\_\_\_  
*"William Lindqvist"* Director  
 William Lindqvist

\_\_\_\_\_  
*"Lawrence Nagy"* Director  
 Lawrence Nagy

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)**

For the three and nine months ended December 31, 2017

(Expressed in Canadian Dollars)

	Note	Three Months Ended December 31		Nine Months Ended December 31	
		2017	2016	2017	2016
<b>Expenses</b>					
Administrative and general	16,17	\$ 190,646	\$ 275,864	\$ 662,465	\$ 758,924
Depreciation	10	3,085	2,511	8,054	6,894
Directors fees		24,400	4,000	63,275	12,500
Pre-exploration expenditures		-	131,208	2,670	189,519
Loss on foreign exchange		(9,839)	(2,497)	8,170	1,518
Share-based payments	15	-	36,759	571,897	443,883
<b>Total expenses</b>		<b>(208,292)</b>	<b>(447,845)</b>	<b>(1,316,531)</b>	<b>(1,413,238)</b>
<b>Other income</b>					
Interest income	17	72,079	4,914	89,425	24,878
Management fees received	11	-	-	-	78,219
Other income	13	-	-	540,077	400,226
Write-down on exploration and evaluation assets	11	-	-	(1,380,042)	-
Gain on sale of available-for-sale investments		-	(71,074)	-	292,311
Gain on sale of exploration and evaluation assets	7,11	-	1,650	-	528,534
<b>Net loss for the period</b>		<b>\$ (136,213)</b>	<b>\$ (512,355)</b>	<b>\$ (2,067,071)</b>	<b>\$ (89,070)</b>
<b>Other comprehensive loss</b>					
Items that may be recycled through profit and loss:					
Fair value loss on available-for-sale investments	8	(336,000)	(17,750)	(84,000)	(357,750)
<b>Loss and Comprehensive loss for the period</b>		<b>\$ (472,213)</b>	<b>\$ (530,105)</b>	<b>\$ (2,151,071)</b>	<b>\$ (446,820)</b>
<b>Loss per common share basic and diluted</b>	20	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)**

For the nine months ended December 31

(Expressed in Canadian Dollars)

	Note	Share Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance March 31, 2016		\$ 23,542,273	\$ 3,024,750	\$ 37,500	\$ (14,884,949)	\$ 11,719,574
Income for the period		-	-	-	(89,070)	(89,070)
Shares issued for exploration and evaluation assets	14	124,000	-	-	-	124,000
Shares issued for cash	14	5,998,856	-	-	-	5,998,856
Fair value of agents warrants	13	-	27,032	-	-	27,032
Share issuance costs	15	(296,421)	-	-	-	(296,421)
Flow-through share premium	13,14	(314,058)	-	-	-	(314,058)
Share-based payments	15	-	443,883	-	-	443,883
Available-for-sale-investment	8	-	-	(357,750)	-	(357,750)
<b>Balance, December 31, 2016</b>		<b>\$ 29,054,651</b>	<b>\$ 3,495,665</b>	<b>\$ (320,250)</b>	<b>\$ (14,974,019)</b>	<b>\$ 17,256,046</b>

	Note	Share Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance March 31, 2017		\$ 32,331,488	\$ 4,951,793	\$ 21,000	\$ (16,957,739)	\$ 20,346,542
Loss for the period		-	-	-	(2,067,071)	(2,067,071)
Shares issued for exploration and evaluation assets	11,14	862,500	-	-	-	862,500
Fair value of options exercised	14	33,911	(33,911)	-	-	-
Share-based payments	15	-	571,897	-	-	571,897
Available-for-sale-investment	8	-	-	(84,000)	-	(84,000)
Shares issued for cash	14	7,423,741	-	-	-	7,423,741
Shares issuance costs	14	(263,909)	-	-	-	(263,909)
<b>Balance, December 31, 2017</b>		<b>\$40,387,731</b>	<b>\$5,489,779</b>	<b>\$ (63,000)</b>	<b>\$(19,024,810)</b>	<b>\$ 26,789,700</b>

The accompanying notes are an integral part of these consolidated financial statements

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)**

For the nine months ended December 31

(Expressed in Canadian Dollars)

	Note	2017	2016
<b>Cash flows from operating activities</b>			
Loss for the period	20	\$ (2,067,071)	\$ (89,070)
Adjustments to reconcile income (loss) to net cash used in operating activities			
Depreciation	10	8,054	6,894
Share-based payments	15	571,897	443,883
Gain on sale of assets-held-for-sale	7	-	(528,534)
Loss on sale of available-for-sale-investments	8	-	(292,311)
Other income	13	(540,077)	(400,226)
Write-down on exploration and evaluation assets		1,380,042	-
Changes in non-cash working capital balances:			
Receivables	6	(203,644)	(45,036)
Trade and other payables	12, 22	(54,106)	(26,105)
Prepaid and advances		(135,955)	(2,119)
<b>Total cash outflows from operating activities</b>		<b>(1,040,860)</b>	<b>(932,624)</b>
<b>Cash flows from investing activities</b>			
Proceeds from the disposition of exploration and evaluation assets	7,11	-	175,884
Proceeds from the sale of available-for-sale-investments	8	-	642,456
Purchase of reclamation deposits	9	(9,000)	(25,000)
Purchase of property, plant and equipment	10	(10,139)	(24,387)
Resource property expenditures, <i>net of recoveries</i>	7,11,14	(6,878,680)	(4,367,635)
<b>Total cash outflows from investing activities</b>		<b>(6,897,819)</b>	<b>(3,598,681)</b>
<b>Cash flows from financing activities</b>			
Exercise of options	14	44,000	68,500
Exercise of warrants	14	136,941	246,350
Shares issued for private placement	14	7,242,800	5,684,006
Share issuance costs	14	(263,909)	(269,408)
<b>Total cash inflow provided by financing activities</b>		<b>7,159,832</b>	<b>5,729,448</b>
<b>Increase in cash during the period</b>		<b>(778,846)</b>	<b>1,198,143</b>
<b>Cash and cash equivalents beginning of period</b>		<b>6,526,033</b>	<b>2,197,728</b>
<b>Cash and cash equivalents end of period</b>		<b>\$ 5,747,187</b>	<b>\$ 3,395,871</b>
<b>Composition of cash and cash equivalents</b>			
Cash		\$ 161,387	\$ 1,872,871
Cash equivalents		5,585,800	1,523,000
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 5,747,187</b>	<b>\$ 3,395,871</b>

See Note 22 for Supplemental Cash Flow Information

## **COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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#### **1. CORPORATION INFORMATION**

Colorado Resources Ltd. (the "Company") was incorporated on October 9, 2009 under the *Business Corporations Act* (British Columbia). The Company is in the exploration stage and its principal business activities include the acquisition, exploration and development of mineral properties. The Company's principal properties are located in British Columbia and Nevada.

The Company is listed on the TSX Venture Exchange (the "Exchange"), having the symbol CXO.V as a Tier 1 issuer and its corporate office and principal place of business are located at 105 - 3500 Carrington Road, West Kelowna, B.C. V4T 3C1

#### **2. BASIS OF PREPARATION AND CONTINUANCE OF OPERATIONS**

These condensed consolidated interim financial statements for the three and nine month period ended December 31, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2017 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2017 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from April 1, 2017

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 1, 2018.

The preparation of the condensed consolidated interim financial statements is in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The condensed consolidated interim financial statements are presented in Canadian Dollars ("CDN"), which is also the Company's functional currency.

##### **Continuance of Operations**

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not generated revenues from its operations to date. The Company currently has sufficient cash resources and working capital for the next 12 months and has working capital of \$6,599,451 (March 31, 2017 - \$6,679,484). The Company will continue to have to raise funds beyond its current working capital balance in order to continue the development of its exploration properties and general 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.

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. The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and share purchase warrants.



## COLORADO RESOURCES LTD.

(An Exploration Stage Company)

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Consolidation

These consolidated financial statements include the accounts of the following subsidiaries:

	% of Ownership	Jurisdiction	Principal Activity
Colorado Gold S.A. de C.V. ("Colorado Gold")	100%	Mexico	Inactive
Colorado Exploration Inc.	100%	USA	Exploration

A subsidiary is an entity that the Company controls, either directly or indirectly. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

#### Recent and 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*

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.

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.

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Future Accounting Pronouncement (cont'd)**

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

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.

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

**Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, indicators of impairment are identified suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

**Income Taxes**

The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

**Impairment of Available-for-Sale Investments**

Management assesses at the end of each reporting period whether there had been any other-than-temporary impairment on its investments, using objective evidence to determine if the marketable securities are impaired. Listed prices on public stock exchanges are used to determine if the fair value is at a significant and prolonged decline below the historical cost of the marketable securities.

At December 31, 2017 and March 31, 2017, there were no indications that suggest that the Company's marketable securities are impaired.

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)****Valuation of Share-based Payments**

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

**Mineral Tax Credit**

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in Canada. Management's judgement is applied in determining whether the resource expenditures are eligible for claiming such credits.

**Going Concern**

The assumption that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investment and financing activities and management's strategic planning. Should those judgements prove to be inaccurate, management's continued use of the going concern assumptions be inappropriate.

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consists of cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates. Cash equivalents are held in guaranteed investment certificates with maturity dates ranging from to March 9, 2018 with interest rates of 2.1%.

**6. RECEIVABLES**

		December 31 2017		March 31 2017
Sales taxes receivable	\$	206,352	\$	25,209
British Columbia mining tax credits		426,314		426,314
Other - Note 17		108,361		32,100
	\$	741,027	\$	483,623

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

The British Columbia mining tax credits ("BCMET") receivable represent a refund claim applied for on exploration expenditures incurred in British Columbia pursuant to the *British Columbia Minerals Tax Act*.

**7. ASSETS HELD FOR SALE**

As at December 31, 2017 the Company held no assets for sale.

During the period ended December 31, 2016 the Company sold its 100% interest in certain mineral claims located in the State of Nevada (the "Claims"), subject to the Company retaining a 1% net smelter returns royalty ("NSR"). The Purchaser is entitled to purchase the NSR for a cash payment of \$1,000,000.

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").

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**7. ASSETS HELD FOR SALE (cont'd)**

Balance as at March 31, 2016	\$ 201,753
Cash consideration	(200,000)
Consideration Shares	(556,000)
Cost of the transaction	27,363
<b>Gain on sale of exploration and evaluation assets as at December 31, 2016</b>	<b>\$ (526,884)</b>

**8. AVAILABLE-FOR-SALE INVESTMENTS**

Available-for-sale investments consist of an investment in 4,200,000 Damara Gold Corp. ("Damara") pursuant to the settlement of an advance receivable from Damara (See Note 17). 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. During the period ended December 31, 2017, the Company recorded \$84,000 as an unrealized loss (December 31, 2016 - \$Nil loss) on investment on marketable securities that was recognized in other comprehensive income and loss.

During the period ended December 31, 2016 the fair value of the available-for-sale investment in the Consideration Shares described in Note 7, were determined by reference to published price quotations in an active market, a Level 1 valuation. During the period ended December 31, 2016 the Company recorded \$357,750 as a loss of investment on marketable securities was recognized in other comprehensive loss.

**9. RECLAMATION DEPOSITS**

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company on its Hit, North ROK, Heart Peaks and KSP properties. The reclamation deposits are held with the Minister of Energy and Mines in British Columbia.

**10. PROPERTY, PLANT AND EQUIPMENT**

	Vehicle	Furniture & Fixtures	Office Equipment	Field Equipment	Total
<b>Cost</b>					
Balance March 31, 2016	10,528	11,871	44,242	260,737	327,378
Assets acquired	-	1,016	11,256	17,464	29,736
Balance March 31, 2017	10,528	12,887	55,498	278,201	357,114
Assets acquired	-	920	1,733	7,486	10,139
<b>Balance December 31, 2017</b>	<b>10,528</b>	<b>13,807</b>	<b>57,231</b>	<b>285,687</b>	<b>367,254</b>
<b>Depreciation</b>					
Balance March 31, 2016	10,528	10,783	42,055	260,094	323,460
Depreciation for the year	-	1,136	3,388	4,519	9,043
Balance March 31, 2017	10,528	11,919	45,443	264,613	332,503
Depreciation for the year	-	154	2,544	5,356	8,054
<b>Balance December 31, 2017</b>	<b>10,528</b>	<b>12,073</b>	<b>47,988</b>	<b>269,969</b>	<b>340,558</b>
<b>Carrying amounts</b>					
Balance March 31, 2017	\$-	967	10,055	13,588	24,611
<b>Balance December 31, 2017</b>	<b>\$-</b>	<b>1,734</b>	<b>9,244</b>	<b>15,717</b>	<b>26,696</b>

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**11. EXPLORATION AND EVALUATION ASSETS**

	British Columbia						Nevada USA		Total
	North ROK/ROK- Coyote	KSP	Hit	Heart Peaks	KingPin	Castle	Other	Green Springs	
<b>Costs</b>									
Balance at March 31, 2016	4,866,818	1,535,788	1,364,507	1,206,112	\$-	\$-	9,956	\$-	8,983,181
Acquisition costs	614,922	135,250	-	-	136,950	443,309	(4,723)	209,435	1,535,143
Exploration costs	12,657	4,110,404	4,820	2,558	89,708	4,020	14,185	383,106	4,621,459
Disposal of exploration and evaluation assets	-	-	-	-	-	-	(3,350)	-	(3,350)
Write-down of exploration and evaluation assets	-	-	-	(1,208,670)	-	-	-	-	(1,208,670)
British Columbia Mining Tax Credits	(612)	(423,847)	(9)	-	(1,091)	(755)	-	-	(426,314)
Balance 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 costs	-	1,919,041	37	-	-	-	-	311,633	2,230,711
Exploration costs	1,101,928	3,952,394	10,687	-	69,548	296,762	-	230,118	5,661,436
Write-down of exploration and evaluation assets	-	-	(1,380,042)	-	-	-	-	-	(1,380,042)
<b>Balance at December 31, 2017</b>	<b>\$6,595,713</b>	<b>\$11,229,030</b>	<b>\$-</b>	<b>-</b>	<b>\$295,115</b>	<b>\$743,336</b>	<b>\$16,068</b>	<b>\$1,134,292</b>	<b>\$20,013,553</b>

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**11. EXPLORATION AND EVALUATION ASSETS (cont'd)***British Columbia***North ROK Property**

Colorado holds a 100% interest in 15 mineral tenures forming part of the North ROK Property located in northern British Columbia.

On March 13, 2017, the Company and Firesteel Resources Inc. ("Firesteel") entered into a purchase agreement to acquire a 100% interest in the ROK-Coyote property (the "ROK-Coyote Agreement") which now forms part of the North ROK Property.

Under the terms of the agreement, Colorado acquired a 100% interest in the ROK-Coyote property, subject to underlying 2% NSR agreements to the underlying arm's length and non-arm's length original vendors (the "Original Vendors' NSR") for the following consideration:

- 1,500,000 units of Colorado ("Consideration Units") to be issued to Firesteel within five days of the TSX Venture Exchange ("Exchange") approval (issued). Each Consideration Unit consists of one common share ("Consideration Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles Firesteel to purchase a further common share at a purchase price of \$0.45 per share for a period of 24 months (See note 14). The warrants were measured at fair value using the Black-Scholes option pricing model at \$187,422. The following key assumptions used in valuing the warrants:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
17-Mar-17	17-Mar-19	\$0.285	\$0.45	0.81%	2	104.67%	0%

The Underlying Vendors' NSR includes a 2% NSR agreement with arms-length parties on three claims ("ROK NSR"). The ROK NSR can be extinguished in its entirety for a purchase price of \$2,000,000. The Underlying Vendors' NSR also includes an agreement with arm's length and non-arm's length parties for a 2% NSR on 16 claims ("Real McCoy and Coyote NSR") of which 1% of the Real McCoy and Coyote NSR can be purchased for an aggregate \$2,000,000. Adam Travis, President and CEO, holds a 50% interest in the Real McCoy & Coyote NSR.

As at December 31, 2017, the Company has incurred \$6,595,713 net of BCMET recoveries (March 31, 2017 - \$5,493,785) in acquisition and explorations costs.

**KSP Property***KSP Option*

On November 6, 2013, the Company and SnipGold Corp. ("SnipGold") entered into a non-binding Letter of Agreement and thereafter on December 19, 2013, the parties formalized an option agreement (the "KSP Option") where Colorado had the right to acquire up to an 80% interest in the southeastern portion of SnipGold's Iskut Property and an adjoining area acquired by Colorado through staking (collectively referred to as the "KSP Property"). The KSP Property is located approximately 15 kilometers to the southeast of the past-producing Snip Mine, British Columbia. On June 21, 2016, Seabridge Gold Inc. ("Seabridge") acquired SnipGold and has assumed all obligations of SnipGold. SnipGold remains a wholly owned subsidiary of Seabridge.

Consideration for the KSP Option consists of aggregate cash payments of \$500,000 and exploration expenditures of \$6,000,000 over a four-year period to earn an initial 51% interest ("Initial Interest") as follows:

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**11. EXPLORATION AND EVALUATION ASSETS (cont'd)**

*British Columbia*

**KSP Property** (cont'd)

*KSP Option* (con't)

Cash payments:

- \$50,000 on signing the Letter of Agreement (paid);
- an additional \$75,000 on or before the first anniversary of December 19, 2014 (paid);
- an additional \$100,000 on or before the second anniversary of December 19, 2015; (paid)
- an additional \$125,000 on or before the third anniversary of December 19, 2016; (paid) and
- an additional \$150,000 on or before the fourth anniversary of December 19, 2017 (paid)

Exploration expenditures:

- a minimum \$500,000 on or before the first anniversary of December 19, 2014 (completed);
- a minimum \$1,000,000 on or before the second anniversary of December 19, 2015 (completed);
- a minimum \$2,000,000 on or before the third anniversary of December 19, 2016 (completed); and
- a minimum \$2,500,000 on or before the fourth anniversary of December 19, 2017 (completed).

On May 10, 2017, the Company made the final cash payment of \$150,000 to SnipGold and provided notice pursuant to the KSP Option to exercise the Initial 51% Interest and acquired the 51% interest in the 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 remaining. The Company received Exchange approval and issued the payment to of \$1,000,000 in cash and 2,000,000 Colorado shares. SnipGold will retain a 2% NSR on the KSP Property (half of which can be purchased at any time for \$2,000,000).

*KSP Other*

The KSP Property includes several additional claims and mineral leases acquired through staking or purchase agreements wherein:

- one mineral tenure is subject to a 2% NSR to an individual of which the NSR may be purchased in its entirety for \$1,000,000;
- one mineral tenure is subject to a 1% NSR to an individual of which the NSR may be purchased in its entirety for \$500,000; and
- two mineral tenures are subject to a 2% NSR to Teck Resources Limited.

As at December 31, 2017 the Company has incurred \$11,229,030 net of BCMET recoveries (March 31, 2017 - \$5,357,595) in acquisition and explorations costs.

**Hit Property**

Colorado holds a 100% interest in mineral tenures located in the Similkameen Mining Division of British Columbia forming the Hit Property, acquired through staking and pursuant to various agreements and subject to certain net smelter return royalties follows:

*Aspen Option*

On April 23, 2012, the Company entered into an option agreement as amended on January 13, 2104 and October 24, 2014 ("Aspen Option") to acquire mineral claims in the Aspen Grove area of south-western British Columbia from the Vendors which form part of the Hit Property. The Vendors also retained a 2.5% NSR of which 2% of the NSR may be purchased for \$4,000,000.

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

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**11. EXPLORATION AND EVALUATION ASSETS (cont'd)*****British Columbia*** (cont'd)**Hit Property** (cont'd)***Hit Other***

On September 16, 2011, the Company acquired a 100% interest in additional mineral tenures referred to as the Aspen Grove South Property, located in southern British Columbia from two private individuals (the "Vendors") forming part of the Hit Property. The Vendors retained a 2.5% NSR of which the first 1.5% of the NSR may be purchased for \$1,000,000 and the remaining 1% NSR for \$3,000,000.

During the period ended December 31, 2017 the Company wrote-off the Hit Property in the amount of 1,380,042. The impairment was done in accordance with level 3 of the fair value hierarchy.

**Heart Peaks Property**

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

During the year ended March 31, 2017, the Company wrote-off the Heart Peaks property in the amount of \$1,208,670. The impairment was done in accordance with level 3 of the fair value hierarchy.

**KingPin Property**

The Company acquired a 100% interest in several mineral claims located in the Golden Triangle area in northwestern British Columbia through staking (collectively referred to as the "KingPin Property").

On April 20, 2016, the Company entered into a purchase agreement dated with a third party (the "Vendor"), to acquire a 100% interest in the Max Property subject to a retained 2% net smelter returns royalty (the "NSR") for the following consideration:

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

The Company has the option to purchase from the Vendor 1% of the NSR for \$1,000,000 within 240 day of commercial production and thereafter at any time the remaining 1% for \$5,000,000. The Max Property forms part of the KingPin Property.

As at December 31, 2017, the Company has incurred \$295,115 (March 31, 2017 - \$225,567) in acquisition and explorations costs.

**Castle Property**

On February 3, 2017, the Company and Kaizen Discovery Inc. ("Kaizen") entered into a purchase agreement to acquire a 100% interest in the Castle property located in the Liard Mining District of British Columbia (the "Castle Agreement"). Under the terms of the agreement, Colorado acquired a 100% interest in the Castle Property, subject to a 2% percent NSR to the underlying original vendor (the "Original Vendor NSR") for the following consideration:

1. 1,000, 000 units of Colorado ("Consideration Units") to Kaizen within five days of the TSX Venture Exchange ("Exchange") approval (issued). Each Consideration Unit consists of one common share and ("Consideration Share") one common share purchase warrant (a "Warrant"). Each Warrant entitles Kaizen to purchase a further common share at a purchase price of \$0.60 per share for a period of 24 months (See note 14). The warrants were measured at fair value using the Black-Scholes option pricing model at \$103,309. The following key assumptions used in valuing the warrants:



**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**11. EXPLORATION AND EVALUATION ASSETS (cont'd)*****British Columbia*** (cont'd)**Castle Property** (cont'd)

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
14-Feb-17	14-Feb-19	\$0.34	\$0.60	0.80%	2	102.89%	0%

The Company has the option to purchase the Original Vendor NSR for \$4,000,000. As at December 31, 2017 the Company has incurred \$743,336 (March 31, 2017 - \$446,574) in acquisition and explorations costs.

**Other**

GJ Key property is located 34 km southwest of the Company's North ROK property. During the year ended March 31, 2017, the Company sold a 50% interest in the two claims comprising the GJ Key Property along with one claim that forms part of the Company's Kinaskan Property to a third party for a cash payment of \$5,000 (the "Purchase Price"). An amount of \$3,350 of the Purchase Price was allocated to the GJ Key Property and the balance of \$1,650 was recorded in gain on the sale of exploration and evaluation assets.

As at December 31, 2017, the Company had a recorded credit balance of \$(1,367) (March 31, 2017 - \$1,367 credit balance) against acquisition and exploration costs.

The GS Property is located approximately 44 km to the southeast of the Company's Heart Peaks Property.

As at December 31, 2017, the Company has incurred \$6,597 (March 31, 2017 - \$6,597) in acquisition and exploration costs.

As at December 31, 2017, the Company has incurred \$3,286 (March 31, 2017 - \$3,286) in acquisition and exploration costs on two mineral tenures located northwest of Stewart, British Columbia referred to as the Iskuit Claims.

The Company staked a mineral tenure referred to as the Stu Property, located northwest of Stewart, British Columbia. As at December 31, 2017, the Company has incurred \$7,552 (March 31, 2017 - \$7,552) in acquisition and exploration costs.

***US******Nevada*****Green Springs**

On December 6, 2016, Colorado entered into a definitive agreement with Ely Gold & Minerals Inc. ("ELY") wherein ELY granted the exclusive option to Colorado to acquire ELY's 100% interest in and to the Green Springs Property by making the following payments and share issuances over four years:

- Initial - US\$50,000 cash (paid) and the issuance of 300,000 common shares (issued) upon Exchange approval (*received on December 13, 2016*);
- Year 1 Anniversary - US\$100,000 cash (paid) and the issuance of 500,000 common shares (issued);
- Year 2 Anniversary - US\$200,000 cash and the issuance of 600,000 common shares;
- Year 3 Anniversary - US\$400,000 cash and the issuance of 850,000 common shares; and
- Year 4 Anniversary - US\$2,250,000 cash (the "Final Option Payment").

Colorado may at its election make the Final Option Payment 50% cash and 50% common shares based on a 30 day volume weighted average price subject to a floor price of \$0.20 per share).

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**11. EXPLORATION AND EVALUATION ASSETS (cont'd)***US (cont'd)**Nevada (cont'd)***Green Springs** *cont'd*

As at December 31, 2017, the Company has incurred \$1,134,292 (March 31, 2017 - \$592,541) in acquisition and explorations costs.

**12. TRADE AND OTHER PAYABLES**

	<b>December 31</b>	<b>March 31</b>
	<b>2017</b>	<b>2017</b>
Trade payables	\$ 175,015	\$ 96,467
Accrued Liabilities	3,053	50,304
Due to related party - Note 17	10,303	26,586
<b>Total</b>	<b>\$ 188,371</b>	<b>\$ 173,357</b>

**13. OTHER LIABILITIES**

	<b>Issued on</b>	<b>Issued on</b>	<b>Issued on</b>	<b>Issued on</b>	<b>Total</b>
	<b>March 17</b>	<b>May 31</b>	<b>May 18</b>	<b>December 18</b>	
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	
Balance at March 31, 2016	\$ -	\$ -	\$ -	\$ 86,169	\$ 86,169
Liability incurred on flow-through shares issued	540,077	-	101,925	-	642,002
Settlement of flow-through share liability on incurring expenditures	-	-	(101,925)	(86,169)	(188,094)
Balance at March 31, 2017	540,077	-	-	-	540,077
Liability incurred on flow-through shares issued	-	-	-	-	-
Settlement of flow-through share liability on incurring expenditures	(540,077)	-	-	-	(540,077)
Balance at December 31, 2017	-	-	-	-	-

On August 31, 2017, the Company completed a private placement for 12,720,000 flow-through common shares at a price of \$0.365 per share for gross proceeds of \$4,372,700. The Company determined that these shares were not issued at a premium based on the share price of \$0.38 on the date of issuance. The liability incurred on flow-through shares was \$nil.

On March 17, 2017, the Company completed a private placement for 8,180,000 flow-through common shares at a price of \$0.42 per share for gross proceeds of \$3,435,600. The Company determined that these shares were issued at a premium of \$0.135 per share based on the share price of \$0.285 on the date of issuance. The liability incurred on flow-through shares was of \$540,077. As at December 31, 2017, the Company had incurred \$3,435,600 of qualifying Canadian Exploration Expenditures ("CEE") thereby fulfilling approximately the obligation and had extinguished \$540,077 of the liability. The extinguishment of the liability was recognized as other income of \$540,077 during the period ended December 31, 2017.

On December 29, 2016, the Company completed a private placement for 3,800,000 flow-through common shares at a price of \$0.25 per share for gross proceeds of \$950,000. The Company determined that these shares were not issued at a premium based on the share price of \$0.28 on the date of issuance. The liability incurred on flow-through shares was \$nil.

On May 31, 2016, the Company completed Tranche 2 of a private placement of 1,260,000 flow-through common shares at a price of \$0.42 per share for gross proceeds of \$529,200. The Company determined that these shares were issued at a premium of \$0.05 based on the share price of \$0.37 on the date of issuance. The liability incurred on flow-through shares was \$nil.

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**13. OTHER LIABILITIES (cont'd)**

On May 18, 2016, the Company completed Tranche 1 of a private placement of 2,282,334 flow-through common shares at a price of \$0.42 per share for gross proceeds of \$958,580. The Company determined that these shares were issued at a premium of \$0.11 per share based on the share price of \$0.31 on the date of issuance. The liability incurred on flow-through shares was \$101,925. As at March 31, 2017, the Company had incurred \$958,580 of qualifying Canadian Exploration Expenditures (“CEE”) thereby fulfilling the obligation and had extinguished \$101,925 of the liability. The extinguishment of the liability was recognized as other income of \$101,925 during the year ended March 31, 2017.

On December 18, 2015, the Company completed a private placement of 6,255,000 flow-through common shares at a price of \$0.08 per share for gross proceeds of \$500,400. The Company determined that these shares were issued at a premium of \$0.015 per share based on the share price of \$0.065 on the date of issuance resulting in a liability of \$93,750. As at March 31, 2017, the Company had incurred the remaining \$460,057 fulling the \$500,400 of qualifying Canadian Exploration expenditures thereby fulfilling the remaining \$86,169 (2016 - \$7,581) in relation this this flow-through share financing. The extinguishment of the liability was recognized as other income of \$86,169 during the year ended March 31, 2017.

**14. SHARE CAPITAL AND RESERVES****Authorized Share Capital**

The Company’s authorized share capital consists of an unlimited number of common shares with no par value.

**Common Shares**

The following is a summary of changes in common share capital from April 1, 2016 to December 31, 2017:

	Note	Number	Price	Total
Balance - March 31, 2016		61,386,967		\$23,542,273
Issued for private placement	14	9,274,931	\$0.350	3,246,226
Issued for private placement	14	11,722,334	\$0.420	4,923,380
Issued for private placement	14	380,000	\$0.250	95,000
Issued for private placement	14	745,000	\$0.320	238,400
Exercise of share purchase warrants	14	5,741,154	\$0.130	\$746,350
Exercise of options	14,15	150,000	\$0.250	37,500
Exercise of options	14,15	150,000	\$0.150	22,500
Exercise of options	14,15	200,000	\$0.080	16,000
Exercise of options	14,15	100,000	\$0.265	26,500
Exercise of options	14,15	50,000	\$0.300	15,000
Shares issued for exploration and evaluation assets	11	200,000	\$0.320	64,000
Shares issued for exploration and evaluation assets	11	300,000	\$0.200	60,000
Shares issued for exploration and evaluation assets	11	1,000,000	\$0.340	340,000
Shares issued for exploration and evaluation assets	11	1,500,000	\$0.285	427,500
Share issue costs	14	-	-	(586,945)
Fair value of stock options transferred on exercise	14	-	-	73,387
Flow-through share premium	13	-	-	(1,810,583)
Balance - March 31, 2017		96,320,386	-	32,331,488
Issued for private placement		12,720,000	\$0.365	4,642,800
Issued for private placement		10,000,000	\$0.260	2,600,000
Exercise of share purchase warrants		1,260	\$0.350	441
Exercise of share purchase warrants		1,050,000	\$0.130	136,500
Exercise of options		200,000	\$0.220	44,000
Fair value of stock options transferred on exercise		-	-	33,911
Shares issued for exploration and evaluation assets		2,000,000	\$0.380	760,000
Shares issued for exploration and evaluation assets		500,000	\$0.205	102,500
Share issue costs		-	-	(263,909)
Balance - December 31, 2017		122,791,646	-	\$40,387,731

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

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**14. SHARE CAPITAL AND RESERVES (cont'd)****Common Shares (cont'd)**

During the period ended December 31, 2017 the Company issued the following:

1. On August 3, 2017 the Company issued 2,000,000 common shares to Snipgold pursuant to the KSP Option as described in Note 11 hereinabove. The common shares were valued at \$760,000 as determined by the market price when issued being \$0.38 per share.
2. On August 24, 2017 the Company issued 200,000 common shares pursuant to the exercise of options at an exercise price of \$0.22 per share.
3. On August 31, 2017 the Company issued 10,000,000 units (the "Units") at an issue price of \$0.26 per Unit. Each Unit consists 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 until February 29, 2020.

Additionally the Company issued a further 12,720,000 flow-through units (the "FT Units") at an issue price of \$0.365 per FT Unit. Each Flow-Through Unit consists 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 a Warrant on the same terms as described hereinabove.

The Company has paid aggregate cash finders' fees in connection with the placements of \$190,268. Additional share issue costs of \$73,641 were incurred in relation to legal, regulatory and filing fees.

4. On September 12, 2017 the Company issued 1,260 common shares pursuant the exercise of share purchase warrants at an exercise price of \$0.35.
5. On November 22, 2017 the Company issued 500,000 common shares pursuant to the Green Springs Agreement as described Note 11 hereinabove. The common shares were valued at \$102,500 as determined by the market price when issued being \$0.205 per common share;
6. On December 15, 2017 the Company issued 1,050,000 common shares pursuant the exercise of share purchase warrants at an exercise price of \$0.13.

During the year ended March 31, 2017 the Company issued the following:

7. On April 26, 2016, the Company issued 200,000 common shares pursuant to the Max Property Agreement forming part of the Company's KingPin property as described Note 11 hereinabove. The common shares were valued at \$64,000 as determined by the market price when issued being \$0.32 per common share.
8. On May 18, 2016, the Company completed the initial tranche ("Tranche 1"), which consisted of the issuance of 2,211,431 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 (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 18, 2018. The NFT Warrants were valued using the residual value method of \$88,457. 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. The FT Warrants were valued using the Black-Scholes option pricing model at \$149,132.

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**14. SHARE CAPITAL AND RESERVES (cont'd)****Common Shares (cont'd)**

9. 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. The FT Warrants were valued using the Black-Scholes option pricing model at \$63,000.
10. 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 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 20<sup>th</sup> 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 "Agents Warrants"). Each Agent Warrant is otherwise exercisable on the same terms as the warrants issued to investors in the offering. Additional share issue costs of \$95,813 were incurred in relation to legal, regulatory filing fees and fair value of agents warrants (See Agents Warrants).

11. On December 13, 2016, the Company issued 300,000 common shares pursuant to the Green Springs Agreement as described Note 11 hereinabove. The common shares were valued at \$60,000 as determined by the market price when issued being \$0.20 per common share;
12. On December 29, 2016, the Company completed the issuance of 3,800,000 flow through units "Flow-Through Units") at an issue price of \$0.25 per Flow-Through Unit (the "Offering"). Each Flow-Through Unit consists 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"). Each NFT Warrant entitles the holder thereof to purchase one additional common share of the Company (a "NFT Warrant Share") at an exercise price of \$0.40 per NFT Warrant Share until December 29, 2016. Finders' fees of an aggregate cash fees of \$13,625 were paid.
13. On February 14, 2017, the Company issued 1,000,000 Consideration Units to Kaizen pursuant to the Castle Agreement as described in Note 11 hereinabove. The Consideration Shares were valued at \$340,000 as determined by the market price when issued being \$0.34 per share. The warrants were valued using the Black-Scholes option pricing model at \$103,309 (See Note 11).
14. On March 17, 2017, the Company issued 1,500,000 Consideration Units to Firesteel pursuant to the ROK-Coyote Agreement as described in Note 11 hereinabove. The Consideration Shares were valued at \$427,500 as determined by the market price when issued being \$0.285 per share. The warrants were valued using the Black-Scholes option pricing model at \$187,422 (See Note 11).

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016**

(Expressed in Canadian Dollars)

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**14. SHARE CAPITAL AND RESERVES (cont'd)**

**Common Shares (cont'd)**

15. On March 17, 2017 the Company completed the issuance of 745,000 units of the Company (the "Units") at an issue price of \$0.32 per Unit. Each Unit consists 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"), with each Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of \$0.50 until September 17, 2019. The NFT Warrants were valued using residual value method at \$13,038 (See Note 11).

16. Additionally the Company issued 8,180,000 flow-through units (the "Flow-Through Units") at an issue price of \$0.42 per Flow-Through Unit for aggregate gross proceeds of \$3,435,600. Each Flow-Through Unit consists 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 non-transferable non-flow through common share purchase warrant (each whole warrant a "NFT

13. Warrant"). The FT Warrants were valued using the Black-Scholes option pricing model at \$564,223. Each NFT Warrant entitles the holder thereof to purchase one additional common share of the Company (a "NFT Warrant Share") at an exercise price of \$0.50 per NFT Warrant Share until September 17, 2019.

In connection with the private placements completed on March 17, 2017 the Company paid aggregate finders' fees of \$198,690 cash and issued to finders 441,300 warrants at an exercise price of \$0.32 and 41,700 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. The Finder's Warrants were valued using the Black-Scholes option pricing model at \$6,649 and \$67,344 respectively.

14. The Company issued and aggregate 5,741,154 common shares pursuant to the exercise of share purchase warrants at an exercise price of \$0.13 per common share.

15. The Company issued and aggregate 150,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.25 per common share.

16. The Company issued and aggregate 150,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.15 per common share.

17. The Company issued an aggregate 200,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.08 per common share.

18. The Company issued an aggregate 100,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.265 per common share.

19. The Company issued an aggregate 50,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.30 per common share.

**Share Purchase Warrants**

The following is a summary of changes in share purchase warrants from April 1, 2016 to December 31, 2017:

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**14. SHARE CAPITAL AND RESERVES (cont'd)****Share Purchase Warrants**

	Number	Weighted Average Share Price
Balance as at March 31, 2016	7,078,654	\$0.13
Issued	19,908,596	\$0.49
Exercised	(5,741,154)	\$0.13
Balance as at March 31, 2017	21,246,096	\$0.73
Issued	11,360,000	\$0.45
Exercised	(1,050,000)	\$0.13
Expired	(287,500)	\$0.13
Balance as at December 31, 2017	31,268,596	\$0.48

At December 31, 2017, 31,268,596 (March 31, 2017 21,246,096) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.33 (March 31, 2017 – 1.29) years. Each warrant entitles the holders thereof the right to purchase one common share as follows:

Number	Exercise Price	Expiry Date
2,211,430	\$0.50	18-May-18
1,141,166	\$0.60	18-May-18
630,000	\$0.60	31-May-18
4,463,500	\$0.50	31-May-18
2,600,000	\$0.50	01-Jun-18
1,900,000 <sup>1</sup>	\$0.40	29-Dec-18
4,090,000	\$0.50	17-Sep-19
372,500	\$0.50	17-Sep-19
1,000,000	\$0.45	14-Feb-19
1,500,000	\$0.60	17-Mar-19
11,360,000	\$0.45	29-Feb-20
<b>31,268,596</b>		

<sup>1</sup>On December 21, 2017 the Company received Exchange approval to extend the expiry of the share purchase warrants from December 29, 2017 to December 31, 2018.

During the year ended March 31, 2017 the fair value of 8,361,167 (2016 – Nil) share purchase warrants of \$1,067,066 (2016 – Nil) was allocated to contributed surplus. The share purchase warrants were valued using the Black-Scholes option pricing model using the following weighted average assumptions: risk free interest rate of 0.77%; expected dividend yield of 0%; expected stock price volatility of 94.02% and expected life in years of 2.09.

**Agents Warrants**

The following is a summary of changes in Agent's Warrants from April 1, 2016 to December 31, 2017:

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**14. SHARE CAPITAL AND RESERVES (cont'd)****Agents Warrants (cont'd)**

	Number	Weighted Average Share Price
Balance as at March 31, 2016	—	—
Issued	679,999	\$0.41
Balance as at March 31, 2017	679,999	\$0.41
Exercised	(1,260)	\$0.35
Balance as at December 31, 2017	678,739	\$0.41

As at December 31, 2017, 678,739 (March 31, 2017 – 679,999) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 1.33 (March 31, 2017 – 2.08) years. Each Agent Warrant entitles the holders thereof the right to purchase one common share as follows:

Agent's Warrants	Exercise Price	Expiry Date
60,540	\$0.35	18-May-18
128,119	\$0.42	18-May-18
7,080	\$0.35	31-May-18
441,300	\$0.42	17-Sep-19
41,700	\$0.32	17-Sep-19
678,739		

During the period ended December 31, 2017 there were no agent warrants granted.

During the period ended December 31, 2016, \$94,385 associated with the grant of 679,999 agent warrants was recorded as contributed surplus based on the fair value. For purposes of the fair value calculations, the following weighted average assumptions were used for the Black-Scholes valuation model:

	2017	2016
Risk free interest rate	-	0.58%
Expected dividend yield	-	0.00%
Expected stock price volatility	-	70.20%
Expected life in years	-	1.78



**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**15. SHARE-BASED PAYMENTS****Option Plan Details**

The Company adopted a stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares. The option price under each option shall be not be less than the discounted market price as defined in the policies of the Exchange on the grant date. All options vest when granted unless otherwise specified by the Board of Directors.

The following is a summary of changes in options for the period ended December 31, 2017:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Expired	Closing Balance	Vested and Exercisable	Unvested
6-Jun-12	6-Jun-17	\$0.300	1,052,500	-	-	(1,052,500)	-	-	-
30-Oct-13	30-Oct-18	\$0.290	100,000	-	-	-	100,000	100,000	-
1-May-14	1-May-19	\$0.265	895,000	-	-	-	895,000	895,000	-
12-Sep-14	12-Sep-19	\$0.250	210,000	-	-	-	210,000	210,000	-
7-May-15	7-May-20	\$0.150	810,000	-	-	-	810,000	810,000	-
30-Dec-15	30-Dec-20	\$0.080	1,995,000	-	-	-	1,995,000	1,995,000	-
6-Jun-16	6-Jun-21	\$0.440	1,035,000	-	-	-	1,035,000	1,035,000	-
21-Nov-16	21-Nov-21	\$0.220	200,000	-	(200,000)	-	-	-	-
6-Jun-17	6-Jun-22	\$0.260	-	2,607,500	-	-	2,607,500	2,607,500	-
			<b>6,297,500</b>	<b>2,607,500</b>	<b>(200,000)</b>	<b>(1,052,500)</b>	<b>7,652,500</b>	<b>7,652,500</b>	<b>-</b>
<b>Weighted Average Exercise Price</b>			<b>\$0.22</b>	<b>\$0.26</b>	<b>-</b>	<b>\$0.30</b>	<b>\$0.23</b>	<b>\$0.23</b>	<b>-</b>
<b>Weighted Average Life remaining</b>			<b>2.74</b>	<b>3.00</b>	<b>-</b>	<b>-</b>	<b>3.22</b>	<b>3.22</b>	<b>-</b>

**COLORADO RESOURCES LTD.**  
(An Exploration Stage Company)  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016  
(Expressed in Canadian Dollars)

**15. SHARE-BASED PAYMENTS (cont'd)**

**Option Plan Details (cont'd)**

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the year ended March 31, 2017			Closing Balance	Vested and Exercisable	Unvested
				Granted	Exercised	Expired			
14-Sep-11	14-Sep-16	\$0.70	150,000	-	-	(150,000)	-	-	-
6-Jun-12	6-Jun-17	\$0.30	1,102,500	-	(50,000)	(50,000)	1,002,500	1,002,500	-
23-Jan-13	23-Jan-18	\$0.25	100,000	-	(100,000)	-	-	-	-
30-Oct-13	30-Oct-18	\$0.29	100,000	-	-	-	100,000	100,000	-
1-May-14	1-May-19	\$0.265	995,000	-	(100,000)	-	895,000	895,000	-
12-Sep-14	12-Sep-19	\$0.25	260,000	-	(50,000)	-	210,000	210,000	-
7-May-15	7-May-20	\$0.15	970,000	-	(150,000)	(10,000)	810,000	810,000	-
30-Dec-15	31-Dec-20	\$0.08	2,205,000	-	(200,000)	(10,000)	1,995,000	1,995,000	-
6-Jun-16	6-Jun-21	\$0.44	-	1,085,000	-	-	1,085,000	1,085,000	-
21-Nov-16	21-Nov-21	\$0.22	-	200,000	-	-	200,000	200,000	-
			<b>5,882,500</b>	<b>1,285,000</b>	<b>(650,000)</b>	<b>(220,000)</b>	<b>6,297,500</b>	<b>6,297,500</b>	<b>-</b>
<b>Weighted Average Exercise Price</b>			<b>\$0.19</b>	<b>\$0.44</b>	<b>-</b>	<b>-</b>	<b>\$0.22</b>	<b>\$0.23</b>	<b>-</b>
<b>Weighted Average Life remaining</b>			<b>1.69</b>	<b>3.10</b>	<b>-</b>	<b>-</b>	<b>2.74</b>	<b>2.74</b>	<b>-</b>

**Fair Value of Options Issued During the Period**

The weighted average fair value at grant date of options granted during the period ended December 31, 2017 was \$0.22 per option (2016 - \$0.22).

The expected price volatility is based on the historic volatility (based on the expected life of the options), adjusted for any expected changes to future volatility due to publicly available information.

**i) Expenses Arising from Share-based Payment Transactions**

Total expenses arising from share-based payment transactions recognized during the period ended December 31, 2017 were \$571,897 (December 31, 2016 - \$443,883) using the Black-Scholes option pricing model. For purposes of the fair value calculations, the following weighted average assumptions were used for the Black-Scholes valuation model:

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**15. SHARE-BASED PAYMENTS (cont'd)****Option Plan Details (cont'd)**

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free-Interest Rate	Expected Life	Volatility Factor	Dividend Yield
6-Jun-17	6-Jun-22	\$0.27	\$0.26	1.28%	5	115.26%	0
6-Jun-16	6-Jun-21	\$0.47	\$0.44	0.62%	5	114.63	0

## ii) Weighted average remaining contractual life of stock options

The weighted average remaining contractual life of stock options as at December 31, 2017 is 3.22 years (March 31, 2017 – 2.74 years).

**16. ADMINISTRATIVE AND GENERAL EXPENSES**

Note	Three Months Ended December 31		Nine Months Ended December 31	
	2017	2016	2017	2016
<b>Administrative and General Expenses:</b>				
Accounting and legal	27,604	\$ 993	\$ 43,672	\$ 9,228
Consulting	48,835	99,159	192,484	320,343
Corporate development	-	23,261	1,398	-
Investor relations, website development and marketing	15,812	90,076	100,125	101,978
Office and administration fees	58,427	2,750	178,092	217,132
Regulatory fees	1,000	5,894	11,755	5,400
Shareholder communications	5,211	6,326	12,349	18,035
Transfer agent fees	1,945	26,648	4,379	9,376
Travel	11,246	20,757	27,534	45,350
Wages	20,566	275,864	90,677	32,082
	<b>190,646</b>	<b>\$ 551,728</b>	<b>\$ 662,465</b>	<b>\$ 758,924</b>

**17. 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.

**Key Management Compensation**

	December 31 2017	December 31 2016
Administration and labour	\$108,393	\$101,320
Consulting fees	293,356	454,495
Wages	-	13,636
Share based payments	352,000	214,409
	<b>\$753,749</b>	<b>\$783,860</b>

- i) Consulting fees of \$164,747 (2016 - \$172,615) of which \$82,857 (2016 - \$39,320) 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 \$62,655 (2016 - \$49,920) of which \$22,430 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) Equipment rental payments of \$8,000 (2016 - \$Nil) were paid or accrued to Cazador;
- iv) Consulting fees of \$111,319 (2016 - \$109,793) were paid or accrued to Minco, a company controlled by Terese Gieselman, the Chief Financial Officer and Corporate Secretary of the Company;
- v) Administration fees of \$45,738 (2016 - \$51,400) were paid or accrued to Minco in relation to providing administrative and accounting employment services;

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**17. RELATED PARTY TRANSACTIONS (cont'd)**

- vi) Consulting fees of \$5,200 (2016 – 19,175 were paid or accrued to 43983 Yukon Inc. (“43983 Yukon”) a company controlled by Larry Nagy, a director of the Company;
- vii) Consulting fees of \$9,090 (2016 - \$95,550) were paid or accrued to Carl Hering a director of the Company;
- viii) Consulting fees of \$3,000 (2016 - \$5,000) were paid or accrued to William Lindqvist a director of the Company;
- ix) Wages of Nil (2016 - \$13,636 were paid to Alex Blanchard (“Blanchard”) the Company’s former VP Corporate Development (Blanchard was the Company’s VP Corporate Development between November 21, 2016 and on May 21, 2017; and
- x) 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:	December 31 2017	March 31 2017
Cazador Resources Ltd.	Consulting Fees	\$-	\$26,246
Minco	Consulting Fees	10,303	-
43983 Yukon	Expenses	-	\$340
		<b>\$10,303</b>	<b>\$26,246</b>

**Related Party Receivables included in Other receivables:**

Amounts due from:	Service for:	December 31 2017	March 31 2017
Cazador	Expenses	\$3,437	\$-
Minco	Rent & Expenses	1,464	-
Damara Gold Corp. 1	Interest, Rent & Expenses	73,530	5,872
43983 Yukon	Expense Advance	10,911	
Golden Ridge Resources Ltd.	Rent & Expenses	11,262	75
		<b>\$100,604</b>	<b>\$5,649</b>

Amounts noted in other receivables are for rent and expenses for shared office space and administrative costs with related parties and companies with common directors or officers.

**Related Party Advances<sup>1</sup>**

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 December 31, 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 of \$64,479 (included in other receivables) accrued to December 31, 2016 (the settlement date) is non-interest bearing and due on demand. Subsequent to December 31, 2017 the related party advances and receivables were paid in full.

**18. SEGMENT REPORTING**

The Company operates in one industry segment, the mineral resources industry, and in two geographical segments, Canada and the United States.

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**18. SEGMENT REPORTING (cont'd)**

	December 31 2017			March 31 2017		
	Canada	USA	Total	Canada	USA	Total
Prepays and advances	\$47,618	\$ -	\$47,618	\$47,262	\$ -	\$47,262
Reclamation Deposits	150,000	-	150,000	\$141,000	-	\$141,000
Property, plant and equipment	26,696	-	26,696	\$24,611	-	\$24,611
Exploration and evaluation assets	18,981,761	1,031,792	20,013,553	\$12,908,906	\$592,541	\$13,501,447
<b>Total</b>	<b>\$19,206,075</b>	<b>\$1,031,792</b>	<b>\$20,237,867</b>	<b>\$13,121,779</b>	<b>\$592,541</b>	<b>\$13,714,320</b>

Nine months ended December 31	2017	2016
Net loss for the period - Canada	\$ (2,111,524)	\$ (89,070)
Net loss for the period - USA	44,463	-
<b>Net loss for the period</b>	<b>\$ (2,067,061)</b>	<b>\$ (89,070)</b>

**19. INCOME TAXES**

As at December 31, 2017, the Company has estimated non-capital losses for Canada of \$7,617,000 for tax purposes that may be carried forward to reduce taxable income derived in future years, as summarized below:

Non-capital Canadian tax losses expiring as follows:

Year of Expiry	Taxable Losses
2030	\$71,000
2031	676,000
2032	1,177,000
2033	985,000
2034	1,270,000
2035	1,122,000
2036	1,022,000
<b>2037</b>	<b>1,314,000</b>
<b>Total</b>	<b>\$7,617,000</b>

**Flow-through Shares**

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended March 31, 2017, the Company received \$5,873,380 (2016 - \$500,400) from the issue of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. During the year-ended March 31, 2017, the Company renounced \$2,437,780 (2016 - \$500,400) to the subscribers (See Note 13).

As at December 31, 2017 the Company had approximately \$3,750,140 (March 31, 2017 - \$4,341,288) remaining in flow through expenditures to complete.

**COLORADO RESOURCES LTD.**

(An Exploration Stage Company)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS AND NINE ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

**20. LOSS PER SHARE**

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the period.

	<b>December 31</b>	December 31
	<b>2017</b>	2016
Net loss attributable to ordinary shareholders	<b>(\$2,131,540)</b>	(\$89,070)
Weighted average number of common shares	<b>107,647,917</b>	73,331,144
Basic and diluted loss per share	<b>(\$0.02)</b>	\$ 0.00

**21. COMMITMENTS AND CONTINGENCIES**

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.

**22. SUPPLEMENTAL CASH FLOW INFORMATION**

Investing and financing activities that do not have a direct impact on cash flows are excluded from the consolidated statements of cash flows. During the period ended December 31, 2017 and 2016 the following transactions were excluded from the consolidated statements of cash flows:

- i) The Company issued 2,500,000 common shares (2016 – 500,000) valued at \$862,500 (2016 - \$124,000) for acquisition of exploration and evaluation assets, as determined by their market prices when issued (Notes 11 and 14);
- ii) Exploration and evaluation assets payable amounts of \$150,969 (2016 - \$27,899) were included in accounts payable at December 31, 2017;
- iii) A compensation charge of \$Nil (2016 - \$27,033) associated with the grant of Nil (2016 – 196,999) Agent Warrants was recorded as share issue costs at December 31, 2016 - see Note 14;
- iv) During the periods ended December 31, 2017 and 2016 no cash was paid for interest or income taxes.

**24. EVENTS AFTER THE REPORTING DATE**

Effective February 26, 2018 the Company terminated a consulting agreement between the Company and Cazador dated October 31, 2014 (the “Cazador Contract”). In accordance with the terms of the Cazador Contract the Company will pay a lump sum payment estimated to be approximately \$193,800 within 30 days of the termination.