

**Form 45-106F6**

***British Columbia Report of Exempt Distribution***

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

**Issuer/underwriter information**

**Item 1: Issuer/underwriter name and contact information**

A. State the following:

- the full name of the issuer of the security distributed. Include the former name of the issuer if its name has changed since this report was last filed;  
**Colorado Resources Ltd.**
- the issuer's website address; and  
**www.coloradoresources.com**
- the address, telephone number and email address of the issuer's head office.
- **110 – 2300 Carrington Road, West Kelowna, BC, V4T 2N6**
- **Phone: (250) 768-1511**
- **Email: info@coloradoresources.com**

B. If an underwriter is completing this report, state the following:

- the full name of the underwriter; **n/a**
- the underwriter's website address; and **n/a**
- the address, telephone number and email address of the underwriter's head office. **n/a**

**Item 2: Reporting issuer status**

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

**Reporting Issuer in the Provinces of British Columbia, Alberta and Ontario**

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

**n/a**

**Item 3: Issuer's industry**

Indicate the industry of the issuer by checking the appropriate box below.

☐ Bio-tech

Financial Services

Mining

☒ exploration/development

- |   |   |
|---|---|
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production       |
| <input type="checkbox"/> mortgage investment companies  | <input type="checkbox"/> Oil and gas      |
| <input type="checkbox"/> securitized products issuers   | <input type="checkbox"/> Real estate      |
| <input type="checkbox"/> Forestry                       | <input type="checkbox"/> Utilities        |
| <input type="checkbox"/> Hi-tech                        | <input type="checkbox"/> Other (describe) |
| <input type="checkbox"/> Industrial                     |   |
- 

#### Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table. **n/a**

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$)

#### Details of distribution

##### Item 5: Distribution date

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

**May 18, 2016**

##### Item 6: Number and type of securities

For each security distributed:

- describe the type of security; **Common Shares**

- state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

**The Issuer distributed 2,211,430 Units at an issue price of \$0.35 per unit. Each Unit consisted of one common share in the capital of the Company (a "Common Share") and one non-transferable Common Share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of \$0.50 for a period of 24 months expiring on May 18, 2018. The Warrant terms contain an acceleration provision such that if, commencing on September 18, 2016, the closing price of the Common Shares on the 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, within two trading days of the Acceleration Trigger Date, of a news release announcing such acceleration.**

**The Issuer distributed 2,282,335 Flow-Through Units ("FTU") at an issue price of \$0.42 per unit. Each FTU consisted 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 "NFT Warrant"), with each NFT Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of \$0.60 for a period of 24 months expiring on May 18, 2018. The Warrant terms contain an acceleration provision such that if, commencing on September 18, 2016, the closing price of the Common Shares on the 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, within two trading days of the Acceleration Trigger Date, of a news release announcing such acceleration.**

- if the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, state the exemption(s) relied on. If more than one exemption is relied on, state the amount raised using each exemption. **n/a**

**Item 7: Geographical information about purchasers**

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) <sup>1</sup>	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	33	\$0.35-\$0.42	\$573,950
Alberta	5	\$0.35	\$88,000.15
Ontario	9	\$0.35 - \$0.42	889,879.68
United States	5	\$0.35	\$145,750.50
Belize	1	\$0.35	\$35,000
Total number of Purchasers	53		
Total dollar value of distribution in all jurisdictions (Canadian \$)			1,702,580.93

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

**Item 8: Information about purchasers***Instructions*

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument 45-106 *Prospectus Exemptions* may choose to replace the information in the first column with

the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Pallisade Global Investments Ltd. New Horizon Building, Ground Floor, 3 1/2 Miles Philop S.W. Goldson Highway, Belize City Belize Collin Kettell (301)744.8744	n/a	100,000 Units	\$35,000	2.3	2016-05-18
WIIM Management Ltd. Suite 205-1551 Johnston Street, Vancouver, British Columbia V6M 3R8 David McCann 604.970.5016	n/a	43,000 Units	\$15,050	2.3	2016-05-18
The Brent and Kimberly Cook Trust 760 S. 800 E. PO Box 630128 Rockville Utah, USA 84763 Brent Cook 858.736.7994	n/a	71,430 Units	\$25,001	2.3	2016-05-18

Crystal Enlightened Resource & Precious Metals Fund 3385 Harvester Road, Suite 200, Burlington, Ontario L7N 3N2 Joanne Bently 905.332.4414	n/a	71,429 Units	\$25,000	2.3	2016-05-18
Marquest 2016-1 Mining Super Flow Through LP National Class by its General Partner MQ 2016-1 SD Limited Partnership by its General Partner Marquest FT Inc. 161 Bay Street, Suite 4420 Toronto, Ontario M5J 2S1 Gerry Brockelsby 416.777.7350	n/a	1,095,238	\$ 460,000	2.3	2016-05-18
Marquest 2016-1 Mining Super Flow Through LP Quebec Class by its General Partner MQ 2016-1 SD Limited Partnership by its General Partner Marquest FT Inc. 161 Bay Street, Suite 4420 Toronto, Ontario M5J 2S1 Gerry Brockelsby 416.777.7350	n/a	476,190	\$ 200,000	2.3	2016-05-18
Societe En Commandite Super Accreditive Ressources Minières Marquest Quebec 2016- 1/Margquest Mining Quebec 2016-1 Super Flow-Through LP By Its General Partner MQ QC 2016-LP By Its General Partner Marquest FT Inc. 161 Bay Street, Suite 4420 Toronto, Ontario M5J 2S1 Gerry Brockelsby 416.777.7350	n/a	190,476	\$ 80,000	2.3	2016-05-18

## Commissions and finder's fees

### Item 9: Commissions and finder's fees

#### Instructions

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
PI Financial Corp. 1900-666 Burrard Street, Vancouver British Columbia, V6C 3N1	n/a	12,915	27,900 Warrants	\$0.35	2018-05-18	12,915
Haywood Securities Inc. 700-200 Burrard Street, Vancouver British Columbia, V6C 3L6	n/a	7,665	21,900 Warrant s	\$0.35	2018-05-18	7,665
Echelon Wealth Partners Inc. Suite 200, 483 Bay Street, Toronto, Ontario M5G 2N7	n/a	4,200	12,000 Warrants	\$0.35	2018-05-18	4,200
Echelon Wealth Partners Inc. Suite 200, 483 Bay Street, Toronto, Ontario M5G 2N7	n/a	1,800	4,285 Warrants	\$0.42	2018-05-18	1,800
Haywood Securities Inc. 700-200 Burrard Street, Vancouver British Columbia, V6C 3L6	n/a	302	720 Warrants	\$0.42	2018-05-18	302

PI Financial Corp. 1900-666 Burrard Street, Vancouver British Columbia, V6C 3N1	n/a	2,646	6,300 Warrants	\$0.42	2018-05-18	2,646
Secutor Capital Management Inc. 1167 Caledonia Road, Toronto M6A 2X1	n/a	44,400	105,714 Warrants	\$0.42	2018-05-18	44,399
Odlum Brown Limited #1100 - 250 Howe Street, Vancouver BC V6C 3S9	n/a	4,662	11,100 Warrants	\$0.42	2018-05-18	4,662



## Certificate

On behalf of the [issuer/underwriter], I certify that the statements made in this report are true.

Date: May 28, 2016

Colorado Resources Ltd.

Name of [issuer/underwriter] (please print)

Terese Gieselman, CFO (250) 768-1511

Print name, title and telephone number of person signing

*“Terese Gieselman”*

\_\_\_\_\_  
Signature

### *Instruction*

*The person certifying this report must complete the information in the square brackets by deleting the inapplicable word. For electronic filings, substitute a typewritten signature for a manual signature.*

### **Item 10: Contact information**

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

### **IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.**

#### **Notice - Collection and use of personal information**

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

#### **British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre

701 West Georgia Street

Vancouver, British Columbia V7Y 1L2

Telephone: (604) 899-6500

Toll free across Canada: 1-800-373-6393

Facsimile: (604) 899-6581