

**NOTICE TO SHAREHOLDERS  
FOR THE THREE MONTHS ENDED  
OCTOBER 31, 2007**

**COLOSSUS MINERALS INC.  
(A DEVELOPMENT STAGE COMPANY)**

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Colossus Minerals Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the July 31, 2007 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependant upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Consolidated Balance Sheets**  
**(Unaudited)**

	October 31, 2007	July 31, 2007
<b>Assets</b>		
Current assets		
Cash	\$ 846,603	\$ 716,615
Short-term investment	300,000	1,000,000
Sundry receivables and prepaid expenses	123,905	68,623
Subscription receivable (Note 6(b)(i))	-	200,000
	1,270,508	1,985,238
<b>Furniture and equipment (Note 4)</b>	49,358	41,848
<b>Mining interests (Note 5)</b>	1,854,020	1,275,015
	<b>\$ 3,173,886</b>	<b>\$ 3,302,101</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 220,223	\$ 204,652
<b>Shareholders' equity</b>		
Share capital (Note 6)	2,519,148	2,351,148
Shares to be issued (Note 6(b)(i))	-	200,000
Warrants (Note 7(b))	945,100	913,100
Contributed surplus (Note 7(c))	448,744	292,553
Accumulated deficit	(959,329)	(659,352)
	2,953,663	3,097,449
	<b>\$ 3,173,886</b>	<b>\$ 3,302,101</b>

The notes to these unaudited financial statements are an integral part of these statements.

Going concern (Note 1)

Approved by the Board    "Ari Sussman"    Director    "David D'Onofrio"    Director

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Consolidated Statements of Operations and Deficit**  
(Unaudited)

	Three months ended October 31, 2007	Three months ended October 31, 2006	Cumulative from the date of inception on February 9, 2006 to October 31, 2007
<b>Expenses</b>			
Stock-based compensation (Note 7(c))	\$ 156,191	\$ -	\$ 344,920
Administrative and general	61,688	14,774	188,928
Foreign exchange loss (gain)	25,927	(1,917)	9,360
Wages and salaries	24,198	9,638	117,317
Professional fees	12,033	14,975	71,647
Accounting and corporate services	11,751	-	24,951
Consulting	8,935	-	61,572
Amortization (Note 4)	1,894	-	6,879
Transfer agent fees and expenses	114	-	26,491
Write-down of mining interests	-	-	108,060
Bank charges and interest	(2,754)	-	(796)
	299,977	37,470	959,329
<b>Net loss and comprehensive loss for the year</b>	\$ (299,977)	\$ (37,470)	\$ (959,329)
Deficit, beginning of period	(659,352)	(13,603)	-
Deficit, end of period	\$ (959,329)	\$ (51,073)	\$ (959,329)
<b>Loss per share</b>	\$ (0.01)	\$ (0.00)	
<b>Weighted average – basis and diluted shares outstanding</b>	20,242,402	10,250,000	

The notes to these unaudited financial statements are an integral part of these statements

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Consolidated Statements of Cash Flows**  
(Unaudited)

	Three months ended October 31, 2007	Three months ended October 31, 2006	Cumulative from the date of inception on February 9, 2006 to October 31, 2007
<b>Operating activities</b>			
Net loss for the period	\$ (299,977)	\$ (37,470)	\$ (959,329)
Amortization	1,894	21	6,879
Stock-based compensation	156,191	-	344,920
Write-down of mining interests	-	-	108,060
Changes in non-cash working capital items:			
Sundry receivable and prepaid expenses	(55,282)	(10,352)	(123,905)
Accounts payable and accrued liabilities	15,571	41,846	220,223
<b>Cash flows (used in) operating activities</b>	<b>(181,603)</b>	<b>(5,955)</b>	<b>(403,152)</b>
<b>Financing activities</b>			
Shares issued for cash	168,000	-	2,847,100
Warrants issued for cash	32,000	-	945,100
Share issuance costs	-	-	(299,128)
Advances received for shares to be issued	-	225,000	-
<b>Cash flows from financing activities</b>	<b>200,000</b>	<b>225,000</b>	<b>3,493,072</b>
<b>Investing activities</b>			
Disposition (acquisition) of short-term investment	700,000	-	(300,000)
Loan receivable	-	50,490	-
Purchase of furniture and equipment	(9,404)	(858)	(56,237)
Acquisition of mining interests	(579,005)	(164,110)	(1,887,080)
<b>Cash flows (used in) investing activities</b>	<b>111,591</b>	<b>(114,478)</b>	<b>(2,243,317)</b>
Change in cash during the period	129,988	104,567	846,603
Cash, beginning of period	716,615	375,699	-
<b>Cash, end of period</b>	<b>\$ 846,603</b>	<b>\$ 480,266</b>	<b>\$ 846,603</b>
<b>Supplement schedule of non-cash transactions</b>			
Shares issued on services rendered	-	-	75,000

The notes to these unaudited financial statements are an integral part of these statements

# **Colossus Minerals Inc.**

## **(A Development Stage Company)**

### **Notes to Consolidated Financial Statements**

#### **Three months ended October 31, 2007**

#### **(Unaudited)**

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#### **1. Nature of operations and going concern**

Colossus Minerals Inc. (the "Company") is a Canadian junior exploration company engaged in acquiring and exploring mineral properties for gold. Since inception ("February 9, 2006" and "date of incorporation"), the efforts of the Company have been devoted to the development of properties for production of gold in Brazil. To date, the Company has not earned any revenues from gold exploration and is considered to be in the development stage (as defined in accounting guideline AcG-11 of the CICA Handbook).

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended October 31, 2007 may not necessarily be indicative of the results that may be expected for the year ending July 31, 2008.

The balance sheet at July 31, 2007 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Corporation's annual consolidated financial statements for the year ended July 31, 2007. For further information, refer to the Company's annual consolidated financial statements and notes for the year ended July 31, 2007.

The exploration and development of gold mineral properties in Brazil involves significant financial risk. In the event these properties are determined to be commercially viable, additional financing will be required.

The Company has been dependant upon issuances of common shares to directors, officers, and shareholders to provide the funding necessary to meet its general operating expenses as they arise. The Company will require additional financing to continue to explore for gold in Brazil. There can be no assurance that such additional financing will be available.

These financial statements have been prepared on the basis that the Company is a going concern. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

#### **2. Summary of significant accounting policies**

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and are prepared on a basis consistent with the prior period. Outlined below are those policies considered particularly significant.

##### **(a) Basis of consolidation**

These consolidated financial statements include the assets, liabilities, revenues and expenses of the Company and its wholly owned Brazilian subsidiary, Colossus Geologia e Participacoes Ltda ("Colossus Brazil"). All inter-company transactions and balances have been eliminated on consolidation.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

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#### 2. Summary of significant accounting policies (continued)

##### (b) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the report period. The most significant estimates are related to the recoverability of exploration expenditures, stock-based compensation, and future tax assets and liabilities. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

##### (c) Interest in Mineral Properties and Deferred Exploration Expenditures

The Company accounts for exploration property costs in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3061, "Property, plant and equipment" ("CICA 3061"), and abstract EIC 126, "Accounting by Mining Enterprises for Exploration Costs" ("EIC 126") of the Emerging Issues Committee. CICA 3061 provides for the capitalization of acquisition and exploration costs of an exploration property where such costs are considered to have the characteristics of property, plant and equipment.

Interest in mineral properties and deferred exploration expenditures are carried at cost until they are brought into production, at which time they are depleted on a unit-of production method based on proven and probable reserves. If a property is subsequently determined not to be economic, the property and related deferred costs are written down to net realizable value. Other general exploration expenses are charged to operations as incurred. The cost of exploration properties abandoned or sold and their related deferred exploration costs are charged to operations in the current period.

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of exploration properties. The carrying value is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

EIC 126 provides that an exploration stage enterprise with initially capitalized exploration costs that has not objectively established mineral reserves and therefore does not have a basis for preparing a projection of the estimated future cash flow from a property, is not obliged to conclude that the capitalized costs have been impaired. However, EIC 126 references certain conditions that should be considered in determining subsequent write downs, such as changes or abandonment of a work program or poor exploration results, and management reviews such conditions to determine whether a write down of capitalized costs is required. When the carrying value of a property exceeds its net recoverable amount, provision is made for the impairment in value.

##### (d) Asset Retirement Obligations

The Company is following the recommendations of the Canadian Institute of Chartered Accountants in accounting for asset retirement obligations. Under this standard, the fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The impact of adopting this accounting standard has no effect on these statements as of July 31, 2007 and 2006.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

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#### 2. Summary of significant accounting policies (continued)

##### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and money market investments with original maturities of three months or less and which are readily convertible into cash.

##### (f) Stock-based Compensation Plan

The Company recognizes stock compensation expense for grants of options to officers, directors and employees in the financial statements based on the estimated fair value at the grant date. Stock based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to stock options under shareholders' equity. When stock options are exercised, the corresponding fair value is transferred from stock options to capital stock.

##### (g) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method of tax allocation, future income taxes are determined based on the differences between the financial reporting and tax bases of assets and liabilities. These income tax assets and liabilities are measured using the substantially enacted tax rates in which the income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

##### (h) Loss per Common Share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

##### (i) Furniture and equipment

Furniture and equipment is recorded at cost less accumulated amortization. Amortization is provided using the declining balance method using the following rates:

Computer equipment	30%
Furniture and equipment	20%

Amortization is at one-half of indicated rates in the year of acquisition.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

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#### 2. Summary of significant accounting policies (continued)

##### (j) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the period end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in operations in the current period.

Colossus Brazil is considered an integrated foreign operation therefore monetary items are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transaction. Foreign exchange gains and losses are included in operations in the current period.

##### (k) Financial instruments, Comprehensive Income (Loss) and Hedges

In January 2005, the CICA issued Handbook Sections 3855, "Financial Instruments Recognition and Measurement", 1530, "Comprehensive Income", 3861, "Financial Instruments - Disclosure and Presentation" and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective August 1, 2007.

##### (a) Financial instruments - recognition and measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

##### (b) Comprehensive income (loss)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

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#### 2. Summary of significant accounting policies (continued)

##### (k) Financial instruments, Comprehensive Income (Loss) and Hedges (continued)

###### (c) Financial instruments - disclosure and presentation

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustments as part of other comprehensive income.

###### (d) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

###### (e) Impact upon adoption of Sections 1530, 3855, 3861 and 3865

The Company has evaluated the impact of sections 1530, 3855, 3861 and 3865 on its financial statements and determined that no adjustments are currently required.

The adoption of these handbook Sections had no impact on opening deficit.

##### (l) New accounting pronouncements

###### Capital Disclosures and Financial Instruments – Disclosures and Presentation:

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

### 3. Acquisition of Colossus Brazil

On August 1, 2006, the Company acquired 399,999 common shares of Colossus Brazil. As a result, Colossus Brazil became a wholly-owned subsidiary of the Company. The purchase price has been allocated based on the net assets of Colossus Brazil acquired as follows:

#### Net asset acquired

Cash and short term investments	\$ 50,746
Loans receivable	155,535
	\$ 206,281

	# of shares	Amount
<b>Consideration</b>		
Assigned by Mr. Demian Miranda Feitosa	1	\$ -
Assigned by Mr. Persio Mandetta	998	-
Paid by conversion of loans receivable R\$1,423,043	98,100	50,746
Loans payable R\$300,900	300,900	155,535
	399,999	\$ 206,281

On February 1, 2007, 200,000 additional shares were issued by Colossus Brazil and acquired by the Company. On May 24, 2007, 900,000 additional shares were issued and acquired by the Company. During the period 1,500,000 additional shares were issued and acquired by the Company.

### 4. Furniture and equipment

	October 31, 2007		July 31, 2007	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 6,040	\$1,180	\$ 4,860	\$ 5,134
Furniture and equipment	50,197	5,699	44,498	36,714
	\$56,237	\$6,879	\$49,358	\$ 41,848

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Three months ended October 31, 2007**  
**(Unaudited)**

**5. Mining interests**

	October 31 2007	October 31 2006
Sumidouro (a)	\$ 1,198,800	\$ 324,711
Natividade (b)	246,857	36,084
Serra Pelada (c)	408,363	-
Tapajos (d)	-	-
<b>Total</b>	<b>\$ 1,854,020</b>	<b>\$ 360,795</b>

**(a) Sumidouro project, Brazil**

	Three months ended October 31, 2007	Three months ended October 31, 2006	Cumulative from the date of inception on February 9, 2006 to October 31, 2007
Balance, beginning of period	\$ 901,884	\$ 196,685	\$ -
Property evaluation	146,571	27,609	435,971
Option payments	31,719	-	136,963
Consulting	42,871	66,299	282,414
Transportation	28,022	20,487	112,126
Legal services	14,965	13,631	159,653
Mobilization	-	-	5,027
Assays	32,768	-	66,646
<b>Total</b>	<b>\$ 1,198,800</b>	<b>\$ 324,711</b>	<b>\$ 1,198,800</b>

On July 3, 2006 the Company entered into a letter of intent with Ouro Preto Mineracao Ltda, a wholly owned subsidiary of Hidefield Gold Plc ("Hidefield") to acquire a 51% interest in its Sumidouro Gold Project ("Sumidouro"), located in Minas Gerais, Brazil.

The terms of the transaction between the Company and Hidefield for the acquisition of Sumidouro are as follows:

- (i) The Company must pay Hidefield a non-refundable payment of US\$30,000 (CDN\$ 33,687 - paid);
- (ii) Pay a further US\$30,000 upon the completion of the intended initial public offering ("IPO") of the Company's shares on the Toronto Stock Exchange Venture Exchange ("TSX-V"). In the event the Company is unable to complete its IPO on the TSX-V before July 3, 2007 but has satisfied the minimum exploration expenditure obligations ("Expenditures"), then the Company may extend the term of the option by up to a maximum of 6 months by making further monthly payments to Hidefield in the amount of US\$1,000 per month up until the end of the month in which the IPO is completed ("Option Extension Payment"). Each Option Extension Payment shall be due and payable on the last day of each month;

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

#### 5. Mining interests (continued)

##### (a) Sumidouro project, Brazil (continued)

(iii) Incur expenditures of US\$250,000 within 12 months of the date of execution of the definitive formal option agreement ("Formal Agreement");

(iv) Complete aggregate expenditures of US\$1,250,000 on exploration and development of Sumidouro within 3 years of the date of the execution of the Definite Agreement in order to earn a 51% interest.

On September 29, 2006 the Company signed an extension of the Letter of Intent to extend the date to complete the Formal Agreement until December 31, 2006. The Formal Agreement was signed by the parties on January 5, 2007.

##### (b) Natividade project, Brazil

	Three months ended October 31, 2007	Three months ended October 31, 2006	Cumulative from the date of inception on February 9, 2006 to October 31, 2007
Balance, beginning of period	\$ 200,445	\$ -	\$ -
Property evaluation	46,106	13,823	129,228
Option payments	-	22,261	85,631
Legal services	306	-	31,998
<b>Total</b>	<b>\$ 246,857</b>	<b>\$ 36,084</b>	<b>\$ 246,857</b>

On August 15, 2006, the subsidiary of the Company, Colossus Brazil, entered into a Letter of Intent with Terra Goyana Mineradora Ltda ("TGM") to acquire up to a 70% interest in its two gold concessions, ("Natividade"), located in Brazil.

The Company has agreed to pay TGM amounts totalling US\$1,500,000 and incur expenditures on the property totalling US\$2,000,000 as follows:

- (i) Pay a non-refundable deposit to TGM of US\$20,000 (paid in August 2006);
- (ii) Pay a US\$50,000 (paid in October 2006) to TGM within 3 business days of the date of the definitive formal option agreement ("Formal Agreement") is executed;
- (iii) Pay US\$130,000, US\$150,000 and US\$1,150,000 on the 1st, 2nd and 3rd anniversary of the execution of the Formal Agreement, respectively; and
- (iv) Incur expenditures of US\$150,000, US\$500,000 and US\$1,350,000 on the 1st, 2nd and 3rd anniversary of the execution of the Formal Agreement, respectively. Excess expenditures incurred in the any given year will be credited to expenditures in the following year's periods.

The Letter of Intent provides a 90 day period for the Company to complete the due diligence review before signing the Formal Agreement. The Formal Agreement was signed by the parties on November 13, 2006.

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Three months ended October 31, 2007**  
**(Unaudited)**

**5. Mining interests (continued)**  
**(c) Serra Pelada project, Brazil**

	Three months ended October 31, 2007	Three months ended October 31, 2006	Cumulative from the date of inception on February 9, 2006 to October 31, 2007
Balance, beginning of period	\$ 172,686	\$ -	\$ -
Consulting	147,921	-	224,539
Legal services	15,678	-	32,671
Option payments	32,902	-	109,335
Mobilization	6,511	-	9,153
Assays	32,665	-	32,665
<b>Total</b>	<b>\$ 408,363</b>	<b>\$ -</b>	<b>\$ 408,363</b>

On July 16, 2007 the Company entered into a contract of partnership with Cooperativa De Mineracao Dos Garimpeiros De Serra Pelada ("COOMIGASP") to acquire a 51% interest in the underground ore of its Serra Pelada gold project, located in Minas Gerais, Brazil, for an exploration investment of R\$6,000,000 (US\$3,468,000). The Company can increase its interest in the project to 75% with a further investment of R\$12,000,000 (US\$6,935,000).

Further payments to COOMIGASP are contingent on the Company's share of the proven gold reserve at the time of feasibility study. Payments commence at R\$80,000,000 (US\$46,235,000) for 20 tons of proven reserves and reach the maximum payout of R\$1,090,000,000 (US\$629,956,000) for 550 tons or greater of proven reserves. COOMIGASP will continue to assume both ownership and reclamation liability of the existing surface and flooded tailings.

The Company has agreed to fund R\$200,000 (US\$116,000) of consulting toward evaluating the potential of mining these existing tailings.

The Company and Phoenix Gems Do Brasil Ltda. ("Phoenix") entered into an agreement with respect to the Company's interest in Serra Pelada where Phoenix can earn up to a 15% share of the Company's interest. The Company must fund the first US\$1,000,000 of work on Serra Pelada. Thereafter, the companies must each fund their share of work or suffer dilution of their ownership share in Serra Pelada.

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Three months ended October 31, 2007**  
**(Unaudited)**

**5. Mining interests (continued)**

**(d) Tapajos project, Brazil**

	Three months ended October 31, 2007	Three months ended October 31, 2006	Cumulative from the date of inception on February 9, 2006 to October 31, 2007
Balance, beginning of period	\$ -	\$ -	\$ -
Consulting	-	-	16,626
Legal services	-	-	56,145
Mobilization	-	-	33,375
Other projects	-	-	1,914
Write-off mining interest	-	-	(108,060)
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The Company routinely explores new properties and engages a geologist to examine new prospects to assist the Company's management in determining whether the Company should invest in any of these properties. If the Company subsequently invests in a particular new property then the costs are reclassified from this account and capitalized to the new property. If the Company decides not to invest in that property, then the associated costs are written-off. During the prior year management has decided not to continue investing in certain properties. The costs associated with these properties have been written-off.

**6. Share capital**

(a) Authorized - Unlimited number of common shares

(b) Common shares issued

	Number of common shares	Stated value
Balance, July 31, 2007	19,979,388	\$ 2,351,148
Shares issued after year end (i)	500,000	200,000
Warrants valuation-private placement (i)	-	(32,000)
<b>Balance, October 31, 2007</b>	<b>20,479,388</b>	<b>\$ 2,519,148</b>

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

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#### 6. Share capital (continued)

(i) On July 7, 2007, the Company closed a private placement with a total of 6,238,000 units being issued at a price of \$0.40 per unit for total gross proceeds of \$2,495,200. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of \$0.55 and expires in 2 years following the Company's going public date. The net proceeds were allocated proportionately to the amounts recorded as share capital. These fees are included in issuance costs.

Of the 6,238,000 units issued, 500,000 were issued on September 13, 2007 upon receipt of payment.

#### 7. Stock options, warrants and contributed surplus

##### (a) Stock options

The following summarizes the stock options that have been granted, exercised, forfeited, cancelled, or expired during the period ended October 31, 2007:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance July 31, 2007	2,197,050	0.33
Issued (i)	235,000	1.00
Balance October 31, 2007	2,432,050	0.39

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As of October 31, 2007, the following stock options were outstanding:

Expiry date	<u>Options Outstanding</u>			<u>Options Exercisable</u>	
	Number of options	Weighted average remaining contractual life (years)	Weighted Average Exercise Price (\$)	Number of options	Weighted Average Exercise Price (\$)
June 7, 2011	100,000	3.60	0.15	100,000	0.15
December 15, 2011	925,000	4.13	0.25	693,750	0.25
June 29, 2012	750,000	4.67	0.40	187,500	0.40
June 25, 2009	353,300	1.65	0.40	353,300	0.40
July 6, 2009	68,750	1.68	0.40	68,750	0.40
September 7, 2012	235,000	4.86	1.00	-	1.00
	2,432,050	3.91	0.39	1,403,300	0.31

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# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

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#### 7. Stock options, warrants and contributed surplus (continued)

##### (a) Stock options (continued)

(i) During the period, the Company granted 235,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$1.00 per share and the expiry date is September 7, 2012.

The options have an estimated value of \$76,845 which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility - 136%; risk-free interest rate - 4.2%; and expected life - 5 years. During the period ended October 31, 2007, \$23,569 was expensed and charged to contributed surplus.

##### (b) Warrants

As at October 31, 2007, the Company had the following warrants issued and outstanding:

	BLACK-SCHOLES VALUE (\$)	EXERCISE PRICE (\$)	NUMBER OF WARRANTS	EXPIRY DATE
Balance July 31,2007	913,100		6,757,193	
Issued (Note 6(b)(i))	32,000	0.55	250,000	Two years after date of IPO
<hr/>				
Balance October 31,2007	945,100		7,007,193	

##### (c) Contributed surplus

The total of contributed surplus summarized as follows:

Balance July 31,2007	\$	292,553
Stock-based compensation		156,191
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Balance October 31,2007	\$	448,744

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

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#### 8. Related party transactions not disclosed elsewhere

The Company entered into the following transactions with related parties:

- (i) The Company paid consulting fees in the amount of \$19,800 (2006 - \$Nil) which were capitalized in mining interests to a company whose owner was appointed the Vice-President of Exploration and a director of the Company on December 15, 2006.
- (ii) The Company paid consulting fees in the amount of \$73,816 (2006 - \$Nil) to a company owned by the President and director of the Company. These fees were capitalized as mining interests.
- (iii) The Company paid consulting fees in the amount of \$18,656 (2006 - \$Nil) to a company owned by the manager of the Brazilian subsidiary.
- (iv) The Company has entered into an employment agreement with the CEO and the director of the Company at \$3,000 per month, which was amended to \$4,000 per month on December 1, 2006. During the period, an amount of \$12,000 (2006 - \$9,000) was charged and included in wages and salaries.
- (v) The Company paid consulting fees in the amount of \$4,500 (2006 - \$Nil) to a company whose owner was appointed Executive Vice-President and director of the Company on December 15, 2006.
- (vi) The Company paid consulting fees in the amount of \$4,500 (2006 - \$Nil) to the CFO.

These transactions are in the normal course of operations and are measured at the exchange value (the amount established and agreed to by the related parties), which approximates the arm's length equivalent value.

#### 9. Income taxes

The estimated taxable income for the period is \$nil. Based upon the level of historical taxable income, it cannot be reasonably determined if the Corporation will realize the benefits from future income tax assets or the amount owing from future income tax liabilities. Consequently, the future recoveries or losses arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. This estimated taxable temporary difference valuation allowance will be adjusted in the period that it can be determined that it is more likely than not that some or all of the future tax assets or future tax liabilities will be realized.

#### 10. Segmented information

The Company operates primarily in one reportable operating segment, being the development of properties for production of gold in Brazil. Segmented assets on a geographic basis are as follows:

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	October 31 2007	October 31 2006
Canada	\$ 1,319,866	\$ 493,711
Brazil	1,854,020	360,795
<b>Balance</b>	<b>\$ 3,173,886</b>	<b>\$ 854,506</b>

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# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### Three months ended October 31, 2007

#### (Unaudited)

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#### 11. Financial instruments

##### (i) Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values for short-term investment, sundry receivables and prepaid expenses, subscription receivable, and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

##### (ii) Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of gold.

#### 12. Subsequent events

(i) On November 5, 2007, the Company entered into an Exchange Agreement with Maple Minerals Development and Exploration Inc. ("Maple") a 100% wholly owned subsidiary of Mega Uranium Ltd ("Mega"). As per the agreement, Maple shall transfer the 499,100 common shares (or 100%) it holds of Mineracao Fazenda Monte Belo Ltda (a company duly incorporated and existing under Brazilian laws) to the Company and the Company shall issue 125,000 (issued immediately) of its common shares to Mega.

(ii) On November 7, 2007, the Company closed a private placement with a total of 1,645,000 units being issued at a price of \$1.00 per unit for total gross proceeds of \$1,645,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of \$1.50 and expires in 2 years following the Company's going public date.

The Company's management has determined that the warrants have an estimated fair value of \$263,200.

(iii) The company intends to file a prospectus for an initial public offering with TSX in early 2008.

#### 13. Commitments

All of the Company's mining interests are subject to option payments. The Company may cease work on any project at any time, avoiding such option payments.

The Company leases office space under a sublease and services agreement expiring November 30, 2008 at the rate of \$3,125 per month.