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CALGARY PRIVATE CLIENT GROUP

Gold (Brazil)

Colossus Minerals Inc. (CSI:TSX)

Share Price (02/19/08):	\$1.56
Shares Outstanding (M) basic:	39,674,388
Shares Outstanding (M) fd:	66,354,795
Market Capitalization (M):	\$61.9

Company Description

Colossus is a junior resource company focused on acquiring, exploring, and developing mineral resources in Brazil. The company has assembled a strong team of technical professionals who have spent a significant portion of their careers exploring in Brazil. This connection has enabled the company to acquire interests in three gold properties that range in development



from grassroots to drill ready to pre-feasibility. The most significant and advanced property is the Serra Pelada gold (+platinum, +palladium) property located in Para State of Northern Brazil. When discovered in 1980, it became Brazil's richest gold deposit. It has been estimated that 1.0-2.0 million ounces of gold were extracted by Garimpeiro open pit mining between 1980-86. A 100 hectare exploration license was established by the Brazilian government within a larger claim originally owned by Vale Inco (formerly CVRD). Vale Inco drilled just over 50,000 metres within the pit and around the mineralized area. Colossus has recently closed a \$21.5M financing in which \$15.6M will be allocated to the Serra Pelada property over the next two years.

Highlights

- > Colossus has assembled a team of experienced professionals who bring worldwide geological experience as well as corporate, financial, and legal expertise to the Company. Dr. Vic Wall, President and Director, is a geologist with over 35 years of multinational major and junior level mining experience. Dr. Augusto Kishida, VP Exploration and Mr. Persio Mandetta, Colossus' Country Manager each have 35+ years of experience in Brazil. Dr. Kishida's geological career has been focused primarily in Brazil and he has held numerous positions with CVRD (Now called Vale Inco). Ari Sussman, CEO brings over 10 years of resource market and investment experience and will spearhead financings for Colossus.
- > Colossus has the option to earn up to a 75% interest in the Serra Pelada gold-platinum-palladium property from Coomigasp.¹ Serra Pelada was once touted as the richest gold deposit in the world. It was manually mined for six years by thousands of Garimpeiro miners. It is estimated that 1-2 million ounces or approximately \$500 million dollars worth of gold was extracted. Vale Inco (formerly CVRD) drilled 195 core holes in the pit and down-plunge to the southwest of the pit. Colossus has acquired 40,000 metres of drill core/cuttings from Vale Inco.
- > Colossus can also earn up to 70% interest in two gold properties located in Minas Gerais State. The Sumidouro and Natividade gold properties have both been mined on a small scale dating back to the colonial times. The Sumidouro is 6420 hectares (16,857 acres) and the Natividade consists of two Exploration Licenses, covering 10,000 hectares (24,700 acres).
- > Brazil is a mining focused country, one of the world's largest producers of iron ore, manganese and rare industrial minerals. Its mining laws are stable with a minimum royalty of 2% and Brazil's infrastructure and political stability make it an attractive country to foreign investors.

¹ Cooperative de Mineracao dos Garimpeiros de Serra Pelada

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COLOSSUS MINERALS INC. (CSI:TSX)

Brazil — Net Exporter of Natural Resources

Brazil produces 91.4% of the world's niobium and just over 20% of the world's iron and tantalum. It only produces about 1.9% of the world's gold, roughly 1.54 million ounces annually and less than 1% of the world's copper (2004 production figure).² Brazil is one of the world's largest producers and exporters of iron-ore, iron alloys and manganese through Vale Inco (formerly, Companhia Vale do Rio Doce (CVRD)), a state-owned company. Vale Inco has become the second largest company in the world by market capitalization in 2006³ and generates over 90 thousand jobs.

In the last decade, Brazil has been able to stimulate new mining projects, especially in the states of Minas Gerais and Bahia, by implementing and developing an electronic database system that compiles various geological, geochemical, geophysical, and structural data by Geological Services of Brazil (www.cprm.gov.br).⁴ New applications for exploration and status of exploration licenses can be filed or accessed electronically through the Brazilian Department of Mineral Production (www.dnpm.gov.br). Brazil's mining laws, political stability and resource base make it an attractive country to foreign investors.

Serra Pelada

The discovery of a gold nugget by a local farmer near Serra Pelada in the State of Para in 1979, set off one of the largest gold rushes in Brazil. At one time, over 80,000 miners, called Garimpeiros, were mining by hand at Serra Pelada. In six years, they excavated a pit approxi-

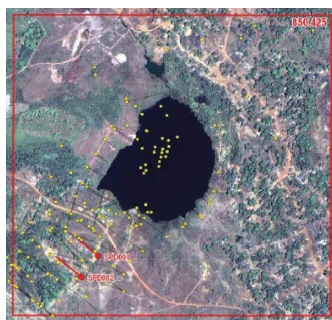


Figure 1: Serra Pelada pit. Source: Colossus.

mately 300 metres x 400 metres x 130 metres in depth, until it collapsed and flooded in 1986. It has been estimated that between 1-2 million ounces of gold were extracted from the pit.

A 100 hectare Exploration License (No. 850425) surrounding and including the pit was established by the Brazilian government in 1980 (Figure 1). License 850425 was part of a larger claim originally owned by Vale Inco (CVRD). From the time of discovery, Vale Inco conducted exploration drilling over a seven year period. The company drilled over 50,000 metres. Vale Inco estimated 860,000 ounces of gold between 150 to 230 metres below the surface (not 43-101 compliant). Many extraordinary intersections were reported by Vale Inco. Hole FD32, located in the centre of what is now the pit, reported an average 3,785 g/t Au, 200 g/t Pt and 1,150 g/t Pd between 40-83 metres. Re-sampling of the core by Cabral (2002) confirmed these averages reported by Vale Inco.⁵

Gold-platinum-palladium mineralization at Serra Pelada is hosted in meta-sedimentary rocks into which metal rich hydrothermal solutions were injected. These rocks have been deeply weathered to at least 150 metres below the surface forming thick red lateritic soils. The Vale Inco drilling showed that gold-platinum-palladium mineralization continues at depth and dips shallowly to the southwest.

Colossus has acquired 40,000 metres of drill core/cuttings from Vale Inco and will be using this information and the existing geological data to design their exploration and drilling plans. The company has secured one drill rig which is currently drilling and they are working toward implementing a multiple drill rig program. Exploration License 850425 is valid until March 1, 2010, and can be extended for another two years. A two phase process to obtain a mining permit involves an experimental mining authorization for the purposes of establishing resources/reserves through a larger scale bulk sample. If this phase is successful, a mining concession is granted for a period covering the mine life or until the deposit has been exhausted.

² DNP/M/DIDEM: Mineral Commodity Summaries 2005 — United States Geological Survey — USGS.

³ CVRD Company Fact Sheet, December 2006.

http://www.cvrd.com.br/cvrd_us/media/factsheeti.pdf

⁴ Brazil great potential, International Mining, May 2006

⁵ Cabral, Lehmann, et.al., 2002, The Serra Pelada Au-Pd-Pt deposit, Carajas Mineral Province, Northern Brazil, Reconnaissance Mineralogy and Chemistry of Very High Grade Palladian Gold Mineralization, Economic Geology, Vol. 97, pp. 11127-1138.



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Sumidouro and Natividade

Colossus' Brazilian wholly owned subsidiary, Colossus Geologica e Participacoes Ltda., has an option to earn 70% interest from different JV partners in the Sumidouro and the Natividade gold projects.

The Sumidouro has seen the most advanced work of the two properties and has the most geological data available. Colossus has consolidated a contiguous land package within the same geological setting as two past-producing gold mines, Minas Grande and Passegem de Mariana Mines, where an estimated 13M ounces of gold were produced over 150 years. Colossus will focus its exploration drilling on structurally controlled targets derived from various forms of geological data it has obtained. The first year expenditure commitment to its JV partner, Ouro Preto Mineracao Ltda. ("OPML"), (commencing January, 2007) of US\$250,000 has been met.

The Natividade Gold Project is situated in a folded/faulted granite-greenstone package of rocks, a similar geologic setting as Sumidouro. The most prospective areas are located on the accessible "serras" or hills. Colossus has completed a first phase, shallow, reconnaissance drilling program at the property (results pending). The results will enable the company to prioritize exploration targets for follow-up reverse circulation or core drilling. The Company has spent a total of \$200,000 on the property.

Summary

Colossus' technical team has been successful in acquiring an interest in one of Brazil's richest gold-platinum-palladium properties, Serra Pelada. In addition to that, they have acquired two other less advanced gold properties, the Sumidouro and Natividade Gold Projects, located in the historic gold mining districts of Minas Geras. Serra Pelada will become the Company's flagship property and consume over 50% of the exploration budget over the next two years.

All three gold properties are accessible by road and have nearby power sources. Approximately 5 kilometres from Serra Pelada, Vale Inco is currently putting a 500 million tonne iron ore deposit into production. It has developed roads, built a railroad line to the coast, and built additional hydropower generating plants, making this area even more accessible than when gold was first discovered in 1980.

Although speculative in nature, applying modern exploration techniques and understanding the geological and structural controls on the gold mineralization, all three of its projects provide excellent upside potential to Colossus.

Risks

Investing in foreign countries is inherently risky. Investing in commodities and the exploration for these minerals also presents a high measure of risk. For investors who are experienced and comfortable with this form of investment, we report the following:

1. Brazil has demonstrated political stability over the past decade and maintained a stable mining royalty structure.
2. There has been a strengthening in commodity prices, especially gold and platinum.

Exploration License 850425 at Serra Pelada is valid to 2010. Although renewable for another two years, it is under the discretion of the Department of Mineral Production ("DNPM"). There is a chance the DNPM will not issue a renewal to Colossus if needed. As well, if drilling and sampling takes longer than anticipated there is a chance a renewal will be denied. However, given the depth of the technical team and their Brazilian experience and connections, this risk is minimal.

COLOSSUS MINERALS INC. (CSI:TSX)**Disclosure: 1, 2, 6****Disclaimer**

This report has been prepared by Torrie Chartier, M.SC, MBA, P.Geol., consulting to Blackmont Capital Inc. (BCI).

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