

**COLOSSUS MINERALS INC.**



**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED  
JULY 31, 2008**

**DATED OCTOBER 28, 2008**

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## **ITEM 1: CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION**

This Annual Information Form ("AIF") contains "forward-looking statements" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation and its projects, the future price of gold or other metal prices, the estimation of mineral resources, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the U.S. dollar or Brazilian real; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future prices of gold; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, and the factors discussed in the section entitled "Risk Factors" in this AIF. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this AIF and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Unless otherwise noted, the information given herein is as of July 31, 2008.

## **ITEM 2: CURRENCY**

All currency references in this AIF are to Canadian dollars unless otherwise indicated.

### **ITEM 3: INFORMATION INCORPORATED BY REFERENCE**

The technical report entitled "Technical Report on the Serra Pelada Gold-Platinum-Palladium Project in Para State, Brazil, for Colossus Minerals Inc." authored by David G. Jones and Gregory C. Hall, dated December 19, 2007 and filed on SEDAR on December 21, 2007 (the "Serra Pelada Technical Report") is incorporated herein by reference.

### **ITEM 4: ACCESS TO PROPERTY INFORMATION**

The Corporation is the project operator on all projects of interest and as such has complete access to the properties.

### **ITEM 5: CORPORATE STRUCTURE**

#### **5.1 Name, Address and Incorporation**

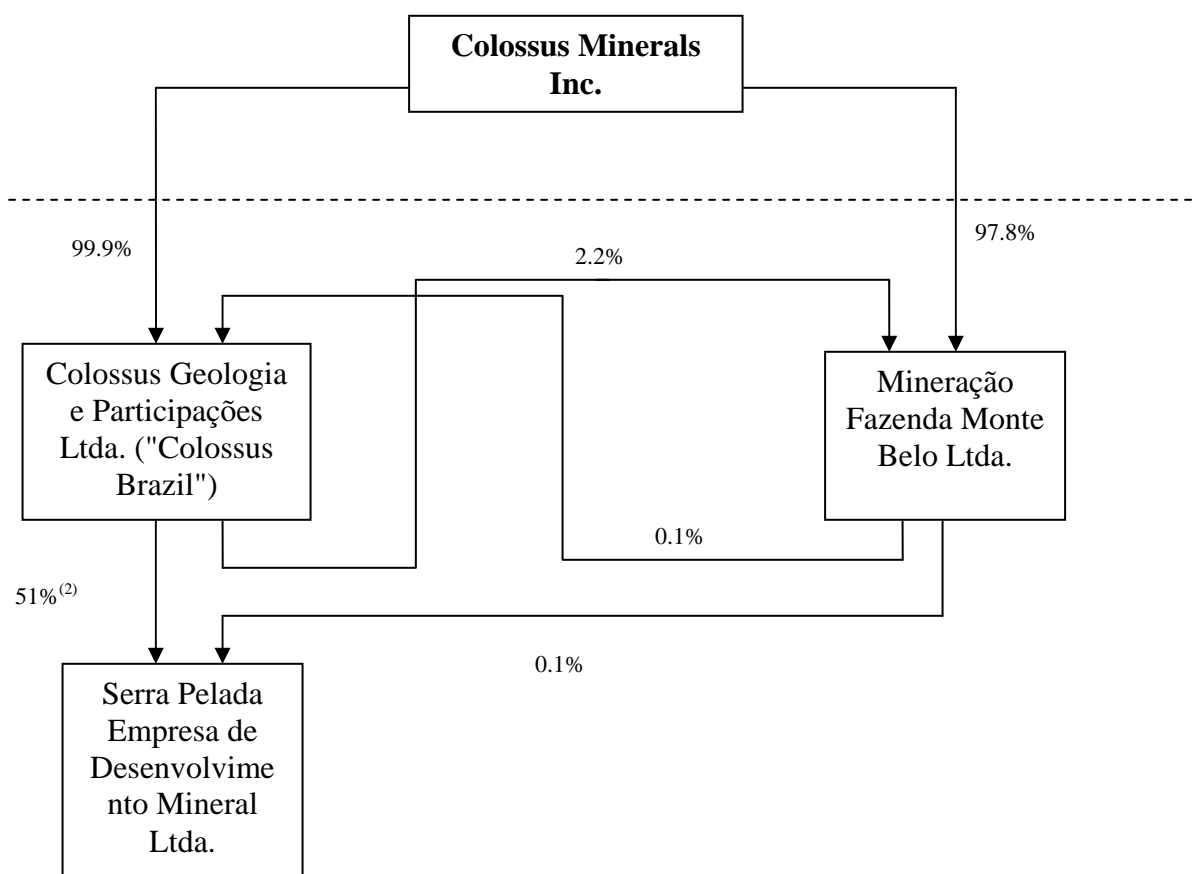
Colossus Minerals Inc. (the "Corporation" or "Colossus") was incorporated under the *Business Corporations Act* (Ontario) on February 9, 2006 as 2093688 Ontario Limited. The Corporation amended its articles of incorporation on May 10, 2006 to change its name to "Colossus Minerals Inc." and further amended its articles of incorporation on June 22, 2007 to remove the transfer restrictions on the Corporation's securities.

The registered and head office of the Corporation is located at 130 King Street West, The Exchange Tower, Suite 2500, Toronto, Ontario, M5X 1A9.

#### **5.2 Inter-Corporate Relationships**

The Corporation has two subsidiaries, Colossus Brazil which was incorporated under the laws of the Federative Republic of Brazil by articles of association filed on June 1, 2006 and Serra Pelada Empresa de Desenvolvimento Mineral Ltda ("**SPEDM**") which was incorporated as "Caicara Minerios e Participacoes Ltda." under the laws of the Federative Republic of Brazil by articles of association and subsequently amended its articles to change its name. Unless the context otherwise requires, references in this Prospectus to the Corporation include Colossus Brazil and SPEDM, as applicable.

The chart below outlines other interests the Corporation holds in Brazilian joint ventures companies. Each of these other entities is a joint venture company in which the exploration licenses for each of the Serra Pelada Property, the Sumidouro Property and the Natividade Property will be held.



**Notes:**

- (1) Colossus Brazil, Mineração Fazenda Monte Belo Ltda. ("MFMB") and SPEDM are managed by Augusto Kishida (general manager) and Flávio Frões Dolabela (administrative manager).
- (2) In accordance with the terms of the Serra Pelada Agreement, Coomigasp holds 49% of SPEDM.
- (3) The sixth amendment to the articles of association of Colossus Brazil was filed with the Register of Commerce of Minas Gerais on December 14, 2007. Such corporate act increased Colossus Brazil's stock capital to R\$7,000,000.00, divided into 7,000,000 quotas with a par value of R\$1.00. From such amount, R\$3,383,414 has been paid in, and R\$3,616,586.00 remains to be paid in by the Corporation in the future.
- (4) Brazilian law requires a limited liability company to have at least two quota holders. There is no trust agreement executed between the companies above mentioned.

**ITEM 6: GENERAL DEVELOPMENT OF THE BUSINESS**

**6.1 Three Year History and Significant Acquisitions**

Since February 6, 2006, the Corporation has grown from a private corporate startup company to a more traditional junior mineral exploration company with several properties. A key milestone in the development of the current asset base of the Corporation was the acquisition of the Serra Pelada Property through the Serra Pelada Agreement on July 16, 2007. This agreement provides for the creation of a joint venture company with Coomigasp in which Colossus Brazil can earn up to a 75% interest in the joint venture company which holds the exploration licence relating to the Serra Pelada Property.

The Corporation has continued to embark upon various mineral exploration and resource based opportunities with a goal of developing properties for the production of gold in Brazil.

The Corporation has the opportunity to earn a 51% interest in the Sumidouro Property in Brazil. The Corporation can earn a 70% interest in the Natividade Property in Brazil. The Corporation acquired a 100% interest in the Rio Cristalino Property in Brazil.

The Corporation is currently in good standing related to all projects in which is involved.

Regarding the Sumidouro Property, the Corporation was required to spend US\$250,000 in the first year of the agreement (done) and to spend a total of US\$1,250,000 within three years of signing the agreement in order to earn a 51% interest in the project. There is no requirement to make exploration expenditures on the Sumidouro Property in the 2009 year.

Regarding the Natividade Property, the Corporation was required to make option payments of US\$130,000 in the first year of the agreement (US\$100,000 paid) and US\$150,000 in each of the second and third years. The Corporation was required to incur expenditures of US\$150,000 (done), US\$500,000 and US\$1,350,000 by the end of the first, second and third year of the agreement. The Corporation is currently discussing the expenditures schedule with the holders of the Natividade concessions.

Regarding the Serra Pelada Property, the Corporation was required to make option payments of \$1,040,000 in the upcoming year. The Corporation does not have to commit to a spending schedule for exploration. However, as Serra Pelada is the Corporation's most material asset, this property will receive most of the exploration spending in 2009.

Also related to Serra Pelada, the Corporation purchased the Phoenix Gems Do Brasil Ltda. interest in the property for US\$4.2 million, of which all payments will be made in the 2009 fiscal year.

Regarding the Rio Cristalino Property, the Corporation was required to make property tax payments of approximately \$150,000 to maintain the property standing. Some level of exploration spending may be required to maintain the exploration status of the property.

*Period from February 6, 2006 to July 31, 2006*

In February 2006, the Corporation raised \$540,000 from the issue of 9,000,001 shares. During the year the Corporation issued 1,250,000 shares, valued at \$75,000, for property valuation services related to the Sumidouro Property.

In July 2006, the Corporation entered into a letter of intent with OPML a Brazilian company, a wholly-owned subsidiary of Hidefield Gold Plc ("Hidefield"), to form a joint venture company related to the 6,420 hectare Sumidouro Property in Minas Gerais State, Brazil. In January 2007, the Sumidouro Option Agreement was executed. The Sumidouro Option Agreement superseded the July 2006 letter of intent. The Corporation, through Colossus Brazil, can earn a 51% interest by expending US\$1,250,000 within three years, subject to minimum expenditure of US\$250,000 in the first year. In addition, the Corporation paid US\$30,000 to Hidefield on the execution of the letter of

intent preceding the Sumidouro Option Agreement and a further US\$30,000 upon completion of its initial public offering. After earning its 51% interest, Colossus Brazil may earn up to 70% of the joint venture company by completing a feasibility study on the Sumidouro Property. OPML may sell its interest or convert it to royalties after Colossus Brazil has earned its 51% interest.

The Corporation spent its entire exploration budget of \$196,685 on the Sumidouro Property in 2006, including the \$75,000 related to the issue of shares for valuation services and \$121,685 from cash.

*Year Ended July 31, 2007*

In December 2006, the Corporation raised \$757,000 from the issue of 3,785,000 units at \$0.20 per unit. Each unit comprised one common share and one common share purchase warrant. Each warrant was exercisable at a price of \$0.40 for a period of five years. In July 2007, the Corporation raised \$1,996,072, net of expenses, from the issue of 5,738,000 units at \$0.40 per unit. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant was exercisable at a price of \$0.55 for a period of two years after the Corporation's going public date (subsequently determined to be February 13, 2008). A further 500,000 units at \$0.40 were subscribed; however payment was outstanding at the end of the period. These 500,000 units and the related \$200,000 of cash were included in the following period upon receipt. Agents received 206,387 units related to their work for the financing. Each unit comprised one common share and one half common share purchase warrant. Each whole purchase warrant is exercisable into common shares at \$0.55 per share for two years from February 13, 2008.

In November 2006, the Corporation, Colossus Brazil and Terra Goyana, a Brazilian company, entered into the Natividade Option Agreement in respect of the Natividade Property (DNPM Process number 861.274/1986 and exploration licence number 7337/2005) in Natividade, State of Tocantins, Brazil. Colossus Brazil entered into the Natividade Option Agreement with Terra Goyana to form a joint venture company in which Colossus Brazil can earn a 70% interest by paying an aggregate amount of US\$1,500,000 over a period of three years and by expending US\$2,000,000 within three years, subject to minimum expenditures of US\$150,000 in the first year, minimum expenditures of US\$500,000 in the second year and the remainder payable in the third year.

On July 16, 2007, the Corporation, Colossus Brazil and Coomigasp, a private Brazilian entity, entered into the Serra Pelada Agreement for exploration and development in respect of the underground ore in the Serra Pelada Property (DNPM Process number 850.425/1990). The Corporation can earn a 51% share in the partnership by spending R\$6,000,000 on exploration and development. The Corporation can increase its ownership share in the partnership to 75% by spending a further R\$12,000,000. The Corporation has also agreed to fund R\$200,000 of consulting work for Coomigasp related to the mining potential of existing surface and flooded tailings at the Serra Pelada Property. Coomigasp will continue to assume all liabilities for environmental cleanup related to the existing tailings.

Colossus Brazil will pay Coomigasp a series of premium payments based upon the gold reserve accepted and approved by the Departamento Nacional de Produção Mineral ("DNPM") of Brazil.

Such premium payment ranges from a minimum of R\$40,800,000 (based on Colossus Brazil's 51% interest in the Serra Pelada Property) for 20 tons of proven reserves to a maximum of R\$817,500,000 (if Colossus Brazil holds a 75% interest in the Serra Pelada Property) for 550 tons or greater of proven reserves. Advance payments against these further payments are to be made as R\$2,000,000 within four months of certain conditions (Paid), R\$1,600,000 within four months of the initial payment being made and R\$3,600,000 within eight months of the second payment being made.

The Corporation and Phoenix Gems Do Brasil Ltda. ("Phoenix") entered into an agreement with respect to the Corporation's interest in the Serra Pelada Property where Phoenix can earn a 15% net profit interest in the Corporation's potential future earnings from Serra Pelada. The Corporation was required to fund the first US\$1,000,000 of work on the Serra Pelada Property. Thereafter, the companies would each fund their share of work or suffer dilution of their ownership share in the Serra Pelada Property. The Corporation met this spending requirement.

During 2007, the Corporation spent \$1,186,390 for exploration, including \$108,060 of exploration on the Tapajos project in Brazil, which was evaluated and abandoned due to poor preliminary results. Spending of \$705,199 was done at the Sumidouro Property, mostly for property evaluation and assays. Spending of \$200,445 was incurred in respect of the Natividade Property, for options and property valuation. Spending of \$172,686 was incurred at the Serra Pelada Property, including option payments and property valuation.

The Corporation reported a loss for the year of \$645,749, of which \$188,729 related to non-cash stock option expenses and \$108,060 related to exploration work written off. The remaining \$348,960 of expenses related to corporate administrative spending not directly related to an exploration project.

#### *Year Ended July 31, 2008*

In August 2007, the Corporation received payment of \$200,000 for the remaining 500,000 units from the July 2007 financing.

In November 2007, the Corporation issued 125,000 shares to Maple Minerals Exploration and Development Inc. for its 100% interest in Mineracao Fazenda Monte Belo Ltda ("MFMBL"), a Brazilian company. This company holds the rights to the low grade molybdenum Rio Cristalino Property.

In November 2007, the Corporation raised \$1,645,000 from the issue of 1,645,000 units. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole purchase warrant is exercisable into one share of the Corporation at a price of \$1.50 per share until February 13, 2010.

In February 2008, the Corporation completed its initial public offering ("IPO") and listing on the Toronto Stock Exchange ("TSX"). Pursuant to the IPO, the Corporation issued 17,200,000 units upon closing and a further 2,580,000 units upon exercise of an over-allotment option, raising aggregate gross proceeds of \$24.7 million (net proceeds were \$22.8 million). Each unit comprised

one common share and one-half common share purchase warrant. Each whole purchase warrant is exercisable into one share of the Corporation at a price of \$1.50 per share until February 13, 2010. The warrants issued pursuant to the IPO are listed for trading on the TSX.

During 2008, an aggregate of \$128,900 was raised from the exercise of outstanding stock options and warrants resulting in the issuance of an aggregate of 365,000 shares of the Corporation.

During the year, the Corporation spent \$8.6 million to advance its exploration properties. This balance excludes the \$125,000 payment in shares for the Rio Cristalino Property. The Serra Pelada Property was identified as the Corporation's most significant asset and spending of \$7.5 million, including option payments, was incurred in the year. Spending on the other properties in the year was \$0.6 million at the Sumidouro Property, \$0.3 million at the Natividade Property and \$0.2 million at the Rio Cristalino Property. Spending on other projects included option payments and property valuation.

The bulk of Serra Pelada expenditure covered drilling and related activities. To the end of July, the Corporation was well underway in its Phase One 5000 metre diamond drilling program. Results for the first three drill holes were analysed and received, highlighted by drill hole SPD-002 which intersected 46.72 metres at 24.11 g/t gold, 9.04 g/t platinum and 11.57 g/t palladium, plus 14.65 metres at 22.51 g/t gold, 4.56 g/t platinum and 5.01 g/t palladium. Logging of 5000 m of historical core was also completed and this ongoing program is proving useful in geological interpretation and guiding Colossus drilling. The first round of re-sampling of historical core was completed and 605 samples submitted for assay. Assays were received for 183 of these samples and the results released in press releases on April 1, 2008 and April 15, 2008. These results compared favourably with the historical data, as well as confirming significant grades in several previously un-assayed core intervals. The acquisition and training of technical staff plus improvements to the Parauapebas core facility have enhanced sample throughput. A central professionally managed database with access by secure network is now in effect as part of our QA/QC program.

## **ITEM 7: DESCRIPTION OF THE BUSINESS**

### **7.1 General**

The Corporation is a Canadian junior exploration company engaged in the acquisition, exploration and development of mineral resource properties in Brazil. Since inception, the efforts of the Corporation have been devoted to the development of properties for production of gold in Brazil.

The Corporation currently holds interests in four properties in Brazil; Serra Pelada; Natividade; Sumidouro; and Rio Cristalino. At this date, the Serra Pelada Property is the only material property of the Corporation.

#### *Environmental Policies and Risks*

In Brazil, there are a variety of state or federal regulations that must be adhered to regarding environmental matters, depending on the classification of the area in which the claims are located. Please see Section 7.2, *Permits*, and Section 7.2, *Environmental Licenses*.

The Corporation currently has 43 employees.

### *Corporate Governance*

The Corporation has established two committees of the board of directors as follows: the Audit Committee and the Compensation Committee. The Audit Committee Mandate is appended hereto as Appendix “A”. The mandates of the Board and its other committees are available by contacting the Corporation at its head office address noted herein.

## **7.2 Risk Factors**

The risk factors outlined below are not a definitive list of all risk factors associated with the Corporation or the Corporation’s business.

### *Competitive Conditions*

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Corporation competes with a number of other entities in the search for and the acquisition of productive mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, Colossus may be unable to acquire attractive properties in the future on terms it considers acceptable. The Corporation also competes for financing with other resource companies, many of whom have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation.

The ability of the Corporation to acquire properties depends on its success in exploring and developing its present properties and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Corporation may affect the marketability of gold mined or discovered by the Corporation.

### *Exploration, Development and Operating Risks*

The exploration for, discovery and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of gold and other minerals may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site.

It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to

prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Corporation's operations.

Mining operations generally involve a high degree of risk. The operations of the Corporation are subject to all the hazards and risks normally encountered in the exploration, development and production of base metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

There is no certainty that the expenditures made by the Corporation towards the search and evaluation of gold and other minerals will result in discoveries of mineral reserves and resources (as defined by applicable securities laws), or any other mineral occurrences.

#### *Land Title*

Although the nature and extent of the interests of the Corporation in the properties in which it holds an interest has been reviewed by or on behalf of the Corporation, and title opinions have been obtained by the Corporation with regard to certain of such properties, there may still be undetected title defects affecting such properties. Title insurance generally is not available, and the ability of the Corporation to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Corporation has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt.

Accordingly, the properties in which the Corporation holds an interest may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Corporation's operations. In addition, the Corporation may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

#### *Non-Compliance with Sumidouro Property Option Agreement or Fazenda Option Agreement or Coomigasp Partnership Contract*

The Corporation is not the registered holder of any of the exploration licences and applications which comprise the Serra Pelada Property, the Sumidouro Property and the Natividade Property. The Corporation's interest in the tenements, title to which is currently held by third parties, is derived pursuant to the Serra Pelada Agreement, the Sumidouro Option Agreement and the Natividade Option Agreement, respectively. Any non-compliance with the terms of these agreements by the Corporation or Colossus Brazil could affect the ability of the Corporation and/or Colossus Brazil to earn their interests in the properties. Such terms include the satisfaction of the option payments due to property owners under such agreements, and the requirements to undertake

minimum exploration expenditures during certain periods. Failure to meet these requirements could result in a loss by the Corporation and/or Colossus Brazil of its interest in the options, which could in turn have an adverse impact on the Corporation.

No assurances can be given that title defects to the properties in which the Corporation has an interest do not exist. The properties may be subject to prior unregistered agreements, interests or native land claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Corporation may lose all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates. There is no guarantee that title to the properties will not be challenged or impugned.

An ongoing lawsuit has been brought by an individual in Brazil seeking the annulment of the general meeting at which the members of the board of directors and officers of Coomigasp were elected. If this individual is successful with this lawsuit a new election may be required and further actions may be brought to nullify any prior activities or agreements entered into by the current directors and officers, which may include the Serra Pelada Agreement. The Corporation does not believe that this result is likely due to numerous factors including the merits of the current lawsuit and the fact that the Serra Pelada Agreement was approved not only by management of Coomigasp but also the members (shareholders) of Coomigasp at a general meeting. However, if the Serra Pelada Agreement is nullified this would have a material adverse affect on the Corporation. The Corporation is not a party to the lawsuit and does not have any information with respect to the developments of the suit, except those that are publicly available.

There is no guarantee that the applications for exploration licences currently pending will be granted by the DNPM. The DNPM may refuse any of the applications. Persons may object to the grant of exploration licences and the DNPM will take objections into consideration when making the decision on whether or not to grant the licence.

If exploration licences are granted, they will be subject to various standard conditions including, but not limited to prescribed licence conditions. Any failure to comply with the expenditure conditions or with the other conditions on which the licences are held, can result in licence forfeiture. Generally, the licences are granted for a term of three years and further renewal of an exploration licence is at the discretion of the DNPM and on such conditions as the DNPM may in its discretion impose. Renewal conditions may include increased expenditures and work commitments or compulsory relinquishment of areas of the licences comprising the Sumidouro Property, the Natividade Property and the Serra Pelada Property. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Corporation.

#### *Environmental Risks and Hazards*

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

Environmental hazards may exist on the properties on which the Corporation holds an option, which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties. Previous mining by garimpeiros has occurred at the Serra Pelada Property.

Government approvals, approval of aboriginal people and permits are currently and may in the future be required in connection with the operations of the Corporation. To the extent such approvals are required and not obtained; the Corporation may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

### *Environmental Licenses*

In order to be granted a mining concession on any property, the Corporation will be required to obtain environmental licenses with respect to such properties. The Corporation has not yet obtained any such environmental licenses in connection with any of its properties. In the event that the Corporation is unable to obtain such environmental licenses, it may not be able to commence mining activities on its properties, which could have a material adverse effect upon the Corporation.

### *Permits*

Although Corporation currently holds all consents which it requires in order to carry out its current drilling program on the Sumidouro project, the Natividade project and the Serra Pelada project, the Corporation cannot be certain that it will receive the necessary permits on acceptable terms to conduct further exploration and to develop its properties. The failure to obtain such permits, or

delays in obtaining such permits, could increase the Corporation's costs and delay its activities, and could adversely affect the operations of the Corporation.

#### *Costs of Land Reclamation*

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the properties in which the Corporation holds an option. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Corporation.

#### *Reliance on Limited Number of Properties*

At this time the Corporation has an ownership interest in the Rio Cristalino property. The Corporation has the option to acquire an interest in the Sumidouro Project, the Natividade Project and the Serra Pelada property. As a result, unless the Corporation acquires additional property interests, any adverse developments affecting these properties could have a material adverse effect upon the Corporation and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Corporation.

#### *No History of Mineral Production*

The Corporation has never had an interest in a mineral producing property. There is no assurance that commercial quantities of minerals will be discovered at any of the properties of the Corporation or any future properties, nor is there any assurance that the exploration programs of the Corporation thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any property of the Corporation will ever be brought to a stage where mineral resources (as defined in NI 43-101) can profitably be produced thereon. Factors which may limit the ability of the Corporation to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources which are currently being explored for, availability of additional capital and financing and the nature of any mineral deposits.

#### *Additional Capital*

The development and exploration of the properties in which the Corporation currently holds an interest will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all such properties, or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation. In addition, any future financing may be dilutive to existing shareholders of the Corporation.

### *Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Corporation.

### *Political Stability and Government Regulation Risks*

The principal operations of the Corporation are currently conducted in Brazil and, as such, the operations of the Corporation are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Brazil may adversely affect the operations or profitability of the Corporation. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Corporation.

### *Government Regulation*

The mining, processing, development and mineral exploration activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Corporation are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations

will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

### *Insurance and Uninsured Risks*

The business of the Corporation is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Corporation or others, delays in mining, monetary losses and possible legal liability.

Although the Corporation may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which it may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### *Hedging*

The Corporation does not have a hedging policy and has no current intention of adopting such a policy. Accordingly, the Corporation has no protections from declines in mineral prices.

### *Fluctuations in Metal Prices*

The consolidated financial results and exploration, development and mining activities of the Corporation may in the future be significantly and adversely affected by declines in the price of gold or other minerals. The price of gold or other minerals fluctuates widely and is affected by numerous factors beyond the control of the Corporation such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges.

Future serious price declines in the market value of gold or other minerals could cause continued development of and commercial production from the properties in which the Corporation has an option to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Corporation's mining properties is dependent upon the prices of gold and other minerals being adequate to make these properties economic.

In addition to adversely affecting the reserve estimates of the Corporation and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

#### *Exchange Rate Fluctuations*

Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Gold and other minerals are generally sold in US dollars and the costs of the Corporation are incurred principally in Brazilian Reals. The appreciation of non-US dollar currencies against the US dollar can increase the cost of exploration and production in US dollar terms, which could materially and adversely affect the Corporation's profitability, results of operations and financial condition.

#### *Key Executives*

The Corporation is dependent upon the services of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of these persons or the inability of the Corporation to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

#### *Conflicts of Interest*

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their fiduciary duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders.

In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the Ontario Business Corporations Act and other applicable laws. The Corporation has also adopted a formal code of ethics to govern the activities of its directors, officers and employees.

### **7.3 Brazilian Regulatory Framework**

The legal framework for the development and use of mineral resources in Brazil was established by the Brazilian federal constitution, which was enacted on October 5, 1988. On August 15, 1995, the Brazilian Congress approved constitutional amendment No. 6, which allows the participation of the private sector in joint ventures and/or private investment in the mining sector from national companies with both domestic and foreign capital.

The DNPM of the federal Ministry of Mines and Energy is responsible for regulating and implementing the Brazilian mining code. Mineral exploration licenses and mining concessions are issued and administered by the DNPM which also monitors exploration, mining, and mineral processing. To apply for and acquire mineral rights, a company must be incorporated under Brazilian law and have its head office and administration in Brazil. The process of acquiring title to mineral property is a phased procedure involving progressive steps as exploration and development work on a property advances. Tenure is secure as long as the titleholder meets clearly defined obligations over time, but the process of acquiring a mineral right can be lengthy.

Exploration licenses are granted for a maximum period of three years, provided that all requirements are met and the area of interest does not overlap with an existing license. There is an annual fee (R\$1.90 per hectare during the initial period, and R\$2.87 during an extension period) on mineral rights to be paid to the Brazilian government. Exploration licenses can be extended for a second period no longer than three years. The renewal is left at the DNPM's discretion.

Experimental mining authorization can be applied for and is granted by the DNPM for the purpose of establishing resources/reserves through processing of large scale bulk sampling (by a plant). It is allowed within a specific area of an exploration license before a mining concession is granted. The experimental mining authorization is granted provided an agreement has been reached with the surface right holder. It is also subject to receiving an underlying environmental license to be granted by the relevant environmental agency.

Mining concessions can be applied for following a final exploration report to be submitted to, and approved by the DNPM by the final expiry date of the exploration license. The report must conclude and demonstrate that an economic mineral resource has been delineated and measured. Normally, a mining plan and feasibility study must be presented within a year. A licence of installation and a licence of operations are then issued by the applicable environmental agency as a prerequisite to the granting of the mining concession. A mining concession is granted for a period covering the mine life until the mineral reserves of the deposit are exhausted. A mining concession does not convey title to a mineral deposit but provides the holder with the right to extract, process, and sell minerals extracted from the deposit in accordance with a plan approved by the DNPM and environmental authorities.

The holder of a mining concession must pay the government the Financial Compensation for the Exploitation of Mineral Resources ("CFEM"), a federal royalty, which is established at 1.0% of the net sales of gold ore. In addition, a royalty must be paid to the landowner if the surface rights do not belong to the mining titleholder. This royalty amounts to 50% of CFEM. However, landowners usually consider this provision of the law inadequate; it is rather treated as a minimum royalty.

Thus, it is common practice to negotiate a separate compensation agreement that is satisfactory to both parties.

Surface rights in Brazil are distinct from mining rights and must be acquired separately. The land owner has no title to the sub-soil or minerals contained therein. The Brazilian mining code provides for some form of expropriation of privately held surface rights subject to fair compensation. The holder of a mineral right is entitled to use the surface to conduct mining operations, including the construction of facilities required for such operations. The access to the land and reclamation of disturbed areas must be negotiated with each individual surface right holder. However, the landowners are obliged by law to provide access to the mineral licence holder to conduct exploration. If an agreement cannot be reached by negotiation there are legal mechanisms in place to allow courts to dictate an arrangement.

### *Environmental Regulation*

General environmental rules and obligations are relatively similar to those applicable in Canada. The Brazilian environmental policy is the responsibility of the Ministry of the Environment and is executed at three levels: federal, state, and municipal.

Environmental licences required for all mining activities are managed at the federal level. The environmental legislation applied to mining is basically consolidated in the following environmental requirements: EIA (Study of Environmental Impacts), LP (Previous License), LI (Installation License), and LO (Operational License) and a PRAD (Rehabilitation Plan for Degraded Areas). An EIA is required as a condition for obtaining the LP for any activity which potentially causes substantial environmental impact. The LP, LI and LO are mandatory for installing, expanding, and operating any mining activity under the systems of mining concession or licensing. A PRAD requires suitable technical solutions to rehabilitate the soil and other aspects of the environment that might be degraded by mining operations. In recognition that the preparation of an EIA can represent a substantial financial burden for smaller projects, a company can undertake a less detailed form of EIA called "Environmental Diagnostic Report" in certain cases.

The Serra Pelada Technical Report is submitted to the SEMA – Secretaria de Meio Ambiente which has the authority to waive the need for a full EIA. Instituto Brasileira do Meio Ambiente e dos Recursos Naturais Renováveis, the federal environmental agency, is in charge of the licensing of activities with environmental impacts in more than one state or in federal waters, while SEMA is in charge of the licensing of activities with environmental impacts within the State of Para. The determination of competence between the two environmental bodies may cause overlap which may result in some cases in problems and delays for mining companies. The impact on the activities of Colossus cannot be predicted.

Currently in Brazil, DNPM does not require any action concerning environmental actions or remediation of damage caused by previous operators of a particular license. However, DNPM does require that environmental licenses be presented. When these licenses are issued, the environmental bodies in general require the current operator to remediate the damages left by previous activities. In respect of the Serra Pelada Property, the Corporation does not expect that these requirements would be significant.

## 7.4 Serra Pelada

The technical report entitled "Technical Report on the Serra Pelada Gold-Platinum-Palladium Project in Para State, Brazil, for Colossus Minerals Inc." was authored by David G. Jones and Gregory C. Hall, dated December 19, 2007 and filed on SEDAR on December 21, 2007 (the "Serra Pelada Technical Report"). David G. Jones and Gregory C. Hall are qualified persons as defined by NI 43-101. The Serra Pelada Technical Report is the current technical report on the Serra Pelada Project in accordance with NI 43-101. For the purposes of the disclosure required under section 5.4 of Form 51-102F2 – Annual Information Form, the summary from the Serra Pelada Technical Report is reproduced below, and the Corporation incorporates by reference into this Annual Information Form the disclosure contained in the Serra Pelada Technical Report.

**The technical information contained below is summarized or extracted from some of the main conclusions reached in the Serra Pelada Technical Report. Readers are directed to the Serra Pelada Technical Report which can be reviewed in its entirety by accessing the SEDAR database at [www.sedar.com](http://www.sedar.com) and which qualifies the following disclosure. The following summary is not exhaustive. The Serra Pelada Technical Report is intended to be read as a whole and sections should not be read or relied upon out of context. The Serra Pelada Technical Report contains the expression of the professional opinions of Qualified Persons based upon information available at the time of preparation of the Serra Pelada Technical Report. The disclosure contained below, which is derived from the Serra Pelada Technical Report, is subject to the assumptions and qualifications contained in the Serra Pelada Technical Report.**

### Summary

#### *Purpose*

To review the geology and exploration potential of the Serra Pelada Gold-Platinum-Palladium Project located near Marabá in Pará State, Brazil, for Colossus Minerals Inc.

#### *Scope*

At the request of Dr. Vic Wall, President of Colossus Minerals Inc., Vidoro Pty Ltd ("Vidoro") was commissioned in June 2007 to prepare a Technical Report on the Serra Pelada Gold-Platinum-Palladium Project. The scope of the inquiries and of the report included the following:

- A review of historical exploration
- In particular, a detailed review of recent exploration conducted by previous tenement holders
- An opinion of the proposed program and budget for future work at the Serra Pelada Gold-Platinum-Palladium Project

Vidoro has not been requested to provide an Independent Valuation, nor has Vidoro been asked to comment on the Fairness or Reasonableness of any vendor or promoter considerations, and therefore no opinion on these matters has been offered.

## *Précis*

This report is a review of the Serra Pelada Gold-Platinum-Palladium Project located near Marabá in Pará State, Brazil. The Serra Pelada Gold-Platinum-Palladium Project mineral tenement is held by Cooperativa de Mineração dos Garimpeiros de Serra Pelada (“Coomigasp”). Colossus Geologia e Participações Ltda. (“Colossus Brazil”) is a limited liability Brazilian company that is a wholly-owned subsidiary of the Corporation, a company duly organized and existing under the laws of the Province of Ontario, Canada. Colossus Brazil and Coomigasp signed a partnership contract on 16 July 2007 to form a joint venture company.

The Serra Pelada Property comprises an exploration license totaling 100ha granted by the Ministry of Mines and Energy on 27 February 2007. The license covers the famous Serra Pelada gold mine. Recent exploration has been conducted on the property by Companhia Vale do Rio Doce (“CVRD”), the world’s second largest mining group. On 29 November 2007 CVRD announced a change of name to “Vale”, but throughout this report the traditional CVRD, which has been used since 1942, will be employed.

CVRD began exploration drilling in the vicinity of Serra Pelada in 1980 immediately after the discovery was made. Between 1980 and 1982, 48 drill holes were completed inside the area being exploited by the garimpeiros. From the commencement of exploration until mid-1998, a total of 195 core holes were drilled inside the boundaries of license number 850.425/90, together with two metallurgical test holes, for a total of 50,891.81 m of core recovered. A resource estimate was calculated by CVRD, but it is not technically in complete compliance with National Instrument 43-101 (“NI 43-101”) and therefore cannot be disclosed in this report.

Serra Pelada is located in the Carajás Mineral Province, an Archean nucleus that is part of the Amazon Craton. The Carajás Mineral Province is composed mostly of granites and greenstone belts and hosts the largest gold deposits in the Amazon Craton, including Serra Pelada and the Salobo and Igarahapé Bahia Cu-Au deposits. The mineralization at Serra Pelada is hosted by metasedimentary rocks of the late Archean Rio Fresco Group. The lithologies include metaconglomerate, metasandstone, dolomitic marble and metasiltstone.

Serra Pelada lies within a broad braided zone of steeply-dipping, east-west trending ductile shearing known as the Itacaiúnas Shear Zone, which produced linked systems of strike-slip and thrust dominated shears. Serra Pelada lies just south of the eastern segment of the Cinzento strike-slip fault system. This regional east-west trending, steeply dipping fault zone shows evidence of several episodes of movement around 2.3 billion years ago.

The Serra Pelada Au-(Pt-Pd) mineralization is located in the hinge zone of a recumbent syncline. Dolomitic marble occurs at the base and is conformably overlain by meta-siltstones. The morphology of the mineralization broadly follows the contact between dolomitic marble and the carbonaceous meta-siltstone that seem to have controlled fluid discharge. The mineralization is surrounded by a silicification zone believed to have originated from the replacement of the dolomitic marble. The result is a 5 to 50-m-thick jasperoid composed of fine-grained quartz in association with traces of sericite, tourmaline, kaolinite, chlorite, hematite, chalcopyrite, and carbonate minerals. This depositional model is analogous to other sediment-hosted gold

mineralization such as the gold deposits in the Carlin Trend, Nevada, although the metal content and mineralogical associations at Serra Pelada are distinctly different.

An exploration budget of \$8 million (field costs) is proposed for the next two years, of which 77% will be in direct drilling costs.

### *Conclusions*

- Colossus Brazil, through the agreement with Coomigasp, has secured title to one of the most famous gold deposits in Brazil.
- Recent exploration, including 195 core holes, has identified potentially economic mineralization below the depth reached by past garimpeiro mining.
- Building on the extensive high quality past work at Serra Pelada, the exploration program proposed by Colossus Brazil for the next two years should quickly advance the status of this mineralization to a resource that meets NI 43-101 requirements.
- Subject to exploration success Colossus Brazil could move rapidly to a bankable feasibility study and, potentially, into production should this be warranted, given the excellent infrastructure in this historic mining district.

### **Recent Developments**

#### *Reassay Program of Vale's Historical Core*

In April 2008, the Corporation announced two batches of the results for the Corporation's program of re-sampling and re-assaying the historical drill core from the Serra Pelada Project, a Colossus-Coomigasp joint venture. The re-assay program's purpose was to evaluate the historical assay database provided by Vale (formally CVRD) by resampling a portion of the 40,000 metres of diamond drill core obtained by Vale from their drilling between 1980 and 1998. It also served to clarify assay protocols prior to the assay of core from the Colossus-Coomigasp joint venture's drilling program at the time. Systematic sampling and assaying of historical drill core, provided to the Corporation by Vale confirms the widespread occurrence of gold-platinum-palladium mineralisation outside the old Serra Pelada open pit. Colossus Brazil's gold, platinum and palladium reassay results are presented in the following table:

Drill hole	From (metres, downhole)	Interval (metres)	Gold g/t	Platinum g/t	Palladium g/t
FD-0052 including	306.47	51.02	18.46	1.79	3.1
	313.81	6.79	43.98	1.72	3.22
	330.36	2.47	76.15	6.15	18.56
	338.06	3.94	25.83	4.26	6.72

FD-0058A	213.77	18.81	31.69	1.73	2.15
including	215.5	16.45	36.14	1.96	2.45
	230.04	1.91	166.94	13.09	15.89
FD-0062	248.83	35.8	13.16	4.34	5.58
including	272.18	4.62	79.77	32.17	41.04
FD-0129A	184.75	43.54	2.65	0.49	0.68
including	197.87	4.48	11.71	2.09	2.92
FD-0072	248.96	17.56	201.14	41.1	54.16
including	251.79	2.12	38.69	68.1	58.25
	254.77	4.9	678.73	109.78	159.38
	256.85	1.87	1529.37	200.86	313.84
FD-0016	173.5	10.5	18.4	0.05	0.36
including	179	4	41.23	0.1	0.73
	192.5	3.5	3.25	0.07	0.05
FD-0029	86	13	16.65	3.53	2.97
including	86	3	33.31	6.19	3.1
	92	3.24	32.98	6.54	7.36
	253	22.9	1.35	0.04	0.21
including	273.5	2.4	8.06	0.18	1.25

The Corporation assays compare favourably with those of comparable intervals in the CVRD assay database and attest the quality of the historical database. The broad intervals of high value gold-platinum-palladium mineralisation assayed were in the main target zone of the current Colossus-Coomigasp drilling program. Check assaying for gold, platinum, and palladium by Genalysis (Perth) is underway on several re-assay batches.

#### *Phase I Drilling Program*

On August 20, 2008, the Corporation announced the successful completion of the Corporation's Phase I drilling program on the Serra Pelada Project. Seventeen diamond drill holes were completed for 5129 metres of HQ coring. One other hole (SPD-009) was abandoned due to poor drilling conditions. Drilling was focused on the Central Mineralised Zone along 250m strike length down plunge and southwest of the historical Serra Pelada open pit. One drill hole, SPD-017 tested the Western Zone of mineralisation just to the west of the historical pit. This is a separate target from the Central Mineralised Zone, with limited historical drilling.

Between May and June 2008, Colossus announced assay results for several of the Corporation's Phase I drill holes. Collared 170m southwest of the Serra Pelada open pit, SPD-001 was HQ-cored for 311m at an initial azimuth of 310° and an inclination of -69°, to test the Central Mineralised Zone. From 183.20m to 276.35m down-hole, SPD-001 intersected continuous gold-platinum-palladium mineralisation within altered metasediments of the Central Mineralised Zone. This 93 metre interval includes broad PGE- and also gold-rich subzones. These subzones respectively contain intervals of spectacular grades of platinum plus palladium and high grade gold. SPD-002

was collared 90m southwest of SPD-001 at an initial inclination of -68.5 deg. and azimuth of 310 deg. to test the Central Mineralised Zone on Section 00, 260m southwest of the historic Serra Pelada open pit. SPD-002 intersected two intervals of continuous gold-platinum-palladium mineralization, hosted mainly by altered metasediments of the Central Mineralised zone but separated by a weakly-mineralised felsic dyke. These subzones respectively contain intervals of spectacular grades of platinum plus palladium and high grade gold. SPD-004 was drilled at an initial azimuth of 305 deg. and inclination of -75deg. on Section 50NE, to test the Central mineralised zone between Section 100NE and Section 00. SPD-004 intersected broadly continuous gold-platinum-palladium mineralization between 193.0 and 258.0m down-hole, mainly in altered metasediments of the Central Mineralised Zone.

Six more drill holes from the Corporation's Phase I drilling program at Serra Pelada were announced in September 2008. SPD-007 was drilled in Section 100NE, to the NW of and above SPD-001. SPD-007 encountered more than 50m of mineralisation including two continuous intervals of high grade gold-platinum-palladium separated by lower grade material. The upper interval shows platinum grades up to 110g/t and appears to be contiguous with and extends the high PGE/Au subzone apparent in SPD-001. This subzone (159.45-187.30m) is separated from the lower zone (higher Au/PGE, 215.30-239.10m) by lower grade material partly in a felsic dyke. Additional low grade mineralisation (240-254.50m) occupies the footwall of the fold structure and appears to be contiguous with an extensive lower limb mineralised zone. Two drill-holes, SPD-003 and SPD-008 were completed on Section 00, 100 metres SW of Section 100NE. SPD-003 encountered gold-platinum-palladium mineralisation in the siliceous alteration envelope, including a high grade gold subzone (267-273m) and also mineralization (276.65-280.50m) footwall to the fold hinge. SPD-008 drilled from the NW, successfully tested its upper inner limb and footwall hinge zone targets, encountering more than 40m of mineralisation.

Assay results for the abovementioned drill holes are outlined in the following table:

Drill Hole	From (metres, down- hole)	To (metres, down- hole)	Recovered/assay interval  (metres) *	Gold g/t	Platinum g/t	Palladium g/t	Gold equivalent g/t  **
SPD-001	<b>183.2</b>	<b>237.5</b>	<b>50.05</b>	<b>5.63</b>	<b>9.58</b>	<b>10.24</b>	<b>33.1</b>
incl.	186	203.85	17.85	10.69	6.71	6.99	
	216	228	11.15	1.89	8.5	7.98	
	232	236.4	4.4	9.64	54.2	57.72	
	<b>237.5</b>	<b>276.35</b>	<b>37.95</b>	<b>6.02</b>	<b>1.56</b>	<b>2.34</b>	<b>10.8</b>
incl.	242.25	262.75	20.2	9.36	2.72	3.9	
	259.55	262.75	3.2	26.08	5.99	10.41	
Total intersection	<b>183.2</b>	<b>276.35</b>	<b>88</b>	<b>5.8</b>	<b>6.11</b>	<b>6.83</b>	<b>23.7</b>
SPD-002	<b>204.5</b>	<b>253.6</b>	<b>46.72</b>	<b>24.11</b>	<b>9.04</b>	<b>11.57</b>	<b>50.95</b>
Incl.	219	253.6	32.22	33.25	12.79	16.25	71.18
	228	231	3	233.85	101.35	130.75	535.37

and	<b>274.65</b>	<b>289.5</b>	<b>14.65</b>	<b>22.51</b>	<b>4.56</b>	<b>5.01</b>	<b>35.64</b>
SPD-003	<b>267</b>	<b>273</b>	<b>6</b>	<b>40.59</b>	<b>0.42</b>	<b>0.68</b>	<b>41.91</b>
SPD-004	<b>193</b>	<b>258</b>	<b>53.5</b>	<b>5.35</b>	<b>2.51</b>	<b>4.01</b>	<b>13.2</b>
Incl.	193	199.7	6.7	17.83	18.5	29.24	75.56
SPD-005	NSV***						
SPD-006	NSV***						
SPD-007	159.45	187.3	26.85	8.61	8.85	14.43	36.45
and	215.3	239.1	23.3	5.11	1.55	2.34	9.89
SPD-008	166.4	173.9	7.5	19.28	2.37	5.27	27.44
and	176.27	184.4	8.13	1.78	0.14	0.15	2.19
and	258.8	269.14	10.34	21.13	5.8	8.42	38.85
and	275.2	275.9	0.7	9.28	9.75	15.9	39.95

\* Total assayed interval – excludes intervals of no core recovery; true widths to be established

\*\* Gold equivalent assuming Au:Pt:Pd prices in the ratio 1:2.33:0.5

\*\*\* NSV = No significant value found as drill veered off target

To date, all relevant drill-core has been logged, sampled and submitted for assay, with assay results awaited for nine holes. In addition, results are pending from the samples Colossus submitted to Genalysis (Perth) to be assayed for the other PGE's (rhodium, etc.). Multi-element analysis is also being performed on a representative range of samples. The Corporation has continued its intensive community and joint venture partner relations programs, including support for Coomigasp's evaluation of historical tailings and waste, environmental studies, and the provision of an ambulance for the Serra Pelada community.

## **ITEM 8: DIVIDENDS**

No dividends have been paid by the Corporation since incorporation. The future payment of dividends will be dependent upon the financial requirements to fund future growth, the financial condition of the Corporation and other factors the Corporation's board of directors (the "Board") may consider appropriate in the circumstances.

## **ITEM 9: DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation is authorized to issue an unlimited number of common shares. As at July 31, 2008, the Corporation had 42,395,188 common shares issued and outstanding. As of the date of this AIF, there are 42,665,188 common shares issued and outstanding.

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Corporation. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Corporation, are entitled to receive such dividends in any financial year as the Board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Corporation, the remaining property and assets of the Corporation.

In addition, the Corporation has reserved 2,690,000 Common Shares that may be issuable upon exercise of 2,690,000 stock options granted pursuant to the Stock Option Plan. The Corporation has issued 422,050 agent's options to an investment dealer that may be exercisable one common share and one-half of one warrant of the Corporation. The Corporation also has 17,583,893 Common Share purchase warrants outstanding that are exercisable for one Common Share at an exercise price between \$0.40 to \$2.00 expiring at various dates between February 2010 and December, 2011. The Corporation issued 1,186,800 broker options pursuant to the IPO, entitling certain investment dealers involved with the IPO to purchase one common share and one-half of one warrant of the Corporation.

## **ITEM 10: MARKET FOR SECURITIES**

The Corporation's common shares trade on the Toronto Stock Exchange under the trading symbol "CSI". The common shares were listed for trading on the TSX on February 13, 2008. Certain of the Corporation's common share purchase warrants are listed and are trading on the TSX under the trading symbol "CSI.WT".

### **10.1 Price Range and Trading Volume**

#### *Common Shares*

The following table sets forth the reported high and low sale prices and the trading volumes for common shares in the Corporation each month in fiscal year ending July 31, 2008. As noted above, the Corporation was a private company prior to February 13, 2008, following the common shares they were listed on the TSX:

Month	Price Range		Trading Volume
	High (\$)	Low (\$)	
February 2008	2.50	1.25	2,624,500
March 2008	2.57	1.85	1,478,400
April 2008	2.18	1.51	1,813,400
May 2008	2.18	1.28	1,934,300
June 2008	4.00	2.00	5,709,600
July 2008	3.75	2.33	1,326,700

#### *Warrants*

The following table sets forth the reported high and low sale prices and the trading volumes for common share purchase warrants in the Corporation each month in fiscal year ending July 31, 2008.

Month	Price Range		Trading Volume
	High (\$)	Low (\$)	
February 2008	1.05	0.20	727,700
March 2008	1.01	0.60	452,300
April 2008	0.95	0.70	155,300
May 2008	0.90	0.55	262,700
June 2008	2.09	0.81	1,354,500
July 2008	1.92	0.67	507,100

### ITEM 11: ESCROWED SHARES

In accordance with National Policy 46-201 - Escrow for Initial Public Offerings ("**National Policy 46-201**"), all securities of an issuer that are owned or controlled by its principals, will be escrowed at the time of the issuer's IPO, unless the shares held by each principal, or issuable to each principal upon conversion of convertible securities held by each principal, represent less than 1% of the total issued and outstanding shares of the issuer after giving effect to the IPO.

An aggregate of 4,853,001 Common Shares held by principals of the Corporation at the time of the Corporation's IPO are subject to the terms of an escrow agreement (the "Escrow Agreement") entered into among the principals, the Corporation and Equity Transfer & Trust Corporation (the "Escrow Agent") effective on the date of the initial public offering. The release of the Common Shares is as set out in the table below:

<i>Date</i>	<i>% of Escrowed Shares Released</i>
Listing date (the " <b>Listing Date</b> ")	1/4 of the escrowed securities
On the date six months following the Listing Date	1/3 of the remaining escrowed securities
On the date twelve months following the Listing Date	1/2 of the remaining escrowed securities
On the date eighteen months following the Listing Date	The remaining escrowed securities

Currently, 2,426,501 Common Shares remain in escrow pursuant to the Escrow Agreement. In addition, each of the officers and directors, not otherwise subject to the Escrow Agreement, and certain other shareholders have entered into contractual escrow agreements in connection with the IPO whereby such persons is restricted from trading in securities of the Corporation subject to the same release schedule outlined above. Currently, 277,500 shares are subject to such contractual escrow arrangements.

## ITEM 12: DIRECTORS AND OFFICERS

### 12.1 Name, Address, Occupation and Security Holding

The following table sets forth the names, the municipalities of residence, the positions held with and the principal occupations of each of the directors and executive officers:

Name, Age and Municipality of Residence and Position With the Corporation	Director/Officer Since	Principal Occupation for the Past Five Years	Professional Designations	Common Shares Beneficially Owned Directly or Indirectly or Controlled
Ari Sussman – 35 Toronto, Ontario Chairman and Chief Executive Officer	9-Feb-06	Chairman and Chief Executive Officer Of the Corporation since February 2006(date of incorporation); President of Cronus Resources Inc. from July 2005; Senior Vice President of Titanium Corporation (date of incorporation); President of between January 2003 and February 2004	Bachelor of Arts, University of Western Ontario 1994	1,684,001
Vic Wall – 63 Nestead, Queensland, Australia President and Director	15-Jan-07	President of the Corporation since December 2006; prior to which he was Principal of Taylor Wall & Associates since February 1998	Fellow of the Australian Institute Of Geoscientists, 2001 Bachelor of Science, University of Sydney, 1966 Ph.D., Monash University, 1996	1,032,100
Douglas Reeson - 57 Toronto, Ontario Director  (1)(2)	23-Jan-07	Chairman and Chief Executive Officer of Gossan Resources Inc. since 2004; Chief Financial Officer of Mengold Resources since 2003; business executive and independent business consultant since 1990.	Bachelor of Arts, MBA, York University	100,000
John Frostiak - 57 Oakville, Ontario Director  (1)(2)	9-Sep-07	Project Manager, Corporate at Barrick Gold Corporation since 2008; Held various positions with Barrick Gold Corporation since 1995.	P. Eng., Ontario 1997 CIM, Canada SME, United States	150,000
Patrick F. N. Anderson – 40 Toronto, Ontario Director  (1)(2)	8-Sep-08	Former President and Chief Executive Officer of Aurelian Resources since 2003.	Bachelor of Science, University of Toronto,	NIL

Greg Hall - 59 West Perth, West Australia, Australia Director	10-Mar-08	Independent Geological Consultant; prior to which he was Chief Geologist World Wide, Placer Dome Group.	Bachelor of Applied Science, University of New South Wales, 1973	NIL
Augusto Kishida - 62 Surrey, British Columbia	15-Dec-06	Vice President, Exploration of the Corporation since December 2006; prior to which he was an independent consultant since June 2003; Vice President, Exploration for Black Swan Resources between May 1993 and June 2003.	Engineer, CREA 1967 M.Sc.U. Federal Bahia, 1979 Ph. D. University of Western Ontario, 1984	925,000
John Ross – 50 Toronto, Ontario	15-Jan-07	Chief Financial Officer of the Corporation since January 2007; prior to that, he was an independent financial Consultant since July 2005; Chief Financial Officer of FNX Mining between May 2002 and June 2005; Chief Financial Officer of IAMGOLD Corporation between January 2000 and February 2002.	Chartered Accountant, ICAO Ontario, 1987 Bachelor of Arts, MBA, University of Western Ontario 1980 and 1984 respectively	25,000
Christian Grainger – 35 Goiania, Brazil	27-Feb-08	Principal Geologist of the Corporation since February 2008; prior to that, he was Senior Exploration Geologist with Troy Resources since 2003.	Bachelor of Applied Science, Ph.D, University of Western Australia, 2003	NIL
Heleno Costa – 57 Parauapebas, Para, Brazil	27-Feb-08	Vice President Operations, Serra Pelada since February 2008; prior to that, he was a founding director in an environmental consulting business since 1992.	Professional Geologist, University of Brasilia, 1976	NIL

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee

Except as otherwise noted below, each of the directors and the officers of the Corporation has held the principal occupation set forth opposite his or her name for the past five years.

Ari Sussman is President of Cronus Resources Ltd. from July 2005 and Senior Vice President of Titanium Corporation between January 2003 and February 2004.

Vic Wall was a principal of Taylor Wall & Associates since February 1998.

John Frostiak is Corporate Project Manager at Barrick Gold Corporation since 2008. He has held various positions at Barrick Gold Corporation since 1995.

Douglas Reeson is Chairman and CEO of Gossan Resources Limited since 2004 and CFO of Gossan Resources Limited since 2003. He was a business executive and independent consultant since 1990.

Greg Hall was employed by the Placer Dome group of companies from 1998 to 2005, the last five years as Chief Geologist. He is an independent consultant since Placer Dome was acquired by Barrick Gold in 2006.

Patrick Anderson was President and CEO, Aurelian Resources Inc. from 2003. He was an independent consultant prior to 2003.

John Ross was an independent consultant since 2005. He was CFO, FNX Mining between May 2002 and June 2005.

Augusto Kishida was an independent consultant since 2003. He was Vice President, Exploration for Black Swan Resources between May 1993 and June 2003.

Christian Grainger was a Senior Exploration Geologist with Troy Resources since 2003.

Heleno Costa was involved in the management of an environmental consultancy business, of which he was the founding director since 1992.

As at the date of this AIF, the directors, executive officers and key employees of the Corporation, as a group, own beneficially, directly or indirectly, or exercise control or direction of 3,916,101 common shares or 9.2% of the issued and outstanding common shares.

Each director holds office until the next annual general meeting of shareholders or until a successor is elected or appointed.

## **12.2 Corporate Cease Trade Orders or Bankruptcies**

During the past ten years, except as noted below, none of the directors, executive officers or shareholders holding a sufficient number of securities to affect materially the control of the Corporation is or has been a director or executive officer of any other company that while such person was acting in that capacity:

(a) was the subject of a cease trade order or similar order or an order that denied such company access to any exemption under securities legislation for a period of more than 30 consecutive days,

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in such company being the subject of a cease trade or similar order or an order that denied such company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or

(c) within a year of that person ceasing to act in that capacity, such company became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

From June 1994 to December 1999, Mr. Reeson was a director of Skylink Communications Inc. ("Skylink") representing an investor group trying to re-activate the company. Shortly after joining the board, Skylink was suspended from trading by the Alberta Stock Exchange for failing to meet continued listing requirements and on March 8, 1995, the Alberta Securities Commission cease traded Skylink for failure to file financial statements.

### **12.3 Penalties or Sanctions**

None of the directors, executive officers or shareholders holding a sufficient number of securities to affect materially the control of the Corporation has been subject to (a) any penalties or sanctions by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **12.4 Personal Bankruptcies**

During the past ten years, none of the directors, executive officers or shareholders holding a sufficient number of securities to affect materially the control of the Corporation has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

### **12.5 Conflicts of Interest**

The directors are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interests that they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Corporation's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Corporation, its promoters, directors and officers or other members of management of the Corporation or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore

it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies.

## **12.6 Promoter**

Ari Sussman, the Chief Executive Officer and director of the Corporation is also a promoter of the Corporation. Mr. Sussman purchased 1,620,001 Common Shares from the Corporation and exercises direction or control over an additional 1,250,000 Common Shares registered in the name of his wife (the aggregate of which represents approximately 6.8% of the issued and outstanding Common Shares). Mr. Sussman received salary and options as consideration for his role in founding and organizing the business of the Corporation.

## **ITEM 13: LEGAL PROCEEDINGS**

The Corporation and its subsidiaries are not a party to any material legal proceedings.

## **ITEM 14: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

There are no material interests, direct or indirect, of any director, executive officer, or any shareholder who beneficially owns, directly or indirectly, more than 10% of the outstanding common shares or any known associate or affiliate of such persons, in any transaction during the three most recently completed financial years or during the current financial year which has materially affected or would materially affect the Corporation or a subsidiary of the Corporation.

## **ITEM 15: TRANSFER AGENT AND REGISTRAR**

Equity Transfer & Trust Corporation, through its office at Toronto, Ontario, is the transfer agent and registrar for the common shares and listed common share purchase warrants.

## **ITEM 16: MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Corporation within two years prior to the date hereof, which are currently in effect and considered to be currently material:

- (a) Agency Agreement relating to the Corporation's IPO;
- (b) Warrant Indenture relating to the common share purchase warrants of the Corporation issued pursuant to the Corporation's IPO;
- (c) Escrow Agreement relating to escrow provisions imposed pursuant to the Corporation's IPO;
- (d) Serra Pelada Agreement referred to under "General Development of the Business"; and

- (e) Phoenix Agreement referred to under "General Development and the Business".

Each of these agreements have been filed online at [www.sedar.com](http://www.sedar.com).

The Serra Pelada Technical Report was authored by David G. Jones and Gregory C. Hall of Vidoro Pty Ltd. The authors of the Serra Pelada Technical Report are "qualified persons" and were "independent" of the Corporation as those terms are defined in NI 43-101 at the time the report was filed. The authors and their firm do not own any securities of the Corporation. Greg C. Hall subsequently joined the Board of Directors of the Corporation.

## **ITEM 17: AUDIT COMMITTEE**

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the Audit Committee to maintain free and open communications among the Board, the independent auditors and the financial and senior management of the Corporation. The full text of the audit committee's charter is included as Schedule "A" to this AIF.

### **17.1 Composition of the Audit Committee**

The Audit Committee is comprised of Douglas Reeson, John Frostiak and Patrick Anderson. Each member is financially literate as defined under Section 1.5 of Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110"). All members are independent as such term is defined under Section 1.4 of MI 52-110.

### **17.2 Relevant Education and Experience**

#### **Douglas Reeson**

Douglas Reeson is a business executive and an independent financial consultant with experience as an officer and director of a number of junior public companies. Currently Mr. Reeson is the CEO of Gossan Resources Ltd. and a director of Mega Uranium Ltd. In prior years, he held a number of positions in the investment industry including the Executive Director of Listings for the Toronto Stock Exchange, Vice-President and Director of Davidson Partners, Midland Doherty & Yorkton Securities and, earlier, as an Investment Analyst at Burns-Fry. Mr. Reeson resides in Toronto and holds undergraduate and graduate degrees from York University. He was elected to the Board in 2007.

#### **John Frostiak**

John Frostiak is a registered professional engineer in the province of Ontario and a member of the Canadian Institute of Mining Metallurgy and Petroleum. Currently, Mr. Frostiak is the Manager, Metallurgy and Process Development for Barrick Gold Corporation. In prior years, he held other positions within Barrick Gold Corporation and was responsible for numerous technical accomplishments including leading the development of the process plant and surface facilities for both the Pierina Mine in Peru, the Bulyanhulu mine in Tanzania and the Cowal mine in Australia.

Mr. Frostiak has gained literacy with financial statements through his many years of work with Barrick Gold Corporation.

### **Patrick F.N. Anderson**

Patrick F.N. Anderson has over 14 years experience working in all aspects of the exploration business. After graduating from the University of Toronto geology program he moved to the jungles of southern Venezuela and worked as the resident project geologist on a successful kimberlite exploration program. Since then he has been a consulting geologist on gold, base metals and diamond projects in South America, North America and Europe for junior explorers, major producers and consulting firms to the mineral industry. Mr. Anderson co-founded Aurelian Resources Inc. and was one of the discoverers of the Condor Project, which hosts the FDN epithermal gold-silver deposit. Mr. Anderson has gained literacy with financial statements through his experience as CEO of Aurelian Resources.

### **17.3 Pre-Approval Policies and Procedures**

Under its terms of reference, the Audit Committee is required to review and pre-approve the objectives and scope of the audit work to be performed by the Corporation's external auditors and their proposed fees. In addition, the audit committee is required to review and pre-approve all non-audit services which the Corporation's external auditors are to perform.

Pursuant to these procedures since their implementation, all of the services provided by the Corporation's external auditors relating to the fees reported as audit, audit-related, tax and all other services have been approved by the audit committee.

### **17.4 Audit Fees**

The aggregate fees billed by the external auditors in the years ending July 31, 2008 and July 31, 2007 for audit services were \$51,000 and \$39,000 respectively.

### **17.5 Tax Fees**

The aggregate fees billed by the external auditors in the years ending July 31, 2008 and July 31, 2007, for tax compliance, tax advice and tax planning services were \$4,000 and \$3,000, respectively.

### **17.6 All Other Fees**

The aggregate fees billed by the external auditors in the years ending July 31, 2008 and July 31, 2007, for all other services other than as described above under Audit Fees, Audit-Related Fees, and Tax Fees were \$29,500 and \$nil, respectively. This work related to the Corporation's IPO.

## **ITEM 18: ADDITIONAL INFORMATION**

### **Glossary of Non-Technical Terms**

"**Additional Units**" means the additional Units issuable upon the exercise of the Over-Allotment Option;

"**Agency Agreement**" means the Agency Agreement dated February 6, 2008 between the Agents and the Corporation relating to the Offering;

"**CFEM**" means Financial Compensation for the Exploitation of Mineral Resources, a Brazilian federal royalty payable on mining concessions;

"**CMN**" means Companhia Nacional de Mineração;

"**Codim**" means Companhia de Desenvolvimento de Indústrias Mineraias, a subsidiary of Union Carbide;

"**Colossus Brazil**" means Colossus Geologica e Participações Ltda., the Brazilian subsidiary of the Corporation;

"**Common Share**" means a common share in the capital of the Corporation;

"**Corporation**" means Colossus Minerals Inc.;

"**CONSEMA**" means Conselho Estadual do Meio Ambiente, the Brazilian environmental state council;

"**Coomigasp**" means Coomigasp – Cooperative de Mineração dos Garimpeiros de Serra Pelada;

"**CVRD**" means Companhia Vale do Rio Doce, a Brazilian mining company;

"**DNPM**" means the Brazilian Departamento Nacional de Produção Mineral (National Department of Mineral Production);

"**EIA**" means an environmental impact study;

"**Escrow Agreement**" means the escrow agreement to be entered into on or prior to Closing among the principals of the Corporation, the Corporation and Equity Transfer & Trust Corporation;

"**Financial Statements**" means the Corporation's audited financial statements as at July 31, 2008, together with the notes thereto;

"**Hidefield**" means Hidefield Gold Plc;

"**Natividade Option Agreement**" means the option agreement dated November 13, 2006 among the Corporation, Colossus Brazil and Terra Goyana pursuant to which the option to purchase the Natividade Property was granted to Colossus Brazil;

"**Natividade Property**" means property comprised of two licenses, one that has been approved as an Application for Mining License and the second which is an Exploration License which is valid until June 2008 covering 10,000 hectares, in the State of Tocantins, Central Brazil;

"**N1 43-101**" means National Instrument 43-101 – Standards of Disclosure for Mineral Projects;

"**OPML**" means Ouro Preto Mineração Ltda., a wholly-owned subsidiary of Hidefield;

"**PGC**" means the Projecto Grande Carajás Mining and Industrial Zone;

"**Phoenix**" means Phoenix Gems Do Brasil Ltda.;

"**Phoenix Agreement**" means the partnership agreement dated September 18, 2007 between Colossus Brazil and Phoenix pursuant to which Phoenix has been granted a 15% interest in Colossus Brazil's interest in the Serra Pelada Property;

"**Serra Pelada Agreement**" means the joint venture agreement dated July 16, 2007 between Colossus Brazil and Coomigasp in respect of the Serra Pelada Property;

"**Serra Pelada Property**" means the property consisting of exploration license, 850.425/1990 covering 100 hectares located Para State, Brazil;

"**Serra Pelada Technical Report**" means the report completed by Vidoro Pty Ltd. dated December 19, 2007 pursuant to the provisions of National Instrument 43-101 in respect of the Serra Pelada Property;

"**Stock Option Plan**" means the Corporation's stock option plan providing for the granting of incentive options to the Corporation's directors, officers, employees and consultants in accordance with the rules and policies of the Exchange;

"**Sumidouro Option Agreement**" means the option agreement dated January 5, 2007 among the Corporation, Colossus Brazil, OPML and Hidefield pursuant to which the option to purchase the Sumidouro Property was granted to the Corporation;

"**Sumidouro Property**" means the property consisting of nine exploration licences 831.473/2002, 831.913/2003, 832.734/2003, 833.294/2003, 833.333/2003, 830.266/2004, 830.404, 2004, 830.405/2004, 831.259/2004 covering 6,420 hectares located near Ouro Preto in Minas Gerais State, Brazil;

"**Terra Goyana**" means Terra Goyana Mineradora Ltd., a Brazilian company that is the optionor of the Natividade Property;

"**Tinoco**" means the Tinoco prospect area of the Sumidouro Property;

"**USGS**" means United States Geological Survey;

"**Warrant Indenture**" means the warrant indenture to be entered into between the Corporation and the Warrant Agent;

## Glossary of Technical Terms

This glossary comprises a general list of common technical terms that are typically used by geologists. The list has been edited to conform in general to actual usage in the body of the AIF. Readers should refer to more comprehensive dictionaries of geology in printed form or available on the internet for a complete glossary.

"**alteration**" means the change in the mineral composition of a rock, commonly due to hydrothermal activity;

"**chlorite**" means a generally green or black secondary mineral often formed by metamorphic alteration of primary dark rock minerals, that appears as a spot of green and resembles mica;

"**CIM**" means Canadian Institute of Mining, Metallurgy and Petroleum;

"**conglomerate**" means a sedimentary rock formed by the cementing together of water-rounded pebbles, distinct from a breccia;

"**craton**" means a major part of the earth's crust that has been stable and little deformed for a long time;

"**dip**" means the angle at which any planar feature is inclined from the horizontal;

"**dyke**" means a tabular igneous intrusion that cuts across the bedding or other planar structures in the host rock;

"**felsic**" means light coloured rocks containing an abundance of feldspars and quartz;

"**formation**" means primary formal unit of lithostratigraphic classification;

"**Group**" means a succession of two or more contiguous or associated formations with significant and diagnostic lithologic properties in common;

"**lithologies**" means the branch of geology that studies rocks: their origin and formation and mineral composition and classification;

"**magma**" means naturally occurring molten rock, generated within the earth;

"**Metasedimentary**" means originally sedimentary rocks which have been subsequently affected by the process of metamorphism;

"**Pd**" means palladium;

"**plunge**" means the attitude of a line in a plane which is used to define the orientation of fold hinges, mineralized zones and other structures;

"**quartz**" means a common silica mineral with the chemical formula  $\text{SiO}_2$ ;

"**sericite**" means a white, fine-grained mica, usually formed as an alteration product of various silicates in metamorphic rocks and the wall rocks of ore deposits;

Additional information relating to the Corporation may be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

Additional information, including regarding directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's Initial Public Offering Prospectus, filed on SEDAR on February 6, 2008. Additional information is also provided in the Corporation's financial statements and Management's Discussion & Analysis for its most recently completed financial year.

## APPENDIX "A"

### Audit Committee Charter

(Implemented pursuant to Multilateral Instrument 52-110)

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

#### PART 1

**Purpose:** The purpose of the Committee is to:

- a) significantly improve the quality of the Corporation's financial reporting;
- b) assist the Board to properly and fully discharge its responsibilities;
- c) provide an avenue of enhanced communication between the Board and external auditors;
- d) enhance the external auditor's independence;
- e) increase the credibility and objectivity of financial reports; and
- f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

#### 1.1 Definitions

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles*,

*Auditing Standards and Reporting Currency*;

"Affiliate" means a company that is a subsidiary of another company or companies that are controlled by the same entity;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Corporation;

"Charter" means this audit committee charter;

"Corporation" means Colossus Minerals Inc.;

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

"executive officer" means an individual who is:

- a) the chair of the Corporation;
- b) the vice-chair of the Corporation;
- c) the President of the Corporation;
- d) the vice-president in charge of a principal business unit, division or function including sales, finance or production;
- e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- f) any other individual who performs a policy-making function in respect of the Corporation;

“financially literate” has the meaning set forth in Section 1.3;

"immediate family member" means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual's home;

“independent” has the meaning set forth in Section 1.2;

“Instrument” means Multilateral Instrument 52-110;

"MD&A" has the meaning ascribed to it in the National Instrument;

“Member” means a member of the Committee;

"National Instrument 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"non-audit services" means services other than audit services;

## 1.2 Meaning of Independence

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation.
2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment.
3. Despite subsection 2 and without limitation, the following individuals are considered to have a material relationship with the Corporation:
  - a) a Control Person of the Corporation;
  - b) an Affiliate of the Corporation; and
  - c) an employee of the Corporation.

**1.3 Meaning of Financial Literacy --** For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

## PART 2

**2.1 Audit Committee** – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

**2.2 Relationship with External Auditors** – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

## 2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the Board:
  - a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and

- b) the compensation of the external auditor.
- 2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
  - b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
  - c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
  - d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
  - e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
  - f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
  - g) reviewing interim unaudited financial statements before release to the public;
  - h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
  - i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
  - j) reviewing the terms of reference of the internal auditor, if any;
  - k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
  - l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.
- 3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
  - 4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
  - 5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
  - 6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
  - 7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.
  - 8. The Committee shall, as applicable, establish procedures for:
    - a) receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
    - b) confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
  - 9. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.
  - 10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

**2.4 De Minimis Non-Audit Services** – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- b) the Corporation or the relevant subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

## **2.5 Delegation of Pre-Approval Function**

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

## **PART 3**

### **3.1 Composition**

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall be independent.
4. Every audit committee member shall be financially literate.

## **PART 4**

**4.1 Authority** – Until the replacement of this Charter, the Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- b) set and pay the compensation for any advisors employed by the Committee,
- c) communicate directly with the internal and external auditors; and
- d) recommend the amendment or approval of audited and interim financial statements to the Board.

## **PART 5**

**5.1 Disclosure in Information Circular** -- If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*).

## **PART 6**

### **6.1 Meetings**

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.