

COLOSSUS MINERALS INC.
(A development stage company)
Management's Discussion and Analysis
April 30, 2009

June 15, 2009

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For the nine months ended April 30, 2009

The following discussion of the financial condition and results of the operations of Colossus Minerals Inc. ("Colossus" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the 3-month and 9-month periods, ended April 30, 2009, and the comparable periods last year. This discussion dated June 15, 2009 should be read in conjunction with the Company's unaudited interim financial statements and notes thereto for the period ended April 30, 2009 and April 30, 2008 and the annual audited financial statements and notes thereto for the year ended July 31, 2008 and July 31, 2007, (the "financial statements"), which have all been prepared in accordance with Canadian generally accepted accounting principles. All dollar amounts in this document are stated in Canadian dollars unless otherwise noted. These financial statements, along with their related Management Discussion and Analysis and other public documents can be requested from the Company and are available for viewing on SEDAR at www.sedar.com.

Corporate Highlights

During the quarter ended April 30, 2009:

- On March 10, 2009, announced the closing of a \$24.7 million bought deal financing (net \$22.9 million), including proceeds from the over-allotment option.
- On February 11, 2009, released the first full suite of Platinum Group Metal ("PGM") assay results of historical drill core. The results included 7.88 metres at 98.4 grams per tonne ("g/t") platinum, 115.7 g/t palladium, 2.74 g/t rhodium, 1.52 g/t iridium and 406 g/t gold.
- On April 9, 2009, announced an acceleration of the Phase II drilling program. The program will test 500 metres of strike length in the Central Mineralised Zone as well as new targets to the east and west of this Zone.
- On April 9, 2009, announced that the Company had now earned a 51% interest in the Serra Pelada joint venture company.
- On April 29, 2009, announced that 700 metres of a proposed 2,000 metre reverse circulation drill program had been completed.
- On April 29, 2009, made its US\$2 million final payment for the 15% net profit interest related to the Serra Pelada Property.

Subsequent to April 30, 2009:

- On June 4, 2009, announced the results from the first three diamond drill holes (total 916 metres) of the Phase II diamond drill program at Serra Pelada. The highlight of the program to date was hole SPD-020A, which intersected 21.15 metres of 46.36 g/t gold, 25.82 g/t platinum and 32.64 g/t palladium, the highest grades of platinum and palladium so far encountered in Colossus drilling of the Serra Pelada Property.

Corporate Overview

The Company was formed in February 2006 for the purpose of acquiring, exploring and developing mineral properties in Brazil. The Company does not have any projects that generate revenue at this time. The Company's ability to carry out its business plan rests with its ability to secure equity and other financings. The Company's common shares were listed for trading on the Toronto Stock Exchange on February 13, 2008.

The Company has two material subsidiaries. Colossus Geologia e Participacoes Ltda. (“Colossus Brazil”) was incorporated by articles of association filed on June 1, 2006 and is the signee on the option agreements on both the Natividade and Serra Pelada Properties. On November 5, 2007 the Company purchased a 100% interest in Mineracao Fazenda Monte Belo Ltda (“MFMBL”) in exchange for 125,000 shares of the Company. The principal asset of MFMBL is the Rio Cristalino property.

Property Acquisitions

On July 16, 2007, the Company through its subsidiary Colossus Brazil entered into an agreement with De Mineracao Dos Garimpeiros De Serra Pelada (“COOMIGASP”), a private Brazilian entity, in which Colossus Brazil can earn an interest in Serra Pelada Companhia de Desenvolvimento Mineral Ltda (“SPC”), which is the company that holds the application to transfer the title to the Serra Pelada Property (Departamento Nacional de Produção Mineral (“DNPM”) Process number 850.425/1990). Colossus Brazil, however, shall not be entitled to earn any interest to the existing waste and tailings from the historical open pit mine. The Serra Pelada Property is located in Para State, Brazil. The Company can earn an initial 51% share in SPE by spending Brazilian Reals (“R\$”) R\$6,000,000 on exploration and development. This 51% share was earned in April 2009 with the acceptance of spending to date on the Property by COOMIGASP. Colossus Brazil can increase its ownership share in SPC to 75% by spending a further R\$12,000,000. As required by the agreement, Colossus Brazil has also funded R\$200,000 of consulting work for COOMIGASP to evaluate the potential to mine from the remaining waste and tailings at the Serra Pelada Property. COOMIGASP will continue to assume all liabilities for environmental cleanup related to the existing waste and tailings.

Colossus Brazil will pay COOMIGASP a series of premium payments based upon the mineable gold reserve accepted and approved by the 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 mineable gold 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 mineable gold reserves. Advance payments to date against these premium payments have been made in accordance with the agreement as follows:

- R\$2,000,000 in 2007 and 2008,
- R\$1,600,000 in 2009.

The R\$3,600,000 payment scheduled for May 2009 has been deferred by mutual consent.

The Company and Phoenix Gems Do Brasil Ltda. ("Phoenix") entered into an agreement with respect to the Company's interest in the Serra Pelada Property where Phoenix can earn a 15% net profit interest in the Company's potential future earnings from Serra Pelada. The Company 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 Company met this spending requirement. On August 11, 2008 the Company agreed to purchase Phoenix's interest in Serra Pelada for US\$4.2 million. Payments of US\$0.2 million were made on signing the agreement and US\$1.8 million on receipt of regulatory approval. A six payment extension to the schedule for the remaining US\$2.2 million was made in January 2009. A payment of US\$50,000 and 378,100 Colossus common shares was made in January 2009. Five semi-annual payments of US\$400,000 each were to be made commencing June 15, 2009 and ending June 15, 2011. On April 29, 2009 the Company paid the remaining US\$2 million obligation.

In November 2006, the Company, 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 in the joint venture company 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 (expended), minimum expenditures of US\$500,000 in the second year and the remainder payable in the third year. The mineral rights have been transferred to a new company named Mineração Santa Luzia SA. To date, the Company has made option payments of \$192,675 and spent close to US\$0.5 million in exploration expenditures. On January 6, 2009, the Company announced it had negotiated an unconditional one-year extension on all option payments and work commitment obligations.

On November 5, 2007 the Company purchased a 100% interest in Mineracao Fazenda Monte Belo Ltda (MFMBL) in exchange for 125,000 shares on the Company. The principal asset of MFMBL is the Rio Cristalino property, a low-grade molybdenum target.

In July 2006, the Company 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 which would hold 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 Company, through Colossus Brazil, could earn a 51% interest in the joint venture company by spending US\$1,250,000 within three years, subject to minimum expenditure of US\$250,000 in the first year. In addition, the Company 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 could earn up to 70% in 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. On January 6, 2009 the Company announced it was not proceeding with the Sumidouro property. All costs (\$1.7 million) associated with this property were written off in the quarter ended January 31, 2009.

Results of operations for the quarter

The loss from operations and comprehensive income for the third quarter ending April 30, 2009 was \$1,023,556 or \$0.02 per share, as compared to \$602,189 or \$0.02 per share for the three-month period ending April 30, 2008.

Much of the \$421,367 of increased loss in the third quarter of 2009 as compared to the third quarter of 2008 resulted from a \$394,934 increase in general and administrative costs. Non-cash, stock-based compensation decreased by \$202,267 in the quarter, which offset the \$228,700 increase in other expenses in the 2009 quarter.

General and administrative costs of \$667,075 in the third quarter of 2009 (2008 Q3 - \$272,141) increased significantly due to increased travel, a penalty to break a lease on a new premises, and due to administrative activities associated with being a public company (IPO February 2008). In Brazil, increased general and administrative expense reflected the Phase II drilling program and community relations programs in the areas the Company operates.

Non-cash stock-based compensation costs were \$172,270 in the quarter ended April 30, 2009 (2008 Q3 - \$374,537). Wages and salaries of \$76,762 in the third quarter of 2009 (2008 Q3 - \$51,581) reflected increased administration support as a public company (IPO February 2008) and for increased exploration. Professional and consulting fees were \$119,240 in the third quarter of 2009 (2008 Q3 - \$109,472). Consulting fees not directly related to an exploration project were expensed. Director fees were initiated at the end of the 2008 year and costs of \$18,750 were expensed in the third quarter of 2009.

Foreign exchange in the third quarter of 2009 was a gain of \$60,494 compared to gain of \$104,831 in the third quarter of 2008. The foreign exchange in the third quarter of 2009 resulted from movement of the Canadian dollar against the Brazilian Real and the US dollar.

Interest income of \$79,235 in the third quarter of 2009 (2008 Q3 - \$122,571) resulted from interest on the Company's cash balances.

Spending on Serra Pelada in the third quarter of 2009 was \$5,115,206 (third quarter of 2008 - \$2,099,615).

Near the end of the quarter, the Company expanded its Phase II drilling program at Serra Pelada by increasing drilling to three diamond rigs for resource delineation and development drilling. Four diamond drill-holes were completed and a further three were in progress during the reporting period (1,350 metres of drilling). Completed holes were sampled and prepared at Intertek's facility located in Parauapebas, Brazil followed by pulps being sent to Genalysis, Australia for assaying.

Additionally, a Reverse-Circulation ("RC") drill rig was contracted to complete a minimum of 2,000 metres of drilling in order to fast-track diamond drilling. The RC rig was used to pre-collar holes up to 100 metres of depth with the aim of continuing those holes with a diamond

drill to target depth. Also the RC drill rig was used to initiate evaluation of tailings and waste pile located north of the historical open pit.

A total of 593 samples from historical core were submitted to Genalysis, Australia for validation assaying of historical results. Additionally, another 364 samples from Colossus' Phase I drilling were submitted to Genalysis for full platinum group metal analysis.

Lastly, hydrology studies commenced consisting of both a bathometric survey of the old open pit and the monitoring of water flow into drill holes.

No cash was spent on the Natividade project in the third quarter of 2009 (third quarter of 2008 - \$33,331).

No cash was spent on the Rio Cristalino project in the quarter (third quarter 2008 - \$4,690).

During the third quarter, the Company engaged in public relations initiatives, internationally and locally in Brazil: The CEO conducted investor presentations within Canada and the United States. Additionally, the Company was represented at the Prospectors & Developers Association of Canada (PDAC) Conference held in Toronto from March 1-4, 2009. Considerable efforts were invested to help improve general living standards of the Serra Pelada village, including the donation of a car to the police force and lights to a local soccer stadium. Additionally, the Company was a lead sponsor of an event to promote education and community solidarity among the residents of Serra Pelada. Participants at this event received 300 essentials kits containing every-day use items, medical consultations and medications, dental care, and an educational workshop on the Serra Pelada project. Lastly, the Company continued its support in COOMIGASP's evaluation of historical waste and tailings and related environmental studies.

Results of operations for the nine-month period

The loss from operations and comprehensive income for the nine month period ending April 30, 2009 was \$4,448,385 or \$0.10 per share, as compared to \$659,352 or \$0.05 per share for the nine months ending April 30, 2008.

Exploration write-offs in the first nine months of 2009 were \$1.7 million (nine months 2008 - \$nil), related to the write-down of the Sumidouro property. Non-cash stock-based compensation costs were \$956,025 in the nine-month period ended April 30, 2009 (nine-month period ended April 30, 2008- \$637,990).

General and administrative costs of \$1,135,604 in the first nine months of 2009 (nine months 2008 - \$454,610) increased significantly. The most significant components of the Toronto cost increases were travel (up \$232,486), rent (up \$87,950 for a lease cancellation penalty), and advertising (up \$57,480). General and administrative costs in Brazil increased \$259,454 during the comparable period as exploration costs have increased.

Wages and salaries of \$242,513 in the first nine months of 2009 (nine months 2008 - \$98,764) reflected increased administration support as a public company and for exploration projects

which was required with increased activity which commenced in 2008. Professional and consulting fees of \$330,935 in the first nine months of 2009 (nine months 2008 - \$266,397) reflect the start-up nature of the exploration projects over the year and increased costs of being a public company.

Accounting and transfer agent fees amounted to \$100,280 for the first nine months of 2009 (nine months 2008 - \$50,734) due to costs of being a public company. Amortization of \$31,304 in the first nine months of 2009 (nine months 2008 - \$7,073) reflects an increase in assets, mostly in Brazil. Director fees were initiated at the end of the 2008 year and costs of \$71,750 were expensed in the first nine months of 2009. Foreign exchange in the first nine months of 2009 was an gain of \$24,923 compared to a gain of \$38,228 in the first nine months of 2008. The foreign exchange gain in the first nine months of 2009 resulted from decrease in strength of the Canadian dollar during the period.

During the second fiscal quarter of 2009 the Company renegotiated its payment obligations related to the purchase of the 15% net profits interest from Phoenix Gems. Payments related to the new schedule amounted to US\$50,000 (\$60,633) cash and shares valued at \$415,910, for a total of \$476,543. During the April 2009 quarter the Company elected to make US\$2.0 million of remaining payments to complete the NPI purchase.

Interest income of \$208,281 in the first nine months of 2009 (nine months 2008 - \$134,219) resulted from interest on the Company's cash balances.

During the first nine months of 2009, the Company spent cash of \$11.7 million and issued shares for \$0.4 million related to mining assets (nine months 2008 - \$4.4 million cash and \$0.1 million shares). Serra Pelada became the focus of exploration, attracting \$11.7 million of the cash and shares expenditure in the first nine months of 2009.

Shares issued and outstanding

As at April 30, 2009, the issued and outstanding common shares of the Company totaled 56,564,881 (July 31, 2008 – 42,395,188 shares issued and outstanding). Fully diluted shares of the Company at April 30, 2009 were 84,535,455 (July 31, 2008 – 65,082,356 fully diluted shares).

On March 10, 2009, the Company completed a bought deal equity offering with a syndicate of underwriters. The offering included 1,150,000 Units, priced at \$2.15 per unit, for gross proceeds of \$24,725,000. Each Unit comprised one Common Share and a one-half Common Share Purchase Warrant. Each full Warrant entitles the holder to acquire one Common Share at a price of \$2.70 for a period of two years following closing. The Company has the right to accelerate the expiry of the Warrants to 30 days in the event the closing price of the Common Shares on the Toronto Stock Exchange is in excess of \$3.75 for a period of 20 consecutive trading days at any time after the closing of the offering. The underwriters received a 6% commission and 690,000 Compensation Options for their fee. The Compensation Options allow the holder to purchase one Unit at a price of \$2.15 for a period of 24 months from the closing.

Net cash proceeds from the offering were \$22.9 million. The net proceeds are intended to be used to fund expenditures on the Serra Pelada project and other exploration activities and for general working capital and corporate purposes. Net proceeds were allocated as \$20.2 million to shares and \$2.7 million to warrants.

On July 7, 2007, the Company closed a private placement of 6,238,000 Units of the Company at a price of \$0.40 per Unit for aggregate gross proceeds of \$2,495,200. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.55 for a period of two years from the date the Company becomes a public company. Of the 6,238,000 units to be issued, 500,000 units had not yet been issued as at July 31, 2007 pending receipt of payment. During the first quarter of 2008, the payment was received and the shares were issued.

On November 5, 2007, Maple Minerals was issued 125,000 shares in exchange for 100% of MFMBL. The principal asset acquired was the Rio Cristalino property, a low grade copper molybdenum target.

On November 7, 2008 the Company closed a private placement for 1,645,000 units at a price of \$1.00 for total gross proceeds of \$1.6 million. Each unit comprised one share and one-half share purchase warrant, with each warrant exercisable into one share at a price of \$1.50 for two years following the Company's going public date.

On February 13, 2008, the Company completed its initial public offering. A total of 17.2 million units were offered at a price of \$1.25 per unit. Each unit comprised one share and one half-share warrant. Each warrant could be converted to a share at a price of \$2.00 for a period of 36 months from the date of the offering. Effective February 25, 2008, the Company closed the underwriter over allotment option of 2.6 million additional shares and 1.3 million warrants. The gross proceeds raised from the offering and over-allotment option exercise was \$24.7 million.

At April 30, 2009, the Company had 3,630,000 stock options issued and outstanding. During the nine-month period 1,375,000 options were issued, 50,000 options were exercised and 385,000 options were cancelled.

The Company had 1,405,450 broker unit options issued and outstanding at April 30, 2009. The Company issued 690,000 broker units during the third quarter of 2009 regarding the financing which closed March 10, 2009.

The Company had 22,432,400 stock warrants issued and outstanding at April 30, 2009. The Company issued 5,750,000 stock warrants in the quarter related to the financing. A further 446,700 warrants were issued on exercise of the share portion of the broker units. During the third quarter 1,078,193 warrants were exercised. The outstanding warrants have exercise prices between \$0.40 per share and \$2.70 per share, with expiries between 2010 and 2011.

As at June 15, 2009 the issued and outstanding common shares of the Company totaled 57,647,788 and the fully diluted shares totaled 84,535,455.

Financial condition

The Company's total assets at April 30, 2009 increased to \$48,690,777 from \$27,294,312 at July 31, 2008. The most significant reason for the increase was the \$22.9 million of net cash raised through the bought deal financing in March 2009. Cash was spent on exploration (\$5.1 million, including \$2.4 million to purchase the remaining NPI interest on the Serra Pelada Property) and administration (\$0.3 million cash) during the quarter. Assets at April 30, 2009 include cash and cash equivalents of \$27.5 million (July 31, 2007 - \$16,702,933). Cash not on account at a bank has been invested in bank guaranteed, short-term maturity instruments that stress reduced risk and liquidity over return.

The Company's liabilities include trade payables and accrued liabilities of \$758,750 at April 30, 2009, up from \$685,397 at July 31, 2008. The Company has no long-term financial liabilities, off balance sheet financing arrangements or material contingent liabilities or contractual obligations other than payments for mineable gold related to the Serra Pelada Property.

Liquidity and capital resources

From the date of its incorporation to April 30, 2009, the Company has raised total net proceeds of \$52,563,681 through equity financings and stock option exercises of which \$24.2 million was raised in the third fiscal quarter of 2009 and \$22.8 million was raised in the third fiscal quarter of 2008.

The \$24.2 million in the third quarter of 2009 included \$22.9 million of cash raised related to payments for units sold in the February 2009 bought deal financing. This net cash raised was distributed between shares (\$20,144,165) and warrants (\$2,746,144).

The \$22.8 million of cash raised related to payments for units sold in the February 2008 IPO financing. This net cash raised was distributed between shares (\$19,134,777) and warrants (\$3,691,745).

At April 30, 2009 the Company had working capital of \$27,110,051 compared to \$16,577,385 as at July 31, 2008.

The ability of the Company to successfully acquire additional mineral projects is conditional on its ability to secure financing when required. The Company proposes to meet additional financing requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times required or desired by the Company.

The Company will continue to be reliant on equity financings as it is still in the development stage without any revenue from operations. The Company's ability to raise additional funds and its future performance is largely tied to the financial markets related to mineral exploration companies. Current financial markets are likely to be volatile in Canada for the remainder of the calendar year and potentially into 2010, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. As well, concern about global growth

has led to sustained drops in the commodity markets, although the outlook for gold and to a lesser extent, platinum group metals remains relatively positive. Unprecedented uncertainty in the credit markets has also led to increased difficulties in raising funds.

Junior exploration companies world-wide have been hit particularly hard by these trends. As a result, in the future the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without the risk of excessive dilution the present shareholders of the Company. The Company completed a substantial financing on March 10, 2009 and is currently well-funded.

The Company's strategy is to spend its funds in a prudent manner while focusing and expanding its exploration efforts at the Serra Pelada Property. The Company believes this strategy will enable it to meet these near-term challenges.

Related party transactions

During the nine months ending April 30, 2009, the Company paid an amount of \$135,000 (nine months 2008 - \$58,000) to the CEO and a director of the Company. Consulting fees of \$135,000 (nine months 2008 - \$209,269) were accrued or paid to a company owned by the President and a Director of the Company. At April 30, 2009 a balance of \$34,349 (April 30, 2008 - \$49,039) was due to this company. Consulting fees of \$112,500 (nine months 2008 - \$72,100) were paid to a company whose owner is the Vice President of Exploration of the Company. At April 30, 2009 a balance of \$14,799 (April 30, 2008 - \$18,673) was due to this company. An amount of \$45,000 (nine months 2008 - \$23,000) was paid in consulting fees to the CFO of the company. All balances are in the normal course of operations and were classified as related party transactions because the individuals are not direct employees of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Balances paid approximate arm's length values for work of equal value in startup operations. All balances due were non-interest bearing and unsecured.

Summary of Quarterly Results

<u>Year ended July 31, 2009</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
Total revenues	\$ -	\$ -	\$ -		\$ -
Net loss and comprehensive loss for the period	808,522	2,616,307	1,023,556		4,448,385
Net loss per share (1)	\$ 0.02	\$ 0.06	\$ 0.02		\$ 0.10
Total assets	26,653,344	24,834,960	48,690,777		48,690,777
Shareholders' equity	26,286,984	24,550,751	47,932,027		47,932,027

<u>Year ended July 31, 2008</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
Total revenues	\$ -	\$ -	\$ -		\$ -
Net loss and comprehensive loss for the period	299,977	440,955	602,189	975,384	2,318,505
Net loss per share (1)	\$0.01	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.07
Total assets	3,173,886	4,831,650	27,402,632	27,294,312	27,294,312
Shareholders' equity	2,953,663	4,461,220	27,060,090	26,608,915	26,608,915

<u>Year ended July 31, 2007</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
Total revenues	\$ -	\$ -	\$ -		\$ -
Net loss and comprehensive loss for the period	37,470	142,476	158,726	307,077	645,749
Net loss per share (1)	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.05
Total assets	854,506	1,354,307	1,222,748	3,302,101	3,302,101
Shareholders' equity	788,927	1,224,052	1,128,874	3,097,449	3,097,449

(1) Loss per share remains the same on a comprehensive income and fully diluted basis.

Trends

The Serra Pelada property is the Company's most significant asset and this property will continue to be the focus of most of the exploration work undertaken in 2009. The net loss has been increasing over the last eight quarters, reflecting greater exploration activities and public company activity since February 2008. In the second fiscal quarter of 2009 the loss for the period reflected a \$1.7 million write-off for the abandonment of the Sumidouro property. Other corporate activities and expenditures relating to the support of Serra Pelada and requirements of becoming a public company will continue in 2009.

Proceeds from the recent financing will be mostly used to advance the Serra Pelada project. The Company intends to complete its Phase II work program during 2009 and file a final exploration report with DNPM. Assuming the final exploration report is accepted by DNPM the Company may consider initiating the application for a mining license contingent on successful results from its Phase II program during 2009.

On January 6, 2009 the Company announced that the remaining payments related to the 15% net profits interest had been renegotiated. At January 6, 2009, the Company had paid US\$2.0 million of US\$4.2 million. On January 3, 2009 the Company paid US\$50,000 and 378,100 Colossus shares. On April 29, 2009 the Company paid the remaining US\$2 million balance to complete the net profits interest purchase.

Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of properties for valuable minerals. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage and as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. In some circumstances, the Company may enter into joint venture agreements whereby, a third party earns an interest in a specific property by incurring an agreed amount of exploration expenditures. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management as at April 30, 2009. The Company is not subject to externally imposed capital requirements.

Disclosure Controls and Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has completed an evaluation of the design effectiveness of the Company's internal control over financial reporting. Based on this assessment, management has concluded that as at April 30, 2009, the Company's design internal control over financial reporting was effective. Management has also evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of April 30, 2009. Based on this evaluation, management has concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in reports filed or submitted by the company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during period ended April 30, 2009, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

New accounting policies

On August 1, 2007, the Company adopted prospectively the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1530, *Comprehensive Income*; Section 3251, *Equity*; Section 3855, *Financial Instruments - Recognition and Measurement*; Section 3861, *Financial Instruments - Disclosure and Presentation*; and Section 3865, *Hedges*.

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the consolidated statement of operations, comprehensive loss and deficit. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income ("AOCI") which is presented as a new category in shareholders' equity.

All financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

The Company has made the following classifications:

Cash and cash equivalents	- Held-for-trading
Marketable security	- Available-for-sale
Accounts receivable	- Loans and receivables
Accounts payable and accrued liabilities	- Other financial liabilities

Transaction costs are expensed as incurred for all financial instruments.

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the year ended December 31, 2008, the Company had no hedges. At August 1, 2007, there was no effect on the Company's consolidated balance sheet of adopting these standards.

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

Amendments To Section 1400 – General Standards of Financial Statement Presentation

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to include additional requirements to assess and disclose an entity's ability to continue as a going concern. Section

1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The adoption of this standard had no impact on the Company's operating results or financial position.

Accounting changes

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities:

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The Company has evaluated the section and determined that adoption of these requirements will have no impact on the Company's interim financial statements.

Mining exploration costs:

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at April 30, 2009.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board of the CICA confirmed its strategic plan which will abandon GAAP and affect a complete convergence to the International Financial Reporting Standards ("IFRS"). These new standards will be effective for the Company's interim financial statements commencing October 31, 2011.

The Company has commenced an initial qualitative assessment to identify the main IFRS areas that it needs to address. This includes an assessment of how difficult it will be to quantify and gather the relevant information and their potential impact on the Company. This study will serve as a road map for developing a more detailed IFRS conversion project plan and focusing on the areas where the impact may be the greatest. The Company continues to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on its future financial position and results of operations is not reasonably determinable or estimable.

Further, the Company anticipates a significant increase in disclosure resulting from the adoption of IFRS and are continuing to assess the level of this disclosure required and any necessary system changes to gather and process the information. During 2009, the Company will commence a more detailed analysis and a plan for conversion to IFRS.

Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible

Assets” and 3450 “Research and Development Costs”. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets.

Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards (“IFRS”). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing assets items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to goodwill remain unchanged.

Business Combinations, Consolidated Financial Statements, Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements” and Section 1602, “Non-Controlling Interests”. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, “Business Combinations”. Sections 1601 and 1602 together replace section 1600, “Consolidated Financial Statements”. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS-27, “Consolidated and Separate Financial Statements”. The Company is in the process of evaluating the requirements of the new standards.

The Company continues to assess the impact of these new accounting standards on its consolidated financial statements.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company’s estimate of recoverable value on its mineral properties as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company’s control.

The Company’s recorded value of its mineral properties is based on historical costs that it expects to be recovered in the future. The Company operates in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership, funding, and currency risk, as well as environmental risk. All of these factors are potentially subject to significant change, out of the Company’s control, however

such changes are not determinable. Failure to conduct additional work on its exploration properties may result in their loss. Accordingly, there is always the potential for a material adjustment to the value assigned to mineral properties.

The factors affecting stock-based compensation and valuation of stock-based securities include the use of a Black-Scholes option pricing model which has its limitations and the use of estimates when stock options might be exercised and stock price volatility. While these factors could have a material impact on stock-based compensation expense and hence the results of operations, stock-based compensation is a non-cash item and there would be no impact on the Company's financial condition.

Risks factors affecting financial instruments

The Company's major mineral properties are the Serra Pelada, Natividade, and Rio Cristalino Properties (the "Properties"). Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its existing Properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's Properties would have a material adverse effect on the Company's financial condition and results of operations.

Other risk factors and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash consists of cash on hand with reputable financial institutions. Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada and deposits held with vendors. Management believes that credit risk with respect to financial instruments included in cash and accounts receivable is low.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2009, the Company had a cash balance of \$27,523,944 (July 31, 2008 - \$16,702,933) to settle current liabilities of \$758,750 (July 31, 2008 - \$685,397). Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

Interest rate risk

The Company has cash balances and does not have any interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its investments.

Foreign currency risk

The Company's functional currency is the Canadian dollar and the majority of the Company's cash is held in Canadian dollars. The majority of the Company's transactions are denominated in Brazilian Reals and US dollars. The Company converts Canadian dollars to foreign currencies as needed, at market rates.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to valuable minerals to determine the appropriate course of action to be taken by the Company. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of gold, platinum, palladium and certain other metals.

Fair value

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

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

The Company has designated its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

(i) Interest rate risk is moderate. However, recent market events have created greater risk of lower interest rates. Based on the cash on hand, a 1% change in interest rates would have the effect of changing interest earned by \$68,000 in the three month period.

(ii) The Company holds most of its cash in low risk, secure Canadian dollar investments at Canadian banks. However, the Company also holds cash in Brazil, in interest bearing bank accounts. Foreign exchange risk related to required payments is perceived as moderate risk.

<u>Currency of Cash Holding</u>	<u>April 30, 2009</u> <u>Cash</u>	<u>Exchange Rate</u> <u>Jan. 31, 2009</u>	<u>Exchange Rate</u> <u>April 30, 2009</u>	<u>% Change</u> <u>Exchange Rate</u>	<u>Effect of 1% Change</u> <u>In Exchange Rate</u>
Canadian dollar	\$ 19,809,934	1.00	1.00	-	\$ -
Brazilian Real	7,714,010	1.87	1.82	(3)%	+/- \$ 77,000
US dollar	-	0.81	0.84	4%	
Australian dollar	-	1.27	1.14	(11)%	
Cash on Balance Sheet	<u>\$ 27,523,944</u>				

Brazilian Real denominated expenses in the previous three months were \$3.0 million and these expenses are expected to increase with an option payment (\$2.3 million) due in May and increased drilling activity. US dollar denominated expenditures in the previous three months were \$2.0 million to purchased the remaining portion of the NPI and these costs will not recur. Australian dollar denominated expenditures in the previous three months were \$0.1 million and will recur. Based on these numbers a 1% change in the US dollar would generate a \$20,000 difference in the Canadian dollars required to fund the expenditures. Based on these numbers a 1% change in the Brazilian Real would generate a \$30,000 difference in the Canadian dollars required to fund these expenditures. Based on these numbers a 1% change in the Australian dollar would generate a \$1,000 difference in Canadian dollars required to fund these expenditures.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of valuable minerals may be produced in the future, a profitable market will exist for them.

As of April 30, 2009, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Risks and Uncertainties

General Economic Conditions

The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the mining sector, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including, but not limited to, consumer spending, employment rates, business conditions,

inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company.

Limited Operating History

The Company has a very limited history of operations, is in the early stage of development and could be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company has no history of earnings. The purpose of the Offering is to raise funds to continue exploration and development of the Serra Pelada Property, with the objective of establishing economic quantities of mineral deposits.

No History of Earnings

The Company has limited financial resources, has earned nominal revenue since commencing operations (revenues), has no source of operating cash flow and there is no assurance that additional funding will be available to it for exploration and development of its mineral properties or for required future property payments. Furthermore, additional financing will be required to continue the development of the Company's properties even if the Company's exploration program is successful. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties with the possible loss of such properties.

Competitive Conditions

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Company 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 Company, the Company may be unable to acquire attractive properties in the future on terms it considers acceptable. The Company 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 Company.

The ability of the Company 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 Company may affect the marketability of gold mined or discovered by the Company.

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 Company 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 Company's operations and financial results.

Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious 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. Unauthorized removal of Company property could adversely affect operating results.

There is no certainty that the expenditures made by the Company 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.

Title Risks

Although the nature and extent of the interests of the Company in the properties in which it holds an interest has been reviewed by or on behalf of the Company, and title opinions have been obtained by the Company 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 Company to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company 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 Company 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 Company's operations. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

The Company is not the registered holder of any of the exploration licences and applications which comprise the Serra Pelada Property and the Natividade Property. The Company's interest in the properties, title to which is currently held by third parties, is derived pursuant to option agreements and joint venture agreements relating to the respective properties. Any non-compliance with the terms of these agreements by the Company or Colossus Brazil could affect the ability of the Company 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 Company and/or Colossus Brazil of its interest in the options, which could in turn have an adverse impact on the Company.

No assurances can be given that title defects to the properties in which the Company 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 Company 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.

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 any of the Serra Pelada Property, the Natividade Property and the Rio Cristalino project. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

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 Company 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. Furthermore, in January 2009, Coomigasp held another annual general meeting of its members to elect its board of directors. This meeting was overseen by an independent court appointed monitor. As this meeting, a new board of directors was elected who have since reaffirmed the Serra Pelada Agreement. However, if the Serra Pelada Agreement is nullified this would have a material adverse affect on the Company. The Company 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.

Uncertainty of Acquiring Necessary Permits

Although Company currently holds all consents which it requires in order to carry out its current drilling program on the Serra Pelada Property, the Natividade Property and the Rio Cristalino project, the Company 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 Company's costs and delay its activities, and could adversely affect the operations of the Company.

Government Regulation Risks

The mining, processing, development and mineral exploration activities of the Company 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 Company 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 exploration, development, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Risks Associated with Foreign Operations

The Company's mineral interests are located in the Federative Republic of Brazil, which may be affected by varying degrees of political change and labour unrest, fluctuations in currency exchange rates, high rates of inflation, terrorism or expropriation. The Company's exploration and development activities may be affected by changes in government or judiciary, political instability and the nature of various government regulations relating to the mining industry. A change in government positions on foreign investment, mining concessions, land tenure, environmental regulation, or taxation could adversely affect the Company's business and/or its holdings, assets and operations in the Brazil. Any changes in regulations or shifts in political conditions are beyond the control of the Company. The Company's operations in Brazil will entail governmental, economic, social, medical and other risk factors common to all countries in the region.

Results of Prior Exploration Work

In preparing the Serra Pelada Technical Report, the authors of such report relied on data generated by exploration work previously carried out by geologists employed by others. There is no guarantee that data generated by prior exploration work is 100% reliable and discrepancies in such data not discovered by the Company may exist. Such errors and/or discrepancies, if they exist, could impact on the accuracy of the Serra Pelada Technical Report.

Additional Capital

The development and exploration of the properties in which the Company 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 Company. In addition, any future financing may be dilutive to existing shareholders of the Company.

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 Company.

Political Stability Risks

The principal operations of the Company are currently conducted in Brazil and, as such, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks 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 Company. 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 Company.

Government Royalties

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 the financial compensation for the federal royalty levied by the Brazilian government, and which is currently at 0.2% of the net sales of mineral product. This level, and the level of any other royalties, payable to the Brazilian government in respect of the production of minerals may be varied at any time as a result of changing legislation which could materially adversely affect the Company's results of operations. See "Brazilian Regulatory Framework" in the AIF.

Environmental Risks and Hazards

All phases of the Company'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 Company's operations.

Environmental hazards may exist on the properties on which the Company holds an option, which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Previous mining by *gaimpeiros* has occurred at the Serra Pelada Property and continues today on a more limited basis.

Government approvals, approval of indigenous people and permits are currently and may in the future be required in connection with the operations of the Company. To the extent such approvals are required and not obtained; the Company 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 Company 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 Company will be required to obtain environmental licenses with respect to such properties. The Company has not yet obtained any such environmental licenses in connection with any of its properties. In the event that the Company 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 results of operations and financial condition of the Company.

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 Company 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 Company.

Reliance on Limited Number of Properties

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

No History of Mineral Production

The Company 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 Company or any future properties, nor is there any assurance that the exploration programs of the Company thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any property of the Company 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 Company 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.

Insurance and Uninsured Risks

The business of the Company 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 Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company 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 Company 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 Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Hedging

The Company does not have a hedging policy and has no current intention of adopting such a policy. Accordingly, the Company has no protections from declines in mineral prices which could have a material adverse affect on the financial condition of the Company.

Fluctuations in Metal Prices

The consolidated financial results and exploration, development and mining activities of the Company 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 Company 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 Company either owns or has an option to own, to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient and the Company 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 Company'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 Company 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 Company incurs in its operations. Gold and other minerals are generally sold in US dollars and the costs of the Company 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 Company's profitability, results of operations and financial condition.

Key Executives

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company 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 Company 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 Company 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 Company 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 *Business Corporations Act* (Ontario) and other applicable laws. The Company has also adopted a formal code of ethics to govern the activities of its directors, officers and employees.

Enforcement of Legal Rights

In the event of a dispute arising from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly, to the extent that the Company's assets are located outside of Canada, investors may have difficulty collecting from the Company any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities provisions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Two of the directors of the Company and certain experts retained by the Company reside outside of Canada. Substantially all of the assets of these persons are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon such directors or experts. It may also not be possible to enforce against the Company, certain of its directors and officers, and certain experts named herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Litigation

From time to time, the Company may be involved in lawsuits. The outcomes of any such legal actions may have a material adverse affect on the financial results of the Company on an individual or aggregate basis.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Dividends

The Company has no earnings or dividend record and does not anticipate paying any dividends on its common shares in the foreseeable future.

Repatriation of Earnings

Currently, Brazil has no limitation on profit or capital remittances to foreign shareholders provided that all applicable Brazilian taxes have been paid. However, there can be no assurance that restrictions on the repatriation of earnings in Brazil will not be imposed in the future.

Special note regarding forward-looking statements

This Report contains "forward-looking statements" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company 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 Company 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 and development activities; risks relating to title to properties; risks associated with obtaining necessary permits; risks associated with foreign operations, including government regulation and political stability risks; 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; future prices of gold; possible variations of mineral grade or recovery rates; 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 and Uncertainties" in this Report.

Although the Company 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 Report and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. 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.

“Ari Sussman”

Ari Sussman

CEO

Colossus Minerals Inc.

June 15, 2009