

**COLOSSUS MINERALS INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONSOLIDATED FINANCIAL STATEMENTS  
JANUARY 31, 2009**

Unaudited- Prepared by Management

Expressed in Canadian dollars

Management Comments on Unaudited  
Consolidated Financial Statements

March 17, 2009

To the Shareholders of Colossus Minerals Inc.

The accompanying unaudited interim Consolidated Financial Statements of Colossus Minerals Inc. for the period ended January 31, 2009 have been prepared by management and have been approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these interim Consolidated Financial Statements for the period ended January 31, 2009, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Colossus Minerals Inc.

"Ari Sussman"

Ari Sussman  
President and CEO

"John Ross"

John Ross  
Chief Financial Officer

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Consolidated Balance Sheets**  
(Expressed in Canadian dollars)

	January 31, 2009	July 31, 2008
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 8,740,615	\$16,702,933
Receivables and prepaid expenses	394,069	559,849
	9,134,684	17,262,782
<b>Furniture and equipment</b> (Note 4)	384,602	199,566
<b>Mining interests</b> (Note 5)	15,315,674	9,831,964
	\$24,834,960	\$27,294,312
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 284,209	\$ 685,397
<b>Shareholders' equity</b>		
Share capital (Note 6)	23,751,805	23,121,545
Warrants (Note 7(c))	4,847,236	4,876,936
Contributed surplus (Note 7(d))	2,354,396	1,588,291
Accumulated deficit	(6,402,686)	(2,977,857)
	24,550,751	26,608,915
	\$24,834,960	\$27,294,312

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

Going concern (Note 1)

Approved by the Board "Ari Sussman" Director "Douglas Reeson" Director

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars)

	Three months ended January 31, 2009	Three months ended January 31, 2008	Six months ended January 31, 2009	Six months ended January 31, 2008	Cumulative from the date of inception on February 9, 2006 to January 31, 2009
<b>Expenses</b>					
Administrative and general	\$ 207,775	\$ 120,781	\$ 468,529	\$ 182,469	\$ 1,408,873
Wages and salaries	78,415	22,985	165,751	47,183	440,125
Consulting fees	77,310	105,445	211,695	114,380	613,849
Professional fees	31,148	30,512	41,964	42,545	221,363
Directors fees	17,250	-	53,000	-	53,000
Accounting and corporate services	18,560	5,501	26,060	17,252	69,846
Transfer agent fees and expenses	4,146	14,149	24,276	14,263	82,425
Bank charges and interest	-	-	-	-	1,958
Foreign exchange loss	66,050	40,676	35,571	66,603	63,977
Stock-based compensation	444,164	107,262	783,755	263,453	2,006,408
Amortization	2,646	2,538	5,107	4,432	19,966
Write-down of mining interests	1,738,167	-	1,738,167	-	1,846,227
<b>Net loss before other items</b>	<b>2,685,631</b>	<b>449,849</b>	<b>3,553,875</b>	<b>752,580</b>	<b>6,828,017</b>
Less: Interest income	(69,324)	(8,894)	(129,046)	(11,648)	(425,331)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (2,616,307)</b>	<b>\$ (440,955)</b>	<b>\$ (3,424,829)</b>	<b>\$ (740,932)</b>	<b>\$ (6,402,686)</b>
<b>Basic and diluted loss per share (Note 6 (c))</b>	<b>\$ (0.06)</b>	<b>\$ (0.02)</b>	<b>\$ (0.08)</b>	<b>\$ (0.04)</b>	

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

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian dollars)

	Six months ended January 31, 2009	Six months ended January 31, 2008	Cumulative from the date of inception on February 9, 2006 to January 31, 2009
<b>Share Capital</b>			
Balance, beginning of period	\$ 23,121,545	\$ 2,351,148	\$ -
Issued for services	-	-	75,000
Private placements	-	1,645,000	5,437,200
Share issue costs	(1,500)	-	(2,730,684)
Valuation of warrants issued	-	(295,200)	(4,905,720)
Shares issued at IPO and underwriters option	-	-	24,725,000
Shares issued on exercise of warrants	178,200	-	356,209
Shares issued on exercise of stock options	37,650	127,050	171,335
Shares issued for property purchases	415,910	125,000	540,910
Shares issued for agent commission	-	-	82,555
Balance, end of period	23,751,805	3,952,998	23,751,805
<b>Shares to be issued</b>			
Balance, beginning of period	-	-	-
Shares issued	-	200,000	-
Balance, end of period	-	200,000	-
Balance, end of period	23,751,805	4,152,998	23,751,805
<b>Warrants</b>			
Balance, beginning of period	4,876,936	913,100	-
Valuation of warrants issued	-	295,200	4,905,720
Valuation of warrants exercised	(29,700)	-	(58,484)
Balance, end of period	4,847,236	1,208,300	4,847,236
<b>Contributed Surplus</b>			
Balance, beginning of period	1,588,291	292,553	-
Stock-based compensation	783,755	263,453	2,006,408
Valuation of stock options exercised	(17,650)	(55,800)	(57,435)
Issue of broker's units	-	-	423,073
Balance, end of period	2,354,396	500,206	2,354,396
<b>Deficit</b>			
Balance, beginning of period	(2,977,857)	(659,352)	-
Net loss for the period	(3,424,829)	(740,932)	(6,402,686)
Balance, end of period	(6,402,686)	(1,400,284)	(6,402,686)
Total shareholders' equity, end of period	\$24,550,751	\$4,461,220	\$24,550,751

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

**Colossus Minerals Inc.**  
**(A Development Stage Company)**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

	Three months ended January 31, 2009	Three months ended January 31, 2008	Six months ended January 31, 2009	Six months ended January 31, 2008	Cumulative from the date of inception on February 9, 2006 to January 31, 2009
<b>Operating activities</b>					
Net loss for the period	\$ (2,616,307)	(440,955)	(3,424,829)	\$ (740,932)	\$ (6,402,686)
Amortization	2,646	2,538	5,107	4,432	19,966
Stock-based compensation	444,164	107,262	783,755	263,453	2,006,408
Write-down of mining interests	1,502,772	-	1,502,772	-	1,610,832
Changes in non-cash working capital items:					
Receivables and prepaid expenses	(83,922)	(183,392)	165,780	(238,674)	(394,069)
Accounts payable and accrued liabilities	(82,151)	150,207	(401,188)	165,778	284,209
<b>Cash flows (used in) operating activities</b>	<b>(832,798)</b>	<b>(364,340)</b>	<b>(1,368,603)</b>	<b>(545,943)</b>	<b>(2,875,340)</b>
<b>Financing activities</b>					
Shares issued for cash	20,000	1,453,050	168,500	1,621,050	25,650,455
Warrants issued for cash	-	263,200	-	295,200	4,905,720
Share issuance costs	-	-	(1,500)	-	(2,225,056)
<b>Cash flows from financing activities</b>	<b>20,000</b>	<b>1,716,250</b>	<b>167,000</b>	<b>1,916,250</b>	<b>28,331,119</b>
<b>Investing activities</b>					
Short-term investment	-	300,000	-	1,000,000	-
Purchase of furniture and equipment	1,783	(68,335)	(190,143)	(77,739)	(404,568)
Expenditures of mining interests	(1,519,170)	(1,563,854)	(6,570,572)	(2,142,859)	(16,310,596)
<b>Cash flows (used in) investing activities</b>	<b>(1,517,387)</b>	<b>(1,332,189)</b>	<b>(6,760,715)</b>	<b>(1,220,598)</b>	<b>(16,715,164)</b>
Change in cash and cash equivalents during the period	(2,330,185)	19,721	(7,962,318)	149,709	8,740,615
Cash and cash equivalents, beginning of period	11,070,800	846,603	16,702,933	716,615	-
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,740,615</b>	<b>\$ 866,324</b>	<b>\$ 8,740,615</b>	<b>\$ 866,324</b>	<b>\$ 8,740,615</b>
<b>Supplement information</b>					
Taxes paid	\$ -	\$ -	\$ -	\$ -	\$ -
Interest paid	-	-	-	-	-
Shares issued for property acquisition	415,910	-	415,910	-	540,910
Shares issued for services rendered	-	-	-	-	75,000

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

# **Colossus Minerals Inc.**

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

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

#### **(Unaudited)**

(Expressed in Canadian dollars)

---

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

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

The Company is dependent upon issuances of common shares to provide the funding necessary to meet its general operating expenses as they arise. The Company will require additional financing to continue to explore for gold in Brazil. There can be no assurance that such additional financing will be available.

The ability of the Company to continue as a going concern and the recoverability of amounts shown for mineral properties are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's ownership in the underlying mineral claims, the acquisition of required permits to mine, and the ability of the Company to obtain necessary financing to complete exploration and development; and the future profitable production or proceeds from disposition of such properties. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. All of these outcomes are uncertain and taken together cast doubt over the ability of the Company to continue as a going concern.

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and six months ended January 31, 2009 may not necessarily be indicative of the results that may be expected for the year ending July 31, 2009.

The balance sheet at July 31, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited financial statements for the year ended July 31, 2008, except as noted below. For further information, refer to the audited financial statements and notes thereto for the year ended July 31, 2008.

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

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

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

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

##### **(b) Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

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

of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the report period. The most significant estimates are related to the recoverability of mining interests, fair value of stock-based securities, and valuation of future tax assets and liabilities. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

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

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

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

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

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

##### (d) Asset Retirement Obligations

The Company is following the recommendations of the CICA Handbook Section 3110 in accounting for asset retirement obligations. Under this standard, the fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The Company has no asset retirement obligations as at January 31, 2009.

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

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

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

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

### (f) Stock-based Compensation

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

### (g) Income Taxes

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

### (h) Loss per Common Share

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

### (i) Furniture and equipment

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

Computer equipment	30%
Furniture and equipment	20%

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

### (j) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars as follows:

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

Colossus Brazil and MFMBL are considered integrated foreign operations therefore monetary items are translated into Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

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

exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transaction. Foreign exchange gains and losses are included in operations in the current period.

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

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

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

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount. Fair value or cost-based measures are required under different circumstance. Financial instruments must be 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 de-recognized or impaired, at which time the amounts would be recorded in net earnings.

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

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

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

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

##### (d) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "Hedging

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

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

Relationships”, and the hedging guidance in Section 1650 “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

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

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

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

#### 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.

#### (l) Accounting changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation:

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

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

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

#### (m) Future Accounting Changes

##### (i) International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA’s Accounting Standards Board (“AcSB”) formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability (PAEs). The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

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

### (ii) 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.

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

## 3. Acquisition

### (a) Acquisition of Colossus Brazil

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

#### Net asset acquired

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

\$ 206,281

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

As at January 31, 2009, the Company owned 20,499,999 common shares of Colossus Brazil (of 20,500,000 common shares outstanding).

### (b) Acquisition of Mineracao Fazenda Monte Belo Ltda

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

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

### 3. Acquisition (continued)

The purchase price has been allocated based on the net assets of Colossus Brazil acquired as follows:

#### Net asset acquired

Cash and short term investments	\$	-
Rio Cristalino exploration property		125,000
	\$	125,000

	# of shares	Amount
<b>Consideration</b>		
Shares issued	125,000	\$ 125,000

### 4. Furniture and equipment

	January 31, 2009		July 31, 2008	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 11,618	\$ 4,012	\$ 7,606	\$ 8,755
Furniture and equipment	423,384	46,388	376,996	190,811
	\$435,002	\$ 50,400	\$384,602	\$ 199,566

### 5. Mining interests

	January 31 2009	July 31 2008
Serra Pelada (a)	\$ 14,227,625	\$ 7,628,079
Natividade (b)	699,174	461,571
Rio Cristalino (c)	388,875	239,542
Sumidouro (d)	-	1,502,772
Tapajos (e)	-	-
Total	\$ 15,315,674	\$ 9,831,964

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 5. Mining interests (continued)

##### (a) Serra Pelada project, Brazil

	Six months ended January 31, 2009	Six months ended January 31, 2008	Cumulative from the date of inception on February 9, 2006 to January 31, 2009
Balance, beginning of period	\$ 7,628,079	\$ 172,686	\$ -
Property evaluation	142,106	-	405,721
Drilling	888,415	-	3,555,819
Personnel	893,021	-	1,377,121
Consulting	540,768	1,190,658	1,668,732
Property administration	1,234,569	-	2,617,783
Acquisition of net profits interest	2,731,003	-	2,731,003
Legal services	75,969	19,464	130,211
Option payments	58	359,278	1,526,086
Mobilization	19,428	11,181	47,868
Assays	74,209	50,157	167,281
<b>Total</b>	<b>\$ 14,227,625</b>	<b>\$ 1,803,424</b>	<b>\$ 14,227,625</b>

On July 16 2007, the Company and 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 the company which holds the Serra Pelada Property (DNPM Process number 850.425/1990), excluding existing waste and tailings. The Company can earn a 51% share in the company by spending R\$6,000,000 (\$3,928,800) on exploration and development. The Company can increase its ownership share in the company to 75% by spending a further R\$12,000,000 (\$7,857,600).

Further payments to COOMIGASP are contingent on the Company's share of the proven 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\$100,000 (paid in 2007) at the date of the contract, R\$300,000 (paid in 2008) within 10 days of certain conditions, R\$1,600,000 (\$1,040,000) within four months of certain conditions (paid in 2008), R\$1,600,000 (\$1,040,000) within four months of the initial payment being made (paid in 2009) and R\$3,600,000 (\$2,340,000) in May 2009.

The Company has agreed to fund R\$200,000 (\$130,960 paid in 2008) of consulting toward evaluating the potential for COOMIGASP to mine these existing waste and tailings.

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

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 5. Mining interests (continued)

pending obligation.

On August 11, 2008 the Company purchased from Phoenix the outstanding 15% net profit interest of its future earnings from the Serra Pelada project for US \$4.2 million of which US\$ 2.0 million was paid prior to this quarter. On January 6, 2009 the Company and Phoenix agreed that the balance of the purchase price would be paid in six instalments as follows:

- (a) US\$ 50,000 and 378,100 Colossus common shares immediately (paid),
- (b) US\$ 400,000 semi-annually, commencing June 15, 2009 and ending June 15, 2011.

#### (b) Natividade project, Brazil

	Six months ended January 31, 2009	Six months ended January 31, 2008	Cumulative from the date of inception on February 9, 2006 to January 31, 2009
Balance, beginning of period	\$ 461,571	\$ 200,445	\$ -
Property evaluation	89,052	113,695	312,614
Consulting	148,551	-	159,963
Option payments	-	-	192,675
Legal services	-	1,794	33,922
<b>Total</b>	<b>\$ 699,174</b>	<b>\$ 315,934</b>	<b>\$ 699,174</b>

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

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

- (i) Pay a non-refundable deposit to TGM of US\$20,000 (\$24,356 paid in August 2006);
- (ii) Pay a US\$50,000 (\$ 61,275 paid in 2007) to TGM within 3 business days of the date of the definitive formal option agreement ("Formal Agreement") is executed;
- (iii) Pay US\$130,000 (\$ 107,044 paid in 2008), US\$150,000 and US\$1,150,000 on the 1st, 2nd and 3rd anniversary of the execution of the Formal Agreement, respectively; and
- (iv) Incur expenditures of US\$150,000 (\$154,082 spent), US\$500,000 and US\$1,350,000 by the 1st, 2nd and 3rd anniversary of the execution of the Formal Agreement, respectively. Excess expenditures incurred in the any given year will be credited to expenditures in the following year's periods.

On January 6, 2009, the Company announced it had negotiated an unconditional one-year extension on all options payments and work commitment obligations.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 5. Mining interests (continued)

##### (c) Rio Cristalino project, Brazil

	Six months ended January 31, 2009	Six months ended January 31, 2008	Cumulative from the date of inception on February 9, 2006 to January 31, 2009
Balance, beginning of period	\$ 239,542	\$ -	\$ -
Consulting	1,893	-	116,435
Property taxes	147,440	-	147,440
Acquisition	-	-	125,000
<b>Total</b>	<b>\$ 388,875</b>	<b>\$ -</b>	<b>\$ 388,875</b>

On November 5, 2007, the Company acquired the Rio Cristalino molybdenum property (Note 3(b)).

##### (d) Sumidouro project, Brazil

	Six months ended January 31, 2009	Six months ended January 31, 2008	Cumulative from the date of inception on February 9, 2006 to January 31, 2009
Balance, beginning of period	\$ 1,502,772	\$ 901,884	\$ -
Property evaluation	-	188,634	596,280
Option payments	-	31,719	136,963
Consulting	207,399	80,395	584,300
Legal services	25,494	21,215	202,200
Mobilization	2,502	35,765	151,778
Assays	-	32,768	66,646
Write-off	(1,738,167)	-	(1,738,167)
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,292,380</b>	<b>\$ -</b>

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

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 5. Mining interests (continued)

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

- (i) The Company was required to pay Hidefield a non-refundable payment of US\$30,000 (\$ 33,687 – paid in 2006);
- (ii) Pay a further payment to Hidefield of US\$ 61,000 (\$ 71,557 paid in March 2007) for expenditure reimbursements.
- (iii) Pay a further US\$30,000 upon the completion of the intended initial public offering ("IPO") of the Company's shares on the Toronto Stock Exchange ("TSX"). (\$ 31,719 – paid in 2008);
- (iv) Incur expenditures of US\$250,000 within 12 months of the date of execution of the definitive formal option agreement ("Formal Agreement").
- (v) Complete aggregate expenditures of US\$1,250,000 on exploration and development of Sumidouro within 3 years of the date of the execution of the Formal Agreement in order to earn a 51% interest.

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

On January 6, 2009 the Company announced it was not proceeding with the Sumidouro property. All costs associated with this property were written off in the period ended January 31, 2009.

#### (e) Tapajos project, Brazil

	<b>Cumulative from the date of inception on February 9, 2006 to January 31, 2009</b>
Balance, beginning of period	\$ -
Consulting	16,626
Legal services	56,145
Mobilization	33,375
Other projects	1,914
Write-off mining interest	(108,060)
<b>Total</b>	<b>\$ -</b>

The Company evaluated the Tapajos project and wrote off the expenditures in the year ended July 31, 2007 due to poor exploration results.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 6. Share capital

- (a) Authorized - Unlimited number of common shares
- (b) Common shares issued

	Number of common shares	Stated value
Balance, February 9, 2006 (date of inception)	1	\$ 1
Private placement	9,000,000	540,000
Share issued for services rendered	1,250,000	74,999
<b>Balance, July 31, 2006</b>	<b>10,250,001</b>	<b>615,000</b>
Private placement (i)	3,785,000	757,000
Warrants valuation-private placement (i)	-	(586,675)
Private placement (ii)	5,738,000	2,295,200
Warrants valuation-private placement (ii)	-	(314,970)
Private placement agent's commission (ii)	206,387	82,555
Warrants valuation-agent's commission (ii)	-	(11,455)
Shares issuance costs	-	(485,507)
<b>Balance, July 31, 2007</b>	<b>19,979,388</b>	<b>2,351,148</b>
Shares issued (ii)	500,000	200,000
Warrants valuation-private placement (ii)	-	(32,000)
Shares issued to Maple Minerals (Note 4(b))	125,000	125,000
Shares issued-private placement (iii)	1,645,000	1,645,000
Warrants valuation-private placement (iii)	-	(263,200)
Shares issued-Initial Public Offering (iv)	17,200,000	21,500,000
Warrants valuation-Initial Public Offering (iv)	-	(3,212,380)
Shares issued-IPO underwriters option (iv)	2,580,000	3,225,000
Warrants valuation-IPO underwriters option (iv)	-	(485,040)
Employee options exercised	230,000	76,250
Valuation of employee options exercised	-	57,435
Broker warrants exercised	25,000	16,500
Warrants exercised	110,800	161,509
Share issuance costs	-	(2,243,677)
<b>Balance, July 31, 2008</b>	<b>42,395,188</b>	<b>\$ 23,121,545</b>
Warrants exercised	270,000	178,200
Share issuance costs	-	(1,500)
Shares issued to Phoenix Gems (Note )	378,100	415,910
Employee options exercised	50,000	37,650
<b>Balance, January 31, 2009</b>	<b>43,093,288</b>	<b>23,751,805</b>

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

#### 6. Share capital (continued)

(i) On December 14, 2006, the Company closed a private placement with a total of 3,785,000 units being issued at a price of \$0.20 per unit for total gross proceeds of \$757,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase an additional common share at a price of \$0.40, expiring in 5 years.

The warrants have an estimated fair value of \$586,675 which was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility - 120%; risk-free interest rate - 3.91%; and expected life - 5 years.

(ii) On July 7, 2007, the Company closed a private placement with a total of 6,238,000 units being issued at a price of \$0.40 per unit for total gross proceeds of \$2,495,200. Each unit comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of \$0.55 and expires in 2 years following the Company's going public date, which is February 13, 2010. The net proceeds were allocated proportionately to the amounts recorded as share capital.

Of the 6,238,000 units being issued, 500,000 had not been issued as at July 31, 2007 pending receipt of payment. During the year, the payment was received and the shares were issued. Share capital reflects receipts of \$2,295,000 before July 31, 2007 and receipts of \$200,000 after July 31, 2007.

The Company's management has determined that the warrants have an estimated fair value of \$346,970 of which \$314,970 was included in share capital at July 31, 2007 and \$32,000 which was included in share capital at July 31, 2008.

Share issuance costs for the private placement amounted to \$485,507. These costs comprised \$342,994 of agent fees, commissions and costs, and \$142,513 of placement costs including legal and other fees.

Agent commission of \$126,615 was paid in cash. Agent commission of \$82,555 was paid by the issue of 206,387 units at \$0.40. Each unit comprised one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of \$0.55 and expires in two years following the Company's going public date which is February 13, 2010. The Company's management has determined that the warrants had an estimated value of \$11,455.

The agent charged a corporate finance fee of \$30,000 related to the private placement.

The agent received a finder's fee of 353,300 agent options on June 25, 2007 and 68,750 agent options on July 6, 2007. These options are exercisable at a price of \$0.40 for a period of two years after the closing date. Each agent's option comprised one common share and one-half of one agent's warrant; and each agent's warrant is exercisable, until June 25, 2009, into one additional share at a price of \$0.55 per share.

The fair value of the agent's options were estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility - 118%; risk-free interest rate - 4.64% to 4.72%; and expected life - 2 years. As a result, the fair value of the agent's options was estimated as \$86,912 and \$16,912, respectively and charged to contributed surplus.

(iii) On November 7, 2007, the Company closed a private placement with a total of 1,645,000 units issued at a price of \$1.00 per unit for total gross proceeds of \$1,645,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of \$1.50 and expires in 2 years following the Company's going public date, which is February 13, 2010.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 6. Share capital (continued)

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

(iv) On February 13, 2008 the Company closed its initial public offering ("IPO") of 17.2 million units at an offering price of \$1.25 per unit, for total gross proceeds of \$21.5 million. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share in the capital of the Company at an exercise price of \$2.00 expiring thirty-six months following issuance. On February 25, 2008 the Company closed the underwriter over-allotment option of 2,580,000 additional units, increasing the gross proceeds of the offering to \$24.7 million. Issue costs of \$1.9 million related to the IPO and over-allotment are comprised of 6% agent's cash commission of \$1.5 million and other issue expense of \$0.4 million. In addition to cash commission the broker received the option to purchase 1,186,800 broker's units on February 13, 2008. These units are exercisable at a price of \$1.25 for a period of two years after the closing date. Each broker's unit comprised one common share and one half of one broker's warrant; and each broker's warrant is exercisable into one additional share at a price of \$2.00 per share until February 13, 2010.

The Company's management has determined that the warrants have an estimated fair value of \$3,697,420, based on a proportionate share of proceeds received.

The Company's management has determined that the broker's units have an estimated fair value of \$319,249, using the Black-Scholes option pricing model based on the following assumptions: dividend yield – 0%; expected volatility – 50%; risk-free interest rate – 4.5%; and expected life – 1 year. This value was charged to contributed surplus.

#### (c) Basic and diluted loss per share

The following table sets forth the computation of basic and diluted loss per share:

	Three months ended January 31, 2009	Three months ended January 31, 2008	Six months ended January 31, 2009	Six months ended January 31, 2008
Numerator:				
(Loss) for the period	\$ (2,616,307)	\$ (440,955)	\$ (3,424,829)	\$ (740,932)
Numerator for basic and diluted (loss) per share	<u>\$ (2,616,307)</u>	<u>\$ (440,955)</u>	<u>\$ (3,424,829)</u>	<u>\$ (740,932)</u>
Denominator:				
Weighted average number of common shares	42,396,328	22,228,845	42,763,859	19,985,161
Denominator for basic (loss) per share	42,396,328	22,228,845	42,763,859	19,985,161
Effect of dilutive securities:				
Stock options (i)	-	-	-	-
Share purchase warrants (i)	-	-	-	-
Denominator for diluted (loss) per share	<u>42,396,328</u>	<u>22,228,845</u>	<u>42,763,859</u>	<u>19,985,161</u>
Basic and diluted (loss) per share	<u>\$ (0.06)</u>	<u>\$ (0.02)</u>	<u>\$ (0.08)</u>	<u>\$ (0.04)</u>

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 6. Share capital (continued)

(i) The stock options and share purchase warrants were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

#### 7. Employee stock options, broker units, warrants and contributed surplus

Stock option plan

The Company maintains a Stock Option Plan implemented in 2008 under which the Board of Directors, or the Compensation Committee, may from time to time grant to employees, officers, directors of, or consultants to, the Company, options to acquire common shares in such numbers, for such terms and at such prices as may be determined by the Board of Directors or the Compensation Committee.

The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall be equal to 10% of the total issued and outstanding common shares and that the maximum number of common shares which may be reserved for issuance to any one optionee pursuant to share options may not exceed 5% of the common shares outstanding at the time of grant.

These options are valid for a maximum of 10 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The exercise price of each option equals the market price prevailing at the date of grant.

#### (a) Employee stock options

The following summarizes the employee stock options that have been granted, exercised, cancelled, or expired during the six-month period ended January 31, 2009 and 2008:

	January 31, 2009		January 31, 2008	
	Number of Stock Options	Weighted Average Exercise Price (\$)	Number of Stock Options	Weighted Average Exercise Price (\$)
Opening balance	2,690,000	0.99	2,432,050	0.39
Issued	1,175,000	0.95	100,000	1.00
Exercised	(50,000)	0.40	(225,000)	0.32
Cancelled	(385,000)	1.66	(25,000)	0.40
Ending balance	3,430,000	0.78	2,010,000	0.39
Options exercisable at period end	2,126,250	0.86	1,596,205	0.33

The weighted average fair value of options granted during the period was \$0.33 (2008 - \$0.33).

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 7. Employee stock options, broker units, warrants and contributed surplus (continued)

As of January 31, 2009, the following employee stock options were outstanding and exercisable:

Expiry date	Options Outstanding			Options Exercisable	
	Number of options	Weighted average remaining contractual life (years)	Weighted Average Exercise Price (\$)	Number of options	Weighted Average Exercise Price (\$)
December 15, 2011 (i)	750,000	2.87	0.25	750,000	0.25
June 29, 2012 (ii)	425,000	3.41	0.40	425,000	0.40
September 7, 2012 (iii)	160,000	3.60	1.00	160,000	1.00
December 10, 2012 (iv)	100,000	3.86	1.00	100,000	1.00
February 7, 2013 (v)	25,000	4.02	0.40	18,750	0.40
February 19, 2013 (vi)	200,000	4.05	1.56	150,000	1.56
February 25, 2013 (vii)	455,000	4.07	1.70	340,000	1.70
March 10, 2013 (viii)	150,000	4.11	1.94	112,500	1.94
May 29, 2013 (ix)	-	-	-	-	-
September 8, 2013 (x)	280,000	4.61	2.39	70,000	2.39
December 10, 2013 (xi)	885,000	4.86	0.48	-	0.48
	3,430,000	3.95	0.78	2,126,250	0.86

(i) On December 15, 2006 the Company granted 925,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$0.25 per share and the expiry date is December 15, 2011.

The options had an estimated value of \$151,700 which was expensed as they vested (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility - 120%; risk-free interest rate - 3.91%; and expected life - 5 years. During the period ended January 31, 2009, \$nil (2008-\$4,100) was expensed and charged to contributed surplus.

(ii) On June 29, 2007, the Company granted 750,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$0.40 per share and the expiry date is June 29, 2012.

The options had an estimated value of \$264,750 which was expensed as they vested (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility - 135%; risk-free interest rate - 4.63%; and expected life - 5 years. During the period ended January 31, 2009, \$nil (2008 - \$50,560) was expensed and charged to contributed surplus.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

#### 7. Employee stock options, broker units, warrants and contributed surplus (continued)

(iii) On September 7, 2007 the Company granted 235,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$1.00 per share and the expiry date is September 7, 2012.

The options have an estimated value of \$76,845 which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 136%; risk-free interest rate – 4.2%; and expected life - 5 years. During the period ended January 31, 2009, \$nil (2008 -\$28,710) was expensed and charged to contributed surplus.

(iv) On December 10, 2007, the Company granted 100,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$1.00 per share and the expiry date is December 10, 2012.

The options have an estimated value of \$32,700 which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 136%; risk-free interest rate – 4.2%; and expected life - 5 years. During the period ended January 31, 2009, \$901 (2008 - \$9,523) was expensed and charged to contributed surplus.

(v) On February 7, 2008, the Company granted 25,000 stock options to an officer of the Company. The exercise price of the options is \$0.40 per share and the expiry date is February 7, 2013.

The options have an estimated value of \$5,625, which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 85%; risk-free interest rate – 3.5%; and expected life - 3 years. During the period ended January 31, 2009, \$389 (2008 - \$Nil) was expensed and charged to contributed surplus.

(vi) On February 19, 2008, the Company granted 300,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$1.56 per share and the expiry date is February 19, 2013.

The options have an estimated value of \$263,100, which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 85%; risk-free interest rate – 3.5%; and expected life - 3 years. During the period ended January 31, 2009, \$15,751 (2008 - \$Nil) was expensed and charged to contributed surplus.

(vii) On February 25, 2008, the Company granted 460,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$1.70 per share and the expiry date is February 25, 2013.

The options have an estimated value of \$439,300, which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 85%; risk-free interest rate – 3.5%; and expected life - 3 years. During the period ended January 31, 2009, \$37,565 (2008 - \$Nil) was expensed and charged to contributed surplus.

(viii) On March 10, 2008, the Company granted 150,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$1.94 per share and the expiry date is March 10, 2013.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

#### 7. Employee stock options, broker units, warrants and contributed surplus (continued)

The options have an estimated value of \$163,500, which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 85%; risk-free interest rate – 3.5%; and expected life - 3 years. During the period ended January 31, 2009, \$16,225 (2008 - \$Nil) was expensed and charged to contributed surplus.

(ix) On May 29, 2008, the Company granted 200,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$2.05 per share and the expiry date is May 29, 2013.

The options have an estimated value of \$218,000, which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 85%; risk-free interest rate – 3.5%; and expected life - 3 years. During the period ended January 31, 2009, \$40,875 (2008 - \$Nil) was expensed and charged to contributed surplus.

(x) On September 8, 2008, the Company granted 290,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$2.39 per share and the expiry date is September 8, 2013.

The options have an estimated value of \$473,860, which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 85%; risk-free interest rate – 3.1%; and expected life - 3 years. During the period ended January 31, 2009, \$167,825 (2008 - \$Nil) was expensed and charged to contributed surplus.

xi) On December 10, 2008, the Company granted 885,000 stock options to the directors, officers and consultants of the Company. The exercise price of the options is \$0.48 per share and the expiry date is December 10, 2013.

The options have an estimated value of \$290,280, which will be expensed as they vest (1/4 in three months, 1/4 in six months, 1/4 in nine months and 1/4 in twelve months from the date of grant). The fair value was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield - 0%; expected volatility – 85%; risk-free interest rate – 3%; and expected life - 3 years. During the period ended January 31, 2009, \$100,792 (2008 - \$Nil) was expensed and charged to contributed surplus.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 7. Employee stock options, broker units, warrants and contributed surplus (continued)

##### (b) Broker Units

	January 31, 2009		January 31, 2008	
	Number of Units	Weighted Average Exercise Price (\$)	Number of Units	Weighted Average Exercise Price (\$)
Opening balance	1,608,850	1.03	422,050	0.40
Issued	-	-	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Expired	-	-	-	-
Closing balance	1,608,850	1.03	422,050	0.40

In 2007, the Company issued 422,050 broker units as indicated in Note 7(b)(ii).

In 2008, the Company issued 1,186,800 broker units as indicated in Note 7(b)(iv).

As of January 31, 2009, the following broker units were outstanding and exercisable:

Expiry date	<u>Broker Units Outstanding</u>			<u>Broker Units Exercisable</u>	
	Number of broker units	Weighted average remaining contractual life (years)	Weighted Average Exercise Price (\$)	Number of broker units	Weighted Average Exercise Price (\$)
June 25, 2009	353,300	0.40	0.40	353,300	0.40
July 6, 2009	68,750	0.43	0.40	68,750	0.40
February 13, 2010	1,186,800	1.04	1.25	1,186,800	1.25
	1,608,850	0.87	1.03	1,608,850	1.03

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

#### 7. Employee stock options, broker units, warrants and contributed surplus (continued)

##### (c) Warrants

The following summarizes warrants that have been issued and exercised during the period:

	January 31, 2009		January 31, 2008	
	Number of Units	Weighted Average Exercise Price (\$)	Number of Units	Weighted Average Exercise Price (\$)
Opening balance	17,583,893	1.37	6,757,193	0.47
Issued	-	-	1,072,500	0.90
Exercised	(270,000)	0.55	-	-
Cancelled	-	-	-	-
Expired	-	-	-	-
Closing balance	17,313,893	1.39	7,829,693	0.52

	BLACK-SCHOLES VALUE (\$)	EXERCISE PRICE (\$)	NUMBER OF WARRANTS	EXPIRY DATE
Balance July 31, 2008	4,876,936		17,583,893	
Exercised	(29,700)	0.55	(270,000)	February 13, 2010
Balance January 31, 2009	4,847,236		17,313,893	

At January 31, 2009 the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

	BLACK-SCHOLES VALUE (\$)	EXERCISE PRICE (\$)	NUMBER OF WARRANTS	EXPIRY DATE
	320,200	0.55	2,874,693	February 13, 2010
	263,200	1.50	822,500	February 13, 2010
	3,678,161	2.00	9,837,950	February 13, 2011
	585,675	0.40	3,778,750	December 6, 2011
	4,847,236		17,313,893	

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

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

##### (d) Contributed surplus

The total of contributed surplus summarized as follows:

Balance July 31, 2006	\$	-
Stock-based compensation		188,729
Finder's fees (Note 7(b)(ii))		103,824

---

Balance July 31, 2007	\$	292,553
Stock-based compensation		1,033,924
Brokers units (Note 7(b)(iv))		319,249
Valuation of employee options exercised		(57,435)

---

Balance July 31, 2008	\$	1,588,291
Stock-based compensation		783,755
Valuation of employee options exercised		(17,650)

---

Balance January 31, 2009	\$	2,354,396
--------------------------	----	-----------

---

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

The Company entered into the following transactions with related parties during the six-month period:

(i) The Company has entered into an employment agreement with the CEO and the director of the Company at \$3,000 per month, which was amended to \$4,000 per month on December 1, 2006, and amended again to \$15,000 per month on March 1, 2008. During the period, an amount of \$90,000 (2008 - \$24,000) was charged and included in wages and salaries. As at January 31, 2009 a balance of \$nil (2008-nil) is due to the CEO.

(ii) The Company paid consulting fees in the amount of \$90,000 (2008 - \$165,166) to a company owned by the President and director of the Company. As at January 31, 2009 a balance of \$nil (2008-\$134,986) is due to this company and included in accounts payable and accrued liabilities.

(iii) The Company paid consulting fees in the amount of \$75,000 (2008 - \$39,600) which were capitalized in mining interests or expensed to operations, as appropriate, to a company whose owner was appointed the Vice-President of Exploration of the Company on December 15, 2006. As at January 31, 2009 a balance of \$14,348 (2008-\$7,073) is due to this company and included in accounts payable and accrued liabilities.

(iv) The Company paid consulting fees in the amount of \$30,000 (2008 - \$9,000) to the CFO. As at January 31, 2009 a balance of \$5,250 (2008-\$nil) is due to the CFO and included in accounts payable and accrued liabilities.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

#### 8. Related party transactions not disclosed elsewhere (continued)

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

#### 9. Income taxes

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

#### 10. Segmented information

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

---

	October 31 2008	July 31 2008
Canada	\$ 4,805,447	\$ 16,162,155
Brazil	20,029,513	11,132,157
Balance	\$ 24,834,960	\$ 27,294,312

---

#### 11. 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 January 31, 2009. The Company is not subject to externally imposed capital requirements.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

#### 12. Risks factors affecting financial instruments

The Company's major mineral properties are the Natividade, Serra Pelada, 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 January 31, 2009, the Company had a cash balance of \$8,740,615 (July 31, 2008 - \$16,702,933) to settle current liabilities of \$284,209 (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 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.

# Colossus Minerals Inc.

## (A Development Stage Company)

### Notes to Consolidated Financial Statements

#### (Unaudited)

(Expressed in Canadian dollars)

---

#### 12. Risks factors affecting financial instruments (continued)

##### 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 \$25,000 in the three month period.

(ii) The Company does not hold balances in foreign currencies, preferring to hold cash in low risk, secure Canadian dollar investments at Canadian banks. Foreign exchange risk related to required payments is perceived as moderate risk. Brazilian Real denominated expenses in the previous three months were \$1.5 million. US dollar denominated expenditures in the previous three months were \$0.1 million. Australian dollar denominated expenditures in the previous three months were \$0.1 million. Based on these numbers a 1% change in the US dollar would generate a \$500 difference in the Canadian dollars required to fund these expenditures. Based on these numbers a 1% change in the Brazilian Real would generate a \$15,000 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 January 31, 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.

#### 13. Comparative amounts

Certain comparative figures have been reclassified to conform with current period financial statement presentation.

#### 14. Commitments

The Company has no financial commitments at this time.

# **Colossus Minerals Inc.**

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

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

#### **(Unaudited)**

(Expressed in Canadian dollars)

---

#### **15. Subsequent events**

On February 12, 2009 the Company announced that it has entered into an agreement with a syndicate of underwriters to offer a \$21.5 million bought deal to the public. The offering includes 10,000,000 Units, priced at \$2.15 per unit. Each Unit comprises one Common Share and a one-half Common Share Purchase Warrant. Each full Warrant will entitle 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 will receive a 6% commission and 600,000 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.

The Company also granted the Underwriters an over allotment option to purchase up to an additional 1,500,000 Units at a price of \$2.15 per Unit for additional aggregate gross proceeds to Colossus of \$3,225,000, exercisable at any time in whole or in part up to 30 days prior to the Closing Date. If this option is exercised in full, the aggregate gross proceeds to Colossus will be \$24,725,000. The Underwriters can earn up to a further 90,000 Compensation Options, based on 6% of the Units sold through the over allotment option.

The offering and over allotment option were fully subscribed and closed on March 10, 2009. Gross proceeds of \$24.7 million were raised.