

COLOSSUS MINERALS INC.
(A development stage company)
Management's Discussion and Analysis
January 31, 2009

March 17, 2009

COLOSSUS MINERALS INC.
Management's Discussion and Analysis
For the six months ended January 31, 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 6-month periods, ended January 31, 2009, and the comparable periods last year. This discussion dated March 17, 2009 should be read in conjunction with the Company's 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 January 31, 2009:

- Received final assay results from the 5,000 metre phase 1 drill program at Serra Pelada. The program demonstrated strong lateral and vertical continuity of high grade gold-platinum-palladium mineralisation along a substantial portion of the Central Mineralised Zone.
- Announced the commencement of the Phase 2 drill program at Serra Pelada.
- Introduced a new strategy to conserve cash.
- Negotiated an extension of the payment terms for the acquisition of the 15% net profits interest at Serra Pelada.
- Announced the appointment of Kevin Rosengren and Associates, and GeoTek Solutions to undertake a geotechnical study of the Serra Pelada deposit, in an effort to clarify open pit and/or underground options for the deposit.
- Negotiated an unconditional one-year extension on all commitments towards the Natividade Property.
- Elected not to continue with the Sumidouro Property and wrote-off all costs associated with the property.

Subsequent to January 31, 2009:

- Announced and closed a \$21.5 million bought deal financing with an over-allotment option which increased the total gross financing to \$24.7 million.
- 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.

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 holds 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 and Colossus Brazil entered into an agreement with 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 an initial 51% share in the company by spending Brazilian Reals (“R”) R6,000,000 on exploration and development. The Company can increase its ownership share in the company to 75% by spending a further R12,000,000. The Company has also agreed to fund R200,000 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 gold reserve accepted and approved by the Departamento Nacional de Produção Mineral (“DNPM”) of Brazil. Such premium payment ranges from a minimum of R40,800,000 (based on Colossus Brazil's 51% interest in the Serra Pelada Property) for 20 tons of gold reserves to a maximum of R817,500,000 (if Colossus Brazil holds a 75% interest in the Serra Pelada Property) for 550 tons or greater of gold reserves. Advance payments against these further payments are to be made as R2,000,000 within four months of certain conditions (Paid), R1,600,000 within four months of the initial payment being made (Paid in 2009), and R3,600,000 in May 2009.

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 will be made commencing June 15, 2009 and ending June 15, 2011.

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 second quarter ending January 31, 2009 was \$2,616,397 or \$0.06 per share, as compared to \$440,955 or \$0.02 per share for the three-month period ending January 31, 2008.

Much of the \$2.2 million of increased loss in the second quarter of 2009 as compared to the second quarter of 2008 resulted from the \$1.7 million (\$1.6 million non-cash) write-off of the Sumidouro property. Non-cash stock-based compensation increased by \$0.3 million in the

quarter. Interest income increased \$0.1 million and partly offset a \$0.3 million increase in other expenses in the 2009 quarter.

During the second quarter the Company decided to cease work on the Sumidouro project. The Company wrote off the \$1,738,167 carrying value of exploration related to the property, including the opening (non-cash) balance of \$1,610,024 and \$128,143 of cash spent on the Sumidouro project in the second quarter of 2009. Non-cash stock-based compensation costs were \$444,164 in the quarter ended January 31, 2009 (2008 Q2 - \$107,262). General and administrative costs of \$207,775 in the second quarter of 2009 (2008 Q2 - \$120,781) increased significantly due to exploration activity; community relations programs in the areas the Company operates; and due to administrative activities associated with being a public company. Wages and salaries of \$78,415 in the second quarter of 2009 (2008 Q2 - \$22,985) reflected increased administration support as a public company (IPO February 2008) and for increased exploration. Professional and consulting fees were \$108,458 in the second quarter of 2009 (2008 Q2 - \$135,957). 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 \$17,250 were expensed in the second quarter of 2009. Foreign exchange in the second quarter of 2009 was an expense of \$66,050 compared to an expense of \$40,676 in the second quarter of 2008. The foreign exchange in the second quarter of 2009 resulted from movement of the Canadian dollar against the Brazilian Real and the US dollar.

Interest income of \$69,324 in the second quarter of 2009 resulted from interest on the Company's cash balances.

Spending on Serra Pelada in the second quarter of 2009 was \$2,038,864 (second quarter of 2008 - \$1,395,061). During the quarter 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. The bulk of the remaining expenditure covered drilling and related activities. During the quarter the Company received final analytical results from its completed Phase One 5129 metre diamond drilling program. Assay results for drill holes SPD-010 through SPD-018 were received, highlighted by drill hole SPD-013 which intersected 60.50 metres at 14.37 grams per tonne gold, 1.81 g/t platinum and 2.46 g/t palladium. Logging of historical core as part of the Phase One program continued and samples were dispatched to Genalysis Laboratory Services in Perth, Australia for reassay for gold, platinum and palladium. Additionally, Genalysis are recognized experts at assaying for Platinum Group Elements ("PGE's" or "PGM's") and thus are undertaking assays of these materials for other PGEs (rhodium etc.) for which there is limited historical data. Multi-element analysis is also being performed on a representative range of samples. The first set of assay results were from this program were received and included 7.88 metres at 98.4 g/t platinum, 115.7 g/t palladium, 2.74 g/t rhodium, 1.52 g/t iridium and 406 g/t gold. A central professionally managed database with access by secure network is now in effect as part of our QA/QC program. Also, the Company appointed Kevin Rosengren and Associates, and GeoTek Solutions to undertake a geotechnical study of the Serra Pelada deposit, in an effort to clarify options for open pit and/or underground mining of the deposit. Lastly, the Company announced it has commenced a Phase II diamond drilling program on Serra Pelada.

The Company spent \$3,468 on the Natividade project in the second quarter of 2009 (second quarter of 2008 - \$69,077).

No cash was spent on the Rio Cristalino project in the quarter (second quarter 2008 - \$nil).

The Company was active in public relations both internationally and locally in Brazil. The CEO conducted investor presentations in both Canada and the United States during the quarter. Lastly, substantial effort continues with joint venture partners, community and government relations. This has involved a successful Brazilian media campaign, numerous meetings with COOMIGASP members and relevant government representatives plus assistance to COOMIGASP to organize their affairs. The Company continued with its support for COOMIGASP's evaluation of historical waste and tailings and environmental studies.

Results of operations for the 6-month period

The loss from operations and comprehensive income for the six month period ending January 31, 2009 was \$3,424,829 or \$0.08 per share, as compared to \$740,935 or \$0.04 per share for the six months ending January 31, 2008.

Much of the \$2.7 million of increased loss in the first half quarter of 2009 was created by the \$1.7 million exploration write off in the second quarter of 2009 related to the Sumidouro property. Stock-based compensation expense generated an additional \$0.5 million of expense in the first half of 2009. Other expenses increased in the first half of 2009 compared to the first half of 2008 as funds were spent on exploration, especially Serra Pelada, and additional costs related to being a public company.

Exploration write-offs in the first half of 2009 were \$1.7 million (2008 H1- \$nil), related to the write-down of the Sumidouro property. Non-cash stock-based compensation costs of \$783,755 in the six-month period ended January 31, 2009 (six-month period ended January 31, 2008- \$263,453) mostly reflected the increased valuation of stock options as the strike price of options granted increased over the relative periods. General and administrative costs of \$468,529 in the first half of 2009 (2008 H1 - \$182,469) increased significantly due to greater exploration activity; community relations programs; and administrative activities associated with being a public company. Wages and salaries of \$165,751 in the first half of 2009 (\$47,183 in the first half of 2008) 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 \$256,659 in the first half of 2009 (\$156,925 in the first half 2008) reflect the start-up nature of the exploration projects over the year and increased costs of being a public company. Accounting, transfer agent fees and amortization amounted to \$55,443 for the first half of 2009 (\$35,947 for the first half 2008) due to costs of being a public. Director fees were initiated at the end of the 2008 year and costs of \$53,000 were expensed in the first half of 2009. Foreign exchange in the first half of 2009 was a expense of \$35,571 compared to an expense of \$66,603 in the first half of 2008. The foreign exchange in the first half of 2009 resulted from decrease in strength of the Canadian dollar during the quarter.

Interest income of \$129,046 in the first half of 2009 resulted from interest on the Company's cash balances.

During the first half of 2009, the Company spent \$7.0 million on mining assets (\$2.1 million in the first half of 2008) as Serra Pelada became the focus of exploration energy, attracting \$6.6 million of the expenditure in the first half of 2009.

Shares issued and outstanding

As at January 31, 2009, the issued and outstanding common shares of the Company totalled 43,093,288 (July 31, 2008 – 42,395,188 shares issued and outstanding). Fully diluted shares of the Company at January 31, 2009 were 66,250,455 (July 31, 2008 – 65,082,356 fully diluted shares).

On February 12, 2009, subsequent to the end of the quarter, the Company announced that it had entered into an agreement with a syndicate of underwriters to offer a \$21.5 million bought deal to the public. The offering included 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 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 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 after 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 the over allotment option closed on March 10, 2009. 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.

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 January 31, 2009, the Company had 3,430,000 stock options issued and outstanding. During the six month period 1,175,000 options were issued, 50,000 options were exercised and 385,000 options were cancelled in the quarter. The grant of 885,000 options in the quarter was made at a strike price of \$0.48. The 3,430,000 options have exercise prices between \$0.25 per share and \$2.39 per share, with expiries between 2011 and 2013. The options issued in the quarter have a Black-Scholes valuation of \$290,280, which is being expensed in 2009 and 2010 over the vesting terms of the grants.

The Company had 1,608,850 broker units options issued and outstanding at January 31, 2009. There was no activity related to these units in the quarter. Each broker's unit, exercisable for two years from the date of issue, comprised one common share warrant and one half common share warrant. The units issued in 2007 have a common share warrant at an exercise price of \$0.40 per share and a one half common share warrant at \$0.55. The options issued in 2008 have a common share warrant at an exercise price of \$1.25 per share and a one half common share warrant at \$2.00. The broker units issued in 2007 had a Black-Scholes valuation of \$103,824. The broker units issued in 2008 have a Black-Scholes valuation of \$319,249. The valuation of broker units was charged to contributed surplus in the year the broker units were issued. The Company issued 690,000 Broker Units subsequent to the period end regarding the financing which closed March 10, 2009.

The Company had 17,313,893 stock warrants issued and outstanding at January 31, 2009. There was no activity related to stock warrants in the quarter. Most of these warrants were related to the IPO and underwriter over allotment sales. In January 2009, 135,800 warrants were exercised. The warrants have exercise prices between \$0.40 per share and \$2.00 per share, with expiries between 2010 and 2011. The warrants issued in 2008 have a valuation of \$3,992,620. This valuation was treated as an increase in the Balance Sheet warrant value and a decrease in the cash raised from the issue of common shares. The Company issued 5,750,000 warrants subsequent to the period end regarding the financing which closed March 10, 2009.

As at March 17, 2009 the issued and outstanding common shares of the Company totalled 54,996,481 and the fully diluted shares totalled 84,535,455. These balances include 11,500,000 common shares, 690,000 compensation units and 5,750,000 warrants from the recent financing.

Financial condition

The Company's total assets at January 31, 2009 decreased to \$24,834,960 from \$27,294,312 at July 31, 2008. Cash raised was spent on exploration (\$1.5 million) and administration (\$0.7 million) during the quarter. Assets at January 31, 2009 include cash and cash equivalents of \$8,740,615 (July 31, 2007 - \$16,702,933). Cash has been invested in short-term maturity instruments that stress reduced risk and liquidity over return.

The Company's liabilities include trade payables and accrued liabilities of \$284,209 at January 31, 2009, down 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.

The financing completed subsequent to the January 31, 2009 has resulted in an estimated net cash increase of \$22.6 million, including the exercise of the over allotment option.

Liquidity and capital resources

From the date of its incorporation to January 31, 2009, the Company has raised total net proceeds of \$28,331,119 through equity financings and stock option exercises of which \$22,826,522 was raised in the third fiscal quarter of 2008. The \$22.8 million of cash raised related to payments for units sold in the February 2008 IPO financing and over allotment option sales. This net cash raised from the IPO was distributed between shares (\$19,134,777) and warrants (\$3,691,745). During the second quarter of 2009, the Company raised \$20,000 from the exercise of stock options.

At January 31, 2009 the Company had working capital of \$8,850,475 compared to \$16,577,385 as at July 31, 2008. Subsequent to January 31, 2009 working capital increased by an estimated \$22.6 million as a result of the recent financing.

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 six months ending January 31, 2009, the Company paid an amount of \$90,000 (2008 H1 - \$24,000) to the CEO of the Company. Consulting fees of \$90,000 (2008 H1 - \$165,166) were paid to a company owned by the President and a Director of the Company. Consulting fees of \$75,000 (2008 H1 - \$39,600) were paid to a company whose owner is the Vice President of Exploration of the Company. An amount of \$30,000 (2008 - \$9,000) 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.

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 included 10,000,000 Units, priced at \$2.15 per unit. Each Unit comprised 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 term 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 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 after 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 the over allotment option closed on March 10, 2009, raising gross proceeds of \$24.7 million (estimated \$22.6 million, net of expenses). 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.

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	-	-	3,424,829
Net loss per share (1)	\$ 0.02	\$ 0.06	\$ -	\$ -	\$ 0.08
Total assets	26,653,344	24,834,960	-	-	24,834,960
Shareholders' equity	26,286,984	24,550,751	-	-	24,550,751

<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. The remaining US\$2.2 million was to be paid as US\$1.0 million on January 3, 2009 and US\$1.2 million on July 3, 2009. The Company rescheduled these remaining payments as US\$50,000 and 378,100 Colossus shares immediately, and five semi-annual payments of US\$400,000, commencing June 15, 2009 and ending June 15, 2011.

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 January 31, 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 January 31, 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 January 31, 2009, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

New accounting policies

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 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 3855, 1530, 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.

(f) Capital Disclosures and Financial Instruments – Disclosures and Presentation

In December 2006, the CICA issued Section 1535 of the CICA Handbook, "Capital Disclosures", Section 3862, "Financial Instruments - Disclosures", Section 3863, "Financial Instruments –Presentation". These standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and process 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 sections 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.

Future Accounting Changes

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. 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. The Company will be required to have prepared, in time for its first quarter of fiscal 2012 filing, comparative financial statements in accordance with IFRS for the three months ended October 31, 2011. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Goodwill and Intangible Assets

In October 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 this new accounting standard on its financial statements.

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. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. 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 International Financial Reporting Standard IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

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 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 the Serra Pelada

Property and the Company's other non-material properties. 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 re-affirmed 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 effect 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 has an option to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient and the 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 Reais. 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 the 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
President and CEO
Colossus Minerals Inc.
March 17, 2009