

COLOSSUS MINERALS INC.

(A development stage company)

**Management's Discussion and Analysis
January 31, 2008**

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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 second quarter and first six months of 2008, ended January 31, 2008, and the comparable periods last year. This discussion dated March 17, 2008 should be read in conjunction with the Company's annual audited financial statements and notes thereto for the year ended July 31, 2007 and the period from incorporation to July 31, 2006 (the "financial statements"), which have all been prepared in accordance with Canadian generally accepted accounting principles. These documents along with others published by the Company are available from the office of the Company. Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

Corporate Overview

The Company was formed on February 9, 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, subsequent to the date of this quarter.

The Company has two material subsidiaries. Colossus Brazil was incorporated by articles of association filed on June 1, 2006.

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.

Overview of performance

On July 3, 2006, the Company entered into a letter of intent with Ouro Preto Mineracao Ltda ("OPML"), a Brazilian company and a subsidiary of Hidefield Gold PLC., to form a joint venture company related to the 6,420 hectare Sumidouro Property in Minas Gerais State, Brazil. In January 2007, the Sumidouro Option Agreement was executed. The Sumidouro Option Agreement superseded the July 2006 letter of intent. The Company, through Colossus Brazil, can earn a 51% interest by expending US\$1,250,000 within three years, subject to minimum expenditure of US\$250,000 in the first year. In addition, the 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 may earn up to 70% of the joint venture company by completing a feasibility study on the Sumidouro Property. OPML may sell its interest or convert it to royalties after Colossus Brazil has

earned its 51% interest. To date, the Company has made two equal option payments totaling US\$60,000 and spent in excess of approximately US\$1.2 million in exploration expenditures. As of the date hereof, the Sumidouro Option Agreement is in good standing.

On November 13, 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 by paying an aggregate amount of US\$1,500,000 over a period of three years (US\$200,000 of which has been paid to date) 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 to be expended in the third year. After the 70% interest has been earned, Colossus Brazil is required to expend an additional US\$1,000,000. As of the date hereof, the Natividade Option Agreement is in good standing.

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

Colossus Brazil will pay COOMIGASP a series of premium payments based upon the gold reserve accepted and approved by the Departamento Nacional de Produção Mineral (“DNPM”) of Brazil. Such premium payments range 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.

The Company and 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 must fund the first US\$1,000,000 of work on the Serra Pelada Property. Thereafter, the companies must each fund their share of work or suffer dilution of their ownership share in the Serra Pelada Property.

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. Exploration is expected to commence in 2009.

Results of operations for the quarter

The net loss and comprehensive loss for the quarter ended January 31, 2008 was \$440,955 or \$0.02 per share, as compared to \$142,476 or \$0.01 per share for the three-month period to January 31, 2008. This increased loss reflects stock based compensation costs of \$107,262 in the 2008 quarter (2007 quarter- \$45,601). Also, in 2008, increased administration support was required for the properties which were acquired late in 2006 and during the 2007.

2008 expenses included \$107,262 for non-cash stock-based compensation (2007 quarter - \$45,601). Wages, salaries and administrative costs were \$143,766 in 2008 compared to \$43,037 in the comparable period of 2007. Professional fees were \$30,512 in 2008 (2007 quarter - \$67,023). Consulting costs were \$105,445 in 2008 (2007 quarter - \$nil). Accounting and corporate fees in 2008 were \$5,501 (2007 - \$nil). The foreign exchange loss in 2008 was \$40,676 (2007 quarter - (\$13,185)). The foreign exchange expense in 2008 was caused by the movement of the Canadian dollar against the Brazilian Real. Expense increases reflected corporate activity to set up, organize and pursue a public listing, costs to raise funds required for work on properties, assistance with project evaluation, and general corporate activities.

During the 2008 quarter, the Company spent \$93,580 in exploration and development of the Sumidouro project (2007 quarter - \$212,287). Most of the work in 2008 related to property valuation and assays.

The Company spent \$69,077 on the Natividade project in the 2008 quarter (2007 quarter - \$110,976), mostly on property exploration and development.

Spending on Serra Pelada in the second quarter of 2008 was \$1,395,061 (2007 quarter - \$nil). Most of the spending related to drilling and related activities. Two diamond drill holes were completed, logged and sampled. A detailed surface survey was completed. A core handling area was set up. Logging and analysis of some 40,000 meters of historical drill core commenced. Initial payments as agreed for a tailing study were made to COOMIGASP.

Results of operations for the six month period

The net loss and comprehensive loss from operations for the six month period ended January 31, 2008 was \$740,932 or \$0.03 per share, as compared to \$179,946 or \$0.02 per share for the six-month period to January 31, 2007. This increased loss reflects stock based compensation costs of \$263,453 in the first six months of 2008 (2007 first six months - \$45,601). Also, in 2008, increased administration support was required for the properties which were acquired late in 2006 and during 2007.

The Company expanded operations to support continuing three projects and continued to support these projects in the 2008 quarter. Total administrative expenses amounted to \$740,932 in 2008 against \$179,946 in the same six month period in 2007.

The 2008 expenses included \$263,453 for non-cash stock-based compensation (2007 - \$45,601). Wages, salaries and administrative costs were \$229,652 in 2008 compared to \$67,449 in the comparable period of 2007. Professional fees were \$42,545 in 2008 (2007 - \$81,998). Consulting and management fee costs were \$114,380 in 2008 (2007 - \$nil). Accounting and corporate fees in 2008 were \$17,252 (2007 - \$nil). Amortization expense related to furniture and equipment purchased was \$4,432 in 2008 (2007 - \$nil). The net balance of 2008 expenses, which related to transfer agent fees, and bank charges, net of foreign exchange gains or losses, were \$69,218 in 2008 compared to a recovery of \$15,102 in the 2007. The foreign exchange expense in 2008 was caused by the movement of the Canadian dollar against the Brazilian Real. Expense increases reflected corporate activity to set up, organize and pursue a public listing, costs to raise funds required for work on properties, assistance with project evaluation, and general corporate activities.

During the first two quarters of 2008 quarter, the Company spent \$2,142,859 to evaluate exploration projects (2007 - \$487,373). Most of the work in 2008 related to property valuation and assays at Serra Pelada.

Shares issued and outstanding

As at January 31, 2008, the issued and outstanding common shares of the Company totaled 22,474,388 (July 31, 2007 – 19,979,388 shares issued and outstanding) and the fully diluted shares totaled 32,586,130.

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 being issued, 500,000 units had not yet been issued as at July 31, 2007 pending receipt of payment. During the 2008 quarter 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 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.

The Company had 2,282,050 stock options issued and outstanding at January 31, 2008, of which 100,000 options were issued in the 2008 quarter. The options have exercise prices between \$0.15 per share and \$1.00 per share, with expiries between 2009 and 2012. The options issued in the 2008 quarter have a Black-Scholes valuation of \$32,700.

Effective February 13, 2008, subsequent to the end of the period, 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 was C\$24.7 million.

As at March 17, 2008, the issued and outstanding common shares of the Company totaled 42,274,388 and the fully diluted shares totaled 67,264,795.

Financial condition

The Company's total assets at January 31, 2008 increased to \$4,831,650 from \$3,302,101 at July 31, 2007. This increase is attributable to spending on exploration properties through private placement funding in the 2008 period. Assets at the end of the quarter in 2008 include cash and cash equivalents of \$866,324 (July 31, 2007 - \$716,615), while short-term investments at January 31, 2008 were \$nil, down from \$1,000,000 at July 31, 2007. These cash and cash equivalent figures do not include the \$24.725 million raised from the Company's initial public offering completed in February 2008.

The Company's liabilities include trade payables and accrued liabilities of \$370,430 at January 31, 2008, up from \$204,652 at July 31, 2007. The Company has no long-term financial liabilities, off-balance sheet financing arrangements or material contingent liabilities or contractual obligations.

Liquidity and capital resources

From the date of its incorporation to January 31, 2008, the Company has raised total gross proceeds of \$5,209,322 through equity financings of which \$1,716,250 was raised in the second quarter of 2008; The latter of which was related to payments for units sold in the November 7, 2007 financing and breakdown of funds was allocated between shares (\$1,453,050) and warrants (\$263,200).

At January 31, 2008 the Company had working capital of \$803,191 compared to \$1,780,586 as at July 31, 2007.

The ability of the Company to successfully maintain its existing projects and 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 in equity financings as it is still in the development stage without any revenue from operations.

Selected Annual Information and Summary of Quarterly Results

January 31, 2008	Q1	Q2	Q3	Q4	Total
Revenue	\$ -	\$ -			\$ -
Net loss for the period	299,977	440,955			740,932
Net loss per share (1)	\$ -	\$0.02			\$ 0.03
Total assets	3,173,886	4,831,650			4,831,650
Shareholders' equity	2,953,663	4,461,220			4,461,220

July 31, 2007	Q1	Q2	Q3	Q4	Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss for the period	37,470	142,476	158,726	307,077	645,749
Net loss per share (1)	\$ -	\$ 0.01	\$ 0.02	\$ 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

July 31, 2006 (2)	Q1	Q2	Q3	Q4	Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss for the period	-	-	-	13,603	13,603
Net loss per share (1)	\$ -	\$ -	\$ -	\$ 0.002	\$ 0.002
Total assets	-	-	-	625,130	625,130
Shareholders' equity	-	-	-	601,397	601,397

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

(2) The Company was formed February 9, 2006. No significant activity until fourth quarter 2006.

Trends

There are significant uncertainties regarding the trends in mineral prices, the Brazilian Real currency and the availability of equity financing for the purpose of mineral exploration and development. For instance, the price of gold, silver and other precious minerals has fluctuated widely in recent years and wide fluctuations are expected to continue. As well, the Company's corporate and exploration and development activities are increasing, which may result in a larger net loss on a go forward basis.

Related party transactions

During the quarter ended January 31, 2008, the Company paid fees of \$19,800 to a company whose owner was appointed Vice President and Director of the corporation. Consulting fees of \$91,350 were paid to a company owned by the President and a Director of the Company. Consulting fees of

\$12,393 were paid to the manager of the Brazilian subsidiary. An amount of \$12,000 was charged against earnings for fees paid or to be paid to the CEO of the Company. During the period the Company paid \$1,875 to a company whose owner was appointed Executive Vice President of the Company. An amount of \$4,500 was paid in consulting fees to the CFO of the company. All balances are in the normal course of operations and are classified as related parties 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.

Subsequent events

The Company issued 17.2 million units through an initial public offering with the TSX on February 13, 2008. On February 25, 2008 the Company issued 2.6 million further units to close the underwriter over-allotment option. These two issuances provided gross proceeds of \$24.7 million.

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, 2007, 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, 2007. 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 quarter ended January 31, 2008, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Future changes in accounting policies

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1530 of the CICA Handbook, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments – Recognition and Measurement" and Section 3865, "Hedges". These new standards will require the following:

1. Financial assets will be classified as either held-to-maturity, held-for-trading or available-for-sale. Held-to-maturity classification will be restricted to fixed maturity instruments that the Company intends and is able to hold to maturity and will be accounted for at amortized costs. Held-for-trading instruments will be recorded at fair value with realized and unrealized gains and losses reported in net earnings. The remaining financial assets will be classified as available-for-sale and will be recorded at fair value with unrealized gains and losses reported in a new category of the consolidated statement of financial position under shareholders' equity called other comprehensive income ("OCI").
2. Derivatives will be classified as held-for-trading unless designated as hedging instruments. All derivatives, including embedded derivatives that must be separately accounted for, will be recorded at fair value on the consolidated statement of financial position. For derivatives that hedge the changes in fair value of an asset or liability, changes in the derivatives' fair value will be reported in net earnings and be substantially offset by changes in the fair value of the hedged asset or liability attributable to the risk being hedged. For derivatives that hedge variability in cash flows, the effective portion of the changes in the derivatives' fair value will be initially recognized as OCI and the ineffective portion will be recorded in net earnings. The amounts temporarily recorded in OCI will subsequently be reclassified to net earnings in the periods when net income is affected by the variability in the cash flows of the hedged item.

The above guidance applied for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. Earlier adoption was permitted only as of the beginning of a fiscal year.

The Company was required to adopt the following accounting standards as set out in the CICA Handbook, section 1530 Comprehensive Income and section 3855 Financial Instruments. The effect of implementing the new standards on the financial statements was not significant.

In November 2005, the Emerging Issues Committee ("EIC") of the CICA issued Abstract Number 159, "Conditional Asset Retirement Obligations", to clarify the accounting treatment for a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Under the EIC, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The guidance is effective for the second quarter of 2006 and is to be applied retroactively, with restatement of prior periods. The implementation of this EIC did not have a material impact on the Company's consolidated financial statements.

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.

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

Risks and Uncertainties

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, Colossus 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 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.

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

There is no certainty that the expenditures made by the 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.

Non-Compliance with Sumidouro Property Option Agreement or Fazenda Option Agreement or COOMIGASP Partnership Contract

The Company does not currently own Sumidouro Property, nor the Natividade Property, nor the Serra Pelada Property, but has an option to acquire an interest in such properties in accordance with the terms of the Sumidouro Property Option Agreement or Fazenda Option Agreement or COOMIGASP Partnership Contract. Any non-compliance with the terms of these agreements by the Company could affect the ability of the Company to exercise the options. These terms include satisfaction of the option payments due to the property vendors under such agreement, and the requirement to undertake minimum exploration spending during certain periods. Failure to meet these requirements could result in a loss by the Company of its interest in the options, which could in turn have a material adverse effect on the Company.

Political Stability and Government Regulation 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 and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Brazil may adversely affect the operations or profitability of the 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.

Financing risks

The Company has limited financial resources, has no operating cash flow and has no assurance that sufficient funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. 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 its projects with the possible loss of such properties. The Company will require additional financing if ongoing exploration of its properties is warranted.

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 Company.

Reliance on Limited Number of Properties

At his time the Company has no properties. The Company has the option to acquire an interest in either the Sumidouro Project or the Natividade Project. 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.

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.

Government approvals, approval of aboriginal 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.

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.

Land Title

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.

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.

Permits

Although Company currently holds all consents which it requires in order to carry out its current drilling program on the Sumidouro property, the Natividade project and the Serra Pelada 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.

Competition

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing gold and other minerals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

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.

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.

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 Corporation are incurred principally in Brazilian Reals. The appreciation of non-US dollar currencies against the US dollar can increase the cost of exploration and production in US dollar terms, which could materially and adversely affect the Company's profitability, results of operations and financial condition.

Government Regulation

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 mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

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 Ontario Business Corporations Act and other applicable laws. The Company has also adopted a formal code of ethics to govern the activities of its directors, officers and employees.

Special note regarding forward-looking statements

This Report contains forward-looking statements that are based on beliefs of its management as well as assumptions made by and information currently available to management of the Company. When used in this Report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", and the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in those statements. Such risks and uncertainties include those set forth under "Risks and Uncertainties" above. The statements contained in this Report speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

On behalf of the Board of Directors

Ari Sussman
President & CEO

March 17, 2008