Colossus Minerals Inc.

Notice of Meeting of Holders of Unsecured Gold-Linked Notes

to be held on
Friday, January 10, 2014

And

Management Information Circular

COLOSSUS
MINERALS INC.

These materials are important and require your immediate attention. They require you to make important decisions. If you are in doubt as to what decision to make, please contact your financial, legal, tax and other professional advisors. If you have any questions or require more information please consult the party listed on the back cover page of the Management Information Circular.

The directors of the Company (with J. Alberto Arias abstaining) unanimously recommend that Noteholders vote <u>in favour</u> of the resolutions set out in the Management Information Circular.

December 17, 2013

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COLOSSUS MINERALS INC.
NOTICE OF MEETING OF NOTEHOLDERS

NOTICE IS HEREBY GIVEN that a meeting of the holders (collectively, the "**Noteholders**") of the unsecured gold-linked notes due December 31, 2016 (the "**Notes**") will be held at the offices of Cassels Brock & Blackwell LLP, 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario M5H 3C2 on Friday, January 10, 2014 at 10:00 a.m. (Toronto time).

This notice is given pursuant to the trust indenture dated November 8, 2011 between the Colossus Minerals Inc. ("**Colossus**" or the "**Company**") and Equity Financial Trust Company (the "**Trustee**") (the "**Indenture**").

The meeting of the Noteholders (the "**Meeting**") is called pursuant to the provisions of the Indenture and is being held for the following purpose:

1. To consider and, if thought appropriate, pass, with or without amendment, an Extraordinary Resolution (as such term is defined in the accompanying Management Information Circular) (the "**Noteholders' Resolution**") to authorize Colossus to amend the terms of the Indenture to, among other things:

   (a) defer, until June 30, 2015, the payment of accrued interest on the Notes on each of December 31, 2013, June 30, 2014 and December 31, 2014; and

   (b) reduce the principal amount outstanding on the Notes from time to time based upon the aggregate amount added to the Company's stated capital account between December 31, 2013 and June 30, 2015,

   all as more particularly described in the accompanying Management Information Circular. The complete text of the Noteholders' Resolution can be found at Schedule "A" to the accompanying Management Information Circular.

2. To transact any other business that may properly come before the Meeting or any adjournment thereof.

The directors of Colossus have fixed December 13, 2013 as the record date for receiving notice of the Meeting (the "**Record Date**"). Registered Noteholders at the close of business on the Record Date are entitled to receive notice of the Meeting and exercise one vote in respect of each $1,000 principal amount of the Notes then beneficially held. To be valid, proxies must be signed and received by the Trustee at the following address no later than 10:00 a.m. (Toronto time) on Wednesday, January 8, 2014 or, if the Meeting is adjourned, no later than 10:00 a.m. (Toronto time) on the second business day preceding the day to which the meeting is adjourned: Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Attention: Proxy Department, Fax: 416.595.9593.

The Notes were originally issued in the "book-entry only" system, so CDS Clearing and Depository Services Inc. ("**CDS**") is the registered holder of all of the outstanding Notes. Please refer to the heading "Voting by Proxy" in the accompanying Management Information Circular or contact your broker or intermediary regarding how to vote your Notes, including any earlier deadline to submit voting instructions.

Pursuant to the provisions of the Indenture, the Noteholders' Resolution will be binding upon all Noteholders, whether present at or absent from the Meeting. However, the Proposed Amendments will not be implemented if the conditions described in the attached Management Information Circular under the heading "Conditions to the Proposed Amendments" have not been satisfied or waived.

The accompanying Management Information Circular provides additional information.

DATED this 17th day of December, 2013.

By Order of the Board of Directors

/s/ "John Frostiak"

Chairman of the Board

COLOSSUS MINERALS INC.
MANAGEMENT INFORMATION CIRCULAR

INFORMATION FOR NOTEHOLDERS

This Management Information Circular (the "**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of management of Colossus Minerals Inc. ("**Colossus**" or the "**Company**") for use at the meeting (the "**Meeting**") to be held at the time and place and for the purpose set forth in the accompanying Notice of Meeting, such notice being given to the holders (collectively, the "**Noteholders**") of the unsecured gold-linked notes due December 31, 2016 (the "**Notes**") issued pursuant to the trust indenture dated November 8, 2011 (the "**Indenture**") between Colossus and Equity Financial Trust Company (the "**Trustee**"). Notes represented by properly executed proxies will be voted, or withheld from voting, in accordance with the instructions of the Noteholder on any ballot that may be called for at the Meeting and, if the Noteholder specifies a choice with respect to any matter to be acted upon at the Meeting, such Notes represented by properly executed proxies will be voted accordingly. If no choice is specified with respect to any such matter, the management nominees designated in the form of proxy will vote in favour of the Noteholders' Resolution.

Descriptions of the terms of the Indenture and Sandstorm Agreement (defined below) contained in this Circular are qualified in their entirety by the terms of such documents. The Indenture and the Sandstorm Agreement are available under the Company's profile at www.sedar.com or by written request made of the Company's Corporate Secretary at 1 University Ave., Suite 401, Toronto, Ontario, Canada M5J 2P1.

The expression "**Extraordinary Resolution**" when used in this Circular means, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Noteholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the Indenture at which the holders of not less than 25% of the principal amount of the Notes then outstanding, are present in person or by proxy and passed by the favourable votes of the holders of not less than 66⅔% of the principal amount of the Notes present or represented by proxy at the meeting and voted upon on a poll on such resolution.

It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally by employees of the Company at nominal costs. Management may also retain one or more proxy solicitation firms on customary terms to solicit proxies on its behalf by telephone or electronic mail. The costs of solicitation will be borne by Colossus. Noteholders should read the information contained in this Circular carefully. Questions regarding the voting procedures should be directed to Equity Financial Trust Company at the address and telephone numbers set forth on the back cover page of this Circular.

No person is authorized to give any information or to make any representations other than those contained in this Circular, and, if given or made, such information or representations may not be relied upon as having been authorized. No securities commission or similar regulatory authority has determined if this Circular is truthful or complete. Any representation to the contrary is a criminal offence.

The contents of this Circular should not be construed as legal, business or tax advice. Noteholders should consult their own legal counsel, tax, financial or other professional advisors as to those matters.

The information contained in this Circular is given as at December 17, 2013, unless otherwise indicated. Unless otherwise noted all references in this Circular to "$" or "dollars" are to Canadian dollars.

PURPOSE OF THE NOTEHOLDERS' MEETING

Holders of the Notes are being asked to approve the adoption of resolution (the "**Noteholders' Resolution**") to be passed to amend the Indenture to, among other things, implement amendments (the "**Proposed Amendments**") to certain provisions of the Indenture which will:

(a) defer, until June 30, 2015, the payment of accrued interest on the Notes on each of December 31, 2013, June 30, 2014 and December 31, 2014; and

(b) reduce the principal amount outstanding on the Notes from time to time based upon the aggregate amount added to the Company's stated capital account between December 31, 2013 and June 30, 2015,

all as more all as more particularly described herein. The complete text of the Noteholders' Resolution is attached to this Circular as Schedule "A".

As discussed below under "Background to the Proposed Amendments", Colossus is in dire financial circumstances. Colossus believes that the Proposed Amendments are necessary in order for it to improve its balance sheet in order to raise the short term equity financing needed to implement the De-Risking Strategy (defined under the heading "Background to the Proposed Amendments") and thereby make it more attractive to future investors and potential partners to a mergers and acquisitions transaction.

The Proposed Amendments are being submitted as a single proposal. Noteholders may not vote in favour of only some but not all of the Proposed Amendments. Noteholders may vote in favour of only all of the Proposed Amendments or none of them. If the Noteholders' Resolution is not passed at the Meeting, Colossus and the Trustee will not enter into the Supplemental Indenture and the Proposed Amendments will not be implemented.

Even if the Noteholders' Resolution is approved, the Proposed Amendments will not be implemented unless the conditions described under the heading "Conditions to the Proposed Amendments" are satisfied or waived, including the condition that Sandstorm Gold Inc. enter into an agreement with Colossus (the "**Sandstorm Amendment Agreement**") with respect to certain concessions, including reductions in the repayment of the upfront deposit of US$ 75 million in certain circumstances.

Colossus reserves the right to amend the terms and conditions of this solicitation at any time prior to the date on which the Meeting is held for any reason, including, but not limited to, extending and/or terminating the solicitation.

QUORUM, VOTES REQUIRED

The Noteholders' Resolution will be an Extraordinary Resolution. Subject to certain exceptions, the Indenture provides that Noteholders have the power exercisable by Extraordinary Resolution to approve any change in any of the provisions of the Indenture or the Notes. The Indenture further provides that any Extraordinary Resolution passed in accordance with the provisions contained in the Indenture is binding upon all of the holders of the related Notes, whether or not present or represented at the meeting at which the Extraordinary Resolution was passed.

The Indenture provides that a quorum for a meeting of the Noteholders called to pass an Extraordinary Resolution is constituted by holders of the outstanding Notes present in person or represented by proxy representing not less than 25% in principal amount of the Notes outstanding. The Indenture also provides that, where a meeting for the purpose of passing an Extraordinary Resolution is convened, if a quorum is not present within 30 minutes after the time appointed for the meeting, then the

meeting shall be adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman of the meeting. Not less than 10 days notice shall be given of the time and place of such adjourned meeting. Such notice shall state that at the adjourned meeting the Noteholders present in person or by proxy shall form a quorum. At the adjourned meeting the Noteholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66⅔% of the principal amount of the Notes present or represented by proxy at the meeting voted upon on a poll shall be an Extraordinary Resolution, notwithstanding that the holders of not less than 25% in principal amount of the Notes then outstanding are not present in person or by proxy at such adjourned meeting.

To be effective, the Noteholders' Resolution must be passed by the favourable votes of the holders of not less than 66⅔% of the aggregate principal amount of the outstanding Notes represented and voted at the Meeting or any adjournment thereof.

RECORD DATE AND PROXY DEPOSIT DEADLINE

The directors of Colossus have fixed December 13, 2013 as the record date for receiving notice of the Meeting (the "**Record Date**"). Registered Noteholders at the close of business on the Record Date are entitled to receive notice of the Meeting and exercise one vote in respect of each $1,000 principal amount of the Notes then beneficially held. The aggregate principal amount of the Notes currently outstanding and due on the Maturity Date (as defined below) is $86,250,000, represented by 86,250 Notes, each with a face value of $1,000. To be valid, proxies must be signed and received by the Trustee at the following address no later than 10:00 a.m. (Toronto time) on Wednesday, January 8, 2014 or, if the Meeting is adjourned, no later than 10:00 a.m. (Toronto time) on the second business day preceding the day to which the meeting is adjourned: Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Attention: Proxy Department, Fax: 416.595.9593.

PRINCIPAL HOLDERS

As of the date of this Circular, Notes in the principal amount of $86,250,000 are outstanding. To the knowledge of the directors and officers of the Company as of December 17, 2013, no other person or company beneficially owns or exercises control or direction, directly or indirectly, over more than 10% of the Notes, other than SLZ Partners LC, a Noteholder who has advised the Company that it owns approximately 20% of the outstanding Notes and represents additional Noteholders.

VOTING BY PROXY

The Notes were issued by Colossus in the "book-entry only" system and all of the Notes are currently registered in the name of and held by or on behalf of CDS Clearing and Depository Services Inc. ("**CDS**") as custodian for the participants of CDS, which includes investment dealers, stockbrokers, banks and trust companies and other financial institutions that maintain custodial relationships with a participant, either directly or indirectly (each, a "**CDS Participant**"). As such, CDS is the sole registered holder of the Notes and Noteholders do not hold Notes in their own name. Beneficial interests in the Notes, constituting ownership of the Notes, are represented through book-entry accounts of institutions acting on behalf of beneficial owners as direct and indirect CDS Participants, rather than by definitive certificates. In accordance with the Indenture and applicable securities law requirements, Colossus has distributed copies of the Notice of Meeting of Noteholders, this Circular and the form of proxy (collectively, the "**Meeting Materials**") to CDS Participants (or a service corporation acting on behalf of the CDS Participants, such as Broadridge Financial Solutions, Inc.) for distribution to Noteholders.

Only registered Noteholders or their respective duly appointed proxyholders, are permitted to attend and vote at the Meeting or to appoint or revoke a proxy. **As a beneficial owner, you are entitled to: (i) direct how Notes beneficially owned by you are to be voted; or (ii) obtain a form of legal proxy that will entitle you (or another person who need not be a Noteholder) to attend and vote at the Meeting. You may exercise this right by inserting the name of the person attending the Meeting in the blank space provided on the proxy and deleting the names printed thereon, signing and dating the proxy and, in either case, depositing the completed and executed proxy with the Trustee: Equity Financial Trust Company, Suite 300, 200 University Avenue, M5H 4H1, Attention: Proxy Department, no later than 10:00 a.m. (Toronto time) on Wednesday, January 8, 2014 or, if the Meeting is adjourned, no later than 10:00 a.m. (Toronto time) on the second business day preceding the day to which the meeting is adjourned.**

CDS Participants are required to forward the Meeting Materials to Noteholders unless a Noteholder has waived the right to receive them. CDS Participants often use service corporations to forward the Meeting Materials to Noteholders. Generally, Noteholders who have not waived the right to receive Meeting Materials will either:

(a) be given a voting instruction form that is not signed by the CDS Participant and that, when properly completed and signed by the Noteholder and returned to the CDS Participant or its service corporation, will constitute voting instructions (often called a "**voting instruction form**") which the CDS Participant must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed form of proxy accompanied by a page of instructions that contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Noteholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the CDS Participant or its service corporation in accordance with the instructions of the CDS Participant or its service corporation; or

(b) be given a form of proxy that has already been signed by the CDS Participant (typically by a facsimile, stamped signature), which is restricted as to the principal amount of Notes beneficially owned by the Noteholder but that is otherwise not completed by the CDS Participant. Because the CDS Participant has already signed the form of proxy, this form of proxy is not required to be signed by the Noteholder when submitting the proxy. In this case, the Noteholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Attention: Proxy Department, Fax: 416.595.9593.

In either case, the purpose of these procedures is to permit Noteholders to direct the voting of the Notes they beneficially own. A beneficial Noteholder receiving a voting instruction form or proxy cannot use that form to vote Notes directly at the Noteholder Meeting. Should a Noteholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Noteholder), the Noteholder should carefully follow the instructions of their CDS Participant, including those regarding when and where the proxy or voting instruction form is to be delivered.

Every CDS Participant, broker and other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by beneficial Noteholders in order to ensure that their Notes are voted at the Noteholder Meeting.

Only registered Noteholders have the right to revoke a proxy. A beneficial Noteholder may revoke a voting instruction form, proxy or a waiver of the right to receive Meeting Materials and to vote

that has been given to a CDS Participant at any time by written notice to the CDS Participant provided that a CDS Participant is not required to act on a revocation of a voting instruction form, proxy or a waiver of the right to receive Meeting Materials and to vote that is not received by the CDS Participant at least seven days prior to the Meeting. Beneficial Noteholders who wish to change their vote must make appropriate arrangements with their respective brokers or other intermediaries.

Notes represented by properly executed proxies will be voted, or withheld from voting, in accordance with the instructions of the Noteholder on any ballot that may be called for at the Meeting and, if the Noteholder specifies a choice with respect to any matter to be acted upon at the Meeting, such Notes represented by properly executed proxies will be voted accordingly. If no choice is specified with respect to any such matter, the management nominees designated in the form of proxy will vote **in favour** of the Noteholders' Resolution.

If any amendments or variations to matters identified in the accompanying Notice are proposed at the Meeting or if any other matters properly come before the Meeting, the enclosed form of proxy confers authority to vote on such amendments or variations according to the discretion of the person voting the proxy at the Meeting. At the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice.

PROPOSED AMENDMENTS TO THE NOTES

Noteholders are being asked to approve the Noteholders' Resolution amend the terms of the Notes all as more particularly described below.

The reasons the Company is requesting the Noteholders approve the Noteholders' Resolution are described below under the heading "Background to the Proposed Amendments."

Implementation of the Proposed Amendments will be subject to the conditions described below under the heading "Conditions to the Proposed Amendments" and contained in the Noteholders' Resolution, the full text of which is set out on Schedule "A" to this Circular.

In order to give effect to the Noteholders' Resolution, the Supplemental Indenture will have to be entered into in order to implement the Proposed Amendments described below.

Deferral of Interest Payments until June 30, 2015

The Notes bear interest at a minimum annual rate of 6% but potentially increasing in a manner dependent on the simple average of the Bloomberg Composite New York Gold Price closing price during the relevant period. The interest accrues and is payable semi-annually in arrears on June 30 and December 31 (each an "**Interest Payment Date**"). Accrued but unpaid interest payable on December 31, 2013 amounts to approximately $3.3 million. While such accrued but unpaid interest will be due and payable on December 31, 2013, the Company's failure to pay interest on the relevant Interest Payment Date does not constitute an Event of Default (as defined in the Indenture) unless the failure to pay such interest persists for 10 days, which 10 day period will end at the close of business on January 10, 2014. Upon the occurrence of an Event of Default, the Trustee may, in its discretion, and shall, upon written request of holders of not less than 25% in principal amount of Notes then outstanding, declare the principal of and interest and premium, if any, on all Notes then outstanding to be due and payable.

The Proposed Amendments will provide for the interest payable on the December 31, 2013 Interest Payment Date to be deferred to the June 30, 2015 Interest Payment Date. Accordingly, the failure by Colossus to pay such interest by January 10, 2014 will not constitute an Event of Default. The Supplemental Indenture shall provide that interest shall accrue on any interest deferred pursuant to the Proposed Amendments at the same rate applicable to the outstanding Notes.

The Proposed Amendments will also provide for the interest on the Notes that is payable on the June 30, 2014 Interest Payment Date and the December 31, 2014 Interest Payment Date to be deferred to the June 30, 2015 Interest Payment Date. Accordingly, Colossus will not have an obligation to pay any interest on the Notes until June 30, 2015, subject to the other terms of the Indenture, including the terms relating to Events of Default.

Reduction of Principal

The aggregate principal amount of the Notes currently outstanding and due on December 31, 2016 (the "**Maturity Date**") is $86,250,000, represented by 86,250 Notes, each with a face value of $1,000.

The Proposed Amendments will also amend the terms of the Indenture to provide that the principal amount of the Notes to be repaid on the Maturity Date will be reduced from time to time by amounts that correspond to the amounts added from time to time to the Company's stated capital account between December 31, 2013 and June 30, 2015, in accordance with the following table:

Additions to Stated Capital ($M)	Reduction of Principal Per $1 Increase in Stated Capital ($)	Aggregate Principal Reduced ($M)	Aggregate Principal Outstanding ($M)	% of Principal Remaining
$0.00	$0.00	$0.00	$86.25	100%
$5.00	$0.75	$3.75	$82.50	96%
$10.00	$0.75	$3.75	$78.75	91%
$15.00	$0.75	$3.75	$75.00	87%
$20.00	$0.75	$3.75	$71.25	83%
$25.00	$0.75	$3.75	$67.50	78%
$30.00	$0.75	$3.75	$63.75	74%
$35.00	$0.75	$3.75	$60.00	70%
$40.00	$0.75	$3.75	$56.25	65%
$45.00	$0.75	$3.75	$52.50	61%
$50.00	$0.75	$3.75	$48.75	57%
$55.00	$0.75	$3.75	$45.00	52%
$60.00	$0.75	$3.75	$41.25	48%
$65.00	$0.75	$3.75	$37.50	43%
$70.00	$0.60	$3.00	$34.50	40%
		$51.75		

For example, if $60 million is added to Colossus' stated capital account between December 31, 2013 and June 30, 2015, the principal amount due on maturity will be reduced by $0.75 for each dollar added to the stated capital account for an aggregate reduction in principal amount of $45 million. Therefore, the aggregate $86,250,000 outstanding principal amount of Notes will be reduced by $45 million such that a $41,250,000 aggregate outstanding principal amount of Notes shall thereafter be payable to Noteholders, on a *pro rata* basis, on the Maturity Date. Depending on the amount of equity securities issued and the purchase price for each such security, the aggregate outstanding principal amount of Notes may be reduced by up to 60%.

The Proposed Amendments will also provide that the maximum aggregate reduction in principal amount of Notes will become effective if the Company enters into a business transaction (a "**Change of Control Transaction**") pursuant to which the Company will consolidate with or amalgamate or merge with or into, or undertake a reorganization or arrangement with, any person or sell, convey, transfer or lease all or substantially all of the properties and assets of the Company to another person. Accordingly, immediately prior to the closing of such business transaction, the $86,250,000 outstanding principal amount of Notes will be reduced such that a $34,500,000 aggregate principal amount of Notes shall thereafter be outstanding.

BACKGROUND TO THE PROPOSED AMENDMENTS

Until recently, Colossus was engaged in major development efforts in connection with the Serra Pelada Mine. Colossus has expended more than US$300 million on the exploration and development of the Serra Pelada Mine, including the net proceeds of C$55,100,000 raised from two public offerings completed in 2013. As a result of the underground development work and construction of the processing plant, the Company's monthly expenditures throughout were comprised of a "burn rate" (i.e. costs) of approximately US$4.4 million plus variable costs related to such construction and development.

In July 2013, the Company discovered that dewatering wells and pumps at the Serra Pelada Mine were not performing to design specifications. Following investigation, the Company determined that, in addition to the rehabilitation of existing wells, additional dewatering capacity was required to allow mining of the central mineralized zone in a sustainable, effective and efficient manner. Mining activity through the zone was delayed and resources were re-deployed to focus on infrastructure development and additional dewatering. Given Company's "burn rate" of approximately US$4.4 million per month, these delays required the Company to spend a significant portion of its cash resources which would otherwise have been devoted to construction and development activities.

When it recognized that the dewatering process initiated in July would take longer than initially expected, the Company began to seek sources of financing in the event that it would need to replenish its cash resources in order to recommence construction and development activities. Management held discussions with investment banks, potential investors and various lenders. Following these discussions, it became clear that investors and lenders were reluctant to provide the capital required to bring the Serra Pelada Mine into production due to uncertainty about the following issues:

- The advancement of the Company's dewatering efforts had not progressed to the point where investors and lenders were comfortable assuming that dewatering could be completed in a timeframe that would allow for mining in 2013 or early 2014.
- Given Company's "burn rate" of approximately US$4.4 million per month, there was concern over the amount of money the Company would be required to expend while waiting to resume construction and development activities at the Serra Pelada Mine.
- Current capital markets conditions would not be conducive to raising the magnitude of capital required to fund the "burn rate" expended during the delay as well as the additional capital required to complete the development work.

It also became clear that any smaller investment required to fund the Company prior to resolution of those issues would require the participation of Arias Resource Capital Fund II L.P. and Arias Resource Capital Fund II (Mexico) L.P. (together, the "**Arias Funds**"), who collectively hold approximately 19.73% of the Company's outstanding common shares ("**Common Shares**") (on a partially diluted basis) and, if possible, Sandstorm Gold Ltd. ("**Sandstorm**"), who advanced US$75 million to the Company under a metals purchase agreement dated September 18, 2012 (the "**Sandstorm Agreement**") with the

Company and its Brazilian subsidiary, since investors regard the additional investment of those parties as continued faith that the Company's issues could be satisfactorily resolved in due course.

In October and November 2013, Colossus investigated other financing alternatives. No single provider of financing was able to meet all of the Company's capital requirements and the Company was unable to aggregate different forms of financing from various sources in order to meet its capital requirements. The Company held preliminary discussions with investment banks, but these discussions did not result in any meaningful funding opportunities, nor did they result in any mergers and acquisitions ("**M&A**") opportunities.

On November 14, 2013, the Company released its financial results and management's discussion and analysis (the "**MD&A**") for the third quarter ended September 30, 2013. The financial statements indicated a "quick ratio" deficiency of US$3.5 million as at that date. Consistent with the two prior interim periods, the notes to the financial statements introduced "going concern" language. The MD&A stated that the Company:

> "will need additional capital in 2013 or 2014 to fund the completion of the development and the ramp-up of production and to meet existing obligations of the Serra Pelada Mine. The Company is currently investigating this financing and alternatives to strengthen its balance sheet to have further flexibility should other unforeseen circumstances or production delays occur."

On the same date, the Company press released an operational update. The operational update disclosed that dewatering efforts had been delayed and that dewatering efforts had not been as successful as anticipated since the inflow of water was 20% higher than had originally been expected. Accordingly, the Company's expected date of production would be during the second quarter of 2014.

Between November 14 and November 29, 2013, the Company held negotiations with the Arias Funds and another party with a view to funding the Company's capital requirements through to production. However, uncertainties related to issues described above and questions related to the Company's proposed mine plan resulted in a later decision on the part of such parties not to fund the US$70 million that was estimated to bring the Serra Pelada Mine into production.

By resolution dated November 25, 2013, the directors of the Company re-activated the special committee of directors (the "**Special Committee**"), which had been originally constituted on July 17, 2013 for the purposes of considering the Company's strategic alternatives. On November 27, 2013, the Special Committee retained a financial advisor for the purpose of advising on the Financing (as defined below), as well as identifying other financing opportunities and potential M&A partners.

During the first week of December 2013, the Arias Funds and the other party expressed a willingness to participate in a smaller financing to fund the Company for a six month period while these issues continued to be addressed. Their willingness to provide financing was contingent on Noteholders making certain concessions that would improve the Company's balance sheet and make it more attractive to future investors and potential M&A partners. This financing was later structured as a secured loan of C$4 million to be made in December 2013 (the "**Loan**") and followed by an equity financing of C$15 million or more (the "**Private Placement**") after Noteholders had approved the Proposed Amendments and Sandstorm had executed the Sandstorm Amendment Agreement with the Company in respect of the concessions to be made by Sandstorm under the Sandstorm Agreement (the Loan and the Private Placement collectively referred to as the "**Financing**"). See "Additional Information".

After being advised of this decision, and upon receiving advice from the financial advisor that it would be very difficult to raise financing from third parties without participation of the Arias Funds and, if possible, Sandstorm, the Company's directors decided to halt development at the Serra Pelada Mine and thereby significantly reduce expenditures while focussing on a strategy (the "**De-Risking Strategy**")

to de-risk the project by: (i) demonstrating that the Company's dewatering efforts are being successful; (ii) proceeding with a resource estimate anticipated to justify a mine plan based on higher grades and a larger resource; and (iii) re-evaluating the mine plan with a view to achieving lower costs, greater operational efficiencies and higher overall grades in the initial years of production. The Company believes that these levels of reduced expenditures will enable it to fund and execute the De-Risking Strategy and also facilitate it obtaining financing when it is able to demonstrate that it has dealt with these perceived risks.

Between December 4 and December 15, 2013, the Special Committee, the financial advisor, management of the Company, the Arias Funds, Sandstorm, SLZ Partners LC ("**SLZ**") (a Noteholder who has advised the Company that it owns approximately 20% of the outstanding Notes and represents additional Noteholders), and representatives of other Noteholders held various negotiations in respect of the Financing, the Proposed Amendments and the concessions to be made by Sandstorm. Negotiations involved a variety of parties but they generally revolved around two issues. The first issue was the terms of the Financing, how the Financing would address the funding needs of the Company and how the Company would continue to execute and fund its De-Risking Strategy followed by consideration of M&A transactions or a decision to re-commence construction and development of the Serra Pelada Mine. The second issue was the extent and nature of the concessions that the Arias Funds and other potential investors required of Sandstorm and the Noteholders as conditions precedent to their participation in the Financing. The Company and the Special Committee focussed their efforts on negotiating the terms of the Financing but participated with the Arias Funds in discussions with Sandstorm, SLZ and representatives of other Noteholders concerning the Proposed Amendments and the concessions being requested of Sandstorm since Colossus believes those concessions will: (i) improve the Company's balance sheet by reducing outstanding debt and related interest expenses; and (ii) increase the financial benefits to Colossus from the production of metals from the Serra Pelada Mine by reducing the amount of metals to be sold to Sandstorm at discounted prices.

On December 17, 2013, the parties agreed on the principal terms of the Financing, the concessions to be made by Sandstorm under the Sandstorm Agreement, and the concessions for which Noteholder approval will be sought at the Meeting. Completion of the Financing is conditional upon receipt of regulatory approval. In addition, completion of the Loan tranche of the Financing will be contingent on execution of a binding agreement that reflects the terms to be included in the Sandstorm Amendment Agreement. Completion of the Private Placement tranche of the Financing will be contingent upon, among other things, the implementation of the Proposed Amendments by execution of the Supplemental Indenture, and execution of the Sandstorm Amendment Agreement. The implementation of the Proposed Amendments by entering into the Supplemental Indenture and execution of the Sandstorm Amendment Agreement will be contingent upon each other.

Under the Sandstorm Agreement, a Brazilian subsidiary of Colossus entered into a precious metals purchase agreement with Sandstorm to sell refined platinum, palladium and gold produced from the Serra Pelada Mine. The Company received an upfront deposit of US$75.0 million and agreed to deliver life of mine payable metal equal to 35% of platinum and palladium and 1.5% of gold. In addition to the upfront deposit, Sandstorm will also pay the Company a purchase price equal to the lesser of US$400 per ounce of gold, US$200 per ounce of platinum, and US$100 per ounce of palladium and the prevailing market price. If the Company does not meet the minimum requirement to produce 260,000 gold-equivalent ounces of payable metals within 48 months after receiving the upfront deposit of US$75.0 million, Sandstorm has the discretion to request a reimbursement of the unused portion of the upfront deposit. If, by the expiry or earlier termination of the applicable term of the Sandstorm Agreement, the Company has not sold and delivered payable metals to Sandstorm sufficient to repay the upfront deposit of US$75.0 million, it will have to reimburse the unpaid portion to Sandstorm. The Sandstorm Agreement also provides that prior to April 1, 2015, the Company's Brazilian subsidiary has

the right, at any time and from time to time, to purchase up to an aggregate of 50% of Sandstorm's obligation to purchase platinum, palladium and gold for an aggregate amount of US$48.75 million.

In connection with the Financing, the Company and other stakeholders have been negotiating with Sandstorm in respect of certain concessions, the exact terms of which will be reflected in the terms of an agreement to amend the Sandstorm Agreement (the "**Sandstorm Amendment Agreement**"). The Sandstorm Amendment Agreement is expected to provide that the stream payments (i.e. the respective percentages of gold, platinum and palladium derived from production from the Serra Pelada Mine) deliverable to Sandstorm under the Sandstorm Agreement will be reduced from time to time by amounts that correspond to the amounts added from time to time to the Company's stated capital account between December 31, 2013 and June 30, 2015, in accordance with the following table:

Equity Raise (US$ M)	Stream Reduction (Per Equity US$)	Stream Amount to be Waived	Cumulative Waived Balance	% of PGM Purchased	% of PGM Purchased
$0.00	$0.00	$0.00	$0.00	35.0%	1.50%
$5.00	$0.75	$3.75	$3.75	35.0%	1.50%
$10.00	$0.75	$3.75	$7.50	35.0%	1.50%
$15.00	$0.75	$3.75	$11.25	35.0%	1.50%
$20.00	$0.75	$3.75	$15.00	35.0%	1.50%
$25.00	$0.75	$3.75	$18.75	35.0%	1.50%
$30.00	$0.75	$3.75	$22.50	35.0%	1.50%
$35.00	$0.00	$0.00	$22.50	33.0%	1.41%
$40.00	$0.00	$0.00	$22.50	31.0%	1.33%
$45.00	$0.00	$0.00	$22.50	29.0%	1.24%
$50.00	$0.00	$0.00	$22.50	27.0%	1.16%
$55.00	$0.00	$0.00	$22.50	25.0%	1.07%
$60.00	$0.00	$0.00	$22.50	23.0%	0.99%
$65.00	$0.00	$0.00	$22.50	21.0%	0.90%
$70.00	$0.00	$0.00	$22.50	19.0%	0.80%

For example, for the first US$30 million added to Colossus' stated capital account between December 31, 2013 and June 30, 2015, stream payments to Sandstorm will be reduced by US$0.75 for each dollar added to the stated capital account, to a maximum aggregate reduction of US$22.5 million. After the initial US$30.0 million is added to the Company's stated capital account, every additional US$5.0 million added to Colossus' stated capital account between December 31, 2013 and June 30, 2015 (to a maximum aggregate amount of US$70 million) will, in addition to the reductions in stream payments described in the preceding sentence, result in reductions in stream percentages for platinum and palladium by 2% and 0.086% for gold.

The Sandstorm Amendment Agreement will also provide that, if, on or before June 30, 2015, the Company enters into a Change of Control Transaction, the stream payments and stream percentages will be reduced, with effect immediately prior to the closing of the Change of Control Transaction, to an amount equal to the aggregate reductions that would have occurred if the Company had added an aggregate US$70 million to its stated capital account prior to such date. A Change of Control Transaction that occurs after June 30, 2015 will not result in any reductions in stream payments or stream percentages

over and above any reductions that may have resulted from additions to the Company's stated capital account on or before such date.

BENEFITS OF THE PROPOSED AMENDMENTS

The Company does not have sufficient funds to carry out its business activities and its attempts to raise capital from a variety of sources have been unsuccessful. Accordingly, the Company currently faces the following liquidity challenges:

- It currently has approximately US$32 million in accounts payable. Approximately, US$15 million of this amount represents payables that have been unpaid for at least 30 days.
- It does not have sufficient funds to carry on any business activities after December 31, 2013. Its ability to carry on business after such date will be entirely dependent on the ability to raise capital through the Financing. If the Toronto Stock Exchange (the "**TSX**") approves the Loan, the Company expects to have sufficient capital to carry on business until January 10, 2014, being the date of the Meeting when Noteholders will be asked to approve the Proposed Amendments. If the Noteholders approve the Proposed Amendments and certain other conditions are satisfied, the Private Placement is expected to be completed in January 2014. The net proceeds from the Private Placement are expected to provide the Company with sufficient funds over the next six months to: (i) execute the De-Risking Strategy; and (ii) either (A) seek sufficient financing to fund production at the Serra Pelada Mine, or (B) complete a potential M&A transaction.
- It will not have sufficient funds to meet any of the expenses associated with de-risking the Serra Pelada Mine unless the Financing is completed.
- The Company and its subsidiaries currently have a monthly "burn rate" of approximately US$4.4 million, which will need to be financed in order for the Company to carry on activities between December 31, 2013 and January 31, 2014.
- After giving effect to staffing cuts and related severance costs related to the De-Risking Strategy, the Company and its subsidiaries expect to reduce their monthly "burn rate" to approximately US$2.5 million in order for the Company to carry on activities, including implementation of the De-Risking Strategy between January 31, 2014 and June 30, 2014.

Colossus will be unable to meet its obligations, including the payment of its employees from January 1, 2014 onward, unless the Financing is completed. As a result, it will be required to cease all activities, default on its interest payment to the Noteholders and thereby trigger an Event of Default under the Indenture as of the close of business on January 10, 2014.

In light of the financial position of the Company and the uncertainties associated with the bankruptcy/insolvency processes in Canada and Brazil, the Noteholders may not be able to recover the full principal amount of the Notes plus accrued and unpaid interest for several reasons:

- The Notes are unsecured obligations of the Company. They are subordinated to secured indebtedness of the Company and its subsidiaries. The Company's Brazilian subsidiaries have approximately US$19 million in secured debt. In the event of any insolvency or bankruptcy proceedings or any other proceedings for the dissolution or winding up of the Company or its subsidiaries, the holders of secured debt will receive payment in full before Noteholders will be entitled to receive any payment or distribution of any kind.

- The Notes will be effectively subordinate to claims of creditors of the Company's subsidiaries except to the extent the Company is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The Company's Brazilian subsidiaries have unsecured debts consisting of approximately US$30 million in accounts payable, approximately US$65 million that may become due to Sandstorm in the course of bankruptcy or insolvency proceedings and approximately US$170 million in intercompany debt owed to the Company.

The Company is in immediate need of financing and cannot meet its current obligations as they become due. The Company raised equity in two public offerings during 2013. It also investigated other forms of financing.

Since the Company's last offering in August 2013, the Company has not been able to raise additional financing. The Company believes that this is because the risks associated with an investment in the Company increased significantly in July 2013, when the Company discovered that its dewatering wells and pumps were not performing to expectations. This discovery necessitated delays in construction and development activities while additional dewatering activities commenced. Even though these additional dewatering activities commenced, they have not initially resulted in as much progress as had been expected and therefore there were additional delays in construction and development, as well as an increasing perception on the part of capital market participants that the inability to dewater might pose a threat to the establishment of a functional mine. With a "burn rate" of US$4.4 million per month, these delays used up much of the Company's cash reserves and the market perceptions of risk have made the Company's securities unattractive to potential investors and lenders. Accordingly, the Company has decided to halt construction and development activities and focus on the De-Risking Strategy until: (i) the Company can demonstrate that its dewatering efforts are succeeding; and (ii) dewatering has progressed to the point where the Company is willing to endure the high monthly burn rate of US$4.4 million in anticipation of resuming construction, development and production.

The Financing represents the only committed financing that the Company has been able to negotiate since August 2013. The Financing is expected to address the Company's immediate liquidity issues and provide sufficient funds to the Company over the next six months while it implements its De-Risking Strategy. The Proposed Amendments and the concessions to be made by Sandstorm were required by the Arias Funds as conditions precedent to the Financing. Certain Noteholders which have advised that they represent approximately 35% of the outstanding principal amount of Notes, participated in the negotiation of the Proposed Amendments in order to facilitate the Financing. Sandstorm, which does not beneficially own a material number of shares but owns approximately 3% of the outstanding Notes, agreed to make concessions in respect of the Sandstorm Agreement in order to facilitate the Financing.

While the Company executes its De-Risking Strategy, it intends to continue to pursue M&A transactions that present an opportunity to deliver value to shareholders. The financial advisor has advised that the Company's successful execution of the De-Risking Strategy will be necessary for the success of any such M&A transaction. The sale of a de-risked Colossus to a buyer with greater financial resources would decrease the financial risks to Noteholders as such buyer would be required to assume the Company's obligations in respect of the Notes.

If, following successful completion of the De-Risking Strategy, the Company's directors determine that the Company's strategy should be to put the Serra Pelada Mine into production, Colossus believes that there is an increased likelihood of raising sufficient capital to fund the remaining expenses needed to achieve production. If the Company is able to put Serra Pelada into production, it would then have access to the cash flows necessary to fund the payment of interest and, ultimately, the repayment of the principal amount of the Notes.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The directors of the Company (with J. Alberto Arias abstaining) unanimously recommend that Noteholders support the Proposed Amendments vote in favour of the Noteholders' Resolution. See "Interests of Certain Persons in Matters to be Acted Upon".

CONDITIONS TO THE PROPOSED AMENDMENTS

The Proposed Amendments will not be implemented unless each of the following conditions is satisfied at or before the time of such implementation:

1. the Noteholders shall have approved Noteholders' Resolution as an Extraordinary Resolution;
2. the Supplemental Indenture shall have been entered into between the Trustee and Colossus;
3. there shall not have been an Event of Default which has not been remedied; and
4. Colossus and Sandstorm shall have entered into an agreement pursuant to which Sandstorm has agreed to the concessions to be made by Sandstorm under the Sandstorm Agreement as described under the heading "Background to the Proposed Amendments".

The Company may not waive any of these conditions without the consent of the Noteholders.

WHERE YOU CAN FIND MORE INFORMATION

Colossus files annual and interim financial statements, annual reports, annual information forms, MD&A, proxy statements, material contracts (including the Indenture and the Sandstorm Agreement) and other information with Canadian securities regulators. Colossus' filings are available at the Company's profile at www.sedar.com. Copies are also available from Colossus upon request. Requests for such copies should be directed to the Corporate Secretary of Colossus at 1 University Ave., Suite 401, Toronto, Ontario, Canada M5J 2P1 (telephone: 416.643.3890).

Colossus will provide information about any additions to its stated capital account that impact the aggregate principal amount of the Notes outstanding in its annual and interim financial statements. See "Proposed Amendments to the Notes – Reduction of Principal".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the executive officers, directors or employees or former executive officers, directors or employees of the Company and any of its subsidiaries, or associates of such persons, are or have been, during the Company's most recently completed financial year, indebted to the Company nor has the Company guaranteed any loans on behalf of any of these individuals.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

The general partner of the Arias Funds retains the power to make investment and voting decisions in respect of the Company securities beneficially owned by the Arias Funds. J. Alberto Arias, who serves on the Board of Directors of the Company, is the sole director of the general partner for the Arias Funds. As such, Mr. Arias may be deemed to share voting and dispositive power with respect to the Company securities beneficially owned by the Arias Funds, but he disclaims any beneficial ownership of any such securities, except to the extent of his pecuniary interest therein. Mr. Arias, in connection with his service on the Board of Directors of the Company, has also been granted 125,000 options to purchase

Common Shares at $2.92 and $1.54 for each such share. Mr. Arias also disclaims any beneficial ownership of these securities, except to the extent of his pecuniary interest in the Arias Funds.

The Financing (for which the Proposed Amendments are a condition precedent – see "Additional Information") may constitute a related party transaction for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and the Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101 based on its financial hardship. A material change report will be filed less than 21 days before the closing date of the Private Placement. The board of directors of the Company has determined this shorter period to be reasonable and necessary given the circumstances in order to improve the Company's financial condition in a timely manner.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as otherwise disclosed in this Circular, no director, executive officer or Noteholder beneficially owning (directly or indirectly) or exercising control or direction over more than 10% of the Notes (or any director or executive officer thereof), and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since January 1, 2012 or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company or any of its subsidiaries.

ADDITIONAL INFORMATION

The closing of the Loan is conditional upon the receipt of the approval from the TSX to rely on the "financial hardship exemption" in Section 604(e) of the TSX Company Rules and the execution of a binding agreement that reflects the terms to be included in the Sandstorm Amendment Agreement. The Private Placement is conditional upon the approval of the Noteholders' Resolution at the Meeting and entering into the Supplemental Indenture to implement the Proposed Amendments, as well as the execution of the Sandstorm Amendment Agreement. The implementation of the Proposed Amendments by entering into the Supplemental Indenture and the entering into of the Sandstorm Amendment Agreement are conditional on each other. See "Background to the Proposed Amendments".

AUDITOR, TRUSTEE AND TRANSFER AGENT

KPMG LLP, Chartered Accountants ("**KPMG**") is the auditor of the Company. KPMG has been the Company's auditor since August 4, 2009. The trustee and transfer agent and registrar of the Notes, as well as the Common Shares, is Equity Financial Trust Company, with its principal office at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1. If you have any questions or require more information please consult the Trustee (contact details on the back cover page of this Circular).

APPROVAL OF DIRECTORS

The contents of this Circular and the sending, communication and delivery to the Noteholders have been authorized and approved by the Board of Directors of Colossus (with J. Alberto Arias abstaining).

DATED as of December 17, 2013.

COLOSSUS MINERALS INC.

By: /s/ "John Frostiak"
Chairman of the Board

SCHEDULE "A"

EXTRAORDINARY RESOLUTION OF THE HOLDERS OF UNSECURED GOLD-LINKED NOTES ISSUED BY COLOSSUS MINERALS INC. UNDER THE TRUST INDENTURE DATED NOVEMBER 8, 2011

WHEREAS:

A. $86,250,000 aggregate principal amount of unsecured gold-linked notes due December 31, 2016 have been issued by Colossus Minerals Inc. (the "**Company**") and are outstanding pursuant to a trust indenture (the "**Indenture**") dated November 8, 2011 between the Company and Equity Financial Trust Company (the "**Trustee**"); and

B. It is necessary and advisable to amend the Indenture in the manner described in the Noteholder Information Circular dated December 17, 2013 (the "**Circular**") accompanying the notice of this meeting.

NOW THEREFORE, BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. The terms of the Indenture be and the same shall be amended to, among other things:
   (a) defer, until June 30, 2015, the payment of accrued but unpaid interest on the Notes due and payable on each of December 31, 2013, June 30, 2014 and December 31, 2014; and
   (b) reduce the principal amount outstanding on the Notes from time to time based upon the aggregate amount added to the Company's stated capital account between December 31, 2013 and June 30, 2015,

   all as more particularly described in the Circular to which this resolution is attached.

2. The Company and the Trustee be and are hereby authorized and directed to enter into a supplemental indenture agreement to amend the terms of the Indenture to give effect to the above resolutions.

3. Any director or officer of the Company is hereby authorized, in the name and on behalf of the Company, under its corporate seal or otherwise, to make such further amendments to the Indenture as may be required to give effect to the intent of the above resolutions, and any such amendments, shall be deemed to be authorized by these resolutions.

4. Any director or officer of the Company is hereby authorized, in the name and on behalf of the Company, under its corporate seal or otherwise, to execute and deliver all such other applications, certificates, documents, deeds, agreements and instruments (in addition to those mentioned in these resolutions), and to do all such further acts, as such officer may consider to be necessary or desirable to give effect to the above resolutions and agreements referred to herein, and the execution of any such documents by any such officer of the Company, or the doing of any such act, shall be deemed to be conclusive evidence that such documents so executed, or such acts so performed, are authorized by these resolutions.

5. Notwithstanding the passage of this extraordinary resolution by noteholders voting thereon, the directors are authorized to revoke or abandon this extraordinary resolution, without any further approval of noteholders, at any time prior to the entering into a supplemental indenture agreement.

Questions regarding proxy or voting instructions form should be directed to the Trustee at:

TMX Equity Transfer Services is operating the corporate trust business in the name of Equity Financial Trust Company for a transition period.

Equity Financial Trust Company
200 University Avenue
Suite 300
Toronto, Ontario
M5H 4H1

Attention: Proxy Department

Phone: 416.361.0930 ext. 253