COLOSSUS
MINERALS INC.

(A development stage company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Quarter Ended June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following Management Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Colossus Minerals Inc. ("Colossus" or the "Company") and its subsidiaries. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the periods ended June 30, 2013 and 2012, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements. Unless otherwise indicated, this MD&A has been prepared as of August 13, 2013. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com. The reporting currency is United States Dollars ("USD") and all amounts disclosed are in USD unless otherwise indicated and tabular amounts are in thousands, unless otherwise noted. This MD&A also contains references to Canadian Dollars and Brazilian Reals, Canadian Dollars are referred to as "C$" and Brazilian Reals are referred to as "R$". The exchange rates used in this MD&A are based on USD/R$ exchange rate of 2.2153 and USD/C$ exchange rate of 1.0512 as at June 28, 2013

Unless the context indicates otherwise, a reference to "Colossus" or the "Company" in this MD&A means Colossus Minerals Inc. and, as applicable, its subsidiaries.

Corporate Overview

Colossus is a development stage mining company focused on putting into production a high grade gold and platinum group metals project located in Brazil. The Company does not currently have any mineral properties that are in production or that contain a reserve as defined by National Instrument 43-101 ("NI 43-101").

The Company was formed in February 2006 for the purpose of acquiring, exploring and developing mineral properties in Brazil. The Company does not have any projects that generate revenue at this time. The Company's ability to carry out its business plan may rest with its ability to secure equity and other financings to complete the construction of the Serra Pelada Mine. The Company's common shares ("Common Shares") were listed for trading on the Toronto Stock Exchange on February 13, 2008 under the symbol "CSI" and on the OTCQX on March 1, 2012 under the symbol "COLUF".

The Company has one wholly-owned subsidiary which is considered to be material: Colossus Mineração Ltda. (formerly Colossus Geologia e Participações Ltda.) ("Colossus Brazil"). Colossus Brazil's 75% owned subsidiary, Serra Pelada - Companhia de Desenvolvimento Mineral, holds title to the Serra Pelada gold-platinum-palladium property.

The Serra Pelada Mine consists of exploration license, 850.425/1990 covering 100 hectares located in Pará, Brazil, the 700 hectares referred to in the Vale Option Agreement, and the 74 hectares referred to in the CC Agreements (collectively, the "Serra Pelada Mine"). The Company exercised its option under the Vale Option Agreement on March 18, 2013 and is currently working with Vale SA to complete the conditions of the option exercise. The Serra Pelada Mine is the Company's only material property and, as a result, the costs and cash needed to explore and develop the Serra Pelada Mine will have the greatest proportional impact on the Company's financial results.

<u>CONSTRUCTION AND DEVELOPMENT ACTIVITIES</u>

As of August 13, 2013, the Company had completed approximately 2,090 metres of total development; 1,340 primary and 750 metres of secondary development. On July 15, 2013, the Company announced that some dewatering wells and pumps were not performing to design specifications and, as a result, the Company required additional dewatering capacity in order to mine the Central Mineralized Zone ("CMZ") in a sustainable, effective and efficient manner. Additional dewatering capacity is currently being brought on line. Infrastructure development in the red and grey siltstone is not impacted, however, mining activity through the CMZ will be delayed. As a result, the resources of the Company are focused on mine infrastructure development and additional dewatering in order to achieve the Company's plans of delivering 1,000 tpd to the process plant by the first quarter of 2014 intact.

Expansion of the ventilation shaft is also progressing on schedule. A three-fold increase in air volume to the underground operations is expected by the end of the third quarter with an additional two-fold increase in air volume occurring in the fourth quarter.

The Company anticipates gold production from the mine will commence late in the fourth quarter of 2013. The Company continues to make progress in its mine planning activities and has laid out the month by month development for the remainder of 2013. Specifically, the Company's production schedule for the advancement of development at the Serra Pelada Mine is as follows:

Month	**Activity**
July 2013	Progress decline, and advance pump station and vent access.
August 2013	Continue to progress decline, advance development of #4 pump station, and continue to advance vent access. Install interim expansion of the ventilation system.
September 2013	Continue to progress decline complete #4 pump station and advance vent access. Start Horizon 1 mineralization access drives in the south and east.
October 2013	Continue to progress decline until the depth of the Horizon 2 mineralization access drive is reached. Complete vent access and advance vent shaft expansion toward completion.
November 2013	Continue Horizon 1 and start Horizon 2 access drives. Equip the vent shaft with new vent fan.
December 2013	Complete access drives for Lift 1 in Horizon 1 and 2. Continue decline towards Horizon 3. Develop and have five access points ready for production.

The various phases of the construction, along with respective percentages complete are presented in the table below.

	May 15	August 13
Total Project	**80%**	**90%**
Process Plant		
Engineering	99%	99%
Procurement	98%	99%
Civil construction	95%	99%
Structural steel fabrication	70%	100%
Structural, mechanical, piping & electrical installation	35%	85%
Power house	**90%**	**100%**
Ventilation upgrade	**40%**	**50%**
Tailings impoundment facility	**20%**	**65%**
Rehabilitation of dewatering bore field	**-**	**70%**
Expansion of dewatering capacity	**-**	**20%**

The Company is currently fast-tracking its dewatering program expansion. As of August 13 2013, six of a planned ten wells are pumping and total dewatering output is approximately 790 m3 per hour, which is approximately 76% in excess of the recharge rate. The Company plans to continue refurbishing old wells and drill one new one, plus continue to develop its underground dewatering program. Total output will reach approximately 1,250 m3 per hour by December 2013. The water table has been dropping at expected rates since early July to 235m.

To achieve the development discussed above, the ventilation system requires expansion to provide sufficient air to support four crews and sets of equipment. The expansion work includes widening and concrete lining the artisanal shaft which will be used as a ventilation raise and development of a drift to tie the ramp to this ventilation raise at depth. Development of this drift towards the ventilation raise is entirely in red siltstone and development rates have been as expected. The project to upgrade the ventilation system is approximately 50% complete.

The Company has continued its comprehensive internal evaluation of a number of different mining methods. Preliminary results from the geotechnical evaluation indicate that a more cost effective alternative to underhand-cut-and-fill may be achievable in certain sections of the mineralized area. The Company is evaluating alternatives such as overhand-cut-and-fill and other methods. This evaluation has led to procurement of new equipment and ground support tools which are now on site and being used to assist management in determining whether an alternative mining method will be viable.

The bulk sample was changed in scope as a result of the recognition of additional mineralization during the course of development. The Company encountered mineralization 30 to 40 metres ahead of the CMZ (as that zone is interpreted from surface drilling) and the bulk sample was expanded in order to incorporate the collection and geological interpretation of this additional mineralization. Preliminary assays have been received indicating previously unmodelled mineralization.

Results from the expanded bulk sample program will be incorporated into the initial National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") compliant resource report for the Serra Pelada Mine which the Company intends to complete after the processing of the bulk sample and the subsequent analysis of the results. Given the Company will have the ability to process material on site commencing late in the third quarter, management, in conjunction with its consultants, has decided to treat the entire bulk sample through the process plant. Given the new information, and projected turnaround times for overseas shipping, processing and receiving results, management believes the grade of the bulk sample can be ascertained more efficiently, and at lower costs, by keeping it on site rather than sending it to a test lab outside of Brazil. Management expects the results from the initial months of mining and processing, inclusive of the results from the on-site processing of the bulk sample, to enable the Company to better project grades and tonnage for production through to the end of December 2014.

Underground Drilling

During the first half of 2013, underground delineation drilling continued targeting the nose area of the CMZ with three parent holes and three short daughter holes totaling 339 metres of WL76 and NQ caliber core drilled. Assay results for all these holes are pending and will be released once received.

Down hole recovery issues resulted in a pause in drilling from early May until the arrival of a new, more powerful, drilling rig in early June 2013. Drilling recommenced with improved productivity and recovery.

Work on mine development planning and stope sequencing continued through the second quarter of 2013. This work resulted in a mining schedule and estimate of mineralized material anticipated to be mined in the first 12 months of production. The Company continues to optimize development plans as additional information is received.

Delineation drilling will continue, but dewatering holes will be integrated into the definition drilling program going forward. These holes will be key components of the underground mine dewatering program. An additional drill site is expected to be available by mid/late August 2013 and an additional drilling machine, which is already on site, will be installed.

Process Plant

The process plant construction is progressing as planned. The primary crusher is substantially complete. Commissioning of the primary crusher was started in early August 2013.

The reagent handling area structural steel, platework, piping and associated equipment installation is approximately 95% complete. Electrical and instrumentation installations are advanced.

Significant progress has been made erecting the conveyor systems. All conveyor belts are installed. The primary screen, the scrubber and all tanks have been installed in the Scrubbing and Screening Building. Installation of piping and electrical equipment is advanced. Structural steel erection, piping and mechanical installations in the Grinding Building are progressing well with this area now 85% complete. Electrical and instrumentation installations are advanced. Civil construction of the Gold Room is complete and this area has been turned over to the mechanical contractor. Erection of tanks and other mechanical installations in the Gold Room area are progressing. Commissioning of this area is scheduled for late August.

Basic engineering and design of the flotation plant is ongoing and will be complete in the fourth quarter of 2013 after receipt of metallurgical test results. Management's new plan for treating the bulk sample on site will lead to the availability of more representative metallurgical test material than would be provided from the original plan of testing ten 300 kilogram samples. Construction of the flotation plant is expected to commence in the first quarter of 2014 and is expected to be complete by the end of the third quarter of 2014.

Infrastructure

Other infrastructure construction is progressing as planned. The power house is now 100% complete and commissioned. The Company is currently running two of the four generators and electrical reticulation across the project site is complete. Connection to the grid has been achieved and commissioning of the power line was started the second week of August 2013. This facility is on schedule to go live August 30, 2013.

As of August 13, 2013, construction of the tailings dam has been advanced and this component of the project is now 65% complete with the clearing, diversion structures, spillway, and foundation complete. Bulk earthworks are advanced and project completion is scheduled for early September 2013.

Community Projects

The Company is committed to establishing a social contract with the village of Serra Pelada and is assisting to build a sustainable community. The Company's community plans are designed with input from local leaders in order to encourage community involvement with the Company's programs. As such, the Company has formed a working group composed of Company representatives and local leaders to discuss community programs and investments.

During the second quarter of 2013, the Company focused on activities to develop a socio-educational model for children of Serra Pelada. SPCDM's school of soccer, volleyball, dance and "capoeira" started its daily after school programs in May, 2013. Programs are attended by more than 200 local children.

CORPORATE AND GENERAL

On March 18, 2013, the Company exercised its option under the Vale Option Agreement. The Company is currently working with Vale SA ("Vale") to complete the conditions of the option exercise. After initial document submittal, Vale requested additional documents and has conducted an audit of certain information submitted. After completion of their review (which is expected to occur in the third quarter), Vale SA will have 45 days to confirm that the exploration investments and other conditions of the option exercise have been met (the "Vale Confirmation"). The assignment of the mining rights on Area B to SPCDM is expected to occur within normal time requirements for transferring permits under Brazilian legislation after the Vale Confirmation.

On June 12, 2013, the Company closed a C$28.75 million bought deal equity financing. A total of 17,968,750 common shares of the Company were sold at a price of C$1.60. The net proceeds of approximately C$27.2 million were used to fund development expenditures on the Serra Pelada gold-PGM mine and general working capital.

On August 13, 2013, the Company closed a C$37.95 million overnight-marketed offering. A total of 50,600,000 units (the "Units" of the Company were issued at a price of C$0.75 per Unit. Each Unit consisted of one common share of the company and half a common share purchase warrant of the Company (the "Warrants"). Each Warrant entitles the holder thereof to acquire one common share of Colossus at a price of C$0.90 until expiry at 5:00 pm on August 13, 2015. The net proceeds of approximately C$35.8 million are intended to be used to fund underground development and other operating costs until production, to expand and rehabilitate the dewatering program, to help fund capex cost over-runs on the process plant and to maintain the plant in operating order during the underground development ramp-up period.

EXPLORATION ACTIVITIES

Cutia Property

A diamond drilling program commenced in February 2013 with 6 drill holes having been completed during the first 3 months of the year and an additional 16 drill holes completed in the second quarter of this year for a combined total core length of 3,100 metres having been completed by August 13, 2013. The results of the work were reported in a press release dated July 8, 2013 that can be viewed on the Company's website or on SEDAR. The press release highlights the results that have been encountered in the drill holes that have returned encouraging gold, copper and silver assay values from the main mineralized zone known as the Cutia Fault Zone. The style of mineralization being recognized in the drill holes is similar to that found in Iron Oxide Copper Gold (IOCG) deposits. The Carajas Mineral Province of Brazil, where the Cutia property is located, hosts a high density of world class IOCG deposits.

Drilling underneath the east and west pits have confirmed that the mineralization that was mined out of the pits by garimpeiros continues down dip at depth and along strike of the artisanal work. The straight line distance between the two pits is roughly 600 metres.

The drilling program on Cutia is now complete and results of this first phase of drilling are now being evaluated. A second phase of drilling will be planned but will not commence until after Serra Pelada has commenced production.

Results of Operations for the three months ended June 30, 2013

Net income for the three months ended June 30, 2013 was $5.0 million ($0.05 per Common Share) compared with a net loss of $4.3 million ($0.04 per Common Share) for the comparable period in 2012. The reduction in the net loss in 2013 can be attributed, in part, to the following factors:

- Corporate administration costs for the three months ended June 30, 2013 were $5.0 million ($0.05 per Common Share) compared with $5.7 million ($0.05 per Common Share) for the comparable period in 2012. The decrease in costs in 2013 is mainly attributable to stock-based compensation expense.

- In the three months ended June 30, 2013, $0.8 million of stock-based compensation ($0.7 million corporate administration and $0.1 million exploration) was expensed compared with $1.9 million of stock-based compensation ($1.7 million corporate administration and $0.2 million exploration) in the comparable period in 2012.

- Corporate administration costs were impacted by foreign exchange fluctuations. Corporate administration costs are denominated in C$ and R$ and translated to USD for financial statement presentation purposes. Currency impacts accounted for a decrease of approximately $0.1 million in total corporate administration costs.

- Corporate administration costs for the three months ending June 30, 2013 and 2012 comprised the following:

	For the three months ended June 30, 2013	**For the three months ended June 30, 2012**
Stock-based compensation	$0.8	$1.7
Brazil administration expense	2.0	2.2
Head office salaries and benefits	1.0	0.7
Head office administration & IT	0.9	0.6
Directors fees, regulatory costs, investor relations	0.3	0.5
	$5.0	$5.7

Exploration expense for the three months ended June 30, 2013 was $1.0 million ($0.01 per Common Share) compared with $4.4 million ($0.04 per Common Share) for the three months ended June 30, 2012.

Of the $1.0 million of exploration expense during the three months ended June 30, 2013, $0.3 million relates to salaries (compared with $0.4 million in 2012) and $0.1 million relates to stock-based compensation for the Company’s in-house geologists (compared with $0.2 million in 2012) while the remaining $0.6 million relates to drilling, assaying and other exploration related activities (compared with $3.8 million in 2012).

Interest income for the three months ended June 30, 2013 was $0.01 million compared with $0.2 million for the three months ended June 30, 2012. The decrease in interest income primarily reflects the impact of a higher cash balance in 2012 resulting from the financing completed in November 2011.

Finance income for the three months ended June 30, 2013 was $11.3 million compared with $6.7 million for the three months ended June 30, 2012. The increase in finance income is primarily due to the change in the fair value of the long-term debt.

Finance costs for the three months ended June 30, 2013 was $nil compared with $1.0 million for the three months ended June 30, 2012. The decrease in finance costs is primarily due to the change in the mark-to-market values of derivative liabilities.

Results of Operations for the six months ended June 30, 2013

Net income for the six months ended June 30, 2013 was $4.7 million ($0.04 per Common Share) compared with a net loss of $15.4 million ($0.15 per Common Share) for the comparable period in 2012. The reduction in the net loss in 2013 can be attributed, in part, to the following factors:

- Corporate administration costs for the six months ended June 30, 2013 were $9.7 million ($0.09 per Common Share) compared with $11.6 million ($0.11 per Common Share) for the comparable period in 2012. The decrease in costs in 2013 is mainly attributable to stock-based compensation expense and Brazil administrative costs.

- In the six months ended June 30, 2013, $2.1 million of stock-based compensation ($1.9 million corporate administration and $0.2 million exploration) was expensed compared with $4.1 million of stock-based compensation ($3.6 million corporate administration and $0.5 million exploration) in the comparable period in 2012.

- Finance income for the six months ended June 30, 2013 was $16.5 million compared with $5.9 million for the six months ended June 30, 2012. The increase in finance income is primarily due to the change in the fair value of the gold linked notes. The gold linked notes mature on December 31, 2016 at a principal value of $86.3 million.

- Corporate administration costs were impacted by foreign exchange fluctuations. Corporate administration costs are denominated in C$ and R$ and translated to USD for financial statement presentation purposes. Currency impacts accounted for a decrease of approximately $0.2 million in total corporate administration costs.

- Corporate administration costs for the six months ending June 30, 2013 and 2012 comprised the following:

	For the six months ended June 30, 2013	**For the six months ended June 30, 2012**
Stock-based compensation	$1.9	$3.6
Brazil administration expense	3.2	4.2
Head office salaries and benefits	1.9	1.4
Head office administration & IT	1.6	1.3
Directors fees, regulatory costs, investor relations	1.1	1.1
	$9.7	$11.6

Exploration expense for the six months ended June 30, 2013 was $1.7 million ($0.02 per Common Share) compared with $8.4 million ($0.08 per Common Share) for the six months ended June 30, 2012.

Of the $1.7 million of exploration expense during the six months ended June 30, 2013, $0.7 million relates to salaries (compared with $1.4 million in 2012) and $0.2 million relates to stock-based compensation for the Company’s in-house geologists (compared with $0.5 million in 2012) while the remaining $0.8 million relates to drilling, assaying and other exploration related activities (compared with $6.5 million in 2012).

Interest income for the six months ended June 30, 2013 was $0.05 million compared with $0.5 million for the six months ended June 30, 2012. The decrease in interest income primarily reflects the impact of a higher cash balance resulting from the financing completed in November 2011.

Finance income for the six months ended June 30, 2013 was $16.5 million compared with $5.9 million for the six months ended June 30, 2012. The increase in finance income is primarily due to the change in the fair value of the long-term debt.

Finance costs for the six months ended June 30, 2013 was $0.1 million compared with $1.2 million for the six months ended June 30, 2012. The decrease in finance costs is primarily due to the change in the mark-to-market values of derivative liabilities.

Summary of Quarterly Results

	Q2 – 2013	Q1 – 2013	Q4 – 2012	Q3 -2012
Total revenues	-	-	-	-
Net loss (income) for the period	$(5,017)	$294	$598	$14,051
Comprehensive loss (income) for the period	$20,666	$(3,267)	$(1,925)	$15,693
Weighted-average number of Common Shares outstanding	110,519,958	106,734,253	106,118,608	106,030,048
Basic and diluted loss per Common Share	$(0.05)	-	-	$0.13

	Q2 -2012	Q1 – 2012	Q4 - 2011	Q3 -2011
Total revenues	-	-	-	-
Net loss for the period	$4,308	$11,106	$9,300	$8,565
Comprehensive loss for the period	$16,453	$9,428	$13,627	$15,136
Weighted-average number of Common Shares outstanding	105,944,144	105,709,778	104,208,379	103,514,770
Basic and diluted loss per Common Share	$0.04	$0.11	$0.09	$0.08

Liquidity and Capital Resources

Cash and cash equivalents as at June 30, 2013 totaled $10.6 million, compared with $63.6 million as at December 31, 2012. The change in the Company’s cash and cash equivalents was attributable to the following key items:

- Project spending on the continuing development of the Serra Pelada Mine of $68.3 million
- Exploration spending and corporate administration costs of $11.4 million
- Proceeds from the exercise of stock options of $1.0 million from the June 2013 public financing of $26.4 million
- Interest paid on gold-linked notes of $3.7 million

The Company employs a restrictive investment policy to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable credit worthiness, and to ensure liquidity of available funds. The Company’s investment policy is to invest surplus funds in permitted investments consisting of treasury bills, bonds, notes, and other evidences of indebtedness of Canada with a minimum local credit rating of AA from Standard & Poor’s, Moody’s or Dominion Bond Rating Service (“DBRS”) and maturities of two years or less. In addition, the Company can invest in Brazilian Federal Government issued Treasury bill equivalents and deposit funds into Brazilian banks with a maximum of one year and one month terms, respectively. In addition, the Company can invest a maximum of 50% of total holdings or C$40.0 million, whichever is less, in corporate issued commercial paper with a DBRS rating of R-1 High or higher with a maturity of six months or less.

The ability of the Company to successfully acquire additional mineral projects or to fund exploration and development of current projects has historically been conditional on its ability to secure financing when required. The Company has historically relied on financing to fund operations and the exploration and development of the Serra Pelada Mine. Financial markets are currently volatile, and are likely to remain so throughout 2013 and 2014, reflecting ongoing concerns about the stability of the global economy, sovereign debt levels and global growth prospects. In light of continually changing financial markets, there is no assurance that new funding will be available if required by the Company. While the Company believes that, following the financing completed August 13, 2013, it has the minimum amount of capital required to complete its underground infrastructure development, to complete the dewatering program expansion, and to cover operating losses until initial production, the scale of these operating losses and those during ramp-up of production are dependent on the speed of ramp up, speed of underground development, success of the dewatering expansion, grade delivered to the mill, and precious metals prices at the time of delivery to global markets. The Company is currently investigating alternatives to strengthen its balance sheet to have further flexibility should other unforeseen circumstances or production delays occur. Any additional capital needed in 2013 or 2014 to fund the completion of development, unforeseen expenditures, and the ramp-up of production will depend on the Company’s ability to obtain such capital through debt financing, equity financing, or other means. There is no assurance that the Company will be successful in obtaining the required financing or that such financing will be available on terms acceptable to the Company. In addition, any future financing may also be dilutive to existing shareholders of the Company.

Precious Metals Purchase Agreement with Sandstorm

In September 2012, Colossus Brazil entered into a precious metals purchase agreement with Sandstorm to sell refined platinum, palladium and gold produced from the Company's 75% owned Serra Pelada property. In return for delivering life of mine payable metal equal to 35% of both platinum and palladium and 1.5% of gold, the Company received an upfront deposit of $75.0 million. In addition to the upfront deposit, Sandstorm will also pay the Company a purchase price equal to the lesser of $400 per ounce of gold, $200 per ounce of platinum, and $100 per ounce of palladium and the prevailing market price. The upfront deposit was recorded as unearned revenue. The percentages of payable metals to be sold by the Company to Sandstorm are calculated based on 100% of payable metals derived from production at Serra Pelada; however, the Company will deliver all metals due under this agreement from its 75% of the Serra Pelada Mine.

The Company has a minimum requirement to produce 260,000 gold-equivalent ounces of payable metals within 48 months after receiving the upfront deposit of $75.0 million. If the Company does not meet the minimum requirements, Sandstorm has the discretion to request a reimbursement of the unused portion of the upfront deposit. In addition, the Company guaranteed certain minimum annual deliveries for the initial 10 year period. The Company's obligations under the agreement are secured by the Company's interest in its principal subsidiaries as well as by certain assets of Colossus Brazil. The amount secured is limited to $10.0 million until the Company's outstanding Senior Unsecured Gold-Linked Note (the "Notes") have been repaid. In addition, the Company has guaranteed the performance by Colossus Brazil of its obligations under the agreement with Sandstorm. The initial term of the contract is 40 years (the "Term"), subject to successive 10-year renewals (the "Extended Term") at the discretion of Sandstorm. If, by the expiry or earlier termination of the Term or the Extended Term (if applicable), the Company has not sold and delivered payable metals to Sandstorm sufficient to repay the upfront deposit of $75.0 million, it will have to reimburse the unpaid portion to Sandstorm.

Under the agreement, the Company has the right to repurchase up to 50% of Sandstorm's obligation to purchase metals for $48.8 million. The Company may exercise this option either as a single purchase or in 10% increments of $9.8 million until April 1, 2015.

Unearned revenue relates to the upfront deposit received from Sandstorm for the future delivery and sale of payable metals at contracted prices. Once deliveries of payable metals are made to Sandstorm, the Company recognizes a portion of the unearned revenue as sales based on the difference between the prevailing market price at time of delivery and the purchase price specified in the agreement.

Contractual Obligations

There have been no material changes since December 31, 2012.

Off-balance Sheet Arrangements

Colossus does not have any off-balance sheet arrangements.

Related Party Transactions

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

(i) The Company paid consulting fees in the amount of $171,433 (June 30, 2012 — $111,881) to a company owned by a former officer of the Company for business development services. As at June 30, 2013, a balance of $nil (June 30, 2012 — $31,850) is due to this company.

(ii) The Company paid consulting fees in the amount of $38,096 (June 30, 2012 — $111,881) to a company owned by a former officer of the Company for geological services. As at June 30, 2013, a balance of $nil (June 30, 2012 — $18,399) is due to this company.

These transactions are in the normal course of operations and are measured at the exchange value being the amount established and agreed to by the related parties. Amounts due are unsecured and non-interest bearing.

Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has last completed an evaluation of the design and operating effectiveness of the Company's disclosure controls and internal control over financial reporting as at December 31, 2012. Based on this assessment, management has concluded that the Company's disclosure controls and internal controls over financial reporting were operating effectively. The Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to the ICFR during the period ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation.

Future Accounting Changes

The Company has adopted the following new standards effective January 1, 2013 and has applied them to the Company's results in accordance with the transitional provisions outlined in the respective standards.

IAS 1 – *Presentation of Financial Statements*

The Company adopted the amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1") on January 1, 2013, with retrospective application. The amendments to IAS 1 require companies preparing financial statements under IFRS to group items within other comprehensive income that may be reclassified to profit or loss and those that will not be reclassified. The Company has amended our consolidated statement of comprehensive loss (income) for all periods presented in these condensed interim consolidated financial statements to reflect the presentation changes required under the amended IAS 1. Since these changes are reclassifications within our statement of comprehensive income, there is no net impact on our comprehensive income.

IFRS 10 – *Consolidated Financial* Statements

In May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* to replace IAS 27 – *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. IFRS 10 establishes control as the basis for an investor to consolidate its investees and defines control as an investor's power over an investee with exposure, or rights, to variable returns from the investee and the ability to affect the investor's returns through its power over the investee. The Company has conducted a review of its entities and has determined that the adoption of IFRS 10 did not result in any change to the consolidation status of any of its subsidiaries.

IFRS 11 – *Joint Arrangements*

In May 2011, the IASB issued IFRS 11 – *Joint Arrangements* to replace IAS 31 – *Interests in Joint Ventures*. IFRS 11 defines two types of joint arrangements: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires that a joint operator recognize its portion of assets, liabilities, revenues and expenses of a joint arrangement, while a joint venture recognizes its investment in a joint arrangement using the equity method. The Company has adopted IFRS 11 and has determined that there is no effect on our financial results or disclosures.

IFRS 12 – *Disclosure of Interests in Other Entities*

In May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities* to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates including the reporting entity's involvement with other entities. IFRS 12 requires enhanced reporting of the nature of risks associated with the Company's interest in other entities and the effects of those interests on the Company's consolidated financial statements. The Company has adopted IFRS 12 and has determined there is no effect on our financial results. Any additional disclosures required by the new pronouncements will be included in our annual consolidated financial statements for the year ended December 31, 2013.

IFRS 13 – *Fair Value Measurement*

In May 2011, the IASB issued IFRS 13 – *Fair Value Measurement*. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. IFRS 13 requires that when using a valuation technique to measure fair value, the use of relevant observable inputs should be maximized while unobservable inputs should be minimized. The Company has adopted IFRS 13 and has determined there is no effect on our financial results. Any additional disclosures required by the new pronouncement will be included in our annual consolidated financial statements for the year ended December 31, 2013.

IFRIC 20 – *Stripping Costs in the Production Phase of a Surface Mine*

In October 2011, the IASB issued IFRIC 20 – *Stripping Costs in the Production Phase of a Surface Mine*. IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity: (i) useable ore that can be used to produce inventory; and (ii) improved access to further quantities of material that will be mined in future periods. The Company has adopted IFRIC 20 and has determined that there is no effect on our financial results or disclosures.

The following accounting standard has been issued but is not currently effective:

IFRS 9 – *Financial Instruments*

The IASB intends to replace IAS 39 – *Financial Instruments: Recognition and Measurement* with IFRS 9 – *Financial Instruments*. IFRS 9 establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 requires that financial assets be classified as amortized cost or fair value based on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes party to the contractual provisions of the instrument. In December 2011, the IASB issued an amendment to IFRS 9 which deferred the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. The Company is currently assessing the impact of adopting IFRS 9 on our consolidated financial statements, including the impact of early adoption.

Critical Accounting Policies and Estimates

The Company's management is required to make estimates and assumptions in its application of the Company's accounting policies in the preparation of the consolidated financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities and expenses. These estimates are inherently uncertain and are, or could be, affected by significant factors outside the Company's control. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The following have been identified as critical accounting policies and estimates and a change in these policies and estimates could materially impact the financial statements. The Company's complete accounting policies are described in Note 6 to the consolidated financial statements.

Mining Properties

The Company's recorded value of its mineral properties is based on historical costs that it expects to be recovered in the future. The Company operates in an industry that is exposed to a number of risks and uncertainties including exploration risk, development risk, commodity price risk, operating risk, ownership, funding and currency risk, as well as environmental risk. The Company considers both external and internal sources of information in assessing whether there are any indications that mining interests are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mining interests. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. All of these factors are potentially subject to significant change and are considered when assessing impairment of mining properties. Accordingly, there is always the potential for a material adjustment to value assigned to mineral properties.

Stock-based Compensation

Equity settled transactions are measured by reference to fair value at grant date. Fair value has been determined using a Black-Scholes option pricing model which has its limitations. The Black-Scholes model relies on estimates of the future risk-free interest rate, future dividends payments, future share price volatility and the expected average life of the stock options all of which could have a significant impact on the determination of stock-based compensation expense and the valuation of the warrants. The Company believes this model adequately captures the features of the stock option awards and warrants and is appropriate to calculate their fair values. Stock-based compensation expense however is a non-cash item which has no impact on the cash resources of the Company.

Outstanding Share Data and Fully Diluted Calculation

The Company is authorized to issue an unlimited number of Common Shares. The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The table set forth below summarizes the capital stock.

Common Shares or Securities Convertible into Common Shares	August 13, 2013
Issued and outstanding	175,547,151
Stock options outstanding	8,820,000
Warrants issued at $0.90, expire on August 13, 2015	25,300,000
Warrants issued at $8.50, expire on November 8, 2016	5,175,000
Future fully diluted	**214,842,151**

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this document, including any information relating to Colossus Minerals Inc.'s ("Colossus" or the "Company") future financial or operating performance may be deemed "forward-looking". All statements in this document, other than statements of historical fact, that address events or developments that Colossus expects to occur, are "forward- looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond the Company's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause Colossus' actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Such factors include, without limitation: price levels and volatility in the spot and forward markets for commodities; the uncertainties inherent to current and future legal challenges Colossus is or may become a party to; controls, regulations and political or economic developments in the countries in which the Company does or may carry on business; changes in national and local government legislation in Canada, Brazil or any other country in which Colossus currently does or may in the future carry on business; the lack of certainty with respect to foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law; the speculative nature of mineral exploration and development, including the risks of obtaining and maintaining the validity and enforceability of the necessary licenses and permits and complying with the permitting requirements of each jurisdiction that Colossus operates; fluctuations in the international currency markets and in the rates of exchange of the currencies of Canada, the United States and Brazil; significant capital requirements; impact of any hedging activities; taxation; additional funding requirements; loss of key employees; changes in project parameters as plans continue to be refined; accidents; labour disputes; defective title to mineral claims or property or contests over claims to mineral properties; and competition. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding as well as other risks discussed under the heading "Risks Factors" included in Colossus' latest Annual Information Form filed at www.sedar.com. This MD&A for the three and six months ended June 30, 2013, is also available at www.sedar.com. Forward-looking statements are not guarantees of future performance, and actual results and future events could materially differ from those anticipated in such statements. All of the forward-looking statements contained in this document are qualified by these cautionary statements. Colossus expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.

Corporate Information *(as at August 13, 2013)*

DIRECTORS

Alberto Arias
John Frostiak (Chairman)[2,3]
David Garofalo[1]
Greg Hall[3]
Mel Leiderman[1,2]
Claudio Mancuso
Douglas Reeson[1,2]
John Turner[2]

COMMITTEES
1. Audit
2. Compensation, Corporate Governance & Nominating
3. Health, Safety, Environmental & Community

MANAGEMENT
Claudio Mancuso
Chief Executive Officer

David Anthony
President & Chief Operating Officer

Alden Greenhouse
Chief Financial Officer

Graham Long
Vice President, Exploration

Ann Wilkinson
Vice President, Investor Relations

Jason Brooks
Vice President, Finance

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STOCK EXCHANGE LISTING
Toronto Stock Exchange
Symbol: CSI, CSI.WT.A and CSI.NT

OTCQX
Symbol: COLUF

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For information regarding share certificates, stock transfers and address changes, contact:

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