

Colossal Resources Corp.
Management's Discussion and Analysis
Six months ended October 31, 2011

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the Colossal Resources Corp. ("Colossal" or the "Company") financial statements. The information provided herein should be read in conjunction with the Company's unaudited financial statements and notes for six months ended October 31, 2011 and audited financial statements for the year ended April 30, 2011. The effective date of this report is December 30, 2011.

Financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis differ from those used in previous financial reporting. Further details on the transition to IFRS are included in Notes 2 and 15 of the financial statements for the six months ended October 31, 2011.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management on a quarterly basis to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See "Forward Looking Statements" on page 11 of the report.

The reader is encouraged to review Company statutory filings on www.sedar.com.

DESCRIPTION OF BUSINESS AND OVERVIEW

The Company is in the business of acquiring, exploring and developing petroleum and natural gas properties and currently, has no resource developing activity and is considered to be in the development stage.

The common shares of the Company are listed on the NEX board of the TSX Venture Exchange and trades under the symbol "CIA.H".

The Company has evaluated several oil and gas opportunities in Canada, but has yet to reach the point where the Company can enter into a letter of intent of any kind. The oil and gas market has been depressed in the last year and the Company feels that this is the best time to enter the sector. The Company is focused on domestic oil and gas projects as opposed to international as the political climate in Canada is stable as opposed to some of the emerging oil and gas countries.

Management will continue to seek projects, primarily in the oil and gas sector, that will provide the best opportunities to increase shareholders value.

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SELECTED ANNUAL INFORMATION

	Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2009 ⁽¹⁾
Total revenues	\$ Nil	\$ Nil	\$ Nil
General and administrative expenses	181,518	225,336	224,323
Recovery of previously expensed items	167,082	26,458	-
Loss for the year	(14,718)	(198,878)	(224,323)
Loss per share – basic and diluted	(0.00)	(0.24)	(0.32)
Total assets	9,038	3,966	1,166
Total long-term financial liabilities	-	-	-
Total cash dividend paid	-	-	-

The loss per share has been adjusted to reflect the retro-active effect of the twenty-five for one share consolidation. See Shares and Share-based units section.

(1) Information for fiscal year 2009 is presented in accordance with Canadian GAAP and has not been restated in accordance with IFRS.

RESULTS OF OPERATIONS

Overall, the Company recorded a net loss of \$37,146 (\$0.00 loss per share) for the six months ended October 31, 2011 as compared to a net loss of \$122,766 (\$0.03 loss per share) for six months ended October 31, 2010.

Operating Expenses:

The Company had no operating revenue for the six months ended October 31, 2011 and 2010. The operating expenses were \$37,146 for the six months ended October 31, 2011 as compared to \$122,766 for the six months ended October 31, 2010. The overall decrease in operating expenses can be attributed to the following:

The Consulting fees of \$3,750 (2010 - \$44,250) decreased due to minimal activity during the six months ended October 31, 2011 as compared in 2010 when that the Company had accrued consulting fees provided to external consultants for business development services.

Professional fees of \$23,222 (2010 - \$38,964) decreased as the Company had less corporate activity during the current period as compared to 2010 when there was significant re-structuring costs. The professional fees related to payments to auditors and corporate legal counsels.

Office and miscellaneous expenses of \$130 (2010 - \$15,891) and occupancy costs of \$nil (2010 - \$15,000) decreased as there was minimal corporate activity for the six months ended October 31, 2011 as compared to the same period in 2010.

Transfer agent, listing and filing fees of \$8,935 (2010 - \$nil) increased as the Company paid listing and other regulatory fees during the six months ended October 31, 2011.

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SUMMARY OF QUARTERLY RESULTS

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

	October 31, 2011	July 31, 2011	April 30, 2011	January 31, 2011	October 31, 2010	July 31, 2010	April 30, 2010 ⁽¹⁾	January 31, 2010 ⁽¹⁾
Total Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Income (loss) for the period	(12,969)	(24,177)	162,701	(25,217)	(50,244)	(72,522)	(57,566)	(62,676)
Earnings (Loss) per Share - Basic	(0.00)	(0.00)	0.02	(0.00)	(0.01)	(0.06)	(0.04)	(0.09)
Total Assets	9,713	6,147	9,038	1,162	1,598	1,222	3,966	3,493
Total Liabilities	78,548	62,013	40,727	614,810	590,029	1,599,225	1,529,447	1,959,300

The loss per share has been adjusted to reflect the retro-active effect of the twenty-five for one share consolidation. See Shares and Share-based units section.

(1) Information for fiscal year 2010 is presented in accordance with Canadian GAAP and has not been restated in accordance with IFRS.

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

At October 31, 2011, the Company had a cash balance of \$335 (April 30, 2011 - \$3,646) to settle current liabilities of \$78,548 (April 30, 2011 - \$40,727). The Company expects to fund these liabilities through the issuance of share capital and loans from related and third parties over the coming year.

As at October 31, 2011, the Company's cash decreased by \$3,311 to \$335 from \$3,646 as at April 30, 2011 which is the net cash used for operating activities.

Loans payable

As at October 31, 2011, loans payable were \$23,087 (April 30, 2011 - \$5,000) due on demand and non-interest bearing.

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RELATED PARTY TRANSACTIONS

There were no related party transactions during the six month periods ended October 31, 2011 and 2010, other than the repayment of advances from a former related party disclosed in Note 7.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

CAPITAL COMMITMENTS

The Company has no commitments for property and equipment expenditures for 2012. The Company has forecasted that any property and equipment expenditures based on future needs, will be funded from working capital and/or from operating or capital leases.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The significant accounts requiring the use of management estimates are amortization of equipment, and valuation allowances for future income tax assets. Actual results could differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES

Future accounting pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as of October 31, 2011 and have not been applied in preparing these interim financial statements. None of these are expected to have a material effect on the financial statements of the Company.

Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

Income taxes

In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

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Joint ventures

The IASB issued Exposure Draft 9 – Joint Arrangements (“ED-9”) in September 2007. ED-9 proposed to eliminate the Company’s choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its financial statements.

Consolidation

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB’s project to replace current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

Financial instruments

Financial instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

The Company is in the process of evaluating the potential effects of the requirements of these new standards and does not expect them to have a material impact on the future financial statements.

CHANGES IN ACCOUNTING POLICIES

Conversion to International Financial Reporting Standards (“IFRS”)

The financial statements for the six months ended October 31, 2011 have been prepared in accordance with IFRS. The policies and estimates are considered appropriate under the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

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In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises were required to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company has transitioned from Canadian GAAP reporting and commenced reporting under IFRS effective this quarter, with restatement of comparative information presented. The conversion to IFRS from Canadian GAAP had no effect the Company's accounting policies, the Company's opening statement of financial position at the Transition Date, the statement of financial position as at April 30, 2011, and the statement of comprehensive loss for the six month period ended October 31, 2010.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- a) to apply the requirements of IFRS 2, Share-based Payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.
- b) IFRS 3 "Business Combinations" has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.
- c) to apply the requirements of IAS 23, Borrowing Costs, as of the Transition Date.

In preparing the condensed interim financial statements, the Company has determined that there are no adjustments required for amounts reported previously in financial statements that were prepared in accordance with Canadian GAAP. As a result, the Company has not presented any reconciliations.

The Company's conversion plan to IFRS consisted of four primary stages including planning, assessment, design and implementation with periodic meetings with the Audit Committee to report progress and findings. The Company has completed the conversion plan and will be reporting in accordance with IFRS going forward. This will include ongoing monitoring of changes in IFRS, the potential or probable effects of which will be evaluated and disclosed as applicable.

Please see notes 2 and 15 of the financial statements for further details.

FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is classified as Level 1.

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As at October 31, 2011, the carrying values of cash, receivables and accounts payable and accrued liabilities, due to related parties and loans payable approximate their fair values due to their short terms to maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institution and for receivables by standard credit checks. At October 31, 2011, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As at October 31, 2011, the Company had cash balance of \$335 (April 30, 2011 - \$3,646 and May 1, 2010 - \$3,684) to settle current liabilities of \$78,548 (April 30, 2011 - \$40,727 and May 1, 2010 - \$1,529,447).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and interest-bearing loans payable. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of October 31, 2011, the Company did not have any investments in investment-grade short-term deposit certificates. The Company's loans payable bear interest at fixed interest rates, and as such, the Company is not exposed to interest rate risk on its loans payable.

b) Foreign currency risk

The Company does not have any balances denominated in a foreign currency and believes it has no significant foreign currency risk.

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c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

SHARES AND SHARE-BASED UNITS

The Company has the following common shares, stock options, and stock warrants outstanding:

Common shares

The Company's authorized capital consists of an unlimited number of common shares without par value.

Effective June 7, 2010, the Company consolidated its share capital on a one for twenty-five basis, reducing outstanding number of common shares to 1,286,442. All references to the issuance, granting and exercising of common stock, stock options and warrants and loss per share amounts in these financial statements have been adjusted to reflect the retro-active effect of the twenty-five for one share consolidation.

As at April 30, 2011, October 31, 2011 and December 28, 2011 (date of report), there were 12,157,762 issued and fully paid common shares.

On October 19, 2010, announced during its annual general and special meeting held on October 15, 2010, the shareholders approved a subdivision of the Company's common shares on a basis of 3 post-consolidated shares for every 1 pre-consolidated share (the "Subdivision") subject to discretion of the Board, and subject to the approval of the TSX Venture Exchange. The directors have not implemented the Subdivision at this time.

Stock Options and Warrants

As at April 30, 2011, October 31, 2011 and December 28, 2011 (date of report), there were no stock options or warrants outstanding.

OFF-SHEET BALANCE ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

The Company's financial success will be dependent upon the Company's ability to raise equity. There is no assurance that the Company will be able to raise the equity required to meet the obligations of the Company and the Company has no source of financing other than those identified in the previous section.

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Going Concern

To date, the Company has not generated any significant revenues and is considered to be in the development stage. The Company has a history of negative cash flows from operations, incurred a net loss of \$37,146 during the six months ended October 31, 2011 and as of that date has an accumulated deficit of \$17,363,840. The Company continues to be dependent upon its ability to finance its development and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, confirmation of the Company's interest in the underlying resource claims, the ability to raise long-term financing to complete the development of the properties and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

FORWARD LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability, uncertainty related to the resolution of legal disputes and lawsuits; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in prices of gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

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Other information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.