

COLOSSAL RESOURCES CORP.

(A Development Stage Company)

Condensed Interim Financial Statements (unaudited)

Three months ended July 31, 2012 and 2011

(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

COLOSSAL RESOURCES CORP.

(A Development Stage Company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(unaudited)

As at	Notes	July 31, 2012	April 30, 2012
ASSETS			
Current assets			
Cash		\$ 455	\$ 316
Receivables		15,623	13,522
Prepays		833	833
Total current assets		16,911	14,671
TOTAL ASSETS			
		\$ 16,911	\$ 14,671
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 99,013	\$ 95,701
Loans payable	3	34,486	31,586
TOTAL LIABILITIES		133,499	127,287
SHAREHOLDERS' DEFICIENCY			
Share capital		17,295,005	17,295,005
Deficit		(17,411,593)	(17,407,621)
TOTAL SHAREHOLDERS' DEFICIENCY		(116,588)	(112,616)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
		\$ 16,911	\$ 14,671

Nature and continuance of operations (Note 1)

See accompanying notes to the condensed interim financial statements.

On behalf of the Board:

(signed) "Dale Styner"

Director

(signed) Dennis Mee

Director

COLOSSAL RESOURCES CORP.

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Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(unaudited)

For the three months ended July 31	Notes	2012	2011
Expenses			
Consulting	\$	4,593	\$ 1,250
Office and miscellaneous		22	73
Professional fees		(5,011)	19,574
Transfer agent, listing and filing fees		4,368	3,280
Net loss and comprehensive loss for the period	\$	(3,972)	\$ (24,177)
Basic loss per common share	4 \$	(0.00)	\$ (0.00)
Weighted average number of common shares outstanding		12,157,762	12,157,762

See accompanying notes to the condensed interim financial statements.

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Condensed Interim Statements of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

(unaudited)

	Shares outstanding	Share capital	Deficit	Total shareholders' deficiency
Balance at May 1, 2012	12,157,762	\$ 17,295,005	\$ (17,407,621)	\$ (112,616)
Comprehensive loss for the period	-	-	(3,972)	(3,972)
Balance at July 31, 2012	12,157,762	\$ 17,295,005	\$ (17,411,593)	\$ (116,588)
Balance at May 1, 2011	12,157,762	\$ 17,295,005	\$ (17,326,694)	\$ (31,689)
Comprehensive loss for the period	-	-	(24,177)	(24,177)
Balance at July 31, 2011	12,157,762	\$ 17,295,005	\$ (17,350,871)	\$ (55,866)

See accompanying notes to the condensed interim financial statements.

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Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(unaudited)

For the three months ended July 31	2012	2011
Cash provided by (used in)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (3,972)	\$ (24,177)
Changes in non-cash working capital items:		
Receivables	(2,101)	(1,578)
Prepays	-	833
Accounts payable and accrued liabilities	3,312	21,286
Net cash used in operating activities	(2,761)	(3,636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	2,900	-
Net cash provided by financing activities	2,900	-
Change in cash for the period	139	(3,636)
Cash, beginning of period	316	3,646
Cash, end of period	\$ 455	\$ 10

See accompanying notes to the condensed interim financial statements.

COLOSSAL RESOURCES CORP.

(A Development Stage Company)

Notes to Condensed Interim Financial Statements

For the three months ended July 31, 2012 and 2011

(Expressed in Canadian dollars)

(unaudited)

1. Nature and continuance of operations

Colossal Resources Corp. (the "Company") currently has no activity and to date has not earned significant revenues and is considered to be in the development stage. The Company has evaluated several oil and gas opportunities in Canada, but has not reached the point where the Company can enter into a letter of intent of any kind. The oil and gas market has been relatively depressed in the last year and the Company feels that this is a good time to enter the sector. The Company is focused on international oil and gas projects but also considers domestic oil and gas opportunities.

The Company trades under the symbol "CIA.H" on the NEX board, which is a separate board of the TSX Venture Exchange. The Company's principal place of business is located in Calgary, Alberta. The address of the Company's registered office is 1910-1055 West Hastings Street, Vancouver, BC V6E 2E9.

These unaudited condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements are stated in Canadian dollars and have been prepared following the same accounting policies and methods of computation as the financial statements of the Company for the year ended April 30, 2012. The disclosures provided below are incremental to those included with the annual financial statements and certain disclosures, which are normally required to be included in the notes to the annual financial statements, have been condensed or omitted. These condensed interim financial statements should be read in conjunction with the financial statements and notes thereto in the Company's annual filings for the year ended April 30, 2012.

These condensed interim financial statements were authorized for issuance by the Board of Directors on September 29, 2012.

3. Loans payable

As of July 31, 2012 loans payable are \$34,486 (April 30, 2012 - \$31,586), and are due on demand and are non-interest bearing.

4. Basic loss per share

Basic loss per share is calculated based on net loss and the weighted-average number of common shares outstanding.

Diluted loss per share was not calculated as there were no stock options or warrants outstanding (which would have been anti-dilutive) during the periods ended July 31, 2012 and 2011.

5. Related party transactions

The Company paid or accrued consulting fees of \$1,250 (2011 - \$nil) to a company controlled by a director of the Company.

As at July 31, 2012, accounts payable and accrued liabilities included amounts payable to related parties totaling \$1,400 (2011 - \$nil) for consulting fees, including HST.

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Notes to Condensed Interim Financial Statements

For the three months ended July 31, 2012 and 2011

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(unaudited)

6. Financial risk management

As at July 31, 2012, the carrying values of cash, receivables and accounts payable and accrued liabilities, and loans payable approximate their fair values due to their short terms to maturity.

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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 a chequing account at a 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 July 31, 2012, 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.

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 risk

The Company has cash balances and non-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 July 31, 2012, the Company did not have any investments in investment-grade short-term deposit certificates. The Company's loans payable are non-interest bearing, 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.