Colossal Resources Corp.
Management Discussion and Analysis
Year ended April 30, 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 audited financial statements and notes for year ended April 30, 2011. The effective date of this report is August 29, 2011.

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.

SELECTED ANNUAL INFORMATION

	Year Ended April 30, 2011	Year Ended April 30, 2010	Year Ended April 30, 2009
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.

This financial information was prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and reported in Canadian dollars.

RESULTS OF OPERATIONS

Overall, the Company recorded a net loss of $14,718 ($nil loss per share) for the year ended April 30, 2011 as compared to a net loss of $198,878 ($0.24 loss per share) for year ended April 30, 2010.

Operating Expenses:

The Company had no operating revenue for the year ended April 30, 2011 and 2010. The operating expenses were $181,518 for the year ended April 30, 2011 as compared to $225,336 for the year ended April 30, 2010. The overall increase in operating expenses can be attributed to the following:

The administrative fees of $24,000 (2010 - $27,985) were paid to a consultant with respect to restructuring the Company.

Professional fees of $60,265 (2010 - $93,287) decreased as the Company had less corporate activity during the current period as compared to 2010 when there was significant re-structuring costs.

The Consulting fees of $22,600 (2010 - $2,500) increased as the Company accrued for management and administrative services provided to the Company by external consultants in assisting management in performing due diligence on future business.

Office and miscellaneous charges of $21,358 (2010 - $25,731) decreased as the Company had less TSX maintenance and filing fees for the year ended April 30, 2011 as compared to the year ended April 30, 2010.

Interest and bank charges of $33,295 (2010 - $45,712) includes a penalty of $6,904 the Company was not able to pay the outstanding interest on the loans payable that was due on May 31, 2010.

Fourth Quarter:

The Company recorded a net income of $162,701 ($0.02 earnings per share) for the three month period ended April 30, 2011 as compared to a net loss of $57,566 ($0.04 loss per share) for year ended April 30, 2010. The net income for the quarter was mainly attributable to a recovery of $167,082 of general and administrative items previously expensed during the quarter compared to $26,458 for the same period in 2010.

During the period ended April 30, 2011, the Company issued 2,039,522 common shares at a deemed price of $0.22 per share for settlement of outstanding debt in the amount of $448,694. The common shares issued were subject to four-month hold til August 21, 2011.

SUMMARY OF QUARTERLY RESULTS

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

	April 30, 2011	January 31, 2011	October 31, 2011	July 31, 2010	April 30, 2010	January 31, 2010	October 31, 2010	July 31, 2009
Total Revenue	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil
Income (loss) for the period	162,701	(25,217)	(50,244)	(72,522)	(57,566)	(62,676)	(43,879)	(34,757)
Earnings (Loss) per Share (Basic & diluted)	0.02	Nil	(0.01)	(0.01)	(0.04)	(0.09)	(0.06)	(0.05)
Total Assets	9,038	1,162	1,598	1,222	3,966	3,493	824	752
Total Liabilities	1,529,447	614,810	590,029	1,599,225	1,529,447	1,959,300	1,908,555	1,864,604

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.

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

At April 30, 2011, the Company had a cash balance of $3,646 (April 30, 2010 - $3,684) to settle current liabilities of $40,727 (April 30, 2010 - $1,529,447). The Company expects to fund these liabilities through the issuance of share capital and loans from related and third parties over the coming year.

Financing
On August 23, 2010, the Company closed a private placement of 8,333,333 fully-paid common shares in the capital stock of the Company at a price of $0.12 per common share for gross proceeds of $1,000,000.

Debt Settlement
On August 23, 2010, the Company issued 498,465 common shares at a price of $0.12 per share to settle $59,816 of debt.

On April 20, 2011, the Company issued 2,039,522 common shares at a price of $0.22 per share to settle $448,694 of debt.

Loans payable
As at April 30, 2011, loans payable are $5,000, due on demand and non-interest bearing (2010 - $133,366 due on May 31, 2010 bearing an interest of 12% per annum).

RELATED PARTY TRANSACTIONS

There were no related party transactions during the year ended April 30, 2011 and 2010, other than repayment of advances from a former related party of $16,920. As at April 30, 2011, these amounts were $nil (April 30, 2010 - $16,920). These amounts were due on demand, non-interest bearing, unsecured and have no fixed term of repayment.

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 COMMITTMENTS

The Company has no commitments for property and equipment expenditures for 2011. 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 Canadian generally accepted accounting principles 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

Business combinations; consolidated financial statements; and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582 – Business combinations; Section 1601 – Consolidated financial statements; and Section 1602 – Non-controlling interests. These standards will be effective for fiscal years beginning after January 1, 2011 (the Company's 2012 fiscal year). Early adoption of these standards is permitted. The Company is in the process of evaluating the potential effects of the requirements of these new standards.

Section 1582 replaces Section 1581 and establishes standards for the accounting for a business combination and essentially provides the Canadian equivalent of International Financial Reporting Standards IFRS 3 – Business Combinations.

Sections 1601 and 1602 together replace Section 1600 – Consolidated financial statements. Section 1601 establishes the standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary within consolidated financial statements subsequent to a business combination and is substantially equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 – Consolidated and separate financial statements.

Business Credit risk and the fair value of financial assets and liabilities

In January 2009, the EIC issued EIC-173, Credit risk and the fair value of financial assets and financial liabilities, which provides that an entity's own credit risk and the credit risk of the counterparty should be taken into consideration in determining the fair value of financial assets and financial liabilities, including derivative financial instruments. This new standard is effective for the Company's interim and annual consolidated financial statements commencing September 1, 2009.

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.

Conversion to International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of May 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2010.

The Company completed a preliminary IFRS transition assessment which highlighted several key areas of difference between existing Canadian GAAP and IFRS, specifically, presentation of financial statements, the treatment of asset retirement obligations, impairment of assets and share-based payments.

Conversion to International Financial Reporting Standards ("IFRS") (cont'd)

The Company developed an IFRS project plan assigning responsibilities and outlining the proposed timing of execution of key IFRS conversion projects. The Company's IFRS project plan stipulates several project phases. The first phase includes initial training and education for key finance staff. This phase is currently underway and is expected to be completed by the end of the Company's fiscal year end, with key management attending external courses, as well as conducting self-study training.

The next phase of the Company's IFRS project was the "impact assessment" phase, whereby the management reviewed each of the significant areas of difference highlighted by the initial diagnostic. In this phase, the management determined the potential qualitative differences between Canadian GAAP and IFRS and assessed the impact of these differences on the Company's accounting policies, information systems, internal controls over financial reporting and other business processes. To-date, the Company has identified the following key areas of potential difference with respect to the accounting for:

- Share-based payments – Canadian GAAP allows the preparer to choose from two options, namely a) treating all options granted at a particular date and with the same terms and conditions as one pool (pooling method) and b) treating options with different vesting dates as different grants (vesting method). The cost of such options is calculated according to Black-Scholes for both methods. For the pooling method, the total expense is amortized on a straight line basis over the longest vesting period of all of the options in the pool resulting in equal charges to income over the period. The vesting method looks at each vesting tranche and the expense associated with that particular vesting tranche and amortizes that in a straight line. This second method front end loads the expense so that although available, this method is rarely used under Canadian GAAP. Under IFRS, the vesting method is the only method that may be used.

- Property, plant & equipment – IFRS 1 provides a choice between measuring property, plant and equipment at its fair value at the date of transition and using those amounts as deemed cost or using the historical cost basis under Canadian GAAP. The Corporation has made a preliminary decision to use the historical cost carrying values as determined under Canadian GAAP for transitional purposes.

- Exploration and Evaluation Costs – Upon adoption of IFRS, the Corporation will have a choice between retaining its existing policy of capitalizing all pre-feasibility evaluation and exploration ("E&E") expenditures or electing to change its policy retrospectively to expense all pre-feasibility E&E costs. The Corporation has made a preliminary decision to continue to defer E&E costs and classify them as tangible or intangible according to their nature.

On changing to IFRS, the Company will be eligible to make elections under the standard for the transition to IFRS, namely IFRS 1 – First Time Adoption. In some cases, the changes that would otherwise have been retrospective are, with election, applicable from the date of transition and prospectively; in a number of other cases, there is a mandatory approach to deal with the effects of the changes. Where an election is available, the Company is currently reviewing the selection of a suitable option.

IFRS requires significantly more disclosure than is the case under current Canadian GAAP, particularly with respect to the notes to the financial statements. The Company, as part of the Plan, will be reviewing its data collection and reporting systems to ensure that the requisite information will be available and reliable.

FINANCIAL INSTRUMENTS

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available for sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of change in the value of financial instruments depend on their initial classification.

In accordance with this standard, the Company has classified its financial instruments as follows:

Cash is classified as held for trading; accounts payable and accrued charges, loans payable, advances to related party and advances to directors are classified as other financial liabilities. All are measured at fair value and gains and losses are included in net earnings in the period in which they arise.

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, loans payable, advances from directors and advances from related party. The carrying values of these assets and liabilities approximate their fair values due to their short term nature, unless otherwise disclosed.

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's believes it has no significant credit risk, as it maintains its bank accounts with highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At April 30, 2011, the Company had a cash balance of $3,646 (2010 - $3,684) to settle current liabilities of $40,727 (2010 - $1,529,447). The Company expects to fund these liabilities through the issuance of share capital and loans from related parties over the coming year.

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 no interest-bearing debt. 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 April 30, 2011, the Company did not have any investments invested in investment-grade short-term deposit certificates.

FINANCIAL INSTRUMENTS - (cont'd)

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.

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.

	April 30, 2011	
	Number of Shares	Amount
Balance , April 30, 2010	1,286,442	$ 15,786,495
Issued on private placements	8,333,333	1,000,000
Issued for settlement of debt	2,537,987	508,510
Balance, April 30, 2011 and August 26, 2011 (date of report)	12,157,762	$ 17,295,005

For the year ended April 30, 2011

On August 23, 2010, the Company closed a private placement of 8,333,333 fully-paid common shares in the capital stock of the Company at a price of $0.12 per common share for gross proceeds of $1,000,000.

Additionally, on August 23, 2010, the Company issued 498,465 common shares at a price of $0.12 per share to settle $59,816 of debt.

SHARES AND SHARE-BASED UNITS (cont'd)

Common shares (cont'd)

On April 20, 2011, the Company issued 2,039,522 common shares at a price of $0.22 per share to settle $448,694 of debt.

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 and August 26, 2011 (date of the report), there were no stock options or warrants outstanding.

OFF-SHEET BALANCE ARRANGEMENTS

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

FORWARD LOOKING STATEMENTS

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, which address reserve potential, exploration drilling and related activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Other information

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