

**EARLY WARNING REPORT UNDER
THE ALTERNATIVE MONTHLY REPORTING SYSTEM
OF NATIONAL INSTRUMENT 62-103**

The following information is filed pursuant to the provisions listed above under the applicable securities legislation.

(a) Name and address of the eligible institutional investor:

Black Diamond Offshore Ltd. (“**Black Diamond**”)

Double Black Diamond Offshore Ltd. (“**Double Black Diamond**”)

c/o Carlson Capital, L.P. (“**CCLP**”)
2100 McKinney Avenue, Suite 1800
Dallas, Texas
75201

(b) Name of the reporting issuer:

BRS Resources Ltd. (“**BRS**”)

(c) Period for which the report is filed:

Period ended November 30, 2011

(d) The net increase or decrease in the number or principal amount of securities, and in the eligible institutional investor’s security holding percentage in the class of securities, since the last report filed by the eligible institutional investor under Part 4 of National Instrument 62-103 or the early warning requirements:

N/A

(e) Designation and number or principal amount of securities and the eligible institutional investor’s security holding percentage in the class of securities at the end of the month for which the report is made:

Black Diamond holds 1,100,000 common shares in the capital of BRS and 550,000 warrants to purchase 550,000 common shares in the capital of BRS at an exercise price of \$0.45 per share (subject to adjustment), representing approximately 2%, (or 3%, assuming the exercise of the warrants) of the outstanding common shares of BRS.

Double Black Diamond holds 18,900,000 common shares in the capital of BRS and 9,450,000 warrants to purchase 9,450,000 common shares in the capital of

BRS at an exercise price of \$0.45 per share (subject to adjustment) representing approximately 36% (or 45%, assuming the exercise of the warrants) of the outstanding common shares of BRS.

(f) Designation and number or principal amount of securities and the percentage of outstanding securities referred to in paragraph (e) over which:

- (i) the eligible institution investor, either alone or together with any joint actors, has ownership and control,**
- (ii) the eligible institution investor, either alone or together with any joint actors, has ownership but control is held by other entities other than the eligible institutional investor or any joint actor,**

The common shares and warrants of BRS referred to in paragraph (e) hereof are owned by Black Diamond and Double Black Diamond as indicated in paragraph (e). Black Diamond and Double Black Diamond are each controlled by CCLP which acts as investment advisor and has sole power to direct the management of each of Black Diamond and Double Black Diamond. Through Black Diamond and Double Black Diamond, CCLP has voting and dispositive power over all of the common shares and warrants (and common shares underlying the warrants) described in paragraph (e) hereof.

- (iii) the eligible institution investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:**

N/A

(g) The purpose of the eligible institutional investor and any joint actors in acquiring or disposing of ownership of, or control over, the securities, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:

CCLP is the investment advisor of each of Black Diamond and Double Black Diamond, the owners and record holders of the common shares and warrants referred to in paragraph (e) hereof. In respect of the securities described herein, CCLP specifically disclaims any beneficial ownership. CCLP is principally responsible for the selection, acquisition and disposition of the securities held by Black Diamond and Double Black Diamond. The purchases were made for investment purposes. In the ordinary course of business, CCLP conducts analysis of securities in which Black Diamond and Double Black Diamond may invest. Based on that analysis, CCLP makes buy and sell decisions on a continuous basis on behalf of Black Diamond and Double Black Diamond. Accordingly, depending on the circumstances, CCLP may, on behalf of Black Diamond and Double Black Diamond, acquire more securities (including upon the exercise of the warrants) or dispose of securities previously acquired.

(h) General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the

eligible institutional investor, or any joint actor, and the issuer of the securities or any other entity in connection with any transaction or occurrence resulting in the change in ownership or control giving rise to the report, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:

The following agreements were entered into in connection with Black Diamond and Double Black Diamond's investment in BRS:

i. Purchase Agreement for convertible notes and warrants by and among BRS, Black Diamond and Double Black Diamond, dated November 4, 2011. The Purchase Agreement provides for the purchase by Black Diamond and Double Black Diamond of an aggregate principal amount of \$6,000,000 6% unsecured convertible notes of BRS and the issuance of an aggregate of 10,000,000 common share purchase warrants of BRS to Black Diamond and Double Black Diamond.

ii. Convertible Notes issued by BRS in favour of each of Black Diamond and Double Black Diamond, dated November 4, 2011 and due November 4, 2014. On November 28, 2011, BRS caused the entire principal amount of the convertible notes to be converted into the common shares described in (e) above at a conversion price of \$0.30.

iii. Warrants to Purchase Common Shares issued by BRS to each of Black Diamond and Double Black Diamond, dated November 4, 2011. Each Warrant may currently be exercised by the holder at any time prior to November 4, 2016 at a price of \$0.45 per share (subject to anti-dilution adjustment). The warrants may be called by BRS at any time should (i) certain performance and compliance conditions concerning BRS be satisfied; and (ii) BRS' common shares trade at or above \$0.90 (subject to adjustment for share splits, share dividends or other reclassifications) for 20 consecutive trading days. BRS may not exercise its call right more than two times.

iv. Board Representation Agreement by and among BRS, Black Diamond and Double Black Diamond, dated November 4, 2011 pursuant to which Black Diamond and Double Black Diamond have the right to appoint a "specified number" of nominees to the board of directors of BRS. The "specified number" shall equal:

- (A) at any time prior to shareholder approval to increase the size of the board (the "**Board**") of directors of BRS ("**Shareholder Approval**") during the term of the Board Representation Agreement, one (1);
- (B) after Shareholder Approval is obtained, until the Black Diamond and Double Black Diamond (the "**Shareholders**") or either of them dispose of shares such that the Shareholders collectively beneficially own in the aggregate less than 28% of the issued and outstanding common shares of BRS (on a Partially Diluted basis (meaning giving effect to the conversion of the convertible notes but not the exercise of the warrants) (a "**First Threshold Event**"), two (2) (and on the occurrence of such event, if there are two Shareholder nominees on the Board the Shareholders shall, if requested by the Chairman of the Board, cause one (1) Shareholder

nominee to resign from the Board such that the number of Shareholder nominees is reduced to one (1); and

- (C) after Shareholder Approval is obtained, until the Shareholders or either of them dispose of shares such that the Shareholders collectively beneficially own in the aggregate less than 14% of the issued and outstanding common shares of BRS (on a Partially Diluted basis) (a “**Second Threshold Event**”), zero (0) (and on the occurrence of such event, if there is a Shareholder nominee on the Board the Shareholders shall, if requested by the Chairman of the Board, cause the Shareholder nominee to resign from the Board) and there shall be no right to observer status.

After the occurrence of a First Threshold Event, and until the occurrence of a Second Threshold Event, the Shareholders shall retain observer status for one (1) individual (in addition to the one (1) Shareholder nominee) on the Board and any of its committees with the right to receive notice of any meetings of the Board and copies of any materials sent to Board members.

v. Registration Rights Agreement by and among BRS, Black Diamond and Double Black Diamond, dated November 4, 2011. Under the terms of the Registration Rights Agreement, BRS agreed, subject to certain qualifications and limitations, to file a prospectus to qualify the common shares held by Black Diamond and Double Black Diamond (i) upon demand by Black Diamond and Double Black Diamond and (ii) in the event BRS proposes to make a distribution of its securities to the public by way of a prospectus.

- (i) **The names of any joint actors in connection with the disclosure required by Appendix G of National Instrument 62-103:**

N/A

- (j) **If applicable, a description of any change in any material fact set out in a previous report by the eligible institutional investor under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer’s securities:**

N/A

- (k) **A statement that the person or company is eligible to file reports under Part 4 of National Instrument 62-103:**

Each of Black Diamond and Double Black Diamond is an eligible institutional investor eligible to file reports under Part 4 of National Instrument 62-103.

The filing of this report is not an admission that any entity named in this report owns or controls any securities or is a joint actor with another named entity.

DATED this 12th day of December, 2011.

BLACK DIAMOND OFFSHORE LTD.

By: Carlson Capital, L.P.,
Its Investment Advisor

By: Asgard Investment Corp. II,
Its General Partner

By: “Clint D. Carlson”

Name: Clint D. Carlson
Title: President

DOUBLE BLACK DIAMOND OFFSHORE LTD.

By: Carlson Capital, L.P.,
Its Investment Advisor

By: Asgard Investment Corp. II,
Its General Partner

By: “Clint D. Carlson”

Name: Clint D. Carlson
Title: President