

BRS RESOURCES LTD.

DALLAS, TEXAS, USA

CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013 and 2012

1. Consolidated Statements of Comprehensive Loss
2. Consolidated Statements of Financial Position
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BRS Resources Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended April 30, 2013 and 2012

Responsibility for Financial Statements

The accompanying consolidated financial statements for BRS Resources, Ltd. have been prepared by management in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" consistently applied. The consolidated interim financial statements do not include all of the information required for full annual financial statements. The most significant of these accounting principles have been set out in the October 31, 2012 annual audited financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many of the assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditors' Involvement

The auditors of BRS Resources, Ltd. have not performed a review of the unaudited consolidated financial statements for the three and six months ended April 30, 2013 and 2012.

BRS Resources Ltd.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)

	3 Months Ended April 30,		6 Months Ended April 30,	
	2013	2012	2013	2012
REVENUE				
Oil and gas	\$ -	8,999	\$ -	19,619
Management fee	50,595	55,594	99,957	112,686
Sale of oil and gas properties	-	5,013	-	5,013
	50,595	69,606	99,957	137,318
EXPENSES				
Wages and benefits	127,764	159,895	278,311	307,354
Stock based compensation	-	5,209	-	422,157
Engineering and consulting fees	58,833	75,826	109,722	177,868
Legal and accounting	158,178	108,491	205,166	262,213
Office and general	50,089	59,650	93,498	119,995
Rent	20,093	10,974	31,011	30,980
Investor relations	26,010	16,360	35,692	51,440
Depletion, depreciation and amortization	3,956	12,860	8,195	54,978
Regulatory fees	13,437	2,794	13,437	41,053
Travel	4,812	3,490	11,976	20,117
Production costs	-	10,283	-	16,309
Bank charges and interest	11,189	123	11,323	20,451
Non-productive drilling costs	-	-	134,456	-
Impairment expense	-	-	139,024	-
	474,361	465,955	1,071,811	1,524,915
LOSS BEFORE OTHER ITEMS AND				
INCOME TAXES	(423,766)	(396,349)	(971,854)	(1,387,597)
Change in fair value of derivative liability	52,052	-	144,259	-
Interest and other income	6,042	4,793	13,868	11,059
NET LOSS	(365,672)	(391,556)	(813,727)	(1,376,538)
Foreign currency translation gain (loss)	(2,150)	448,048	(154,759)	587,640
Comprehensive Loss	\$ (367,822)	56,492	\$ (968,486)	(788,898)
LOSS PER SHARE (basic and diluted)	\$ (0.01)	\$ -	\$ (0.02)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF				
COMMON SHARES OUTSTANDING (basic and diluted)	52,724,776	52,724,776	52,724,776	51,182,363

See Accompanying Notes to Consolidated Financial Statements

BRS Resources Ltd.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	April 30, 2013 (Unaudited)	October 31, 2012 (Audited)
ASSETS		
Current:		
Cash	\$ 1,078,139	544,177
Accounts and other receivables	12,106	163,626
Notes receivable-current	10,072	11,995
Due from related parties	188,573	107,966
Prepaid expenses	16,695	35,645
Total Current Assets	1,305,585	863,409
Other restricted assets	200,040	198,491
Notes receivable-non current	-	2,999
Oilfield equipment inventory	50,136	68,975
Exploration and evaluation assets <i>[Note 5]</i>	5,444,397	5,968,517
Property and equipment <i>[Note 6]</i>	51,723	55,363
Total Assets	\$ 7,051,881	7,157,754
LIABILITIES		
Current:		
Accounts payable and accrued expenses	\$ 174,820	168,319
Due to related parties	10,993	19,405
Notes payable-current	1,000,000	-
Total Current Liabilities	1,185,813	187,724
Derivative warrant liability	-	144,259
Lease inducement payable	27,024	18,241
Total Liabilities	1,212,837	350,224
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital <i>[Note 7]</i>	30,495,447	30,495,447
Contributed surplus <i>[Note 8]</i>	2,782,320	2,782,320
Deficit	(27,532,936)	(26,719,209)
Accumulated other comprehensive income	94,213	248,972
Total Shareholders' Equity (deficit)	5,839,044	6,807,530
Total Liabilities & Shareholders' Equity (deficit)	\$ 7,051,881	7,157,754

See Accompanying Notes to Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

Steven Moore

President / CEO

Michael Noonan

CFO

BRS Resources Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

	Number of	Share	Share	Contributed	Accumulated	Accumulated	Total
	Common	Share	Share	Surplus	Deficit	Other	Equity
	Shares	Capital	Subscriptions			Comprehensive	
						Income	
Balance, October 31, 2011	32,627,622	\$ 24,464,801	\$ (25,000)	\$ 2,349,746	\$ (22,790,536)	\$ -	\$ 3,999,011
Equity offering	20,000,000	6,000,000	-	-	-	-	6,000,000
Share subscription paid	-	-	25,000	-	-	-	25,000
Share based compensation	-	-	-	422,157	-	-	422,157
Net loss for period	-	-	-	-	(788,898)	-	(788,898)
Balance, April 30, 2012	52,627,622	\$ 30,464,801	\$ -	\$ 2,771,903	\$ (23,579,434)	\$ -	\$ 9,657,270
Warrants exercised	97,154	30,646	-	-	-	-	30,646
Share based compensation	-	-	-	15,626	-	-	15,626
Net loss for period	-	-	-	-	(3,139,775)	-	(3,139,775)
Foreign translation gain	-	-	-	-	-	248,972	248,972
Balance October 31, 2012	52,724,776	\$ 30,495,447	\$ -	\$ 2,787,529	\$ (26,719,209)	\$ 248,972	\$ 6,812,739
Net loss for period	-	-	-	-	(813,727)	-	(813,727)
Foreign translation loss	-	-	-	-	-	(154,759)	(154,759)
Balance, April 30, 2013	52,724,776	\$ 30,495,447	\$ -	\$ 2,787,529	\$ (27,532,936)	\$ 94,213	\$ 5,844,253

See Accompanying Notes to Consolidated Financial Statements

BRS Resources Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	3 Months Ended April 30,		6 Months Ended April 30,	
	2013	2012	2013	2012
OPERATIONS				
Net income (loss)	\$ (365,672)	(391,556)	\$ (813,727)	(1,376,538)
Add items not affecting cash:				
Depletion, depreciation and amortization	3,956	12,860	8,195	54,978
Stock based compensation	-	5,209	-	422,157
Impairment expense	-	-	273,480	-
Other changes to exploration and evaluation assets	155,774	-	396,354	-
Fair value adjustment in derivative liability	(52,052)	-	(144,259)	-
	(257,994)	(373,487)	(279,957)	(899,403)
Change in non-cash working capital balances related to operations:				
(Increase) decrease in accounts and other receivables	8,117	(25,228)	151,520	37,396
(Increase) decrease in due from related parties	10,050	(19,645)	(80,607)	(51,468)
Decrease in oilfield equipment inventory	-	-	18,839	-
Increase in prepaid and other assets	13,489	(28,787)	18,950	(41,252)
Increase (decrease) in accounts payable and accrued expenses	100,601	(47,462)	15,284	(282,648)
Increase (decrease) in due to related parties	3,917	(29,148)	(8,412)	(20,630)
	(121,820)	(523,757)	(164,383)	(1,258,005)
FINANCING				
Issuance of common convertible debt	-	-	-	5,606,529
Warrants Exercised	-	30,646	-	30,646
Issuance of current notes payable	1,000,000	-	1,000,000	-
Repayment of current notes payable	-	-	-	(1,890,193)
Proceeds from subscriptions receivable	-	25,000	-	25,000
	1,000,000	55,646	1,000,000	3,771,982
INVESTING				
Petroleum and natural gas properties:				
Acquisition costs	(27,924)	(182,060)	(145,714)	(433,419)
Exploration costs	-	(546,865)	-	(591,327)
Acquisition of equipment	-	(11,907)	(4,555)	(12,036)
Increase in other restricted assets	-	(60,794)	-	(100,081)
Collection of notes and other	1,871	-	3,373	-
	(26,053)	(801,626)	(146,896)	(1,136,863)
Effect of foreign exchange on cash balances	(2,150)	448,048	(154,759)	587,640
Increase (decrease) in cash	849,977	(821,689)	533,962	1,964,754
Cash, beginning of period	228,162	3,109,279	544,177	322,836
CASH, end of period	\$ 1,078,139	2,287,590	\$ 1,078,139	\$ 2,287,590

During the period ended April 30, 2013, the Company paid no interest, \$19,939 in 2012.

See Accompanying Notes to Consolidated Financial Statements

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

1. NATURE OF OPERATIONS

BRS Resources Ltd. (the “Company”), incorporated in the Province of British Columbia, is a public company listed on the TSX Venture Exchange. The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiary, Bonanza Resources (Texas), Inc., a Texas corporation, and its pro-rata share of the accounts of AleAnna Energy, LLC (“AleAnna”), a Delaware Limited Liability Company, which includes its pro-rata share of the accounts of AleAnna Resources, LLC (“AleAnna Resources”), a Delaware Limited Liability Company. The Company’s address and principal place of business is 5910 North Central Expressway, Suite 1250, Dallas, TX 75205, USA.

The Company is primarily engaged in production, exploration, and acquisition of petroleum and natural gas properties in Italy through its investment in AleAnna Energy.

The recoverability of amounts recorded as petroleum and natural gas assets is dependent upon the discovery of economically recoverable reserves. These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and at April 30, 2013 has net working capital of \$119,772 (working capital - October 31, 2012- \$675,685). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise additional financing to fund its operations.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated balance sheets.

Management plans to continue to pursue equity and debt financing to support operations. Management believes this plan will be sufficient to meet the Company’s liabilities and commitments as they become payable over the next twelve months. There can be no assurance that management’s plan will be successful. Failure to maintain the support of creditors and obtain additional external equity financing will cause the Company to curtail operations and the Company’s ability to continue as a going concern will be impaired. The outcome of these matters cannot be predicted at this time.

2. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

These consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 “Interim Financial Reporting”. The consolidated interim financial statements do not include all of the information required for full annual financial statements.

Accounting standards issued but not yet effective – The following accounting standards become effective for the dates listed. The Company has not early adopted these revised standards and is currently assessing the impact, if any, that these standards will have on the consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2013:

- New standard IFRS 9, Financial Instruments
- New standard IFRS 10, Consolidated Financial Statements
- New standard IFRS 11, Joint Arrangements
- New standard IFRS 12, Disclosure of Interests in Other Entities
- New standard IFRS 13, Fair Value Measurement
- Partial replacement of IAS 19, Employee Benefits
- Partial replacement of IAS 27, Separate Financial Statements
- Partial replacement of IAS 28, Investments in Associates and Joint Ventures
- Partial replacement of IAS 39, Financial Instruments: Recognition and Measurement

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principals of consolidation and basis of accounting – The Company’s consolidated financial statements have been prepared in accordance with International Accounting Standards. The consolidated financial statements include the accounts of the Company, its wholly-owned U.S subsidiary, and its pro-rata share of AleAnna Energy. All material intercompany balances and transactions have been eliminated in consolidation.

Functional and presentational currency - Items included in the financial statements of each of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the parent entity is Canadian dollars, which is also the presentation currency for these consolidated interim financial statements.

Cash and cash equivalents – The Company considers all highly liquid instruments with original maturities of three months or less on the date of purchase to be cash equivalents. Cash equivalents are carried at cost, plus accrued interest, which approximates market.

Petroleum and Natural Gas Interests:

Exploration and evaluation expenditures - Pre-license costs are recognized in the statement of comprehensive income as incurred.

Exploration and evaluation (“E&E”) costs - E&E costs, including the costs of acquiring licenses and directly attributable general and administrative costs, are initially capitalized as either tangible or intangible E&E assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

E&E assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, E&E assets are allocated to cash-generating units (“CGU’s”).

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven reserves have been discovered. Upon determination of proven reserves, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to a separate category within property, plant and equipment referred to as oil and natural gas interests.

Development and production costs - Items of property, plant and equipment (“PP&E”), which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into CGU’s for impairment testing. The Company had only one CGU in 2012, the Lasley field, which was sold in 2012.

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PP&E are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depletion is calculated for producing properties by using the unit-of-production method based on estimated reserves, before royalties, as determined by management or independent consultants. Natural gas production and reserves are converted to equivalent units of oil based on relative energy content. Gains and losses on disposal of an item of PP&E are determined by comparing the net proceeds from disposal with the carrying amount of PP&E and are recognized in the statement of comprehensive income.

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Impairment - At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Pro rata consolidation - Investments in unincorporated entities that are involved solely in activities relating to the extraction of mineral resources are accounted for using the pro-rata consolidation method. Accordingly, the Company includes its share of the investee's assets, liabilities, equity, revenue and expense in its consolidated financial statements. The Company's investment in AleAnna Energy has been accounted for using the pro-rata consolidation method.

Equipment - Equipment is recorded at cost less accumulated depreciation. Depreciation is recognized on the straight-line basis at the following rates per annum:

Office equipment	3 – 5 years
Well equipment	7 years

Impairment of Long-Lived Assets - Long-lived assets are assessed for impairment when events and circumstances warrant, when the carrying amounts of the assets exceed its estimated undiscounted net cash flow from use or its fair value, at which time the impairment is charged to earnings.

Decommissioning obligation - The fair value of a liability for retirement decommissioning obligation is recognized on an undiscounted cash flow basis when a reasonable estimate of the fair value of the obligation can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation. As at April 30, 2013, the Company has no outstanding asset retirement obligations.

Revenue recognition - Revenue from the sale of petroleum and natural gas is recognized when title, risks and rewards of ownership pass to the buyer, normally at the pipeline delivery point for natural gas and at the time product is transferred to purchaser from lease storage facility for petroleum. Revenue recognition is subject to the existence of a contract or similar arrangement being in place and collection being reasonably assured.

Foreign Currency Translation - The Company translates monetary assets and liabilities of its foreign operations at the rate of exchange in effect at the balance sheet date and the non-monetary assets and liabilities at their historical exchange rates. Revenues and expenses are translated at the average rate prevailing during the accounting period, except for amortization and depletion which are translated at the same historical rate as the related assets.

The Company uses the integrated, temporal method of accounting for foreign exchange. Foreign exchange gains and losses from the translation of foreign operations are included in earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Stock-based Compensation – The Company has a stock option plan for officers, employees, and directors. Options granted to officers, employees and directors are accounted for in accordance with the fair value method of accounting for stock based compensation. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. Compensation expense is recognized over the vesting period. Any consideration received on the exercise of stock options is credited to share capital.

Loss per share – The Company uses the treasury stock method in computing loss per share. Under this method basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the year. For the periods ended April 30, 2013 and 2012, the outstanding “in the money” warrants and options have not been considered in the calculations of fully diluted loss per share as they are anti-dilutive.

Financial Instruments and Financial Risk - The Company’s financial instruments, at April 30, 2013, consist of cash accounts and loans and receivables, accounts payable notes payable, accrued liabilities, and due to related parties. Cash has been classified as held-for-trading, the carrying values of which approximate their fair values due to their short term nature.

Accounts receivable has been classified as loans and receivables, measured at cost due to the short term nature. Their carrying amounts approximate fair value.

Accounts payable, notes payable, accrued liabilities, and due to related parties are classified as other financial liabilities, measured at amortized cost using the effective interest rate method, however due to their short term nature, their carrying amounts approximate fair value

Foreign currency exchange risk - Certain operations and financial instruments are denominated in U.S. dollars or Euros and are converted into Canadian dollars for reporting purposes. Fluctuations in the exchange rates between the U.S. dollar or Euros and Canadian dollar could have a material effect on the Company’s business and on the reported amounts of the Company’s consolidated financial instruments. The Company is exposed to foreign exchange rate risk relating to cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses denominated in U.S. dollars and Euros. The Company has no exchange rate contracts or hedges in place.

Credit risk - The Company's accounts receivable are with companies in the petroleum and natural gas industry in the U.S. and are subject to normal industry credit risks. The Company generally extends unsecured credit to these companies and therefore the collection of the accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by the size and reputation of the companies to which they have extended credit to. The Company does not currently hold asset backed commercial paper investments.

Interest rate risk - The Company is exposed to interest rate cash flow risk to the extent that the note payable bears interest at a floating interest rate.

Commodity price risk - The nature of the Company’s operations results in exposure to fluctuation in petroleum and natural gas prices. Management continuously monitors petroleum and gas prices but does not have any instruments in place to hedge the exposure.

Future Income Taxes-The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. Such an allowance has been applied to all potential income tax assets of the Company.

Share Capital - Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company’s shares on the TSX Venture Exchange on the date of the agreement to issue shares. Shares issued as property option payments are valued at their fair market value on the date of issuance.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

- Held to maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and transaction costs are amortized into net earnings (loss), using the effective interest method.
- Available for sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income until the asset is realized or an impairment is viewed as other than temporary, at which time they will be recorded in net earnings.
- Held for trading financial instruments are measured at fair value. All gains and losses resulting from changes in their fair value are included in the statement of operations in the period in which they arise.
- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses resulting from changes in their fair value are included in the consolidated statement of operations and deficit in the period in which they arise.

The Company has classified its financial instruments as follows:

- Cash and cash equivalents are classified as held-for-trading.
- Accounts receivable is classified as loans and receivables.
- Accounts payable, accrued liabilities and due to related parties are classified as other financial liabilities.
- Notes payable are classified as other financial liabilities.

Use of Estimates - The preparation of consolidated financial statements in conformity with IFRS requires management to make informed judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues earned and expenses incurred during the fiscal years. Specific areas requiring the use of management estimates relate to the continuing viability of petroleum and natural gas interests and determination of reclamation obligations. Changes in assumptions could significantly affect these estimates and actual results may differ from them.

Amounts recorded for depletion and amounts used for ceiling test calculations are based on estimates of natural gas and petroleum reserves and future costs required to develop those reserves. By their nature, these estimates of reserves and the related future cash flows are subject to measurement uncertainty, and the impact on consolidated financial statements of future periods could be material.

Environmental Expenditures-The operations of the Company may be affected by changes in environmental regulations, including those for site restoration costs. The likelihood of new regulations and their effect upon the Company varies and is not predictable.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against operations as incurred or capitalized and amortized depending on their expected future economic benefit. Estimated future removal and site restoration costs are recognized when the ultimate liability is reasonably determinable, and are charged against operations over the estimated remaining life of the related business operations, net of expected recoveries.

Business Combinations-The Business Combinations Section 1582 of the CICA Handbook was early adopted in 2012. The Company measures assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are to be recognized separately from the business combination and included in the statement of operations and deficit.

Comparative figures – Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purposes only and has no effect on previously reported results.

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

4. PROJECTS

Po Valley and Bradano Basins, Italy

In Italy, AleAnna Resources holds eight “Exploration Permits” and three “Applications for Exploration Permits”, totalling approximately 803,000 acres that have been approved by the Italian Ministry of Economic Development (General Directorate for Energy and Mining Resources, National Mining Office for Hydrocarbons and Geothermics) (the “Ministry”). Nine of the exploration permit applications, totalling 670,396 acres, are located in the Po Valley in northern Italy, and three exploration permit applications, totalling 132,483 acres, are located in the Bradano Basin in southern Italy.

AleAnna Resources has completed three large-scale 3-D geophysical surveys, acquiring more than 100,000 acres (400 sq. km) of data in northern Italy and developing the largest portfolio of 3-D geophysical data for onshore Italy. The processed and interpreted data is critical in identifying and mapping large, drillable subsurface geological structures containing commercial quantities of hydrocarbons.

AleAnna Resources is now turning its operational emphasis from seismic data acquisition to drilling. Numerous drilling prospects have been identified from processing and interpreting 3-D geophysical data acquired during recent surveys. A number of applications for drilling permits will be filed with the Italian government the spring of 2013 and several wells are expected to be drilled in late 2013 or early 2014.

Corte Dei Signori Permit

AleAnna Resources completed a 31,100 acre (126 sq. km) 3-D geophysical survey in the Corte Dei Signori permit area in 2009 and has reprocessed the data several times utilizing the latest in geophysical processing applications. The Corte Dei Signori permit area is located in south-eastern Po Valley, and is on trend with a number of large natural gas fields. In February 2012, AleAnna Resources drilled the Gallare 6d well in the Gallare Field. Gallare 6d well encountered gas shows while drilling through the targeted zones of interest; however, the reservoir was substantially depleted. The gas shows along with the modern log suites run in the Gallare well, are being used to further refine seismically driven exploration targets. AleAnna Resources has identified a number of attractive exploration targets, in multiple areas and multiple horizons in the Corte Dei Signori permit area. Seismic interpretation is ongoing, and AleAnna Resources expects to submit additional well applications in the near future.

Ponte Del Diavalo Permit

In 2012, AleAnna Resources completed a 33,600 acre (136 sq. km) 3-D geophysical survey in the Ponte Del Diavalo permit area. The 64,000 acre (258 sq. km) Ponte Del Diavalo permit area is located in south-eastern Po Valley; slightly northwest of the Corte dei Signori permit area. The Ponte Del Diavalo geophysical data indicates several amplitude anomalies are present which appear attractive for exploratory drilling. AleAnna Resources expects to submit at least one well application in early 2013.

Ponte Dei Grilli Permit

AleAnna Resources acquired its third 3-D geophysical survey on the Ponte Dei Grilli permit. Permitting activity commenced in March 2012 on 17,000 acres (70 sq. km) and acquisition began in May 2012 and was completed in early August 2012. The Ponte Dei Grilli geophysical data is in the initial phases of processing and interpretation. Preliminary interpretation suggests a number of geophysical anomalies exist which are under current evaluation. These anomalies are on trend with producing fields adjacent to this permit and one anomaly appears analogous to the nearby San Potito and the recently discovered Longanesi gas fields. AleAnna Resources expects to submit at least one well application in 2013.

Other Activity in Italy

Two other permitted areas in the Po Valley (Belgioioso and Fantozza) have had 3D seismic surveys designed. These permit surveys were tendered for bid to multiple acquisition companies in early 2012 with acquisition planned for early 2013. However, this work has been delayed at the request of the regional governments as a result of the earthquakes earlier this year in Northern Italy. AleAnna Resources anticipates acquisition of several existing 2D lines in early 2013 and then re-tender of 3D geophysical work in mid-2013.

Technical work on the Tre Ponte and Le Saline applications for exploration permits is ongoing at 10/31/2012 and AleAnna Resources expects applications to move these areas to exploration permit status in calendar year 2013. Technical work has also begun on the Torrente Acqua Fredda permit area in the Bradano Basin in southern Italy. In addition, AleAnna has begun a review of available exploration prospects generated by other companies in Italy, particularly those prospects in proximity to the AleAnna Resources permits. The Company is in the process of evaluating several of these operated opportunities.

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

4. PROJECTS *continued*

In May 2013 AleAnna Resources announced it will participate in the drilling of the Po Valley Energy's Gradizza-1 exploration well in the La Prospera license (north of Bologna in Italy's Po Valley), through a farm-in agreement executed between Po Valley Energy and AleAnna Resources. The agreement allows AleAnna Resources to earn a 10% interest in the drilling of the exploration well Gradizza-1. The planned well is a 3,280 ft. (1,000 m) test of a seismically defined structure in high quality Pleistocene-age sand. The surface location is undergoing site preparation for the move-in of the drilling rig and commencement of drilling operations. All permits have been obtained from the region and drilling is expected to commence in late July or early August.

Lasley Project, Caddo County, Oklahoma, USA - The Company sold its interest in the Lasley Project effective October 31, 2012. A loss on the sale of \$201,049 was recognized on the sale.

Texas, USA - The Company sold its interest in the XX Ranch property effective April 30, 2012. The property had been fully impaired in prior years. A gain on the sale of \$4,976 was recognized on the sale.

5. EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets

	E&E Assets
Balance October 31, 2011	\$ 1,436,887
Exploration and evaluation expenditures	44,465
Balance April 30, 2012	1,481,352
Transfer from property and equipment	3,577,730
Exploration and evaluation expenditures	909,435
Balance October 31, 2012	5,968,517
Exploration and evaluation expenditures	145,714
Impairment reduction	(139,024)
Dry hole costs	(134,456)
Other reductions	(396,354)
Balance April 30, 2013	\$ 5,444,397

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

6. PROPERTY AND EQUIPMENT

Property and Equipment	Proved Developed		Proved		Well Equipment	Office Equipment	Total
	Producing Properties U.S.	Undeveloped Properties Italy	Producing Properties U.S.	Undeveloped Properties Italy			
Balance October 31, 2011	\$ 800,029	\$ 3,819,889	\$ 161,952	\$ 70,123		\$ 4,851,993	
Additions		251,359	-	129		251,488	
Balance April 30, 2012	800,029	4,071,248	161,952	70,252		5,103,481	
Additions	125	612,455	-	11,907		624,487	
Dry hole costs charged to operations	-	(1,105,973)	-	-		(1,105,973)	
Transfer to Exploration and Evaluation							
Assets	-	(3,577,730)	-	-		(3,577,730)	
Properties Sold	(800,154)	-	(161,952)	-		(962,106)	
Balance October 31, 2012	-	-	-	82,159		82,159	
Additions	-	-	-	4,528		4,528	
Balance April 30, 2013	\$ -	\$ -	\$ -	\$ 86,687		\$ 86,687	

Accumulated Depreciation and Depletion	Proved Developed		Proved		Well Equipment	Office Equipment	Total
	Producing Properties U.S.	Undeveloped Properties Italy	Producing Properties U.S.	Undeveloped Properties Italy			
Balance October 31, 2011	\$ 569,959	\$ -	\$ 134,718	\$ 12,054		\$ 716,731	
Additions	34,710		4,022	3,386		42,118	
Other changes				28		28	
Balance April 30, 2012	604,669	-	138,740	15,468		758,877	
Additions	9,537		3,978	11,312		24,827	
Properties Sold	(611,882)		(142,718)			(754,600)	
Other changes	(2,324)			16		(2,308)	
Balance October 31, 2012	-	-	-	26,796		26,796	
Additions	-	-	-	8,195		8,195	
Balance April 30, 2013	\$ -	\$ -	\$ -	\$ 34,991		\$ 34,991	

Net Book Value	Proved Developed		Proved		Well Equipment	Office Equipment	Total
	Producing Properties U.S.	Undeveloped Properties Italy	Producing Properties U.S.	Undeveloped Properties Italy			
October 31, 2011	\$ 230,070	\$ 3,819,889	\$ 27,234	\$ 58,069		\$ 4,135,262	
April 30, 2012	\$ 195,360	\$ 4,071,248	\$ 23,212	\$ 54,784		\$ 4,344,604	
October 31, 2012	\$ -	\$ -	\$ -	\$ 55,363		\$ 55,363	
April 30, 2013	\$ -	\$ -	\$ -	\$ 51,695		\$ 51,695	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

7. SHARE CAPITAL

The Company has authorized unlimited number of common shares without par value. The following shares have been issued.

	April 30, 2013		October 31, 2012	
	Number	Amount	Number	Amount
Balance, beginning of period	52,724,776	\$ 30,495,447	32,627,622	24,464,801
Shares issued for cash	-	-	20,000,000	6,000,000
Warrants exercised	-	-	97,154	30,646
Balance, end of period	52,724,776	\$ 30,495,447	52,724,776	\$ 30,495,447

Warrants - The Company has issued stock warrants as follows:

Exercise Price	Outstanding October 31			Outstanding April 30			Expiration Date
	October 31 2012	Additions	Exercised or Expired	Cancelled	April 30 2013		
\$0.30	1,571,046	-	1,571,046	-	-		December 1, 2012
\$0.40	12,824,100	-	12,824,100	-	-		December 1, 2012
\$0.40	505,400	-	-	-	505,400		December 1, 2013
\$0.45	10,750,000	-	-	-	10,750,000		November 4, 2013
\$0.30	1,500,000	-	-	-	1,500,000		November 4, 2014
Total	27,150,546	-	14,395,146	-	12,755,400		

In December 2010, the Company completed a private placement of 25,000,000 units at \$0.25 per unit for gross proceeds of \$6,250,000. Each unit was comprised of one common share of the Company and one-half of one share purchase warrant, with each whole warrant exercisable into one common share at \$0.40 per share until December 1, 2013.

In connection with the private placement, the Company paid finder's fees to an aggregate of fourteen finders, comprised of: (i) an aggregate cash payment of \$282,736; (ii) the issuance of an aggregate 678,200 units in lieu of a cash payment; and (iii) the issuance of an aggregate 1,653,200 broker warrants (each, a "Broker Warrant"). Each Broker Warrant is exercisable at a price of \$0.30 per share until December 1, 2013, subject to a right of call by the Company under certain conditions.

On November 4, 2012, the Company completed a private placement comprised of convertible notes totaling \$6,000,000. Each note was convertible into shares of the Company at the rate of \$0.30 per share, or a total of 20,000,000 shares. On November 28, 2012 the notes were converted into 20,000,000 shares of common stock and accrued interest of \$17,584 was paid in cash.

In connection with the issuance of the notes, the Company issued warrants to purchase 10,750,000 shares of the Company's stock at a price of \$0.45 per share, expiring November 14, 2013 and issued broker warrants to purchase 1,500,000 shares at \$0.30 per share expiring November 14, 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

8. CONTRIBUTED SURPLUS

	April 30, 2013	October 31, 2012
Balance, beginning of period	\$ 2,782,320	2,349,746
Add-stock based compensation	-	432,574
Balance, end of period	\$ 2,782,320	2,782,320

9. NOTES PAYABLE

On March 28, 2013, the Company entered into a Senior Secured Convertible Note for interim financing to fund exploration requirements in Italy and other general corporate requirements. The loan is for \$1,000,000, provides for interest accruing at the rate of 12% per annum compounded monthly, and is due March 28, 2014.

The holder of the note has the right, but not the obligation, to convert any unpaid principal balance of the note into fully paid and nonassessable common shares of the Company at a conversion rate of \$0.075 per share, subject to adjustment under certain circumstances. Accrued interest can be converted into common shares at a conversion rate based on the market price in effect on the conversion date.

At April 30, 2013, \$11,010 of accrued interest in connection with the note is included in accounts payable in the Statement of Consolidated Financial Position.

10. STOCK BASED COMPENSATION

The Company has established a stock option plan for directors, senior officers, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the discounted market price policies of the TSX Venture Exchange.

The maximum number of shares which may be issued pursuant to options granted under the plan shall be 6,375,524 shares or such additional amount as may be approved from time to time by the shareholders of the Company. The maximum number of options granted to any one optionee in a 12 month period is limited to 5% of the issued shares of the Company.

At April 30, 2013 there are options outstanding to issue 6,100,000 shares of the Company. The price of the options range from \$0.25 to \$0.50 and their expiry dates range from March 12, 2013 to December 6, 2016. The weighted average contract life remaining is 2.97 years.

The following is a summary of the change in the Company's stock option plan for the period ended April 30, 2013 and October 31, 2012.

	April 30, 2013		October 31, 2012	
	Number	Price	Number	Amount
Balance, beginning of period	6,130,000	\$0.33	4,275,000	\$0.35
Options granted during period	-		1,855,000	\$0.30
Options expired during period	(30,000)	\$0.30	-	\$0.30
Balance, end of period	6,100,000	\$0.33	6,130,000	\$0.33

The intrinsic value of options exercisable at April 30, 2013 is nil.

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

10. STOCK BASED COMPENSATION *continued*

The following table summarizes the information about stock options outstanding and exercisable at April 30, 2013:

Weighted Average Exercise Price per Share	Number Outstanding April 30, 2013	Weighted Average Remaining Contract Life
\$0.25	70,000	3.11
\$0.27	680,000	2.63
\$0.30	1,855,000	3.58
\$0.35	3,360,000	2.75
\$0.50	135,000	1.83
	<u>6,100,000</u>	2.97

The Company recognizes an expense for the fair value of options granted. The Company uses the Black Scholes option pricing model to value stock options granted. The Black Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation and disclosures, the following weighted-average assumptions were used:

	2013	2012
Risk free interest rate		1.382%
Expected dividend yield		0%
Expected stock price volatility		102%
Expected life of options		5 years

No options were granted during the period ended April 30, 2013. The amount of options exercisable at April 30, 2013 is 6,100,000 with a weighted average exercise price of \$ 0.33.

11. LOSS PER SHARE

Loss per share is calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share has not been computed as it is anti-dilutive.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

12. FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

Credit Risk - The Company's primary exposure to credit risk is the risk of illiquidity of cash, amounting to \$1,078,139 at April 30, 2013. As the Company's policy is to limit cash holdings to instruments issued by major Canadian or U.S. banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Amounts receivable at April 30, 2013, included \$6,447 due from the Canadian Government for GST and other miscellaneous receivables.

Liquidity Risk - Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet operating requirements for accounts payable, notes payable and related party amounts payable.

Foreign Exchange Risk - The Company has foreign exchange risk due to activities carried out in the United States and Italy. At April 30, 2013, the Company had \$431,990 in current assets and \$127,882 in current liabilities originating in the U.S.

Interest Rate Risk - The Company is exposed to interest rate risk on its cash equivalents. These assets are in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases.

Fair Value of Financial Instruments - The fair value classification of the Company's financial instruments as at April 30 2013 and October 31, 2012 is held for trading.

13. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard its ability to continue as a going concern including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash to be its manageable capital. The Company's policy is to attempt to maintain sufficient cash balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets through equity issues and loans as necessary and may also acquire additional funds where advantageous circumstances arise.

Excess cash investments are restricted to money market funds of major banks or instruments of equivalent or better quality.

The Company currently has no externally-imposed capital requirements except to maintain sufficient cash and investment balances to meet its ongoing expenditures.

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

14. SEGMENT INFORMATION

The Company is engaged in oil and gas exploration and production in the United States and Italy. The Company measures segment profit (loss) as income (loss) from operations. Business segment assets are those assets controlled by each reportable segment.

The following table sets forth certain information about the financial information of each segment for the periods ended April 30, 2013 and 2012.

	April 30,	
	2013	2012
Business segment revenue:		
Oil and gas-United States	\$ 99,957	137,318
Oil and gas-Italy	-	-
Total revenue	\$ 99,957	137,318
Business segment loss		
Oil and gas-United States	470,880	568,948
Oil and gas-Italy	374,553	135,216
General administration	123,053	84,734
Net loss	\$ 968,486	788,898
Depletion and depreciation		
Oil and gas-United States	\$ 7,938	54,440
Oil and gas-Italy	-	-
General administration	257	538
Total depletion, depreciation and amortization	\$ 8,195	54,978
Capital expenditures		
Oil and gas-United States	\$ 4,555	12,036
Oil and gas-Italy	145,714	1,024,746
General administration	-	-
Total capital expenditures	\$ 150,269	1,036,782
Business segment assets		
Oil and gas-United States	\$ 460,749	2,594,726
Oil and gas-Italy	5,905,638	6,769,044
General administration	685,494	35,957
Total assets	\$ 7,051,881	9,399,727

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Periods ended April 30, 2013 and 2012

16. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. The balances referred to below are non-interest bearing, unsecured, payable on demand and have arisen from advances or the provision of services as described.

At April 30, 2013, the Company owed the Chairman \$921 for unreimbursed expenses.

During the period ended April 30, 2013, the President of the Company's U.S. subsidiary, and director of the Company, incurred \$nil in travel and office expenses on behalf of the Company compared to \$17,385 for the same period in 2012. At April 30, 2013, the President to the Company's U.S. subsidiary owed the Company \$19,030 for travel advances.

During the period ended April 30, 2013, the President and a director of the Company incurred \$nil in travel expenses compared to \$11,907 for the same period in 2012. At April 30, 2013, the president of the Company owed the Company \$385 for travel advances.

During the period ended April 30, 2013, a director of the Company incurred \$31,274 compared to \$18,483 for the same period in 2012 in consulting fees and \$1,568 in travel expenses compared to \$4,441 for the same period in 2012. At April 30, 2013, the Company owed the director \$5,036 for consulting fees and related expenses.

During the period ended April 30, 2013, a director of the Company incurred \$41,106 compared to \$39,536 for the same period in 2012 in consulting fees and \$785 in travel and office expenses compared to \$999 for the same period in 2012. At April 30, 2013, the Company owed the director \$5,036 for consulting fees and related expenses.

During the period ended April 30, 2013, the Company charged a management fee of \$120,648 to Ale Anna Resources, of which \$20,580 was eliminated in consolidation, compared to \$136,012 for the same period in 2012. The Company has receivables from and unbilled charges to AleAnna Resources of \$64,060 for unpaid management fees and expenses at April 30, 2013

During the period ended April 30, 2013, the Company paid costs for AleAnna Energy in the amount of \$nil. The Company has receivables of \$51,405 third party's share of such payments.

During 2012, the Company sold its remaining oil and gas properties located in the United States to a related party. The sale resulted in a loss of \$201,049. As a result of this sale, the Company has a note receivable from the related party that bear interest at 1%. The note is due in January, 2014. As of April 30, 2013 the balance of the note receivable was \$10,072.

17. SUBSEQUENT EVENTS

On May 7, 2013, the Company granted stock options to its directors to purchase a total of 3,000,000 common shares of the Company pursuant to the Company's stock option plan. The stock options are exercisable at a price of \$0.10 per share until May 7, 2018.