

BRS RESOURCES LTD.

*Management Discussion & Analysis
For the Fiscal Year Ended
October 31, 2013*

Suite 1250 – 5910 N. Central Expressway,
Dallas, Texas
75206

**MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS FOR THE FISCAL YEAR ENDED October 31, 2013**
(as of FEBRUARY 28, 2014)

INTRODUCTION

The following discussion (the “MD&A”), prepared as of February 28, 2014, is management’s assessment and analysis of the results and financial condition of BRS Resources Ltd. (formerly Bonanza Resources Corporation) (the “Company” or “BRS”) for the year ended October 31, 2013 and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended October 31, 2013, and related notes attached thereto. The preparation of financial data is in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” consistently applied. The consolidated interim financial statements were prepared using International Financial Reporting Standards (“IFRS”) for part of the period covered by the first IFRS consolidated annual financial statements and IFRS 1 “First-time Adoption of IFRS” has been applied. All figures are reported in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A are forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Company’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management’s current views, and are based on certain assumptions, and speak only as of September 25, 2013. These assumptions, which include, management’s current expectations, estimates and assumptions about certain projects and the markets the Company operates in, the global economic environment, interest rates, exchange rates and the Company’s ability to manage its assets and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause its actual results to differ materially from those expressed or implied by the forward looking statements, including, but not limited to: (1) risks inherent in petroleum and natural gas exploration and development including environmental hazards, industrial accidents, or unusual or unexpected geological formations; (2) a decrease in the market price of oil and/or gas; (3) a decrease in the demand for oil and gas and oil and gas related products; (4) discrepancies between actual and estimated reserves and risks associated with the estimation of reserves; (5) the possibility that future exploration, development or exploration results will not be consistent with the Company’s expectations; (6) the inherent uncertainty of future production and cost estimates; (7) the potential for unexpected costs and expenses and changes to the cost of commencing production and the time when production commences, and actual ongoing costs; (8) the potential for, and effects of, labor disputes or other unanticipated difficulties with, or shortages of, labor; (9) unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions; (10) the failure to obtain governmental approvals and fulfil contractual commitments, and the need to obtain new or amended licenses and permits; (11) changes in laws or policies, delays in, or the inability to obtain, necessary governmental permits; (12) the number of

competitors; (13) political and economic conditions in oil and gas producing and consuming countries; (14) failure to obtain additional capital at all or on commercially reasonable terms; (15) other factors beyond the Company’s control; and (16) those factors described in the section entitled “Risk Factors and Uncertainties” in this MD&A.

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company’s control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company’s actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made in or incorporated by reference in this MD&A. The Company undertakes no obligation to update forward-looking statements if management’s beliefs, estimates and opinions or the Company’s circumstances as at the date hereof should change. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether; as a result of new information, future events or otherwise.

BUSINESS OF THE COMPANY

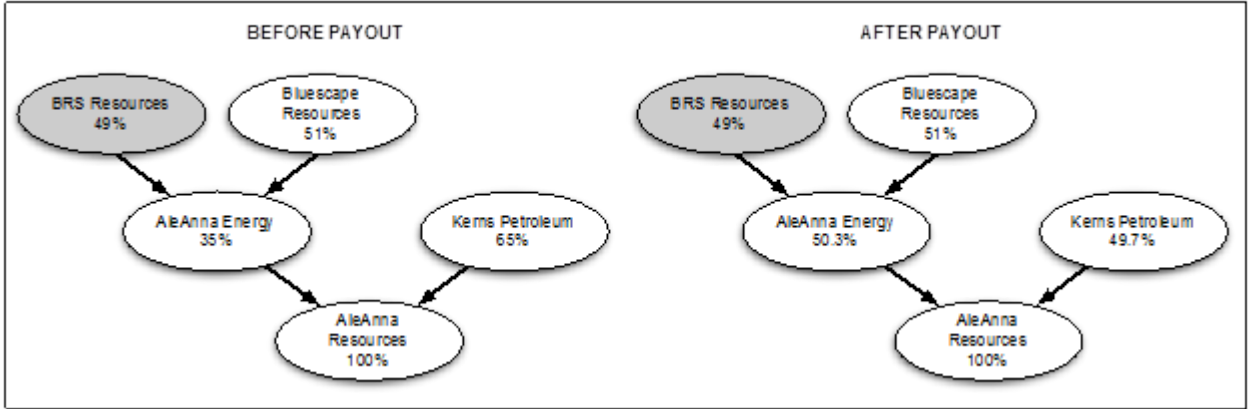
BRS is incorporated under the laws of British Columbia and its principal business activity is the acquisition and exploration of oil and gas interests in Italy. The Company has a wholly owned subsidiary in Texas, Bonanza Resources (Texas) Inc., which holds all of the Company’s oil and gas assets. The Company is presently listed on the TSX Venture Exchange (the “Exchange”) under the symbol “BRS”.

The Company’s business and executive office is located at Suite 1250 – 5910 N. Central Expressway, Dallas, Texas 75206. The registered and records offices are located at Suite 800 - 885 West Georgia Street, Vancouver, BC V6C 3H1.

OVERALL PERFORMANCE

Operations

The Company is an international oil and gas exploration and production company targeting the European upstream energy business, with a primary focus on natural gas extraction in Italy. Through its 49% membership interest in AleAnna Energy LLC (“AleAnna Energy”), BRS holds an approximately 17% before pay out (25% after pay out) interest in AleAnna Resources LLC (“AleAnna Resources”), a company that has assembled a land position currently encompassing approximately 803,000 acres (3,253 sq. km) in the Po Valley and Bradano basins in onshore Italy. The ownership structure of AleAnna Resources is outlined below:



By pioneering the use of 3-D seismic technology in onshore Italy, and with numerous exploration permits already issued, BRS through its ownership of AleAnna Resources, is well positioned to provide significant growth in reserves, production, and shareholder value.

The opportunity to explore and exploit oil and gas opportunities in Italy is subject to many federal and regional approvals. As a result of both the federal government and regional influence on the permitting process, very few wells have been drilled and developed over the past five years.

In light of the political turmoil confronting the European Union, a number of positive developments are emerging from Italy for the upstream energy sector. The Italian government appears to view the upstream energy business as one of its best avenues for attracting new investment capital into Italy, which may be a pivotal source for job creation, industrial growth, and improved energy security. Italy's government is actively working to improve the regulatory environment and streamline the methods for direct investment in Italy.

To that end, the Italian government is developing a National Energy Strategy which aims to double domestic hydrocarbon production in the near to mid-term. Corrado Passera, currently serving as the Italian Minister of Economic Development, Infrastructure and Transport, has indicated that to achieve these new production targets, Italian permitting regulations need to be aligned with European standards as well as reduce authorization and permitting timelines. AleAnna Resources appears well positioned to move forward under the new strategy.

Po Valley and Bradano Basins, Italy

AleAnna Resources holds nine “Exploration Permits” and three “Applications for Exploration Permits”, totaling 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 are being filed with the Italian government and several wells are expected to be drilled in 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. The 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.

In September 2013 AleAnna Resources executed a participation agreement and non-exclusive seismic agreement with Andiamo Resources, LLC (“Andiamo”), a Colorado limited liability company. Under the terms of the agreements, Andiamo paid AleAnna a prospect/license fee and AleAnna Resources granted Andiamo a non-exclusive license to AleAnna Resources’ propriety 3-D geophysical data acquired in the Corte dei Signori permit area. Andiamo will pay the costs to drill a well and in return will earn a beneficial working interest in a portion of the Corte Dei Signori permit.

AleAnna Resources will continue to operate the Corte dei Signori permit and anticipate drilling at least one exploration well in 2014. Andiamo has a strong technical team, which will work with AleAnna Resource’s technical and operational personnel to develop drilling prospects.

La Prospera Permit and Gradizza-1 Exploration Well

In May 2013 AleAnna Resources agreed to participate in the drilling of Po Valley Energy’s Gradizza-1 exploration well in the La Prospera permit (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 La Prospera permit and the drilling of the Gradizza-1 exploration.

The Gradizza-1 well was drilled in August 2013 and is now in the process of being completed. The Gradizza-1 well encountered good gas shows and a drilling break in the target Pleistocene-age sand interval. After coring and logging, operations confirmed the presence of a gas-bearing reservoir exceeding 33 ft (10 m) in thickness and 7-inch casing was run and cemented to a total depth of 3,372 ft (1,028 m). The well was perforated from 2,808 to 2,822 ft (856 to 860 m), gravel packed, and 2-3/8-inch production tubing installed.

The well tested natural gas at a stabilized rate of 696,000 cubic feet per day with 492 psi flowing tubing pressure on a 1/4-inch choke. No formation water, pressure decline, or gas impurities were recovered during testing and the bottom-hole pressure measured was approximately 1,200 psi. The well is currently shut-in, waiting on installation of surface facilities, pipeline hookup, and regulatory approvals. The Gradizza-1 well is important to AleAnna and BRS in establishing production in Italy and in broadening and quantifying the prospect portfolio in adjacent permits.

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. To date AleAnna Resources has submitted a drilling permit for its Tombellina prospect. The proposed well is a 3,280 ft (1,000 m) test of a seismically defined structure and amplitude in high-quality Pleistocene and Pliocene sands.

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. A drilling application for a well in the Ponte dei Grilli permit is expected to be submitted in 2014.

Other Activity in Italy

Two other permitted areas in the Po Valley (Belgioioso and Fantozza) have had 3-D geophysical surveys designed. These permit surveys were tendered for bid to multiple acquisition companies in early 2012 with acquisition planned for 2013. However, this work has been delayed at the request of the regional governments as a result of the recent earthquakes in Northern Italy. AleAnna Resources acquired several existing 2-D lines in 2013, and expects to re-tender 3-D geophysical work in 2014.

Technical work on the Tre Ponte and Le Saline applications for exploration permits is ongoing and AleAnna Resources expects applications to move these areas to exploration permit status in near future. 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. AleAnna Resources is in the process of evaluating several of these non-operated opportunities.

Other Corporate Activity

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.

Subsequent Events

In December 2013 the Company reported that Po Valley Energy ("PVE") completed rig-less well testing of its newly drilled Gradizza-1 discovery well. PVE and its farm-in partners, which include AleAnna Resources, have agreed to apply for a Production Concession and anticipate filing the Production Concession Application in the spring of 2014.

The following information is a summary of the information in a press release issued by Po Valley Energy on January 30, 2014, which can be found on PVE's website at www.povalley.com and should be read in conjunction with the disclosure in PVE's press release.

PVE released a Contingent Resource Assessment for the Gradizza well in which Prospective Resources were reclassified as Contingent Resources. Contingent Resources estimates, assuming a 100% working interest in the Gradizza well, are summarized as follows: 1C (low case) – 1.6 billion cubic feet (Bcf); 2C (best case) – 3.6 Bcf; C3 (high case) – 8.8 Bcf. Contingent Resources may be re-classified as Reserves based on many factors including economic, legal, environmental, political and regulatory matters, including a preliminary Production Concession must be granted by the Ministry of Economic Development in Italy. The Contingent Resources is comprised of natural gas excluding natural gas liquids.

The Gradizza well volumes estimates are reported in accordance with SPE/WPC/AAPG/SPEE Petroleum Resource Management System. Contingent Resources are indicated as those quantities of gas estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is no certainty that it will be commercially viable for PVE to produce any portion of the Contingent Resources.

- 1C denotes low case estimate scenario of Contingent Resources. When applied to the Gradizza Well, they include the gas volume limited to the gas down to (GDT) and the petro-physical features deriving from the electrical logs and the surrounding wells drilled in the past.

- 2C denotes best estimate scenario of Contingent Resources. When applied to the Gradizza Well, the 2C includes 1C plus the volume limited to the structural closures of the fault block tested by the well.
- 3C denotes high estimate scenario of Contingent Resources. When applied to the Gradizza Well, the 3C resource includes the 2C resource plus the volume limited to the spill point.

SELECTED ANNUAL INFORMATION

The following table summarized selected consolidated financial information for the Company's three most recently completed financial years: reported in Canadian dollars in accordance with IFRS and Canadian GAAP ("GAAP"), as indicated. No material changes resulted from the change to IFRS from GAAP.

	FISCAL YEAR ENDED		
	October 31, 2013 ⁽¹⁾	October 31, 2012 ⁽¹⁾	October 31, 2011 ⁽²⁾
Net Loss	\$(1,470,203)	\$(3,928,673)	\$(3,111,004)
Loss Per Share ⁽³⁾	(.03)	(.08)	(0.11)
Total Assets	6,642,143	7,157,754	6,297,734
Total Non-Current Liabilities	342,893	162,500	737

(1) Prepared in accordance with IFRS.

(2) Prepared in accordance with GAAP.

(3) Diluted loss per share has not been computed, as it is anti-dilutive.

The information in the table above should be considered in conjunction with the Company's annual audited consolidated financial statements for the years then ended, which are available on SEDAR at www.sedar.com.

RESULTS OF OPERATIONS

For the year ended October 31, 2013 compared to year ended October 31, 2012

Net loss for the year totalled \$1,470,203 or \$0.03 per share, versus net loss of \$3,928,673 or \$0.08 per share in 2012. The following is a summary of the changes in the components of revenue and expense and the reasons for the changes:

		<u>2013</u>	<u>2012</u>	Increase <u>(Decrease)</u>
Oil and gas	A	\$0	\$34,854	\$(34,854)
Management fee	B	245,618	196,044	49,574
Interest & Other Income	C	28,495	26,298	2,197
Stock based compensation	D	107,867	432,574	(324,707)
Legal and accounting	E	273,683	350,879	(77,196)
Wages and benefits	F	578,308	608,196	(29,888)
Engineering and consulting fees	G	176,521	368,858	(192,337)
Office and general	H	180,059	239,450	(59,391)
Depletion, depreciation and amortization	I	16,439	66,946	(50,507)
Regulatory fees	J	19,526	46,088	(26,562)
Investor relations	K	50,985	80,554	(29,569)
Rent	L	73,189	73,757	(568)

Travel	M	26,995	31,218	(4,223)
Production costs	N	0	26,901	(26,901)
Non-productive drilling costs	O	134,456	1,105,973	971,517

- A. Decrease due to the sale of the Company's oil and gas properties in Texas and Oklahoma.
- B. Effective May 1, 2011, BRS executed a management contract with AleAnna Resources for managing operations in Italy. The contract calls for fees of \$15,000 per month plus expenses. The fee increased to \$22,500 per month effective October 1, 2011. The fees are net of the amount applicable to BRS' interest in AleAnna Resources.
- C. No material change.
- D. Decrease was recognition of stock based compensation for incentive stock options granted in prior quarters in accordance with the vesting provisions of such stock options.
- E. Legal and accounting decreased because of fewer acquisitions and no additional regulatory filings in connection with financings.
- F. Decrease due to less administrative staff.
- G. Engineering fees and consulting fees decreased primarily due to less drilling activity.
- H. Decrease due to less administration costs, and rationalizing staff.
- I. Decrease due to the sale of the Company's oil and gas properties in Texas and Oklahoma.
- J. Decrease due to less filing fees as a result of reduced private placement activity.
- K. Decrease due to less press release and conference activity.
- L. No material change
- M. No material change
- N. Decrease due to the sale of the Company's oil and gas properties in Texas and Oklahoma
- O. These costs relate to the Gallare 6d well; as of October 31, 2013 these costs were underestimated by \$134,456.

SELECTED QUARTERLY INFORMATION

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited interim financial information, in Canadian dollars in accordance with IFRS and Canadian GAAP ("GAAP"), as indicated, for each of the eight most recently completed quarters. No material changes resulted from the change to IFRS from GAAP.

	Quarter Ended			
	October 31, 2013 ⁽¹⁾	July 31, 2013 ⁽¹⁾	April 30, 2013 ⁽¹⁾	January 31, 2013 ⁽¹⁾
Income (Loss)	\$(143,132)	\$(358,585)	\$(367,822)	\$(600,663)
Income (Loss) Per Share ⁽²⁾	(0.00)	(0.01)	\$(0.01)	\$(0.01)
	October 31, 2012 ⁽¹⁾	July 31, 2012 ⁽¹⁾	April 30, 2012 ⁽¹⁾	January 31, 2012 ⁽¹⁾
Income (Loss)	\$(4,121,353)	\$(362,194)	\$56,492	\$(845,390)
Income (Loss) Per Share ⁽²⁾	(0.08)	(0.01)	\$0.00	\$(0.02)

(1) Prepared in accordance with IFRS.

(2) Diluted loss per share has not been computed, as it is anti-dilutive.

RESULTS OF OPERATIONS

For the quarter ended October 31, 2013 compared to quarter ended October 31, 2012

Net loss for the quarter ended October 31, 2013 totalled \$143,132 or \$0.00 per share, versus a loss of \$4,121,353 or \$0.01 per share for the quarter ended October 31, 2012.

The following is a summary of the changes in the components of revenue and expense and the reasons for the changes:

		<u>2013</u>	<u>2012</u>	Increase (Decrease)
Oil and gas revenues	A	\$ -	\$8,359	\$(8,359)
Management fee revenues	B	53,483	32,741	20,742
Interest & other income	C	7,374	8,181	(807)
Stock based compensation	D	0	5,209	(5,209)
Legal and accounting	E	22,068	42,748	(20,680)
Wages and benefits	F	142,180	146,040	(3,860)
Engineering and consulting fees	G	35,477	66,194	(30,717)
Office and general	H	47,058	53,692	(6,634)
Depletion, depreciation and amortization	I	4,185	5,659	(1,474)
Regulatory fees	J	0	2,314	(2,314)
Investor relations	K	1,752	22,117	(20,365)
Rent	L	21,327	12,987	8,340
Travel	M	8,933	8,957	24
Production costs	N	-	5,049	(5,049)
Non-productive drilling costs	O	(139,024)	1,105,973	1,244,997

- A. Decrease primarily due to the sale of the Company's oil and gas properties in Texas and Oklahoma.
- B. Effective May 1, 2011, BRS executed a management contract with AleAnna Resources for managing operations in Italy. The contract calls for fees of \$15,000 per month plus expenses. The fee increased to \$20,000 per month effective January 1, 2012. The fees are net of the amount applicable to BRS' interest in AleAnna Resources.
- C. No material change.
- D. Recognition of stock based compensation for incentive stock options granted in 2013 in accordance with the vesting provisions of such stock options.
- E. Legal and accounting decreased because of fewer acquisitions and no additional regulatory filings in connection with financings.
- F. No material change
- G. Engineering fees and consulting fees decreased due to less operations activity.
- H. Office and General expense decreased primarily due to lower operating cost as the offices had been established for several quarters.
- I. No material change
- J. No material change
- K. Decrease due to less investor outreach and conferences.
- L. Rent increased due to a new office lease.
- M. No material change.
- N. Decrease due to the sale of the Company's oil and gas properties in Texas and Oklahoma.
- O. Impairment expense adjustment

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2013, the Company had cash of \$556,975 compared to \$544,177 at October 31, 2012.

Working capital at October 31, 2013 was \$(158,302), a slight increase of from \$(135,885) at October 31, 2012. Current liabilities were \$1,003,113 for the quarter ended October 31, 2013 compared to \$187,724 for the year ended October 31, 2012. The Company's accumulated deficit at October 31, 2013 was \$(28,189,412).

BRS has historically relied on the issuance of share capital to raise funds. The Company is continually evaluating additional financing opportunities to meet its operational needs. Notwithstanding previous success in acquiring financing on acceptable terms, there is no guarantee that the Company will be able to obtain funding or on what terms any such capital may be available to the Company.

The Company currently has sufficient working capital to continue operations in the very near term. However, the Company is expected to incur future losses which cast doubt as to the Company's ability to continue as a going concern, as doing so is dependent upon the Company's ability to raise the necessary funds and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. General market conditions may have an impact on the Company's ability to raise funds in the future.

TRANSACTIONS WITH RELATED PARTIES

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 year end balances referred to below are non-interest bearing, unsecured, payable on demand and have arisen from advances or the provision of services as described.

During the period ended October 31, 2013 the President of the Company's U.S. subsidiary, and director of the Company, incurred \$3,333 in travel and office expenses compared to \$7,906 for the same period in 2012. At October 31, 2013 the President to the Company's US subsidiary owed the Company \$4,742 for travel and other advances.

During the period ended October 31, 2013 the President and a director of the Company incurred \$4,617 in travel and other expenses compared to \$15,379 for the same period in 2012. At October 31, 2013 the Company owed the President \$ nil for unreimbursed expenses.

During the period ended October 31, 2013, a director of the Company incurred \$48,026 compared to \$43,083 for the same period in 2012 in consulting fees and \$1,623 in travel and related expenses compared to \$101,335 for the same period in 2012. At October 31, 2013 the Company owed the director \$ nil for consulting fees and related expenses.

During the period ended October 31, 2013, a director of the Company incurred \$73,003 compared to \$64,974 for the same period in 2012 in consulting fees and \$1,656 in travel and office expenses compared to \$3,091 for the same period in 2012. At October 31, 2013 the Company owed the director \$ nil for consulting fees and related expenses.

During the year the Company charged a management fee of \$294,775 (2012- \$240,123) to AleAnna Resources, of which \$50,554 (2011-\$41,181) was eliminated in consolidation. The Company has receivables from AleAnna Resources of \$73,737 for unpaid management fees and expenses.

The Company has a receivable from AleAnna Energy for expenses paid on behalf of AleAnna Energy in the amount of \$103,576. Of this amount, \$48,626 is for the account of the Company and \$54,950 is for the account of the third party owning 51% of AleAnna Energy. The Company has receivables of \$54,950 for the 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 October 31, 2013, the balance of the note receivable was \$5,214.

During 2013 the Company entered into a financing arrangement with a shareholder for a principal amount of \$1,000,000. The note provides, among other things, for the conversion of the note and accrued interest into stock of the Company.

OUTSTANDING SHARE DATA

The Company had the following securities outstanding as of the October 31, 2013:

a) Issued and outstanding share capital

<u>Class</u>	<u>Par Value</u>	<u>Authorized</u>	<u>Outstanding</u>
Common	No Par Value	Unlimited	52,724,776

b) Common share purchase warrants

<u>Security</u>	<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Warrants	505,400	\$0.40	December 1, 2013
Warrants	10,750,000	\$0.45	November 14, 2013
Warrants	1,500,000	\$0.30	November 4, 2014

c) Stock Options

<u>Security</u>	<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Options	135,000	\$0.50	March 3, 2015
Options	680,000	\$0.27	November 15, 2015
Options	3,360,000	\$0.35	February 3, 2016
Options	70,000	\$0.25	June 9, 2016
Options	1,555,000	\$0.30	December 6, 2016
Options	3,000,000	\$0.10	May 7, 2018

ADOPTION OF NEW ACCOUNTING STANDARDS

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.

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, 2014:

New standard IFRS 9 *Financial Instruments*

Partial replacement of IAS 39 *Financial Instruments: Recognition and Measurement*

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments of the Company consist of cash and equivalents, investments, amounts receivable, accounts payables and accrued liabilities, demand loans payable, interest payable on convertible debentures and due to related parties. The Company limits exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. At July 31, 2013, the Company held the majority of its cash funds in the Company's accounts at the Bank of Montreal located at 595 Burrard St., Vancouver, BC, and the Bank of America located at 5500 Preston Road, Dallas, Texas.

The carrying amounts of cash, accounts receivables, accounts payable and accrued liabilities, demand loans payable, interest payable on convertible debentures and due to related parties approximate their values due to the short-term nature of these instruments.

Certain current expenditures are in European Union Euros in the Italian operation of AleAnna Resources and these expenditures are affected by currency fluctuations. The Company currently maintains certain of its cash holdings in Canadian dollars.

RISK FACTORS

The Company has a history of losses and this trend may continue and may negatively impact its ability to achieve its business objectives.

The Company's accumulated deficit was \$28,149,566 at October 31, 2013. The Company has experienced net losses since inception, and expects to continue to incur substantial losses for the foreseeable future. The Company may not be able to generate significant revenues in the future. As a result, management expects the Company to continue to experience negative cash flows for the foreseeable future and cannot predict when, if ever, the business might become profitable. The Company will need to raise additional funds, and such funds may not be available on commercially acceptable terms, if at all. If the Company is unable to raise funds on acceptable terms, it may not be able to execute its business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements. This may seriously harm the Company's business, financial condition and results of operations.

The Company's operations and proposed exploration activities will require significant capital expenditures for which it may not have sufficient funding and if it does obtain additional financing, its existing shareholders may suffer substantial dilution.

The Company intends to make capital expenditures in excess of its existing capital resources to develop, acquire and explore oil and gas properties. It intends to rely on funds from operations and external sources of financing to meet its capital requirements to continue acquiring, exploring and developing oil and gas properties and to otherwise implement its business plan. The Company plans to obtain additional funding through the debt and equity markets, but it can offer no assurance that it will be able to obtain additional funding when it is required or that it will be available to it on commercially acceptable terms, if at all. In addition, any additional equity financing may involve substantial dilution to the Company's then existing shareholders.

The successful implementation of the Company's business plan is subject to risks inherent in the oil and gas business, which if not adequately managed could result in additional losses.

The Company's oil and gas operations are subject to the economic risks typically associated with exploration and development activities, including the necessity of making significant expenditures to locate and acquire properties and to drill exploratory wells. In addition, the availability of drilling rigs and the cost and timing of drilling, completing and, if warranted, operating wells is often uncertain. In conducting exploration and development activities, the presence of unanticipated pressure or irregularities in formations, miscalculations or accidents may cause the Company's exploration, development and, if warranted, production activities to be unsuccessful. This could result in a total loss of the Company's investment in a particular well.

In addition, market conditions or the unavailability of satisfactory oil and gas transportation arrangements may hinder the Company's access to oil and gas markets, which may delay its production timelines. The availability of a ready market for its prospective oil and gas production depends on a number of factors, including the demand for and supply of oil and gas and the proximity of reserves to pipelines and other facilities. The Company's ability to market such production, if any, will depend in substantial part on the availability and capacity of gathering systems, pipelines and processing facilities, in most cases owned and operated by third parties. The Company's failure to obtain such services on acceptable terms could materially harm its business. The Company may be required to shut in wells for lack of a market or a significant reduction in the price of oil or gas or because of inadequacy or unavailability of pipelines or gathering system capacity. If that occurs, the Company would be unable to realize revenue from those wells until arrangements are made to deliver such production to market.

We may rely on third party providers in relation to certain of the activities we undertake on our Italian projects, which will expose us to uncertain control issues and potential liabilities.

The Company or an affiliated entity designated by the Company may serve as operator in Italy. The Company intends to use affiliated entities to hold and operate its interests. The Company may hire third parties to conduct certain activities in Italy. The Company's success will depend on its ability to provide adequate oversight of these third party providers and to ensure that the work provided is adequate for its purposes. If the Company is unable to provide adequate oversight of the work being conducted, the Company's operations in Italy could be adversely affected and the Company could be exposed to certain liabilities for the actions of the third party providers.

The Company's future performance is dependent upon its ability to identify, acquire and develop oil and gas properties, the failure of which could result in under use of capital and losses.

The Company's future performance depends upon its ability to identify, acquire and develop additional oil and gas reserves that are economically recoverable. Its success will depend upon its ability to acquire, directly or indirectly, working and revenue interests in properties upon which oil and gas reserves are ultimately discovered in commercial quantities, and its ability to develop prospects that contain proven oil and gas reserves to the point of production. Without successful acquisition and exploration activities, the Company will not be able to develop additional oil and gas reserves or generate revenues. The Company cannot provide shareholders with any assurance that it will be able to identify and acquire additional oil and gas reserves on acceptable terms, or that oil and gas deposits will be discovered in sufficient quantities to enable it to recover its exploration and development costs or sustain its business.

The successful acquisition and development of oil and gas properties requires an assessment of recoverable reserves, future oil and gas prices and operating costs, potential environmental and other liabilities, and other factors. Such assessments are necessarily inexact and their accuracy inherently uncertain. In addition, no assurance can be given that the Company's exploration and development activities will result in the discovery of additional reserves. Its operations may be curtailed, delayed or cancelled as a result of lack of adequate capital and other factors, including lack of availability of rigs and other equipment, title problems, weather, issues pertaining to compliance with governmental regulations

or price controls, mechanical difficulties, or unusual or unexpected formations, pressures or work interruptions. In addition, the costs of exploration and development may materially exceed the Company's initial estimates.

Market conditions or operation impediments may hinder the Company's access to natural gas and oil markets or delay its production.

The marketability of production from the Company's properties will depend, in part, upon the availability, proximity and capacity of pipelines, natural gas gathering systems and processing facilities. This dependence is heightened where this infrastructure is less developed. Therefore, if drilling results are positive in certain of our properties, a new gathering system may need to be built to handle the potential volume of gas produced. The Company might be required to shut in wells, at least temporarily, for lack of a market or because of the inadequacy or unavailability of transportation facilities. If that were to occur, the Company would be unable to realize revenue from those wells until arrangements were made to deliver production to market.

The Company's ability to produce and market natural gas and oil may be affected and harmed by:

- the lack of pipeline transmission facilities or carrying capacity;
- government regulation of natural gas and oil production;
- government transportation, tax and energy policies;
- changes in supply and demand; and
- general economic conditions.

The Company's properties might not produce, and the Company may not be able to determine reserve potential, identify liabilities associated with the properties or obtain protection from sellers against them, which could cause the Company to incur losses.

Although the Company has reviewed and evaluated its properties in a manner consistent with industry practices, such review and evaluation might not necessarily reveal all existing or potential problems. This is also true for any future acquisitions. Inspections may not always be performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, a seller may be unwilling or unable to provide effective contractual protection against all or part of those problems, and the Company may assume environmental and other risks and liabilities in connection with the acquired properties.

If the Company fails to maintain adequate insurance, its business could be materially and adversely affected.

The Company's operations are subject to risks inherent in the oil and gas industry, such as blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires, pollution, earthquakes and other environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, and suspension of operations. The Company could be liable for environmental damages caused by previous property owners. Substantial liabilities to third parties or governmental entities could be incurred, the payment of which could have a material adverse effect on the Company's financial condition and results of operations.

The oil and gas industry is highly competitive, and the Company may not have sufficient resources to compete effectively.

The oil and gas industry is highly competitive. The Company competes with oil and natural gas companies and other individual producers and operators, many of which have longer operating histories and substantially greater financial and other resources than the Company, as well as companies in other industries supplying energy, fuel and other needs to consumers. The Company's larger competitors, by reason of their size and relative financial strength, can more easily access capital markets than the Company can and may enjoy a competitive advantage in the recruitment of qualified personnel. They may be able to absorb the burden of any changes in laws and regulation in the jurisdictions in which the Company does business and handle longer periods of reduced prices for oil and gas more easily than the Company can. Its competitors may be able to pay more for oil and gas leases and properties and may be able to define, evaluate, bid for and purchase a greater number of leases and properties than it can. Further, these companies may enjoy technological advantages and may be able to implement new technologies more rapidly than the Company can. The Company's ability to acquire additional properties in the future will depend upon its ability to conduct efficient operations, evaluate and select suitable properties, implement advanced technologies and consummate transactions in a highly competitive environment.

Complying with environmental and other government regulations could be costly and could negatively impact the Company's production.

The Company's business is governed by numerous laws and regulations at various levels of government. Such laws and regulations may, among other potential consequences, require that the Company acquire permits before commencing drilling and restrict the substances that can be released into the environment with drilling and production activities. Under these laws and regulations, the Company could be liable for personal injury, clean-up costs and other environmental and property damages, as well as administrative, civil and criminal penalties. Prior to commencement of drilling operations, the Company may secure limited insurance coverage for sudden and accidental environmental damages as well as environmental damage that occurs over time. However, the Company does not believe that insurance coverage for the full potential liability of environmental damages is available at a reasonable cost. Accordingly, it could be liable, or could be required to cease production on properties, if environmental damage occurs.

The costs of complying with environmental laws and regulations in the future may harm the Company's business. Furthermore, future changes in environmental laws and regulations could result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, any of which could have a material adverse effect on its financial condition or results of operations.

Shortages of rigs, equipment, supplies and personnel could delay or otherwise adversely affect the cost of operations or the Company's ability to operate according to its business plans.

The demand for and wage rates of qualified drilling rig crews generally rise in response to the increasing number of active rigs in service and could increase sharply in the event of a shortage. Shortages of drilling and completion rigs, field equipment or qualified personnel could delay, restrict or curtail the Company's exploration and development operations, which could in turn harm its operating results.

The geographic concentration of all of the Company's primary properties in Italy subjects it to an increased risk of loss of revenue or curtailment of production from factors affecting those areas.

The geographic concentration of all of the Company's property interests in Italy means that its properties could be affected by the same event should the country experience:

- severe weather;
- delays or decreases in production, the availability of equipment, facilities or services;
- delays or decreases in the availability of capacity to transport, gather or process production; or
- changes in the regulatory environment.

The oil and gas exploration and production industry historically is a cyclical industry and market fluctuations in the prices of oil and gas could adversely affect the Company's business.

Prices for oil and gas tend to fluctuate significantly in response to factors beyond the Company's control. These factors include:

- weather conditions wherever the Company's property interests are located;
- economic conditions, including demand for petroleum-based products;
- actions by the Organization of Petroleum Exporting Countries;
- political instability in the Middle East and other major oil and gas producing regions;
- governmental regulations, both domestic and foreign;
- domestic and foreign tax policy;
- the pace adopted by foreign governments for the exploration, development, and production of their national reserves;
- the price of foreign imports of oil and gas;
- the cost of exploring for, producing and delivering oil and gas;
- the discovery rate of new oil and gas reserves;
- the rate of decline of existing and new oil and gas reserves;
- available pipeline and other oil and gas transportation capacity;
- the ability of oil and gas companies to raise capital;
- the overall supply and demand for oil and gas; and
- the availability of alternate fuel sources.

Changes in commodity prices may significantly affect the Company's capital resources, liquidity and expected operating results. Price changes will directly affect revenues and can indirectly impact expected production by changing the amount of funds available to reinvest in exploration and development activities. Reductions in oil and gas prices not only reduce revenues and profits, but could also reduce the quantities of reserves that are commercially recoverable. Significant declines in prices could result in non-cash charges to earnings due to impairment.

Changes in commodity prices may also significantly affect the Company's ability to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on the value of the properties. Price volatility also makes it difficult to budget for and project the return on acquisitions and the exploration and development of projects. The Company expects that commodity prices will continue to fluctuate significantly in the future.

The Company's ability to produce oil and gas from its properties may be adversely affected by a number of factors outside of its control, which may result in a material adverse effect on its business, financial condition or results of operations.

The business of exploring for and producing oil and gas involves a substantial risk of investment loss. Drilling oil and gas wells involves the risk that the wells may be unproductive or that, although productive, the wells may not produce oil or gas in economic quantities. Other hazards, such as unusual or unexpected geological formations, pressures, fires, blowouts, loss of circulation of drilling fluids or other conditions may substantially delay or prevent completion of any well. Adverse weather conditions can also hinder drilling operations. A productive well may become uneconomic if water or other deleterious substances are encountered that impair or prevent the production of oil or gas from the well. There can be no assurance that oil and gas will be produced from the properties in which the Company has interests. In addition, the marketability of oil and gas that may be acquired or discovered may be influenced by numerous factors beyond the Company's control. These factors include the proximity and capacity of oil and gas, gathering systems, pipelines and processing equipment, market fluctuations in oil and gas prices, taxes, royalties, land tenure, allowable production and environmental protection. The Company cannot predict how these factors may affect its business.

A decline in the price of the Company's common shares could affect its ability to raise further working capital and adversely impact its ability to continue operations.

A prolonged decline in the price of the Company's common shares could result in a reduction in the liquidity of its common shares and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of the Company's common stock could be especially detrimental to its liquidity and operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on its business plan and operations, including its ability to develop new properties and continue current operations. If the Company's share price declines, it can offer no assurance that it will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, it may not be able to have the resources to continue its normal operations.

If the Company issues additional shares in the future, it will result in the dilution of its existing shareholders.

The Company's notice of articles authorizes the issuance of an unlimited number of common shares. The Company's board of directors may choose to issue some or all of such shares to acquire one or more businesses or to provide additional financing in the future. The issuance of any such shares will result in a reduction of the book value and market price of the Company's outstanding common shares. If the Company issues any such additional shares, such issuance will cause a reduction in the proportionate ownership and voting power of all current shareholders. Further, such issuance may result in a change of control of the Company.

The Company's legal rights under the Membership Interest Purchase Agreement with AleAnna Energy are difficult to assess.

The assessment of economic viability of our land positions in Italy and the options available to the Company will be difficult to assess. We may not be able to enforce our rights under the Membership Interest Purchase Agreement with AleAnna Energy, and we may receive an unfavorable interpretation of such agreement if there is a dispute.

We depend on our executive officers for critical management decisions and industry contacts.

We are dependent upon the continued services of Steven Moore, our president and Sioux Sinnott, the president of our US subsidiary, both of which have significant experience in the oil and gas industry. We do not carry key person insurance on their lives. The loss of the services of either of our executive officers, through incapacity or otherwise, would be costly to us and would require us to seek and retain other qualified personnel.

OTHER INFORMATION

This management's discussion and analysis of the financial position and results of operations of the Company for the period ended October 31, 2013 should be read in conjunction with the audited consolidated annual financial statements for the year ended October 31, 2013. Additional information relating to the Company can be accessed through the Company's public filings on SEDAR at www.sedar.com or on the Company's website at www.brsresources.com.

BOARD APPROVAL

The Board of Directors of the Company has approved this MD&A on February 27, 2014.