

BRS RESOURCES LTD.

*Management Discussion & Analysis
For the Three Months Ended
January 31, 2014*

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

**MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF
OPERATIONS FOR THE THREE MONTHS ENDED January 31, 2014**
(as of APRIL 1, 2014)

INTRODUCTION

The following discussion (the “MD&A”), prepared as of April 1, 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 three month period ended January 31, 2014 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”). 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 March 28, 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 the Company’s annual MD&A as filed on February 28, 2014.

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

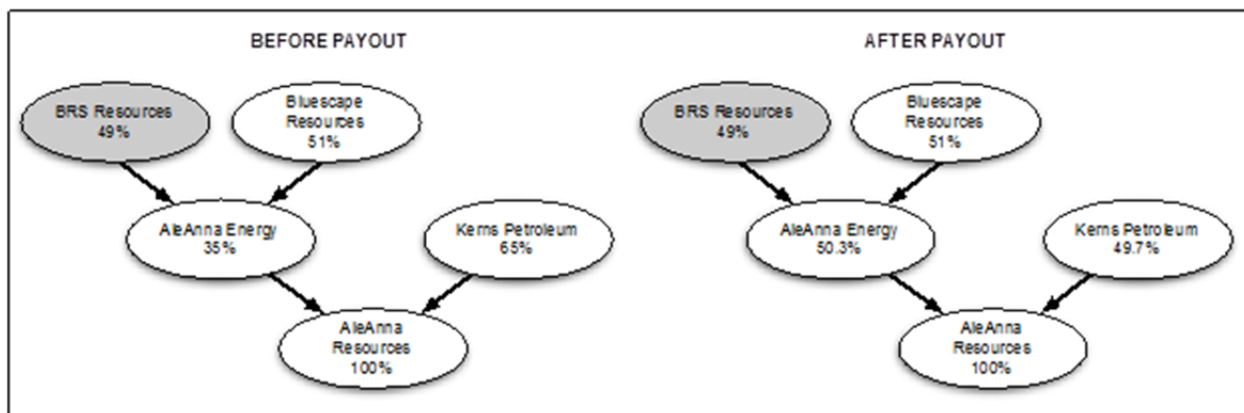
BRS is incorporated under the laws of British Columbia and its principal business activity is the acquisition and exploration of oil and gas interests in Italy. The Company has a wholly owned subsidiary in Texas, Bonanza Resources (Texas) Inc., which holds all of the Company’s oil and gas assets. The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

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 2014.

Gradizza-1 well, in which AleAnna Resources owns a working interest, is located in PVE’s La Prospera permit, which is north and adjacent to AleAnna Resources’ Ponte Del Diavolo permit. During the drilling phase, the Gradizza-1 well encountered 33 feet (10 m) of gas-bearing sands at an approximate depth of 3,372 feet (1,028 m). In addition, the Gradizza-1 well served as a stratigraphy test for AleAnna Resources’ look-alike prospects located within 3 miles (5 km) southwest of the well. By using the Gradizza-1 well data, AleAnna Resources can more accurately interpret and target similar-looking pay horizons in its prospects. An added advantage for AleAnna Resources is that all of AleAnna Resources’ prospects have been surveyed with 3D seismic technology, which greatly enhances its ability to image geological structures and anomalies. Further, AleAnna Resources’ prospects, as well as the Gradizza-1 well, are on trend with a number of nearby producing natural gas fields, including the Sabbioncello and Tresigallo fields, which have produced more than 90 and 68 Bcf of natural gas, respectively.

Ponte Del Diavolo Permit

In 2012, AleAnna Resources completed a 33,600 acre (136 sq. km) 3-D geophysical survey in the Ponte Del Diavolo permit area. The 64,000 acre (258 sq. km) Ponte Del Diavolo permit area is located in south-eastern Po Valley; slightly northwest of the Corte dei Signori permit area. The Ponte Del Diavolo 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. We expect to submit a drilling application for a well in the Ponte dei Grilli permit 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.

Subsequent Events

On March 31, 2014, the Company obtained a loan from a fund managed by Carlson Capital, L.P. (“Carlson”). Carlson loaned the Company CDN\$2,126,825 (the “2014 Notes”). Last year, Carlson previously purchased, through one fund, \$1,000,000 in convertible notes (the “2013 Notes”). The proceeds of the 2014 Notes were used to retire the principal and accrued interest of the 2013 Notes and the balance will be used for general corporate purposes and funding of capital calls from AleAnna Energy, which will allow BRS to continue its exploration activities in Italy.

The 2014 Notes bear interest at 13% per annum, compounded monthly, payable on maturity, which is March 31, 2015. All obligations under the Loan would be convertible, at the option of the lender, into common shares of the Company at a conversion price of \$0.06 per common share. The 2014 Notes are secured by all of the assets of the Company and each of its subsidiaries, and each of its subsidiaries would guarantee repayment of the 2014 Notes. All obligations under the 2014 Notes would be exchangeable into any new financing conducted by the Company prior to repayment of the 2014 Notes, and Carlson would have, until six months after repayment of the 2014 Notes, a right to participate in any financings conducted by the Company.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited interim financial information, in Canadian dollars in accordance with IFRS for each of the eight most recently completed quarters.

	Quarter Ended			
	January 31, 2014	October 31, 2013	July 31, 2013	April 30, 2013
Income (Loss)	\$(288,132)	\$(143,132)	\$(358,585)	\$(367,822)
Income (Loss) Per Share ⁽¹⁾	\$(0.01)	(0.00)	(0.01)	\$(0.01)
	January 31, 2013	October 31, 2012	July 31, 2012	April 30, 2012
Income (Loss)	\$(600,663)	\$(4,121,353)	\$(362,194)	\$56,492
Income (Loss) Per Share ⁽¹⁾	\$(0.01)	(0.08)	(0.01)	\$0.00

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

RESULTS OF OPERATIONS

For the quarter ended January 31, 2014 compared to quarter ended January 31, 2013

Net loss for the quarter ended January 31, 2014 totalled \$(288,132) (or \$0.01 per share), versus net loss of \$(600,663) (or \$0.01 per share) for the quarter ended January 31, 2013.

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

		<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Oil and gas revenues	A	\$ -	\$ -	\$ -
Management fee revenues	B	58,503	49,362	9,141
Interest & other income	C	9,951	7,827	2,124
Wages and benefits	D	172,894	150,547	22,347
Engineering and consulting fees	E	23,275	50,890	(27,615)
Legal and accounting	F	28,822	46,988	(18,166)
Office and general	G	46,887	43,408	3,479
Rent	H	22,577	10,918	11,659
Investor relations	I	18,582	9,682	8,900
Depreciation and amortization	J	4,090	4,239	(149)
Travel	K	5,691	7,164	(1,473)
Non-productive drilling cost	L	6,818	134,456	(127,638)
Impairment Expense	M	-	139,024	(139,024)

- A. No material change
- B. Effective January 1, 2012, BRS executed a management contract with AleAnna Resources for managing operations in Italy. The contract calls for fees of \$20,000 per month. The fees are net of the amount applicable to BRS' interest in AleAnna Resources.
- C. No material change.
- D. Wages and Benefits increased primarily due to exchange rate fluctuations and additional AleAnna Resources contract labor.
- E. Engineering and consulting fees decreased due to less operational activity in the first quarter of 2014.
- F. Legal and accounting decreased because there were less regulatory filings in connection with acquisitions and private placements.
- G. No material change.
- H. Rent increased due to the Company negotiating a new office lease in 2013, which resulted in rental inducements that included several months of free rent in 2013. Those inducements have expired.
- I. Increase due to additional focus on investor outreach and social media.
- J. No material change
- K. Travel decreased primarily due to less operational and corporate activity in the first quarter of 2014.
- L. Non-productive drilling cost decreased due to the additional costs in 2013 associated with the Gallare #6 well. There were no such costs in 2014
- M. Impairment decreased due to the write down of the Permian assets in 2013. There was no such write down in 2014.

FINANCING, LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2014, the Company had cash of \$269,283 compared to \$556,975 at October 31, 2013. The decrease in cash was primarily due to investment and expenses related to the Italian properties.

Working capital at January 31, 2014 was \$(559,008), a decrease of \$400,706 from \$(158,302) at October 31, 2013. Current liabilities were \$1,157,243 during the quarter ended January 31, 2014 compared to \$1,003,113 for the period ended October 31, 2013. The Company's accumulated deficit at January 31, 2014 was \$(28,441,979), an increase of \$252,567 from the accumulated deficit of \$(28,189,412) at January 31, 2013.

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.

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During the period ended January 31, 2014, the President of the Company's U.S. subsidiary, and director of the Company, incurred \$1,517 in travel and office expenses on behalf of the Company compared to \$nil for the same period in 2013. At January 31, 2014, the President to the Company's U.S. subsidiary owed the Company \$6,988 for travel advances.

During the period ended January 31, 2014, the President and a director of the Company incurred \$nil in travel expenses compared to \$9,567 for the same period in 2013.

During the period ended January 31, 2014, a director of the Company incurred \$nil compared to \$16,037 for the same period in 2013 in consulting fees and \$nil in travel expenses compared to \$1,456 for the same period in 2013.

During the period ended January 31, 2014, a director of the Company incurred \$10,000 compared to \$25,792 for the same period in 2013 in consulting fees and \$nil in travel and office expenses compared to \$779 for the same period in 2013.

During the period ended January 31, 2014 the Company charged a management fee of \$70,613 to AleAnna Resources, of which \$12,110 was eliminated in consolidation, compared to \$60,000 for the

same period in 2013. The Company has receivables from and unbilled charges to AleAnna Resources of \$181,217 for unpaid management fees and expenses at January 31, 2014.

During the period ended January 31, 2014, the Company paid costs for AleAnna Energy in the amount of \$nil. The Company has a receivable of \$110,428 from AleAnna Energy of which \$56,319 is for the account of the third party owning 51% of AleAnna Energy.

During 2014, the Company entered into a financing arrangement with a shareholder for a principal amount of \$2,126,825. 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 April 1, 2014:

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	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 January 31, 2014, the Company held the majority of its cash funds in the Company's interest bearing account at 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.

OTHER INFORMATION

This management's discussion and analysis of the financial position and results of operations of the Company for the period ended January 31, 2014 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 March 31, 2014.