BONANZA RESOURCES CORP.

Management Discussion & Analysis
For the Fiscal Year Ended
October 31, 2010

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MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FISCAL YEAR ENDED OCTOBER 31, 2010

FEBRUARY 25, 2011

INTRODUCTION

The following discussion, prepared as of February 25, 2011, is management's assessment and analysis of the results and financial condition of Bonanza Resources Corporation (the "Company") and should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2010, and related notes attached thereto. The preparation of financial data is in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and 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 of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in petroleum and natural gas exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of resources and reserves and the geology, the possibility that future exploration, development or exploration results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors in the Company's Management Proxy Circular that can be found on the SEDAR website. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of petroleum and natural gas; that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

OUR BUSINESS

Bonanza Resources Corporation ("the Company") is incorporated under the laws of British Columbia and its principal business activity is the acquisition and exploration of oil and gas leases in Texas, Oklahoma and Saskatchewan. The Company has incorporated a wholly owned subsidiary in Texas, Bonanza Resources (Texas) Inc., which holds all of the Company's oil and gas assets in Texas and Oklahoma for tax and accounting purposes. The Company is presently listed on the TSX Venture Exchange trading under the symbol BRS.

The Company's business and executive office is located at Suite 1250 – 5910 N. Central Expressway, Dallas, Texas 75206. Its registered and records offices are located at the offices of Clark Wilson LLP, Barristers and Solicitors, 800 - 885 West Georgia Street, Vancouver, BC V6C 3H1.

OVERALL PERFORMANCE

PROJECTS

Lasley Project
Caddo County
Oklahoma, USA

The Company owns a 10% working interest and a net revenue interest ("NRI") of not less than 7.5%, acquired in consideration for payments totalling US$148,500 and the Company funding its pro-rata share of the costs of drilling two initial test wells. The Company is to also pay its pro-rata share of the cost of acquiring additional acreage in an area of mutual interest ("AMI") (as defined in the agreement) by the project's operator, Western Oil & Gas Development Corp. ("Western") of Oklahoma City, Oklahoma, to a maximum of US$60,000 and will receive a NRI of at least 7.5% of any additional working interests so acquired. Western also retains a 20% working interest back-in right, after payout to all other partners of 100% of their production, acquisition, acreage, drilling, completion and operating costs within the AMI.

XX Ranch Project
Coleman County
Texas, USA

The Company formerly owned a 10% working interest (8% NRI) in oil and gas leases acquired in consideration for payments totalling US$10,405 and the Company funding its pro-rata share of drilling well #I-34. The project's operator, Corinthian Energy Corporation of Abilene, Texas ("Corinthian") was to retain a 25% back-in right after payout of all costs and expenses of the project, in which case the Company's working interest would become 7.5% (6% NRI). The Company was to pay its pro-rata share of additional costs of subsequent wells on the leases or relinquish its interest in any undeveloped leasehold acreage. The Company wrote off all associated costs with the project during the comparative year.

Spiller Project
Robertson County
Texas, USA

The Company formerly owned a 50% working interest acquired in consideration for payments totalling US$25,000. During fiscal 2006, the Company reached an agreement with Burlington Resources Oil & Gas Company LP ("Burlington"), whereby Burlington was to drill and complete a well (completed) on the acreage and receive the 50% working interest with the Company retaining a 2.205% overriding royalty interest on the project. The Company sold this interest October 1, 2009 for US$26,500.

South Eastern Saskatchewan Project
Saskatchewan, Canada

The Company entered into a Working Interest Participation Purchase Agreement during fiscal 2007 to acquire a working interest in leasehold mineral rights in South Eastern Saskatchewan upon drilling of a 2600 metre exploration well (completed). The Company was to earn a 16% working interest which would be converted into a 10% working interest upon payout of an exploration well and of the farmor's royalty rights. Consideration for the initial interest was $300,000 cash (paid during fiscal 2007). The Company wrote off all associated costs with the project during the current year.

North Fork 3D Project
Beaver County
Oklahoma, **USA**

The Company entered into a purchase agreement with Ryan Petroleum, LLC and Radiant Energy, LC (the "sellers") during fiscal 2008 to purchase 85% of 8,555 acres (reduced to 5,600 acres during the comparative year and to 104 acres during the current year) for the sum of US$510,000 plus US$60,000 (both paid) for the acquisition of additional acreage, seismic permits, seismic acquisition, processing and interpretation. These leases will be assigned at a 78.5% net revenue interest. Bonanza is to pay 100% of additionally acquired acreage prior to the spud of the initial well. Additional acquired acreage will be split 85% to Bonanza and 15% to the sellers and the sellers will retain an overriding royalty equal to the difference between the actual lease burdens and 21.5%. Costs of initial and subsequent wells drilled will be borne on an 85% Bonanza/15% sellers basis.

The Company entered into a letter agreement, definitive agreement and amendments with Morgan Creek Energy Corp. ("Morgan") during the current and comparative years, whereby Morgan could earn 60% of the Company's 85% interest (or 51% overall) in exchange for a non-refundable deposit of US$115,000 (received) and incurring US$2.4 million in exploration and drilling expenditures within a year. The Company was subsequently informed by the operator certain leases had expired during the current year and the Morgan agreements were amended November 30, 2009. Under amended terms Morgan can earn 70% of the Company's 85% interest (or 59.5% overall) by incurring the cost of drilling and completing one well or a second should the first be a dry hole. One well was drilled during the current year and abandoned as a dry hole. The Company wrote down associated costs to $125,000 during the current year.

Po Valley and Bradano Basins
Italy

In July 2010, the Company signed a non-binding letter of intent (the "LOI") with AleAnna Energy LLC ("AE") to acquire all of AE's interests in AleAnna Resources LLC ("AleAnna"), a privately owned company with a portfolio of oil and gas assets strategically located in the Po Valley and Bradano basins of Italy. AE's interest in AleAnna includes a 15% membership interest before payout, an additional 20% back-in interest after payout and a carried interest on drilling the company's first well, scheduled for 2011. In accordance with the terms of the LOI, Bonanza paid AE a nonrefundable deposit of $157,280 (US$150,000) to secure its obligations, which was credited against the purchase price upon the closing of the acquisition. The parties have agreed to enter into a definitive agreement with respect to the acquisition by September 6, 2010. Subsequently, in October 2010, the Company signed a LOI with Bluescape Resources LLC to sell 51% of its interest in AE. The AE acquisition was closed on November 3, 2010.

In Italy, AleAnna has eight "Exploration Permits" and three "Applications for Exploration Permits", totaling 766,000 acres, approved by the Italian Ministry of Economic Development (General Directorate for Energy and Mining Resources, National Mining Office for Hydrocarbons and Geothermics). Nine of the exploration permit applications, totaling 671,000 acres, are located in the Po Valley in northern Italy, and three exploration permit applications, totaling 155,000 acres, are located in the Bradano Foredeep basin in southern Italy.

In March 2009, AleAnna completed a 126 sq km 3-D seismic survey in the Corte Dei Signori Permit area. AleAnna completed the processing and interpretation of the 3d data in September 2009. Several prospects were generated from this data and a drill location within the Gallare Field was selected as the first drill location. In June 2010, AleAnna submitted a drilling permit to the regional authorities for a well on the Gallare site and anticipates drilling to begin in the first half of 2011.

AleAnna's other seven permitted areas are currently in the 3d seismic acquisition analysis and permitting phase. The remaining three applications are expecting approved decrees by the Italian Ministry of Economic Development by the end of 2011.

SELECTED ANNUAL INFORMATION

This discussion should be read in conjunction with the Company's annual audited financial statements dated October 31, 2010, which are incorporated by reference to this discussion. The following table sets forth selected audited financial information of the Company for the last three completed financial years:

	FISCAL YEARS ENDED		
	October 31, 2010 $	**October 31, 2009 $**	**October 31, 2008 $**
Net Income (Loss)	(1,841,260)	(767,565)	(1,063,288)
Loss Per Share	(0.36)	(0.21)	(0.04)
Total Assets	582,277	2,077,204	2,483,542

RESULTS OF OPERATIONS

For the year ended October 31, 2010 compared to year ended October 31, 2009

Net gain (loss) for the year totalled $(1,841,260) (or $0.36), versus net loss of $(767,565) (or $0.21) per share in October 2009. Revenue from oil and gas sales during the year was $98,624 (2009 - $124,407) with production cost of sales $ 45,671 (2009 - $52,107).

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected (unaudited) quarterly financial information for each of the last eight most recently completed quarters:

	QUARTERS ENDED			
	October 31, 2010	**July 31, 2010**	**April 30, 2010**	**January 31, 2010**
(Loss)	(1,083,370)	(109,397)	(75,795)	(572,698)
(Loss) Per Share [1]	(0.21)	(0.002)	(0.003)	(0.001)
	October 31, 2009	**July 31, 2009**	**April 30, 2009**	**January 31, 2009**
(Loss)	(165,483)	(123,901)	(258,237)	(219,944)
(Loss) Per Share [1]	(0.005)	(0.004)	(0.009)	(0.008)

(1) Presented on an undiluted basis.

LIQUIDITY

During the quarter ended October 31, 2010, cash resources decreased by $3,611 which is related to day to day operations of the Company.

Working capital deficiency totalled $1,260,544 at October 31, 2010, a decrease from $1,530,063 at October 31, 2009. Current liabilities decreased by $334,297 during the year ended October 31, 2010 leaving $1,274,500 of liabilities on the balance sheet. The Company's accumulated deficit at October 31, 2010 was $19,679,532 from an accumulated deficit of $17,838,272 at October 31, 2009.

CAPITAL RESOURCES

Bonanza Resources Corp. relies on the issuance of share capital to raise funds. There can be no assurance, however, that it will be able to obtain required financing in the future on acceptable terms.

The Company has sufficient working capital to continue operating for several months. General market conditions will have an impact on its ability to raise financings 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 the provision of the services as described.

During the year ended October 31, 2010, the Company incurred $nil (2009 - $79,200) in management fees, $26,655 (2009 - $124,454) in consulting fees and $34,321 (2009 - $nil) in travel and promotion expenses to its President. During the current year the President received 3,418,000 units at $0.05 per unit to settle $170,900 in debt and forgave $93,648 in prior debt. The Company owed the President and his private company $141,275 at October 31, 2010 (2009 - $279,170) for fees, expenses and advances.

During the year ended October 31, 2010, the former President of the Company's US subsidiary, and former director of the Company, incurred $2,597 (2009 - $131,240) in consulting fees and $2,675 (2009 - $54,013) in travel and office expenses.

During the year ended October 31, 2010 the current President of the Company's US subsidiary, and director of the Company, incurred $62,332 in consulting fees and was owed $127,593 at October 31, 2010 for fees and advances.

During the year ended October 31, 2010, a director of the Company's US subsidiary incurred $62,332 in consulting fees and was owed $66,608 for fees and advances.

A public company with the same President as the Company owed $258 (2009 - $nil) for expense reimbursements at October 31, 2010.

SHARE CAPITAL

a) Issued and outstanding

Authorized share capital of the Company consists of 100,000,000 common shares without par value.

	2010		2009	
	Number of Shares	$	Number of Shares	$
Opening balance	38,763,936	17,612,271	29,793,926	16,729,926
Issued for:				
Private placements	-	-	8,410,000 (1)	864,345
Shares for Debt	13,205,602 (2)	660,280	-	-
Loan bonus			560,000	18,000
Escrow cancellation	(83,333)	(7,500)		
Consolidation 10:1	(46,697,583)		560,000	18,000
Ending balance	5,188,622	18,049,724	38,763,936	17,612,271

(1) Net of issue costs of $87,697 and including 710,000 finder's fee units at $0.12 per unit.

(2) Net of fair value of warrants issued of $215,327.

b) Stock-based compensation

The fair value of warrants granted during the current year was estimated using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate 1.2%; expected dividend yield - nil; expected stock price volatility 147.4%; expected warrant life of 2 years. The fair value of warrants granted was $0.022 per warrant.

The fair value of options granted during the current year was estimated using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate 2.6%; expected dividend yield - nil; expected stock price volatility 108.5%; expected option life of 5 years. The fair value of options granted was $0.022 per option

c) The continuity of share purchase options is as follows:

	2010		2009	
	Number of Shares	Weighted Price	Number of Shares	Weighted Price
Opening balance	295,000	2.40	320,000	2.00
Granted during the year	235,000	0.50	-	-
Exercised/cancelled during the year	(175,000)	0.93	(25,000)	1.70
Closing balance	355,000	1.88	295,000	2.40
Weighted remaining life in years		2.13		2.12
Range of exercise prices		0.50-4.00		1.5-4.00

d) The continuity of share purchase warrants is as follows:

	2010		2009	
	Number of Shares	Weighted Price	Number of Shares	Weighted Price
Opening balance	1,485,670	2.00	969,670	2.00
Granted during the year	979,760	1.00	841,000	2.00
Expired during the year	(644,670)	2.00	(325,000)	2.00
Closing balance	1,819,760	1.46	1,485,670	2.00
Weighted remaining life in years		0.72		0.90
Range of exercise prices		1.00-2.00		1.50-2.00

e) Contributed surplus increased by $243,177 during the current year, comprising escrow shares cancellation of $7,500, stock-based compensation expense of $20,350 for stock options granted and share issue costs of $215,327 for debt settlement warrants granted.

ADOPTION OF NEW ACCOUNTING STANDARDS

Financial Instruments - Disclosure and Presentation

In May 2009, the Canadian Institute of Chartered Accountants ("CICA") amended section 3862, Financial Instruments - Disclosure to include additional disclosure requirements about fair market value measurements for financial statements and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The Company has included disclosures recommended by sections 3862 and 3863 in Note 12 of these consolidated financial statements.

Goodwill and Intangible Assets

On November 1, 2009, the Company adopted CICA Handbook section 3074 Goodwill and Intangible Assets which replaced CICA Handbook section 3062 Goodwill and Other Intangible Assets as well as CICA Handbook section 3450 Research and Development. This new standard provides guidance on the recognition measurements, presentation and disclosure of goodwill and intangible assets.

Adoption of this new standard did not have a material impact on the Company's consolidated financial statements and disclosures.

Future Accounting Changes
CICA Sections 1582, 1601, 1602 Business Combinations, Consolidations and Non-controlling Interest

In January 2009, the Canadian Accounting Standards Board ("AcSB") issued the following Handbook sections: 1582 - Business Combinations - Consolidations, and 1602 - Non-controlling Interest. These new sections will be applicable to financial statements relating to the Company's interim and fiscal year end beginning on or after November 1, 2011. Early adoption is permitted. The Company does not expect that there will be any material impact upon its adoption of these new sections on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In February 2008 the AcSB announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of November 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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 October 31, 2009, the Company held all of its cash funds in the Company's interest bearing account at BMO Bank of Montreal located at 595 Burrard Street, Vancouver, British Columbia.

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.

The Company incurs certain of its expenditures related to the Oklahoma and Texas properties in United States dollars, and as such, is exposed to currency risk due to fluctuations in exchange rates. The Company does not undertake significant hedging activities to reduce its exposure to this risk.

STOCK-BASED COMPENSATION

The Company uses the Black-Scholes Option Pricing Model in determining the fair value of options and agent warrants granted for stock-based compensation. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective price assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

CHANGES IN MANAGEMENT AND THE BOARD OF DIRECTORS

In June 2010, the Company announced the appointment of Steven Moore to the Company's Board of Directors and as President of Bonanza Resources (Texas) Inc., a wholly owned subsidiary of Bonanza Resources Corp. In October 2010, the Company accepted the resignation of Mel Slater as a director of the Company and announced the appointment of Richard Green to the Company's board of directors.

SUBSEQUENT EVENTS

In addition to items mentioned elsewhere in the notes, the following events occurred subsequent to October 31, 2010:

a. The Company issued a private placement of 25million units at $0.25 per unit, each unit comprised of one common share of the Company and one-half warrant (each warrant exercisable into one share at $0.40 until December 1, 2012 - subject to the requirement to exercise, upon the Company giving notice, should the Company's shares trade above $0.50 per share over a consecutive 20 day period). Finders' fees of $257,750 in cash, 678,200 units (with the same terms as units above), 339,100 finders' fee warrants (with the same terms as the unit warrants) and 1,684,400 broker warrants (each warrant exercisable into one share at $0.30 until December 1, 2012 - subject to the same, requirement to exercise) were paid and issued.

b. The Company issued 1,010,800 shares at $0.25 per share plus 505,400 warrants, each exercisable into one share for $0.40 over two years, to satisfy $252,700 in demand loans payable. The remainder of the demand loans payable balance, $500,382, was paid in cash.

c. On November 3, 2010, the Company acquired AleAnna Energy LLC ("AE") for $5,500,000 (US) and subsequently sold 51% of its interest in AE to Bluescape Resources LLC, with Bluescape providing a 60 day interim bridge loan to Bonanza for its outstanding balance of the purchase price. Bonanza repaid Bluescape the entire principal and accrued interest outstanding with respect to the loan, totalling an aggregate of $2,022,118 (US), which was paid from funds raised in the Company's $6,250,000 (CDN) non brokered private placement.

d. The Company granted stock options to purchase 680,000 Company shares at $0.27 for two years and options to purchase 3,360,000 shares at $0.35 for five years.

e. In February 2011, the Company announced Steven Moore as its newly elected President and Chief Executive Officer. Outgoing President and CEO Byron Coulthard continues to serve as Chairman of the Board of the Company.

f. In February 2011, the Company announced Sioux Sinnott as a Director of the Company and as President of Bonanza Resources (Texas) Inc., a wholly owned subsidiary of BRS Resources Ltd.

g. In February 2011, the Company changed its name to BRS Resources Ltd.