BRS RESOURCES LTD.
(Formerly Bonanza Resources Corporation)
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Vancouver, BC V6C 3E8 Fax (604) 682-4309

April 1, 2011

via SEDAR

NOTICE TO READER

To the Shareholders of
BRS Resources Ltd.

The attached financial statements have been prepared by Management of BRS Resources Ltd. (formerly knows as Bonanza Resources Corporation) and have not been reviewed by the auditor of the Company.

Yours truly,

BRS RESOURCES LTD.

"Steve Moore"

Steve Moore
President & CEO

BRS RESOURCES LTD.
(Formerly Bonanza Resources Corporation)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended

JANUARY 31, 2011

(Unaudited)

BRS RESOURCES LTD.
(formerly Bonanza Resources Corporation)
Consolidated Balance Sheets
As at January 31, 2011 and October 31, 2010

	Jan 31, 2011	Oct 31, 2010
	$	$
A S S E T S		
Current assets		
Cash	2,409,513	5,585
Accounts receivable	88,098	4,450
Prepaid expenses	16,803	3,921
	2,514,414	13,956
Property and equipment	18,677	3,143
Deposit on acquisition	-	157,280
Petroleum and natural gas interests (note 4)	3,126,911	407,898
	5,660,002	582,277
L I A B I L I T I E S		
Current liabilities		
Accounts payable and accrued liabilities	167,458	186,200
Demand loans payable	-	753,082
Interest payable on convertible debentures	-	335,218
	167,458	1,274,500
Long-Term liabilities		
Asset retirement obligation - non-current	686	-
Notes payable	689,572	-
	690,258	-
S H A R E H O L D E R S' E Q U I T Y		
Shares capital	24,269,688	18,049,724
Contributed surplus	937,585	937,585
Deficit	(20,500,702)	(19,679,532)
Cumulative translation adjustment	95,715	-
	4,802,286	(692,223)
	5,660,002	582,277

BRS RESOURCES LTD.
(formerly Bonanza Resources Corporation)
Consolidated Statements of Operations and Deficit
For the Quarter Ended January 31,2011

	2011	2010
	$	$
Revenue		
Oil and gas and other income	11,545	14,194
Less : Cost of goods sold		
Production costs	7,695	6,797
Depletion and Depreciation	-	10,886
Total Cost of good sold	7,695	17,683
Gross Profit (Loss)	3,850	(3,489)
Expenses		
Bank charges	954	373
Consulting	79,278	15,284
Depreciation/depletion	10,275	134
Corporate relations	626	-
Financing and interest costs	18,539	17,327
Professional fees	56,670	21,098
Management fees	-	19,800
Office and miscellaneous	79,199	10,059
Salaries and wages	186,834	-
Travel	18,361	-
Trust and filing	41,886	6,301
Impairment of oil and gas property	116,534	-
Loss on foreign exchange	215,864	478,833
	825,020	569,209
Net loss for the period	(821,170)	(572,698)
Deficit - beginning of year	(19,679,532)	(17,455,220)
Deficit - end of year	(19,679,532)	(17,455,220)
Loss per share	$ (0.026)	$ (0.010)
Number of common shares outstanding	31,877,622	51,969,538

BRS RESOURCES LTD.
(formerly Bonanza Resources Corporation)
Consolidated Statements of Cash Flows
For the Period Ended January 31,

	2011	2010
	$	$
Cash Provided by (Used for):		
Operating Activities		
Net loss for the period	(821,170)	(572,698)
Adjustments for items not involving cash:		
Depletion and depreciation	10,275	11,020
Interest accrued on demand loans	-	17,327
Foreign exchange adjustments	89,228	43,684
	(721,667)	(500,667)
Net changes in non-cash working capital components:		
(Increase) decrease in accounts receivable	(83,198)	14,790
(Increase) decrease in prepaid expenses	(12,882)	3,241
Increase (decrease) in accounts payable and accrued liabilities	(21,124)	3,309
Increase in asset retirement obligation - non-current	686	-
Due from related parties	(335,476)	(140,269)
	(451,994)	(118,929)
Investing Activities		
Project development - Italy	(2,873,683)	-
Purchase of office furniture and equipment	(15,966)	-
Mineral property expenditures	310,785	427,549
	(2,578,864)	427,549
Financing Activities		
Issuance of shares for debt	252,700	660,280
Convertible debenture	-	(9,156)
Private placement	5,967,264	-
Proceeds in notes payable	656,425	-
Repayments of demand loans	(719,936)	(462,733)
	6,156,453	188,391
Net cash (used) provided during the year	2,403,928	(3,656)
(Bank indebtedness) Cash - beginning of year	5,585	10,745
Cash - end of year	2,409,513	7,089

BRS RESOURCES LTD.
(formerly Bonanza Resources Corporation)
Consolidated Statements of Petroleum and Natural Gas Interest Costs
For the Period Ended January 31, 2011

	$	
Lasley Project		
Acquisition	57,640	
Exploration	717,030	
Depletion	(521,442)	
		253,228
Project development - Italy		
Acquisition (note 13)	2,873,683	
		2,873,683
TOTAL		**3,126,911**

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated in the Province of British Columbia and its principal activity is the acquisition and exploration of resource properties.

The recoverability of amounts recorded as petroleum and natural gas assets is dependent upon the discovery of economically recoverable reserves. These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and at January 31, 2011 has a net working capital of $ 2,346,956 (working capital deficiency - Oct 31, 2010 - $1,260,544). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise additional financing to eliminate its working capital deficiency.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Summarized below are those policies considered particularly significant to the Company.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned U.S. subsidiary. All significant inter-company transactions and balances have been eliminated on consolidation.

Use of Estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Foreign Currency Translation

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

Foreign exchange gains and losses from the translation of foreign operations are recognized in the current period.

Petroleum and Natural Gas Interests

The Company follows the full cost method of accounting for petroleum and natural gas operations in accordance with guidelines issued by the Canadian Institute of Chartered Accountants ("CICA"). Under this method, all costs associated with the acquisition, exploration and development of petroleum and natural gas properties are capitalized in cost centers on a country-by-country basis. Such costs include property acquisition costs, the completion of geological and geophysical studies, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, and overhead expenses directly related to these activities.

Depletion is calculated for producing properties by using the unit-of-production method based on estimated reserves, before royalties, as determined by management or independent consultants. Natural gas production and reserves are converted to equivalent units of oil based on relative energy content. No gain or loss is recognized on the sale or disposition of oil and gas properties except for dispositions that would significantly alter depletion rates. Future well abandonment and site restoration costs are included in the calculation of depletion.

A ceiling test is applied to the net capitalized costs on an annual basis to ensure that such costs, including the costs applicable to unproved properties net of impairment, future general and administrative expenses, financing costs and income taxes, do not exceed the estimated value of future net revenues from the production of proved reserves. Any reduction in value as a result of the ceiling test is charged as additional depletion. The calculation of future net revenues is based upon prices, costs and regulations in effect at each year-end.

Unproved properties are assessed for impairment on an annual basis by applying factors that rely on historical experience. In general, the Company may write off an unproved property under one or more of the following conditions:

i) there are no firm plans for further drilling on the unproved property;
ii) negative results were obtained from studies of the unproved property;
iii) negative results were obtained from studies conducted in the vicinity of the unproved property; or
iv) the remaining term of the unproved property does not allow sufficient time for further studies or drilling or the Company's title interest has lapsed.

Financial Instruments and Financial Risk

The Company's financial instruments, at October 31, 2010, consist of cash, amounts receivable, accounts payable and accrued liabilities, demand loans payable, and due to related parties. Cash and amounts receivable have been classified as held for trading, the carrying values of which approximate their fair values due to their short term nature. Accounts payable and accrued liabilities, demand loans payable, and due to related parties are classified as other financial liabilities, measured at amortized cost using the effective interest rate method, however due to their short term nature, their carrying amounts approximate fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share Capital

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

Basis of Amortization

Equipment is recorded at cost less accumulated amortization. Assets are amortized on a declining-balance basis at an annual rate of 20% for office equipment and 30% for computer equipment, except in the year of acquisition when amortization is halved.

Stock-based Compensation

The Company records compensation associated with stock options granted using a fair value measurement basis and records the expense when the options vest with the recipients.

Consideration received on the exercise of stock options and warrants is recorded as share capital and the related contributed surplus, originally recognized when the options and warrants were granted, is transferred to share capital.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized on an undiscounted cash flow basis when a reasonable estimate of the fair value of the obligation can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation. As at January 31, 2011, the Company does not have any material outstanding asset retirement obligations.

Impairment of Long-Lived Assets

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

Future Income Taxes

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

Convertible Debentures

The Company segregates convertible debentures into liability and equity components at the time of their issue. The liability component represents the present value of interest and principal payments after factoring out the conversion premium option. The financial liability is accreted to earnings over the term of the debt. These components are measured at their fair values at the date the debenture was originally issued or acquired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Environmental Expenditures

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

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

3. CHANGES IN ACCOUNTING POLICIES

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 10 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.

3. CHANGES IN ACCOUNTING POLICIES *(continued)*

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.

4. PROJECTS

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, for $5,500,000 (US). 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 agreed to enter into a definitive agreement with respect to the acquisition on September 6, 2010.

In October 2010, the Company signed a LOI with Bluescape Resources LLC ("Bluescape") to sell 51% of its pending interest in AE. On November 3, 2010, the Company acquired AE and subsequently assigned 51% of its initerest in AE to Bluescape with Bluescape, providing a 60-day interim bridge loan to the Company for its outstanding balance of the purchase price. The Company repaid Bluescape the entire principal and accrued interest ourstanding with respect to the loan, totaling an aggregate of $2,022,118 (US), which was paid from funds raised in the Company's $6,2500,000 (CDN) non-borkered private placement. After giving effect for the transaction with Bluescape, the Company currently holds a 7.35% membership interest before payout in AE.

In Italy, AleAnna has eight "Exploration Permits" and three "Applications for Exploration Permits", totaling 802,879 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 670,396 acres, are located in the Po Valley in northern Italy, and three exploration permit applications, totaling 132,483 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. The Gallare #6d well has been classified as proved undeveloped reserves by the company's third party reserve consultants.

AleAnna's other seven permitted areas are currently in the 3-D 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.

4. PROJECTS *(continued)*

Lasley Project
Caddo County
Oklahoma, USA

The Company owns various working, royalty and overriding royalty interests in a total of seventeen producing wells located in the Eakly East field. One well is classified as an oil well while sixteen are classified as gas wells although several have associated oil or condensate production. The operator, Western Oil & Gas Development Corp. ("Western") of Oklahoma City, Oklahoma has actively developed this project area in the past decade, primarily for Pennsylvanian-age Red Fork sandstone gas reservoirs. The project achieved payout in 2008 and Western subsequently backed in for an additional 20% interest reducing all other participants', including the Company's, interests proportionately. Workover activity to recomplete in the Kardokus 7-10 to the Marchand oil sand is planned in the second quarter of 2011 and BRS has opted to participate in this activity. Additional drilling locations exist in the Lasley project area and are classified as proved undeveloped locations by the Company's third-party consultants. New well drilling is not expected in 2011, due to depressed natural gas prices in North America for the past two years.

Texas, USA

The Company owned interest in the XX Ranch property which was written off in 2009. The property still produces gas with income approximately equivalent to the expenses to produce the gas. The Spiller project in Texas was sold in 2009 for cash.

South Eastern Saskatchewan Project
Saskatchewan, Canada

The Company wrote off all associated costs with the project during 2010.

North Fork 3D Project
Beaver County
Oklahoma, USA

3D seismic and significant leasehold acquired in the project area targeting the Morrow sandstone and Mississippian carbonates. The company farmed out its interest prior to drilling. One well was drilled during 2010 and abandoned as a dry hole. The Company wrote down associated costs in 2010. No further activity is anticipated and most leasehold acquired has now expired. The remaining 3D prospect costs of $662,938 were written off in this quarter.

5. EQUIPMENT

		2011	Jan 31, 2011	Oct 31, 2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Computer	18,728	4,345	14,383	702
Office	5,628	1,334	4,294	2,441
	24,356	5,679	18,677	3,143

6. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. The 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 quarter ended January 31, 2011, the Company did not incur any management fees to the President compared to $19,800 for the same period in 2010. The Company did not incur any consulting fees during the quarter ended January 31, 2010 to the President compared to $15,284 for the same period in 2010.

During the quarter ended January 31, 2011 the President of the Company's US subsidiary, and director of the Company, incurred $124,225 in management fees, $12,330 in travel and office expenses. During the quarter ended January 31, 2011,

During the quarter ending January 31, 2011 the company paid a party related to the current president and CEO, $10,000 for rent on a temporary office space in Dallas, Texas occupied from September 1, 2010 through January 31, 2011.

One director of the Company incurred $10,286 compared to nil for the same period in 2010 in consulting fees and $2,202 in travel and office expenses compared to nil for the same period in 2010.

7. SHARE CAPITAL

a) Issued and outstanding

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

	Jan 31, 2011		Oct 31, 2010	
	Number of Shares	$	Number of Shares	$
Opening balance	5,188,622	18,049,724	38,763,936	17,612,271
Issued for:				
Private placement	25,678,200 (1)	5,967,264	-	-
Debt settlement	1,010,800	252,700	13,205,602 (2)	444,953
Escrow cancellation	-	-	(83,333)	(7,500)
Consolidation 10:1	-	-	(46,697,583)	-
Ending balance	31,877,622	24,269,688	5,188,622	18,049,724

(1) Net of issue costs of $282,736 and including 678,200 finder's fee units at $0.25 per unit.
(2) Net of fair value of warrants issued of $215,327.

On December 2, 2010, the Company closed its non-brokered private placement, issuing 25,000,000 Units (each, a "**Unit**") at a price of $0.25 per Unit for gross proceeds of $6,250,000. Each unit consisted of one common share of BRS (each, a "**Share**") and one-half of one Share purchase warrant. Each whole warrant entitles the holder to purchase an additional Share at a purchase price of $0.40 per Share until December 1, 2012, subject to a right of call by the Company under certain conditions. An aggregate of 845,000 Units, for gross proceeds of $211,250, were sold to insiders of the Company.

7. SHARE CAPITAL

a) Issued and outstanding *(continued)*

In connection with the Offering, the Company paid finder's fees to an aggregate of fourteen finders, comprised of: (i) an aggregate cash payment of $282,735.70; (ii) the issuance of an aggregate 678,200 Units, on the same terms as above, in lieu of a cash payment; and (iii) the issuance of an aggregate 1,687,200 broker warrants (each, a "Broker Warrant"). Each Broker Warrant is exercisable at a price of $0.30 per Share until December 1, 2012, subject to a right of call by the Company under certain conditions.

The securities issued pursuant to the Offering is subject to hold periods under Canadian laws until April 2, 2011 and/or United States laws, as applicable, and may be subject to additional Exchange resale restrictions.

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:

	January 31, 2011		Oct 31, 2010	
	Number of Shares	Weighted Price	Number of Shares	Weighted Price
Opening balance	355,000	1.88	295,000	2.40
Granted during the year	680,000	0.27	235,000	0.50
Exercised/cancelled during the year	(30,000)	0.93	(175,000)	0.93
Closing balance	1,005,000		355,000	1.88
Weighted remaining life in years		0.82		2.13
Range of exercise prices		0.50-3.00		0.50-4.00

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

	Jan 31, 2011		Oct 31, 2010	
	Number of Shares	Weighted Price	Number of Shares	Weighted Price
Opening balance	1,819,760	1.46	1,485,670	2.00
Granted during the year	15,031,700	0.38	978,760	1.00
Expired during the year	(841,000)	2.00	(644,670)	2.00
Closing balance	16,010,460	0.62	1,819,760	1.46
Weighted remaining life in years		1.95		0.72
Range of exercise prices		0.30-1.00		1.00-2.00

8. LOSS PER SHARE

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

9. DEMAND LOANS PAYABLE

At January 31, 2011, the all demand loans were either converted to shares for debt or paid out in cash upon the closing of the private placement as well as all accrued interest.

10. FINANCIAL INSTRUMENT RISKS

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

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash, amounting to $2,409,513 at January 31, 2011. As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Amounts receivable at January 31, 2011, included $9,101.17 due from the Canadian Government for HST.

Liquidity Risk

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

Foreign Exchange Risk

The Company has foreign exchange risk due to activities carried out in the United States. At January 31, 2011 the Company had $2,437,147 in current assets and $99,644 in current liabilities originating in the US.

Interest Rate Risk

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

Fair Value of Financial Instruments

The fair value classification of the Company's financial instruments as at January 31, 2011 and October 31, 2010 are as follows:

10. FINANCIAL INSTRUMENT RISKS *(continued)*

	Fair Value Level	40573	Oct. 31, 2010
		Held-for-trading	Held-for-trading
Financial assets:			
Cash	1	$2,409,513	$5,585
Accounts receivable	1	$87,840	$4,450
		$2,497,353	$10,035

11. CAPITAL MANAGEMENT

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

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

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

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

12. GEOGRAPHICAL SEGMENT

The Company at January 31, 2011 had assets of $5,562,589 compared to $551,398) for the period ending October 31, 2010.

13. ACQUISITON

On November 3, 2010, the Company entered into Membership Interest Purchase Agreements ("MIPs") with four individuals and a limited liability company that collectively owned 100% of the membership interests in AleAnna Energy, LLC ("AE"). Pursuant to these MIPs, the Company would purchase 100% of the membership interest in AE for US$5,500,000. The purchase price was primary allocated to AE's licenses to explore for oil and gas in the country of Italy, which are held by AE's subsidiary, AleAnna Resources, LLC ("AR"). On the same day the Company assigned 51% of its interest in AE to a third party in exchange for a reduction in its loan balance with this third party in the amount of US$3,366,000. The gain was deferred as a reduction in the basis of the Company's basis in AR's licenses. The effective date of the acquisition was November 3, 2010. The Company is recognizing its interest in AE based on pro rata consolidation rules.

14. SUBSEQUENT EVENTS

In addition to items mentioned elsewhere in the notes, the following events occurred subsequent to January 31, 2011:

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

b) 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 Inc.

c) The Company changed its name to BRS Resources Ltd.