

BRS RESOURCES LTD.
(Formerly Bonanza Resources Corporation)

DALLAS, TEXAS, USA

CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2011

1. Consolidated Statement of Operations and Deficit
2. Consolidated Statement of Comprehensive Loss
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BRS Resources, Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended April 30, 2011 and 2010

Responsibility for Financial Statements

The accompanying consolidated financial statements for BRS Resources, Ltd. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the October 31, 2010 annual audited financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many of the assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditors' Involvement

The auditors of BRS Resources, Ltd. have not performed a review of the unaudited consolidated financial statements for the three and six months ended April 30, 2011 and April 30, 2010.

BRS Resources Ltd.

(formerly Bonanza Resources Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Unaudited

	Three months ended April 30,		Six months ended April 30,	
	2011	2010	2011	2010
REVENUE				
Oil and gas	\$ 22,324	26,072	\$ 33,054	39,895
	22,324	26,072	33,054	39,895
EXPENSES				
Depletion, depreciation and amortization	14,520	12,983	24,795	24,003
Production costs	8,866	9,765	16,560	16,561
Legal and accounting	20,451	4,904	63,062	26,002
Wages and benefits	82,229	-	281,113	-
Management fees	-	19,800	-	39,600
Bank charges and interest	77	15,687	19,570	33,387
Consulting	145,173	11,112	224,451	26,396
Office and general	41,173	10,008	83,549	17,218
Stock based compensation	1,247,648	-	1,247,648	-
Travel	14,597	-	32,958	-
Engineering and consulting fees	10,719	-	24,778	-
Rent	8,348	4,750	27,634	7,600
Investor relations	19,587	1,548	25,701	1,548
Regulatory fees	25,761	12,153	67,647	18,454
Impairment expense	8,466	-	125,000	-
	1,647,615	102,710	2,264,465	210,769
LOSS BEFORE OTHER ITEMS AND				
INCOME TAXES	(1,625,291)	(76,638)	(2,231,411)	(170,874)
Interest and other income	3,864	898	4,678	1,269
NET LOSS	(1,621,427)	(75,740)	(2,226,733)	(169,605)
Deficit, beginning of period	(20,334,196)	(18,027,918)	(19,728,890)	(17,455,220)
DEFICIT, end of period	\$ (21,955,623)	(18,103,658)	\$ (21,955,623)	(17,624,825)
LOSS PER SHARE	\$ (0.05)	(0.03)	\$ (0.14)	(0.06)
WEIGHTED AVERAGE NUMBER OF				
COMMON SHARES OUTSTANDING	30,866,822	2,774,394	16,047,583	2,774,394

BRS Resources Ltd.(formerly Bonanza Resources Corporation)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Unaudited

	Three months ended April 30,		Six months ended April 30,	
	2011	2010	2011	2010
NET LOSS	\$ (1,621,427)	(75,740)	\$ (2,226,733)	(169,605)
Foreign currency translation gain (loss)	372,337	(55)	156,473	(478,888)
TOTAL COMPREHENSIVE LOSS	\$ (1,249,090)	(75,795)	\$ (2,070,260)	(648,493)

BRS Resources Ltd.

(formerly Bonanza Resources Corporation)

CONSOLIDATED BALANCE SHEETS

	April 30, 2011 (unaudited)	October 31, 2010 (audited)
ASSETS		
Current:		
Cash	\$ 1,840,551	5,585
Accounts and other receivables	114,112	4,450
Prepaid expenses	6,352	3,921
Total Current Assets	1,961,015	13,956
Deposit on acquisition	-	157,280
Property and equipment [Note 5]	3,530,457	411,041
Total Assets	\$ 5,491,472	582,277
LIABILITIES		
Current:		
Accounts payable and accrued expenses	\$ 82,136	186,200
Notes payable	-	753,082
Interest on convertible debentures	-	335,218
Asset retirement obligation	1,541	-
Total Current Liabilities	83,677	1,274,500
Notes payable [Note 6]	700,628	-
Asset retirement obligation	719	-
Total Non-Current Liabilities	701,347	-
Total Liabilities	785,024	1,274,500
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital [Note 7]	24,269,688	18,049,724
Contributed surplus [Note 9]	2,185,233	937,585
Deficit	(21,955,623)	(19,730,209)
Accumulated OCI	207,150	50,677
Total Shareholders' Equity (deficit)	4,706,448	(692,223)
Total Liabilities & Shareholders' Equity (deficit)	\$ 5,491,472	582,277

APPROVED ON BEHALF OF THE BOARD:**Steven Moore**

President / CEO

Michael Noonan

CFO

BRS Resources Ltd.

(formerly Bonanza Resources Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

	Three months ended April 30,		Six months ended April 30,	
	2011	2010	2011	2010
OPERATIONS				
Net loss	\$ (1,405,563)	(75,795)	\$ (2,226,733)	(648,493)
Add items not affecting cash:				
Depletion, depreciation and amortization	14,520	12,982	24,795	24,003
Stock based compensation	1,247,648	-	1,247,648	-
Impairment expense	8,466	-	125,000	-
Interest accrued on notes payable	-	15,559	-	32,885
Other-net	(170)	-	491	-
	(135,099)	(47,254)	(828,799)	(591,605)
Change in non-cash working capital balances related to operations:				
Decrease (increase) in accounts and other receivables	(24,432)	(22,478)	(109,662)	(7,688)
(Increase) decrease in prepaid expenses	10,451	13,000	(2,431)	16,241
(Decrease) increase in accounts payable and accrued expenses	(83,198)	4,506	(104,322)	7,815
Increase in asset retirement obligation payable	-	-	1,541	-
Increase (decrease) due to related parties	-	70,902	(334,960)	(69,367)
	(232,278)	18,676	(1,378,633)	(644,604)
FINANCING				
Issuance of common shares for cash & issuance costs	-	-	6,250,000	-
Issuance of shares for debt	-	-	-	660,280.00
Expenses of share issuance	-	-	(282,736)	-
Decrease in notes payable	(33,218)	-	(500,382)	(471,888)
Increase in notes payable	44,203	-	700,556	-
	10,985	-	6,167,438	188,392.00
INVESTING				
Petroleum and natural gas properties:				
Acquisition Costs-US	(2,167)	(18,877)	(2,167)	408,673
Acquisition Costs-Italy	(395,684)	-	(3,075,116)	-
Acquisition of equipment	(18,382)	-	(34,348)	-
	(416,233)	(18,877)	(3,111,631)	408,673
Effect of foreign exchange on cash balances	68,564	-	157,792	43,683
Increase (decrease) in cash	(568,962)	(201)	1,834,966	(3,856)
Cash, beginning of period	2,409,513	7,090	5,585	10,745
CASH, end of period	\$ 1,840,551	6,889	\$ 1,840,551	6,889

During the first 2 quarters of the year, the Company paid \$190,677 (2010: \$279,140) in interest charges.

In the first two quarters of the year, the Company paid \$252,700 notes by issuance of common shares

In the first two quarters of 2010, the Company issued stock and warrants valued at \$660,280 to settle debt to related parties, convertible debentures, and demand loans

BRS Resources Ltd.

(formerly Bonanza Resources Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended April 30, 2011 and 2010

1. NATURE 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 April 30, 2011 has a net working capital of \$1,877,338 (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 fund its operations.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Principles of Consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned U.S. subsidiary, and its pro-rata share of AleAnna Energy, LLC. 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 judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues earned and expenses incurred during the fiscal years. Specific areas requiring the use of management estimates relate to the continuing viability of petroleum and natural gas interests and determination of reclamation obligations. Changes in assumptions could significantly affect these estimates and actual results may differ from them.

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.

BRS Resources Ltd.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended April 30, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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 April 30, 2011, consist of cash accounts and other receivables, 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.

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.

BRS Resources Ltd.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended April 30, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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

Office equipment	3 – 5 years
Well equipment	7 years

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 April 30, 2011, the Company has approximately \$2,000 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.

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

Loss per share – The Company uses the treasury stock method in computing loss per share. Under this method basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the year. For the years ended December 31, 2009 and 2008, the outstanding “in the money” warrants and options have not been considered in the calculations of fully diluted loss per share as they are anti-dilutive.

BRS Resources Ltd.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended April 30, 2011 and 2010

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.

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

3 CHANGES IN ACCOUNTING POLICIES

As of November 1, 2011, the Company will be required to adopt the following CICA Handbook sections:

"Business Combinations", Section 1582 replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are to be recognized separately from the business combination and included in the statement of operations and deficit. The adoption of this standard will impact the accounting treatment of future business combinations.

The CICA issued "Consolidated Financial Statements", Section 1601, which together with Section 1602 below, replace the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard should not have a material impact on the Company's consolidated financial statements.

"Non-controlling Interests", Section 1602. The standard establishes the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. This standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard should not have a material impact on the Company's consolidated financial statements.

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed January 1, 2011 as the effective date for the mandatory convergence of Canadian generally accepted accounting principles ("GAAP") to International Financial Reporting Standards ("IFRS") for Canadian public companies.

The Company is required to adopt the requirements set out by AcSB and other regulatory bodies. The Company is performing a review of the major differences between Canadian GAAP and is assessing the individual differences and policy choices to determine the impacts on the Company's consolidated financial statements and business processes. The process is being managed internally with the assistance of outside consultants that have been engaged to provide guidance and assistance.

The first consolidated financial statements that the Company will have to prepare under IFRS will be the unaudited statements for the quarter ending January 31, 2012 that will include unaudited comparative financial information for the quarter ended January 31, 2011. The first audited consolidated financial statements that the Company will have to prepare will be those for the year ending November 30, 2012 with comparative financial information for the year ended November 30, 2011. As a result, all of the opening balance sheet figures at November 30, 2011 must be computed prior to the issuance of the unaudited financial statements for the quarter ending January 31, 2012 so that comparative figures may be shown

BRS Resources Ltd.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended April 30, 2011 and 2010

4. PROJECTS

Po Valley and Bradano Basins Italy

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 primarily 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.

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 second 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.

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. 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended April 30, 2011 and 2010

4. PROJECTS *continued***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.

South Eastern Saskatchewan Project, Saskatchewan, Canada

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

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

The Company acquired 3D seismic and significant leasehold 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 \$125,000 were written off in the first six months of this year.

5. PROPERTY AND EQUIPMENT

		Accumulated	Net Book Value	
	Cost	depreciation	April 30,	October 31,
		and depletion	2011	2010
Proven developed producing petroleum and natural gas properties-United States	\$ 800,029	\$ 573,398	\$ 226,631	237,278
Proven Undeveloped petroleum and natural gas properties-Italy				
Unproven petroleum and natural gas properties-United States	1,274,211	-	\$ 1,274,211	-
Unproven petroleum and natural gas properties-Italy	-	-	-	125,000
Well Equipment	1,958,185	-	1,958,185	-
Office equipment	161,952	126,640	35,312	45,620
	42,748	6,630	36,118	3,143
Totals	\$ 4,237,125	\$ 706,668	\$ 3,530,457	411,041

6. NOTES PAYABLE

Notes payable are in connection with AleAnna Energy, LLC ("AE") investment in AleAnna Resources, LLC ("AR"). A portion of the capital contributions made by the partners in AR are sent to Italy in connection with seismic and other operations in Italy. That portion of the capital contributions are classified as notes payable to partners in the accounts of AR. The notes payable recorded by BRS represents its pro-rata share of the notes payable to partners in AR other than AE. At date of acquisition of AR, BRS assumed a pro rata liability of \$388,146. Subsequent capital contributions to AR and reclassified by AR and are so reflected in the accompanying balance sheet.

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Periods ended April 30, 2011 and 2010

7. SHARE CAPITAL

The Company has authorized share capital of 100,000,000 common shares without par value. The following shares have been issued:

	April 30, 2011		October 31, 2010	
	Number	Amount	Number	Amount
Balance, beginning of period	5,188,622	\$ 18,049,724	38,763,936	17,612,271
Shares issued for cash	25,000,000	6,250,000	13,205,602	444,953
Shares issued for debt	1,010,800	252,700	-	-
Shares issued for finders fees	678,200	169,550	-	-
Escrow cancellation	-	-	(83,333)	(7,500)
Consolidation 10:1	-	-	(46,697,583)	-
Share issuance costs	-	(452,286)	-	-
Balance, end of period	31,877,622	\$ 24,269,688	5,188,622	18,049,724

Warrants - The Company has issued stock warrants as follows:

Exercise Price	Outstanding October		Exercised or Expired	Cancelled	Outstanding April 30, 2011		Expiration Date
	2010	Additions			2011		
\$1.00	1,819,760	-	841,000	-	978,760		December 9, 2011
\$0.30	-	1,687,200	-	-	1,687,200		December 1, 2012
\$0.40	-	12,839,100	-	-	12,839,100		December 1, 2012
\$0.40	-	505,400	-	-	505,400		December 1, 2013
Total	1,819,760	15,031,700	841,000	-	16,010,460		

BRS Resources Ltd.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended April 30, 2011 and 2010

8. SHARE CAPITAL *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 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.

9. CONTRIBUTED SURPLUS

	April 30, 2011	October 31, 2010
Balance, beginning of period	\$ 937,585	694,408
Add-stock based compensation	1,247,648	20,350
Debt settlement warrants issued		215,327
Escrow share cancellation		7,500
Balance, end of period	\$ 2,185,233	937,585

10. STOCK BASED COMPENSATION

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

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

At April 30, 2011 there are options outstanding to issue 4,295,000 shares of the Company. The price of the options range from \$0.27 to \$3.00 and their expiry dates range from October 16, 2011 to February 3, 2016. The weighted average contract life remaining is 4.07 years.

A summary of the change in the Company's stock option plan for the period ended April 30, 2011 and October 31, 2010 is

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods ended April 30, 2011 and 2010

10. STOCK BASED COMPENSATION *continued*

	April 30, 2011		October 31, 2010	
	Number	Price	Number	Amount
Balance, beginning of period	355,000	\$1.88	295,000	\$2.40
Options granted during period	4,040,000	\$0.34	235,000	\$0.50
Options expired/cancelled during period	(100,000)	\$2.81	(175,000)	\$0.93
Balance, end of period	4,295,000	\$0.41	355,000	\$1.88

The following table summarizes the information about stock options outstanding and exercisable at April 30, 2011:

Weighted Average Exercise Price per Share	Number Outstanding April 30, 2010	Weighted Average Remaining Contract Life
\$0.27	680,000	4.63
\$0.35	3,360,000	4.08
\$0.50	135,000	3.83
\$1.50	30,000	1.88
\$3.00	90,000	0.46
	<u>4,295,000</u>	

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

	2011	2010
Risk free interest rate	2.055% to 2.718%	2.6%
Expected dividend yield	0%	0%
Expected stock price volatility	91% to 92%	147.40%
Expected life of options	5 years	5 years

The weighted average fair value of options granted during the year was \$0.34. The amount of options exercisable at April 30, 2011 is 3,895,000 with a weighted average exercise price of \$0.41.

11. LOSS PER SHARE

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

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12. DEMAND LOANS PAYABLE

At April 30, 2011, the all demand loans as well as all accrued interest were either converted to shares for debt or paid out in cash upon the closing of the private placement.

13. FINANCIAL INSTRUMENT RISKS

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

Credit Risk - The Company's primary exposure to credit risk is the risk of illiquidity of cash, amounting to \$1,840,551 at April 30, 2011. As the Company's policy is to limit cash holdings to instruments issued by major Canadian or US banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Amounts receivable at April 30, 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 and Italy. At April 30, 2011 the Company had \$1,923,695 in current assets and \$77,869 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 April 30, 2011 and October 31, 2010 is held for trading.

14. 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.

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15. SUBSEQUENT EVENTS

In addition to items mentioned elsewhere in the notes, the following events occurred subsequent to April 30, 2011:

In June 2011, BRS granted options to purchase a total of 70,000 common shares under the Company's stock option plan to certain employees and consultants of the Company. The granted options have an exercise price of \$0.25 and expire on June 6, 2016.

16. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. The 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 April 30, 2011, the Company did not incur any management fees to the Chairman compared to \$19,800 for the same period in 2010. The Company did not incur any consulting fees during the six months ended April 30, 2011 to the Chairman compared to \$15,284 for the same period in 2010.

During the six months ended April 30, 2011 the President of the Company's US subsidiary, and director of the Company, incurred, \$31,285 in travel and office expenses.

During the six months ended April 30, 2011 the President and a director of the Company incurred \$20,616 in travel expenses

During the period ending April 30, 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.

During the six months ended April 30, 2011, one director of the Company incurred \$22,275 compared to nil for the same period in 2010 in consulting fees and \$3,399 in travel and office expenses compared to nil for the same period in 2010.

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18. SEGMENT INFORMATION

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

The following table sets forth certain information about the financial information of each segment for the periods ended April 30, 2011 and 2010.

	April 30, 2011	April 30, 2010
Business segment revenue:		
Oil and gas-United States	\$ 33,054	\$ 39,895
Oil and gas-Italy	-	-
Total revenue	\$ 33,054	\$ 39,895
Business segment loss		
Oil and gas-United States	\$ 788,174	\$ (13,273)
Oil and gas-Italy	46,641	-
General administration	1,375,983	(635,220)
Net loss	\$ 2,210,798	\$ (648,493)
Depletion and depreciation		
Oil and gas-United States	\$ 24,595	\$ 23,734
Oil and gas-Italy	-	-
General administration	200	269
Total depletion, depreciation and amortization	\$ 24,795	\$ 269
Capital expenditures		
Oil and gas-United States	\$ 36,515	\$ (408,673)
Oil and gas-Italy	\$ 3,075,116	-
Total capital expenditures	\$ 3,111,631	\$ (408,673)
Business segment assets		
Oil and gas-United States	2,220,309	\$ 1,678,234
Oil and gas-Italy	3,232,396	-
General administration	38,767	342,216
Total assets	\$ 5,491,472	\$ 2,020,450