BRS RESOURCES LTD.
(formerly Bonanza Resources Corp.)

Management Discussion & Analysis
For the Three and Nine Months Ended
July 31, 2011

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MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2011

SEPTEMBER 29, 2011

INTRODUCTION

The following discussion, prepared as of September 29, 2011, is management's assessment and analysis of the results and financial condition of BRS Resources Ltd. (formerly Bonanza Resources Corporation) (the "Company" or “BRS”) for the three month period ended July 31, 2011 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

BRS is incorporated under the laws of British Columbia and its principal business activity is the acquisition and exploration of oil and gas interests in Italy and the U.S. 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. Our 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

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 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.

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.
From the processing and interpretation of the 3d data AleAnna has generated a number of prospects and a drill location within the Gallare Field was selected as the first drill location. AleAnna has also received a letter from the Italian Ministry of Economic Development confirming it has all of the necessary government approvals and that upon receipt of the required drilling bonds and guarantees, AleAnna may proceed with the drilling the Gallare 6d well. AleAnna is negotiating the final agreements with the landowner so civil work on the well site can commence. Spud date for drilling the well will be largely dependent on drilling rig availability, but is expected to occur in the 4th quarter of 2011. The Gallare 6d well has been classified as proved undeveloped reserves by the company’s third party reserve consultants.

In August 2011 AleAnna completed a 30,000 acre (136 sq. km) 3-D seismic acquisition survey on the Ponte Del Diavalo exploration permit area in Italy. The 64,000 acre (258 sq. km) Ponte Del Diavalo permit area is located in southeastern Po Valley, and is on trend with a number of large natural gas fields. Ponte Del Diavalo is the second large 3-D seismic survey AleAnna has completed onshore Italy. Reservoir Geophysical Corp. in Houston, TX has been awarded the reprocessing work for the PdD 3-D seismic survey and processing of the data has begun. In addition, AleAnna has filed a work commencement application with the ministry for its third 3-D seismic survey, this one on the Ponte Dei Grille exploration permit area, also in southeastern Po Valley. Ale Anna’s other seven permitted areas are currently in the 3-D seismic acquisition analysis and permitting phase.

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. Work-over activity to recomplete in the Kardokus 7-10 to the March and oil sand was planned in the second quarter of 2011, but the operator has canceled the work. 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.

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 $8,466 were written off in this quarter.

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			
	July 31, 2011	**April 30, 2011**	**January 31, 2011**	**October 31, 2010**
(Loss)	(331,721)	(1,621,427)	(821,170)	(1,083,370)
(Loss) Per Share [(1)]	(0.01)	(0.05)	(0.026)	(0.21)
	July 31, 2010	**April 30, 2010**	**January 31, 2010**	**October 31, 2009**
(Loss)	(109,397)	(75,795)	(572,698)	(165,483)
(Loss) Per Share [(1)]	(0.02)	(0.03)	(0.01)	(0.05)

(1) Presented on an undiluted basis.

RESULTS OF OPERATIONS

For the quarter ended July 31, 2011 compared to quarter ended July 31, 2010

Net loss for the quarter ended July 31, 2011 totalled $(331,721) (or $0.01), versus net loss of $(109,397) (or $0.02) per share for the quarter ended July 31, 2010. Revenue from oil and gas sales during the quarter was $15,216(2010 - $25,369) with production cost of sales $8,318 (2010 - $14,548).

LIQUIDITY

During the quarter ended July 31, 2011, cash resources decreased by $449,447 which was primarily to investment and expenses related the Italian properties.

Working capital totalled $1,428,104 at July 31, 2011, a decrease from $449,234 at April 30, 2011. Current liabilities increased by $3,021 during the three month period ended July 31, 2011 leaving $86,698 of current liabilities on the balance sheet. The Company's accumulated deficit at July 31, 2011 was $22,287,344, up from an accumulated deficit of $21,955,623 at April 30, 2011.

CAPITAL RESOURCES

BRS 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 operations in the near term. . 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 advances or the provision of services as described.

> During the three and nine month periods ended July 31, 2011, the Company did not incur any management fees to the Chairman compared to $19,800 and $59,400 for the same period in 2010. The Company did not incur any consulting fees during the three and nine month periods ended July 31, 2011 to the Chairman compared to $11,112 and $33,336 for the same period in 2010.
>
> During the three and nine month periods ended July 31, 2011 the President of the Company's US subsidiary, and director of the Company, incurred $8,050 in travel and office expenses compared to nil for the same period in 2010.
>
> During the three and nine month periods ended July 31, 2011 the President and a director of the Company incurred $8,692 and $37,637 in travel expenses compared to nil for the same period in 2010.
>
> During the nine months ending July 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.
>
> During the three and nine month periods ended July 31, 2011, a director of the Company incurred $13,800 and $40,200 compared to nil for the same period in 2010 in consulting fees and $2,310 and $7,854 in travel expenses compared to nil for the same period in 2010.
>
> During the three nine month periods ended July 31, 2011, a director of the Company incurred $15,000 and $25,000 compared to nil for the same period in 2010 in consulting fees and $1,138 in travel and office expenses compared to nil for the same period in 2010.

SHARE CAPITAL

a) Issued and outstanding

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

	July 31, 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

(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.

The Company issued a private placement of 25,000,000 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 giving company notice, should the Company's shares trade above $0.50 per share over a consecutive 20 day period). Finder's fees of $257,750 in cash, 678,200 units (with the same terms as above), 339,100 finder's 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.

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 2 years, to satisfy $252,700 in demand loans payable. The balance was paid in cash and was discussed under related party transactions.

Therefore, at July 31, 2011, the company had 31,877,622 shares outstanding with 1,684,400 warrants outstanding priced at $0.30 per share and 12,889,100 warrants priced at $0.40/share, all warrants expiring on December 1, 2012, plus 1,819,760 warrants expiring in 2011 with exercise prices ranging from $1.00 to $2.00. Total warrants outstanding at April 30, 2011 are therefore 16,393,260 priced from $0.30 to $2.00 per share.

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:

	July 31, 2011		October 31, 2010	
	Number of Shares	Weighted Price	Number of Shares	Weighted Price
Opening balance	355,000	1.88	295,000	2.00
Granted during the year	4,110,000	0.34	235,000	0.50
Exercised/cancelled during the year	(100,000)	0.93	(175,000)	0.93
Closing balance	4,365,000		355,000	
Weighted remaining life in years		0.82		2.13
Range of exercise prices		0.25-3.00		0.50-4.00

The company granted stock options to purchase 70,000 Company shares at $0.25 for five years during the quarter. Total stock options granted at July 31, 2011 are 4,365,000 options.

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

	July 31, 2011		October 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	0.39	979,760	1.00
Expired/cancelled during the year	(841,000)	2.00	(644,670)	2.00
Closing balance	16,010,460	0.43	1,819,760	1.46
Weighted remaining life in years		1.95		0.72
Range of exercise prices		0.30-.00		1.00-2.00

Therefore at July 31, 2011 BRS has 1,687,200 warrants outstanding priced at $0.30 per share and 13,344,500 warrants priced at $0.40/share, all warrants expiring on December 1, 2012, plus 1,819,760 warrants expiring in 2011 with exercise prices ranging from $1.00 to $2.00. Total warrants outstanding at July 31, 2011 are therefore 16,010,460 priced from $0.30 to $1.00 per share.

e) Contributed surplus increased by $1,271,734 during the current year, resulting from stock-based compensation.

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 April 30, 2011, the Company held the majority of its cash funds in the Company's interest bearing account at Bank of America located at 5500 Preston Road, Dallas, Texas.

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

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.