AMENDED AND RESTATED

BRS RESOURCES LTD.

DALLAS, TEXAS, USA

CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2014 and 2013

Fort Worth Office
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of BRS Resources Ltd.,

We have audited the accompanying consolidated financial statements of BRS Resources Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2014 and 2013 and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2014 and 2013 and their financial performance and their cash flows for the years ended October 31, 2014 and 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, the accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company's ability to recover their investment in AleAnna Energy, LLC and attain profitable operations is dependent upon the discovery, development and sale of oil and gas reserves. Management's plans in regard to these matters are also described in Note 1. These conditions raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Restatement of Consolidated Financial Statements

Without modifying our opinion, we draw attention to Note 4 to the consolidated financial statements as at October 31, 2014 and 2013, and for the years then ended which indicates that these consolidated financial statements have been restated from those on which we originally reported on February 27, 2015 and February 28, 2014, respectively, and more extensively describes the reason for the restatements.

Whitley Penn LLP

Fort Worth, Texas
March 31, 2016

BRS Resources Ltd.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Year Ended October 31,		
		2014		2013
		RESTATED - See Note 4		
REVENUE				
Management fee	$	**245,674**		245,618
		245,674		245,618
EXPENSES				
Wages and benefits		**569,062**		554,230
Stock based compensation		**-**		107,867
Engineering and consulting fees		**194,243**		195,459
Legal and accounting		**206,703**		248,769
Office and general		**74,047**		65,928
Rent		**89,504**		73,189
Investor relations		**76,990**		49,765
Depreciation and amortization		**16,125**		16,321
Regulatory fees		**12,988**		19,526
Travel		**9,866**		5,688
		1,249,528		1,336,742
LOSS BEFORE OTHER ITEMS AND INCOME TAXES		**(1,003,854)**		(1,091,124)
Debt discount amortization		**(659,515)**		(210,543)
Change in fair value of derivative liability		**404,699**		177,463
Interest expense		**(220,239)**		(73,208)
Interest and other income		**25,281**		26,534
LOSS BEFORE SHARE OF LOSS FROM EQUITY INVESTMENT		**(1,453,628)**		(1,170,878)
Share of loss from equity accounted for investments		**(1,443,941)**		(297,714)
NET LOSS		**(2,897,569)**		(1,468,592)
Foreign currency translation gain		**59,767**		54,422
Comprehensive Loss	$	**(2,837,802)**	$	(1,414,170)
LOSS PER SHARE (basic and diluted)	$	**(0.05)**	$	(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (basic and diluted)		**52,724,776**		52,724,776

See Accompanying Notes to Consolidated Financial Statements

BRS Resources Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		October 31, 2014	October 31, 2013
		RESTATED - See Note 4	
ASSETS			
Current:			
Cash	$	**170,302**	344,345
Accounts and other receivables		**10,006**	209,149
Notes receivable-current		-	5,214
Due from related parties		**337,401**	76,589
Prepaid expenses		**11,015**	3,685
Total Current Assets		**528,724**	638,982
Equity accounted for investments		**4,787,258**	6,015,821
Property and equipment *[Note 6]*		**28,639**	44,764
Other non-current assets		**5,911**	-
Total Assets	$	**5,350,532**	6,699,567
LIABILITIES			
Current:			
Accounts payable and accrued expenses	$	**214,899**	97,640
Note payable-net of discount *[Note 7]*		**1,661,466**	856,403
Total Current Liabilities		**1,876,365**	954,043
Derivative liability *[Note 12]*		**897,514**	320,936
Lease inducement payable		**11,824**	21,957
Total Liabilities		**2,785,703**	1,296,936
SHAREHOLDERS' EQUITY			
Share capital *[Note 9]*		**30,495,447**	30,495,447
Contributed surplus *[Note 10]*		**2,890,187**	2,890,187
Deficit		**(31,002,832)**	(28,105,263)
Accumulated other comprehensive income		**182,027**	122,260
Total Shareholders' Equity		**2,564,829**	5,402,631
Total Liabilities & Shareholders' Equity	$	**5,350,532**	6,699,567

See Accompanying Notes to Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

Byron Coulthard
President and Chief Executive Officer

Michael Noonan
Chief Financial Officer

BRS Resources Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares		Capital		Surplus		Deficit		Accumulated Other Income		Equity
Restated: See Note 4											
Restated balance at October 31, 2012	52,724,776	$	30,495,447	$	2,782,320	$	(26,636,671)	$	67,838	$	6,708,934
Share based compensation	-		-		107,867		-		-		107,867
Net loss for period	-		-		-		(1,468,592)		-		(1,468,592)
Foreign translation loss	-		-		-		-		54,422		54,422
Restated balance at October 31, 2013	52,724,776		30,495,447		2,890,187		(28,105,263)		122,260		5,402,631
Net loss for period	-		-		-		(2,897,569)		-		(2,897,569)
Foreign translation gain	-		-		-		-		59,767		59,767
Restated balance at October 31, 2014	52,724,776	$	30,495,447	$	2,890,187	$	(31,002,832)	$	182,027	$	2,564,829

See Accompanying Notes to Consolidated Financial Statements

AMENDED AND RESTATED

BRS Resources Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended October 31,	
	2014	2013
	RESTATED - See Note 4	
OPERATIONS		
Net loss	**$ (2,897,569)**	$ (1,468,592)
Add items not affecting cash:		
Amortization expense on discount of debt	**659,515**	210,543
Fair value of derivative liability	**(404,699)**	(177,463)
Depreciation and amortization	**16,125**	16,321
Stock based compensation	**-**	107,867
Loss from equity investment	**235,792**	297,714
Impairment expense	**1,208,149**	-
	(1,182,687)	(1,013,610)
Change in non-cash working capital balances related to operations:		
Decrease (increase) in accounts and other receivables	**199,141**	(41,405)
(Increase) decrease in due from related parties	**(260,812)**	30,677
Decrease (increase) in prepaid expenses and other assets	**(7,330)**	9,801
Increase (decrease) in accounts payable and accrued expenses	**244,085**	(6,801)
Decrease in due to related parties	**-**	(19,405)
Decrease in lease inducement liability	**(10,133)**	-
	(1,017,736)	(1,040,743)
FINANCING		
Increase in note payable	**1,000,000**	1,000,000
	1,000,000	1,000,000
INVESTING		
Petroleum and natural gas properties:		
Investment in affiliate	**(215,378)**	(145,721)
Acquisition of equipment	**-**	(5,817)
Increase in other assets	**(5,911)**	-
Collection of notes receivable	**5,215**	9,779
	(216,074)	(141,759)
Effect of foreign exchange	**59,767**	54,422
Decrease in cash	**(174,043)**	(128,080)
Cash, beginning of year	**344,345**	472,425
Cash, end of year	**$ 170,302**	$ 344,345

During the year ended October 31, 2014, $126,825 of accrued interest was rolled into principal in connection with the refinancing of the Company's convertible note.

During the year ended October 31,2014, the derivative incurred, net of prior year discount amortization was $981,277

See Accompanying Notes to Consolidated Financial Statements

1. NATURE OF OPERATIONS

BRS Resources Ltd. (the "Company"), incorporated in the Province of British Columbia, is a public company listed on the TSX Venture Exchange under the symbol "BRS". The Company is primarily engaged in production, exploration, and acquisition of petroleum and natural gas properties in Italy through its investment in AleAnna Energy. The address of its registered head office is 510 Burrard Street, Suite 575, Vancouver B.C., V6C 3A8.

The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiary, Bonanza Resources (Texas), Inc. ("Bonanza Resources"), a Texas corporation.

The recoverability of amounts recorded as petroleum and natural gas assets is dependent upon the discovery of economically recoverable reserves through its investment in AleAnna Energy, LLC ("AleAnna Energy"). These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and at October 31, 2014 has a net working capital deficiency of $1,347,641 (October 31, 2013 - $315,061). 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 statements of financial position.

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

Basis of Accounting

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting. The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company's wholly-owned subsidiary, Bonanza Resources. All significant intercompany balances and transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Accounted Investments

Equity accounted investments are investments over which the Company has significant influence, but not control. The financial results of the Company's equity accounted investment are included in the Company's consolidated financial statements using the equity method whereby the Company recognized its proportionate share of income or loss and other comprehensive income or loss of the equity accounted for investment in its own operations comprehensive income or loss, as applicable. Dilution gains and losses arising from changes in the Company's interest in equity accounted investments are recognized in net operations. If the Company's investment is reduced to zero, additional losses are not provided for, and a liability is not recognized, unless the Company has incurred legal or constructive obligations, or made payments on behalf of the equity accounted investment.

The Company assesses at least annually whether there is objective evidence that its interests in equity accounted for investment are impaired. If impaired, the carrying value of the Company's share of the underlying assets of equity accounted for investments is written down to its estimated recoverable amount, with any difference charged to the consolidated statement of loss and comprehensive loss.

Functional and presentational currency

Functional and Presentational Currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Functional Currency of Subsidiaries and Equity Accounted Investments

The financial statements of consolidated subsidiaries and equity accounted investments that have a functional currency that is different from that of the Company are translated into Canadian dollars using average rates for the period for items included in the consolidated statement of loss and comprehensive loss and the rates in effect at the date of the consolidated statement of financial position. All resulting changes are recognized in comprehensive income or loss as cumulative translation adjustments. If the Company's interest in foreign operations of a subsidiary is diluted, but the foreign operations remain a subsidiary, a pro rata portion of cumulative translation adjustments related to those foreign operations are reallocated between controlling and non-controlling interest. When the Company disposes of its entire interest in foreign operations, or when it loses control or significant influence, the cumulative translation adjustment included in accumulated comprehensive income or loss related to the foreign operations is recognized in the consolidated statement of loss and comprehensive loss on a pro rata basis.

Transactions

Foreign currency transactions are translated into the Company's functional currency using exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than the Company's functional currency at each period-end date, are recognized in the consolidated statement of loss and comprehensive loss.

Foreign Currency Translation

The United States dollar is the functional currency for Bonanza Resources and AleAnna Energy. Monetary assets and liabilities denominated in currency other than the presenting currency are translated at the exchange rate in effect at the date of the consolidated statement of financial position. Non-monetary assets, liabilities, revenues and expenses are translated at transaction date exchange rates. Exchange gains or losses are included in the determination of comprehensive loss.

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a regular basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Specific amounts and disclosures affected by estimates and assumptions are: (i) stock-based compensation is based upon expected volatility and option life estimates; (ii) the provision for income taxes is based on judgments in applying income tax law and estimates on the timing, likelihood and reversal of temporary differences between the accounting and tax base of assets and liabilities; (iii) amount used for impairment calculations for long term assets are based on estimates of future cash flows and capitalization rate on a Cash Generating Unit ("CGU") basis; and (iv) the decision to record (or not record) liabilities and contingencies are based on the estimates of the probability of outcomes and estimates of future cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Company considers all highly liquid instruments with original maturities of three months or less on the date of purchase to be cash equivalents. The Company did not have any cash equivalents at October 31, 2014 or 2013

Maintenance and repairs

Expenditures related to renewals or betterments that improve the productive capacity or extend the life of an asset are capitalized. Maintenance and repairs are expensed as incurred.

Property and equipment ("P&E")

Equipment is recorded at cost less accumulated depreciation. Depreciation is recognized on the straight-line basis based on 3 to 7 year useful lives.

Impairment

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Financial instruments

All financial assets and liabilities are recognized on the consolidated statements of financial position initially at fair value when we become a party to the contractual provisions of the instrument. Subsequent measurement of the financial instruments is based on their classification.

The Company classifies each financial instrument into one of the following categories: loans or receivables, notes receivable, fair value through profit and loss and other financial liabilities. The classification depends on the characteristics and the purpose for which the financial instruments were acquired. Except in limited circumstances, the classification of financial instruments is not subsequently changed.

Financial instruments carried at fair value on the Company's consolidated statement of financial position include cash and derivative liability. Realized and unrealized gains and losses from financial assets and liabilities carried at fair value are recognized in net loss in the periods such gains and losses arise. Transaction costs related to these financial assets and liabilities are included in net income when incurred.

Financial instruments carried at cost or amortized cost includes the Company's accounts and other receivables, accounts payable and accrued liabilities, and note payable. Transaction costs are included in net loss when incurred for these types of financial instruments except note payable. These transaction costs are included with the initial fair value, and the instrument is carried at amortized cost using the effective interest rate method. Gains and losses on financial assets and liabilities carried at cost or amortized cost is recognized in net income when these assets or liabilities settle.

Changes in derivative liabilities are recognized currently in earnings in the consolidated statements of comprehensive loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Management fees are from a related party and are recognized when earned, as services are performed.

Loss Per Share

The Company computes basic loss per share using net loss divided by the weighted-average number of common shares outstanding.

The Company computes diluted loss per share using net loss divided by the weighted-average number of diluted common shares outstanding. The Company uses the treasury method in computing the weighted-average number of diluted common shares outstanding. This method assumes that the proceeds on exercise of in-the-money stock options and warrants are used to repurchase the Company's common shares at the average market price during the relevant period. The number of diluted common shares outstanding also reflects the potential dilution that would occur if the convertible debentures were converted into common shares at the beginning of the period, or when they were issued.

Leases

The Company classifies leases entered into as either finance or operating leases. Leases that transfer substantially all of the risks and benefits of ownership are capitalized as finance leases within P&E and other liabilities. All other leases are recorded as operating leases and expensed as incurred within operating expenses.

Stock Based Compensation

The Company uses the fair value method of accounting for all stock-based awards to non-employees and employees, including those that are direct awards of stock. Under the fair value method, employee compensation expense attributed to direct awards of stock is measured at the fair value of the award at the grant date using the Black-Scholes option-pricing model and is recognized over the vesting period of the award. If and when the stock options are ultimately exercised by the recipient of the awards, the applicable amounts of contributed surplus are credited to share capital.

Derivative Instruments

For derivative instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in fair value recognized in loss each reporting period. For derivative instruments, the Company uses the Black-Scholes model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as a liability or as equity, is re-assessed at the end of each reporting period. Derivative instrument liabilities are classified in the consolidated statement of financial position as current or non-current based on whether or not the net-cash settlement of the derivative instrument could be required within 12 months of the statement of financial position date.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after October 31, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1, "Presentation of Financial Statements" ("IAS 1")

In December 2014, the IASB issued amendments to IAS 1, clarifying guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of operations and the statement of comprehensive income or loss, and providing additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendments to IAS 1 become mandatory for annual periods beginning on or after January 1, 2016. The Company does not expect that these amendments will have a significant impact to the Company's consolidated financial statements.

IFRS 10, "Consolidated Financial Statements" ("IFRS 10") and IAS 28, "Investments in Associates and Joint Ventures (2011)" ("IAS 28")

In September 2014, the IASB announced certain amendments to IFRS 10 and IAS 28 that resolved certain inconsistencies in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments provide that a full gain or loss is recognized when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The amendments will be effective from annual periods commencing on or after January 1, 2016. The Company does not expect that these amendments will have a significant impact to the Company's consolidated financial statements.

IFRS 9, "Financial Instruments" ("IFRS 9")

IFRS 9, published in July 2014, replaces IAS 39, *"Financial Instruments: Recognition and Measurement"*.

IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost, and (ii) fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new model for the impairment of financial assets and requires an economic relationship between the hedged item and hedging instrument. This standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is in the process of evaluating the impact that IFRS 9 may have on the Company's consolidated financial statements.

IFRS 11, "Joint Arrangements" ("IFRS 11")

In May 2014, the IASB issued amendments to IFRS 11 to address the accounting for acquisitions of interests in joint operations. The amendments address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. IFRS 11, as amended, now requires that such transactions be accounted for using the principles related to business combinations accounting as outlined in IFRS 3, "*Business Combinations*". The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Company does not expect that these amendments will have a significant impact to the Company's consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

In May 2014, the IASB issued IFRS 15, which supersedes IAS 18, "*Revenue*", IAS 11 "*Construction Contracts*" and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single model to determine how and when an entity should recognize revenue, as well as requiring entities to provide more informative, relevant disclosures in respect of its revenue recognition criteria. IFRS 15 is to be applied prospectively and is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is in the process of evaluating the impact that IFRS 15 may have on the Company's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 16, "Property, Plant and Equipment" ("IAS 16") and IAS 38, "Intangible Assets" ("IAS 38")

In May 2014, the IASB issued amendments to IAS 16 and IAS 38 to clarify acceptable methods of depreciation and amortization. The amended IAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to IAS 38 eliminate the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016. The Company does not expect that these amendments will have a significant impact to the Company's consolidated financial statements.

IFRS 16, "Leases" ("IFRS 16")

In January 2016, the IASB issued IFRS 16, replacing IAS 17, *"Leases"*. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligations. Leases to explore for or use oil or natural gas are specifically excluded from the scope of IFRS 16. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company has not initiated an analysis of the impact of adopting IFRS 16 to its consolidated financial statements.

3. RISKS AND CONCENTRATIONS

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

Market risk

Market risk is the possibility that changes in foreign exchange rates, interest rates and the prices of oil and gas products will adversely affect the value of assets and expected future cash flows. The Company is engaged in a wide range of oil and gas products-related activities. Prices of oil and gas products are affected by a wide range of global and domestic factors which are beyond the control of the Company. The fluctuations in such prices may have favorable or unfavorable impacts on the Company. The Company believes that its market risk is not material.

Credit risk

Credit risk arises from cash and credit exposure to customers with outstanding receivable balances.

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with reputable financial institutions. At times, the balances deposited may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not incurred any losses Related to amounts in excess of FDIC limits. Accounts receivable are primarily from affiliated entities in which the Company holds an investment. The Company has not incurred any losses in connection with the accounts receivable.

Foreign Exchange risk

The Company has foreign exchange risk due to activities carried out in the United States and Italy. At October 31, 2014, the Company had $353,343 in current assets and $49,097 in current liabilities originating in the United States (2013 - $362,711 and $23,331, respectively).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

In managing its liquidity risk, the Company has access to funding at market rates through equity and debt markets. The Company may issue new shares, adjust its debt levels or mix between short-term and long-term borrowings.

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, optimize returns for its owners and to minimize its cost of capital. In meeting its objectives of managing capital, the Company may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

Fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended October 31, 2014 and 2013

4. CORRECTION OF PRIOR PUBLISHED FINANCIAL STATEMENTS

The Company previously reported its investment in AleAnna Energy by consolidating its pro-rata share of assets, liabilities, income and expenses in the consolidated financial statements of the Company. Subsequent to publishing the consolidated financial statements for 2014, it was determined that the equity method of accounting for the investment in AleAnna Energy was the appropriate method.

The consolidated financial statements for fiscal years 2014 and 2013 have been restated to reflect the correction. The effect of the correction on 2014 and 2013 is as follows:

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	2014 Published to SEDAR	Adjustment	2014 Equity method	2013 Published to SEDAR	Adjustment	2013 Equity method
Current:						
Cash	217,170	(46,868)	170,302	556,975	(212,630)	344,345
Accounts and other receivables	15,535	(5,529)	10,006	14,788	194,361	209,149
Notes receivable - current	-	-		5,214	-	5,214
Due from related parties	333,147	4,254	337,401	263,231	(186,642)	76,589
Prepaid expenses	12,007	(992)	11,015	4,603	(918)	3,685
Total Current Assets	577,859	(49,135)	528,724	844,811	(205,829)	638,982
Equity accounted for investment	-	4,787,258	4,787,258	-	6,015,821	6,015,821
Other restricted assets	163,992	(158,081)	5,911	167,514	(167,514)	-
Oilfield equipment inventory	50,136	(50,136)	-	50,136	(50,136)	-
Exploration and evaluatin assets, net	4,439,985	(4,439,985)	-	5,534,918	(5,534,918)	-
Property and equipment	28,639	-	28,639	44,764	-	44,764
Total Assets	5,260,611	89,921	5,350,532	6,642,143	57,424	6,699,567
LIABILITIES						
Current:						
Accounts payable and accrued expenses	282,648	(67,749)	214,899	146,710	(49,070)	97,640
Note payable, net of discount	1,661,466	-	1,661,466	856,403	-	856,403
	1,944,114	(67,749)	1,876,365	1,003,113	(49,070)	954,043
Derivative liability	897,514	-	897,514	320,936	-	320,936
Lease inducement payable	11,824	-	11,824	21,957	-	21,957
Total liabilities	2,853,452	(67,749)	2,785,703	1,346,006	(49,070)	1,296,936
SHAREHOLDERS' EQUITY						
Share capital	30,495,447	-	30,495,447	30,495,447	-	30,495,447
Contributed surplus	2,890,187	-	2,890,187	2,890,187	-	2,890,187
Deficit	(31,086,962)	84,130	(31,002,832)	(28,189,412)	84,149	(28,105,263)
Accumulated other comprehensive income	108,487	73,540	182,027	99,915	22,345	122,260
Total Shareholders' Equity	2,407,159	157,670	2,564,829	5,296,137	106,494	5,402,631
Total Liabilities and Shareholders' Equity	5,260,611	89,921	5,350,532	6,642,143	57,424	6,699,567

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended October 31, 2014 and 2013

4. CORRECTION OF PRIOR PUBLISHED FINANCIAL STATEMENTS (continued

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

REVENUE	2014 Published to SEDAR	Adjustment	2014 Equity method	2013 Published to SEDAR	Adjustment	2013 Equity method
Management fee	245,674	-	245,674	245,618	-	245,618
	245,674	-	245,674	245,618	-	245,618
EXPENSES						
Wages	631,913	62,851	569,062	578,308	24,078	554,230
Stock based compensation	-	-	-	107,867	-	107,867
Engineering and consulting	230,889	36,646	194,243	176,521	(18,938)	195,459
Legal and accounting	256,277	49,574	206,703	273,683	24,914	248,769
Office and general	148,584	74,537	74,047	180,059	114,131	65,928
Rent	89,504	-	89,504	73,189	-	73,189
Invetor relations	79,606	2,616	76,990	50,985	1,220	49,765
Depletion, depreciation and amortization	16,125	-	16,125	16,439	118	16,321
Regulatory fees	12,988	-	12,988	19,526	-	19,526
Travel	28,688	18,822	9,866	26,995	21,307	5,688
Non-porductive drilling costs	6,930	6,930	-	134,456	134,456	-
Impairment expense	1,208,149	-	1,208,149	-	-	-
	2,709,653	251,976	2,457,677	1,638,028	301,286	1,336,742
LOSS BEFORE OTHER ITEMS	(2,463,979)	(251,976)	(2,212,003)	(1,392,410)	(301,286)	(1,091,124)
Debt discount	(659,515)	-	(659,515)	(210,543)	-	(210,543)
Change in FV	404,699	-	404,699	177,463	-	177,463
Interest expense	(220,239)	-	(220,239)	(73,208)	-	(73,208)
Interest and other income	41,484	16,203	25,281	28,495	1,961	26,534
LOSS BEFORE SHARE OF LOSS FROM EQUITY ACCOUNTED FOR INVESTMENT	(2,897,550)	(235,773)	(2,661,777)	(1,470,203)	(299,325)	(1,170,878)
Share of loss from equity accounted for investment	-	235,792	(235,792)	-	297,714	(297,714)
NET LOSS	(2,897,550)	19	(2,897,569)	(1,470,203)	(1,611)	(1,468,592)
Foreign currency translation gain (loss)	8,572	(51,195)	59,767	(149,057)	(203,479)	54,422
NET LOSS AND COMPREHENSIVE LOSS	(2,888,978)	(51,176)	(2,837,802)	(1,619,260)	(205,090)	(1,414,170)
Accumulated other comprehensive income						
Beginning	99,915	22,345	122,260	248,972	(181,134)	67,838
Foreign currency translation gain (loss)	8,572	51,195	59,767	(149,057)	203,479	54,422
Ending	108,487	73,540	182,027	99,915	22,345	122,260
Deficit						
Beginning	(28,189,412)	84,149	(28,105,263)	(26,719,209)	82,538	(26,636,671)
Current year deficit	(2,897,550)	(19)	(2,897,569)	(1,470,203)	1,611	(1,468,592)
Ending	(31,086,962)	84,130	(31,002,832)	(28,189,412)	84,149	(28,105,263)

4. CORRECTION OF PRIOR PUBLISHED FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENT OF CASHFLOW

	2014 Published to SEDAR	Adjustment	2014 Equity method	2013 Published to SEDAR	Adjustment	2013 Equity method
Cash flows from operating activities:						
Net Loss	(2,897,550)	(19)	(2,897,569)	(1,470,203)	1,611	(1,468,592)
Adjustments to reconcile net loss to net cash used in operating activities:						
Amortization expense on discount of debt	659,515	-	659,515	210,543	-	210,543
Fair value adjustment in derivative liability	(404,699)	-	(404,699)	(177,463)	-	(177,463)
Depletion and amortization	16,125	-	16,125	16,439	(118)	16,321
Stock Based Compensation	-		-	107,867	-	107,867
Non productive drilling	-			134,456	(134,456)	-
Loss from equity investment	-	235,792	235,792	-	297,714	297,714
Impairment expense	1,208,149	-	1,208,149.00		-	-
Other changes to exlporation and acquisition assets						
Changes in operating assets and liabilities						
Accounts receivable	(747)	199,888	199,141	7,287	(48,692)	(41,405)
Due from related parties	(69,916)	(190,896)	(260,812)	(13,714)	44,391	30,677
Oilfield equipment				18,839	(18,839)	-
Prepaid expenses	(7,404)	7,404		31,019	(31,019)	
Other assets		(7,330)	(7,330)		9,801	9,801
Due to Related parties	-		-	(19,405)		(19,405)
Accounts payable	262,763	(18,678)	244,085	(21,609)	14,808	(6,801)
Lease Inucement Payable	(10,133)	-	(10,133)	3,716	(3,716)	-
Debt discount			-			
Net cash used in operating activities	(1,243,897)	226,161	(1,017,736)	(1,172,228)	131,485	(1,040,743)
		-			-	
Cash flows from investing activities:		-			-	
Exploration and evaluation expenditures	(189,298)	189,298	-	(93,544)	93,544	
Other changes in exploration and evaluation	76,082	(76,082)			-	
Purchases of PP&E		-	-	(5,817)	-	(5,817)
Investment in affiliate		(215,378)	(215,378)		(145,721)	(145,721)
Proceeds from sale of oil & gas properties		-	-	392,687	(392,687)	-
Note receivable collections	5,214	1	5,215	9,780	(1)	9,779
(Increase) decrease in other assets	3,522	(9,433)	(5,911)	30,977	(30,977)	-
Net cash used in investing activities	(104,480)	(111,594)	(216,074)	334,083	(475,842)	(141,759)
		-			-	
Cash flows from financing activities		-			-	
Increase in current notes payable	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Net cash used by financing activities	1,000,000	-	1,000,000	1,000,000	-	1,000,000
		-			-	
Effect on foreign exchange on cash balance	8,572	51,195	59,767	(149,057)	203,479	54,422
		-			-	
Net increase(decrease) in cash and cash equivalents	(339,805)	165,762	(174,043)	12,798	(140,878)	(128,080)
Cash and cash equivalents at beginning of period	566,975	(222,630)	344,345	544,177	(71,752)	472,425
Cash and cash equivalents at end of period	227,170	(56,868)	170,302	556,975	(212,630)	344,345

5. EQUITY ACCOUNTED INVESTMENT

The Company's 100% owned subsidiary, Bonanza Resources, owns a 17.15% (2014 – 17.15%) interest in AleAnna Energy which through AleAnna Energy's ownership of AleAnna Resources, LLC ("AleAnna Resources") holds nine "Exploration Permits" and four "Applications for Exploration Permits", encompassing more than 800,000 acres (3,250 sq. km) that have been approved by the Italian Ministry of Economic Development (General Directorate for Energy and Mining Resources, National Mining Office for Hydrocarbons and Geothermics) (the "Ministry"). The remaining interest in AleAnna is held by Bluescape Resources.

To date AleAnna Resources has acquired more than 86,000 acres (350 sq. km) of 3-D geophysical data, making it Italy's largest owner of on-shore 3-D geophysical data in Italy. Part of AleAnna Resources' operating strategy is the use of high-resolution 3-D seismic technologies to image subsurface hydrocarbons to more efficiently high-grade prospects while reducing environmental impact and risk.

Corte Dei Signori Permit

The Corte Dei Signori permit area is located in south-eastern Po Valley, and is on trend with a number of large natural gas fields. In 2009, AleAnna Resources completed a 32,864 acre (133 sq. km) 3-D geophysical survey in the Corte Dei Signori permit area and has reprocessed the data several times using the latest in geophysical processing applications.

5. EQUITY ACCOUNTED INVESTMENT (continued)

In 2013, AleAnna Resources executed a participation agreement with Andiamo Resources, LLC on a 3,953-acre (16 km^2) area of mutual interest (AMI) within the Corte dei Signori permit where the Trava-2 well will be drilled. As part of the agreement, Andiamo paid cash consideration and will pay 100% of the costs to drill the Trava-2 well to casing point election. In return Andiamo will earn a 50% interest in the AMI portion of the Corte dei Signori permit. AleAnna Resources and Andiamo technical teams have selected the surface location for the well, the bottom-hole well coordinates, and the wellbore-drilling plan. AleAnna Resources will select a drilling contractor and various sub-contractors in the coming months. AleAnna Resources will commence drilling the Trava-2 when the Italian government processes and approves AleAnna Resources' drilling permit application.

In 2014, AleAnna Resources filed for a three-year extension on the Corte dei Signori permit after completing its initial work program, which included the 3-D geophysical survey and the drilling of the Gallare-6 well. In addition to the extension, AleAnna Resources has applied for a drilling permit for its Trava-2 exploration well.

La Prospera Permit and Gradizza-1 Exploration Well
The La Prospera exploration permit area is located northwest of Corte dei Signori in the Ferrara province north of Bologna. Through a farm-in agreement with Po Valley Energy ("PVE"), AleAnna Resources holds a 10% interest in the La Prospera permit and PVE's Gradizza-1 exploration well, which was drilled, tested, and completed in the fall of 2013. The Gradizza-1 well encountered 33 feet (10 m) of gas-bearing sand. The well tested natural gas at a stabilized rate of approximately 700,000 cubic feet per day, with 500-psi flowing tubing pressure on a ¼-inch choke. No formation water, pressure decline, or gas impurities were recovered during testing, and the bottom-hole pressure measured approximately 1,200 psi.

The well is currently shut-in, waiting on the installation of surface facilities, pipeline hookup, and regulatory approvals. PVE applied for a production permit in early 2014 and will begin producing the well upon approval of its PVE's production permit application.

AleAnna Resources and its joint-venture partners in the La Prospera permit have also applied for the Zanza exploration permit, a relatively small tract abutting La Prospera's southern border just south of the Graddizza-1 well and adjacent to and east of AleAnna Resources' Ponte del Diavolo permit. It is possible that the geological structure penetrated by the Gradizza-1 well may extend onto the Zanza area.

Ponte Del Diavalo Permit
The Ponte Del Diavolo permit area, located northwest of Corte dei Signori and adjacent to La Prospera and Zanza, covers an area of over 49,000 acres (200 sq. km). The Ponte Del Diavolo permit is on trend with several large, producing gas fields, making it an attractive area to explore for hydrocarbons. In 2011, the Company commissioned a 35,000 acre (140 sq. km) high-resolution 3-D geophysical survey of the permit area, which further defined existing hydrocarbon traps in the Plio-Pleistocene and deeper sands.

An ancillary benefit of participating in PVE's Gradizza-1 well is that the well serves as a stratigraphy test-well for AleAnna Resources' look-alike prospects located a few miles southwest of the well. Using data gleaned from Gradizza-1, AleAnna Resources can more accurately interpret and target similar-looking pay horizons in its 100%-owned prospects. AleAnna Resources has surveyed each of its prospects using 3-D seismic technology, greatly enhancing the Company's ability to image geological structures and anomalies. These prospects, as well as the Gradizza-1 well, are on trend with several nearby producing natural gas fields, including the Sabbioncello and Tresigallo fields, which have produced more than 90 billion cubic feet (Bcf) and 68 Bcf of natural gas, respectively, to date.

In 2013, AleAnna Resources submitted a drilling permit application for its Tombellina prospect, located approximately 3.5 miles (5.6 km) southwest of the Gradizza-1 discovery well. As with the Trava-2 well, AleAnna Resources will commence drilling the well upon approval of its drilling permit application.

4. EQUITY ACCOUNTED INVESTEMENTS (continued)

Ponte Dei Grilli Permit
The 63,864 acre (258 sq. km) Ponte dei Grille permit is one of AleAnna Resources most promising areas for the discovery of substantial natural gas reserves. In 2012, AleAnna Resources acquired more than 18,000 acres (74 sp. km) of high-resolution 3-D seismic data from the permit area. Although there has been no production on the Ponte dei Grille permit, a number of large natural gas fields surround it. Northeast of Ponte dei Grilli are the Cotignola and San Potito gas fields, which have produced 52 Bcf and 46 Bcf of natural gas, respectively.

AleAnna Resources has identified several large geological anomalies, including the Armonia prospect, and at least four others in the western portion of the permit where the 3-D seismic was acquired and interpretation is continuing. AleAnna Resources has filed a drilling application for its Armonia prospect. The application includes a detailed environmental impact report as well as engineering and geological data. Due to strong, positive indicators from the first Ponte dei Grille geophysical survey, AleAnna Resources is applying for a second 3-D geophysical survey on the southeast section of the Ponte dei Grilli permit, also on trend with the prospects and fields mentioned above.

Other Po Valley Permits and Permit Applications
Belgioioso, Fantozza, Bugia, and Molino are AleAnna's four additional approved permit areas in the Po Valley. All four permits—Fantozza and Bugia in the central Po Valley and Belgioioso and Molino in the western end of the Po Valley—are on trend with large gas fields. AleAnna Resources has submitted an application for 3-D geophysical surveys on Fantozza and has recently received approval for the Belgioioso survey. AleAnna Resources is also preparing an application for a 3-D geophysical survey on Bugia.

Le Saline and Tre Ponti are two additional areas where AleAnna Resources has applied for exploration permits. Both areas are large tracts in the eastern Po Valley but do not factor into AleAnna Resources' near-term plans due to environmental restrictions.

Bradano Basin
In southern Italy's Bradano Basin, AleAnna Resources holds one exploration permit (Torrente Acqua Fredda) and has applied for an additional exploration permit (Palazzo San Gervasio). Both areas are in the Basilicata region, home to several of the largest oil discoveries on-shore western Europe, including the Tempa Rossa field. The 16,300 acre (66 sp. km) Torrente Acqua Fredda permit is surrounded by a number of existing oil and gas fields. The much larger 116,100-acre (470-km^2) Palazzo San Gervasio permit application is also on trend with several oil and gas fields. To date, AleAnna Resources has done preliminary geological and geophysical studies on the area, but has yet to commit significant resources to these holdings.

BRS Resources Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended October 31, 2014 and 2013

6. PROPERTY AND EQUIPMENT

Property and Equipment	Proved Developed Producing Properties U.S.	Proved Undeveloped Properties Italy	Well Equipment	Office Equipment	Total
Balance October 31, 2012	$ -	$ -	$ -	$ 81,933	$ 81,933
Additions	-	-	-	5,817	5,817
Balance October 31, 2013	-	-	-	87,750	87,750
Additions	-	-	-	-	-
Balance October 31, 2014	$ -	$ -	$ -	$ 87,750	$ 87,750

Accumulated Depreciation and Depletion	Proved Developed Producing Properties U.S.	Proved Undeveloped Properties Italy	Well Equipment	Office Equipment	Total
Balance October 31, 2012	$ -	$ -	$ -	$ 26,646	$ 26,646
Additions	-	-	-	16,321	16,321
Other changes	-	-	-	19	19
Balance October 31, 2013	-	-	-	42,986	42,986
Additions	-	-	-	16,125	16,125
Balance October 31, 2014	$ -	$ -	$ -	$ 59,111	$ 59,111

Net Book Value	Proved Developed Producing Properties U.S.	Proved Undeveloped Properties Italy	Well Equipment	Office Equipment	Total
October 31, 2013	$ -	$ -	$ -	$ 44,764	$ 44,764
October 31, 2014	$ -	$ -	$ -	$ 28,639	$ 28,639

7. NOTE PAYABLE

On March 28, 2014, the Company entered into a Senior Secured Convertible Note for interim financing to fund exploration requirements in Italy, refinance the existing note plus accrued interest of $126,825, and to fund other general corporate requirements. The loan is for $2,126,825, provides for interest accruing at the rate of 13% per annum compounded monthly, and is due March 31, 2015. In conjunction with the issuance of the debt, a discount was recognized for the value of the derivative at Note 12. As of October 31, 2014 the remaining discount is $465,359.

The holder of the note has the right, but not the obligation, to convert any unpaid principal balance of the note into fully paid and nonassessable common shares of the Company at a conversion rate of $0.06 per share, subject to adjustment under certain circumstances. Accrued interest can be converted into common shares at a conversion rate based on the market price in effect on the conversion date.

At October 31, 2014, $166,622 of accrued interest in connection with the note is included in accounts payable and accrued expenses in the consolidated statement of financial position.

8. INCOME TAXES

The statutory rates of income taxes are reconciled to the effective rate as follows:

		2014		2013
Combined Statutory tax rate		31.39%		31.30%
Income recovery at statutory rate	$	(909,675)		(460,173)
Equity issuance cost		(28,395)		(28,313)
Non-deductible derivative activity		79,987		121,446
Other		20,773		(153,633)
Change in valuation allowance		837,310		520,673
Future income Tax	$	-		-
The future income taxes payable consist of the following temporary differences:				
Non-Capital losses	$	3,674,250	$	3,172,565
Unrealized loss on partnership interest		165,442		209,369
Unrealized impairment loss		379,552		-
Valuation Allowance		(4,219,244)		(3,381,934)
	$	-		-

The Company has non-capital loss carry-forwards and allowances of approximately $5,175,044 for Canadian tax purposes and $6,530,617 for U.S. tax purposes. These losses expire from 2023 to 2033 and are available to offset future taxable income.

9. SHARE CAPITAL

	October 31, 2014			October 31, 2013	
	Number		Amount	Number	Amount
Balance, beginning of period	52,724,776	$	30,495,447	52,724,776	30,495,447
Shares issued for cash	-		-	-	-
Warrants exercised	-		-	-	-
Balance, end of period	52,724,776	$	30,495,447	52,724,776	30,495,447

Warrants - The Company has issued stock warrants as follows:

Exercise Price	Outstanding October 31 2013	Additions	Exercised or Expired	Cancelled	Outstanding October 31, 2014	Expiration Date
$0.40	505,400	-	505,400	-	-	December 1, 2013
$0.45	10,750,000	-	10,750,000	-	-	November 14, 2013
$0.30	1,500,000	-	-	-	1,500,000	November 4, 2014
Total	12,755,400	-	11,255,400	-	1,500,000	

In November 2011, the Company completed a private placement of 20,000,000 units in connection with issuing convertible debt at $0.30 per unit for gross proceeds of $6,000,000. Each unit was comprised of one common share of the Company and one-half of one share purchase warrant, with each whole warrant exercisable into one common share at $0.45 per share until November 2013.

In connection with the private placement, the Company paid finder's fees of an aggregate cash payment of $390,000 and the issuance of an aggregate of 2,250,000 broker warrants (each, a "Broker Warrant"). 1,500,000 units of Broker Warrants are exercisable at a price of $0.30 per share until November 2014 and 750,000 units of Broker Warrants are exercisable at a price of $0.45 per share until November 2013, subject to a right of call by the Company under certain conditions.

10. CONTRIBUTED SURPLUS

		October 31, 2014	October 31, 2013
Balance, beginning of period	$	2,890,187	2,782,320
Add-stock based compensation		-	107,867
Balance, end of period	$	2,890,187	2,890,187

11. 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 10,534,525 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 October 31, 2014 there are options outstanding to issue 8,800,000 shares of the Company. The price of the options range from $0.10 to $0.50 and their expiry dates range from March 3, 2015 to May 7, 2018. The weighted average contract life remaining is 2.47 years.

The following is a summary of the change in the Company's stock option plan for the period ended October 31, 2014 and 2013.

	October 31, 2014		October 31, 2013	
	Number	**Price**	**Number**	**Amount**
Balance, beginning of period	8,800,000	$0.25	6,130,000	$0.33
Options granted during period	-		3,000,000	$0.10
Options expired during period	-		(330,000)	$0.30
Balance, end of period	8,800,000	$0.25	8,800,000	$0.25

The intrinsic value of options exercisable at October 31, 2014 and 2013 is zero.

The following table summarizes the information about stock options outstanding and exercisable at October 31, 2014:

Weighted Average Exercise Price per Share	Number Outstanding October 31, 2014	Weighted Average Remaining Contract Life
$0.10	3,000,000	3.75
$0.25	70,000	1.86
$0.27	680,000	1.38
$0.30	1,555,000	2.33
$0.35	3,360,000	1.50
$0.50	135,000	0.58
	8,800,000	1.69

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:

	2013
Risk free interest rate	1.206%
Expected dividend yield	0%
Expected stock price volatility	112%
Expected life of options	5 years

11. STOCK BASED COMPENSATION (continued)

No options were granted during the year ended October 31, 2014. The amount of options exercisable at October 31, 2014 is 8,800,000 with a weighted average exercise price of $0.25.

12. DERIVATIVE LIABILITY

The Company evaluates each financial instrument issued to determine whether an instrument (or embedded feature) meets the qualifications to be classified as a derivative.

The warrants issued by the Company in November 2011 qualify as a derivative because these warrants have an adjustment provision applicable to the exercise price that adjusts the exercise price downward in the event the Company subsequently issue common stock, stock warrants, stock options or convertible debt with a stock price, exercise price or conversion price lower than the original exercise price of $0.45 per share. As a result, these warrants are not considered indexed to the Company's stock, and as such, all future changes in the fair value of these warrants will be recognized currently in earnings in our consolidated statement of comprehensive loss under the caption "loss before other items and income taxes – Change in fair value of warrant derivative liability" until such time as the warrants are exercised or expire.

Since the exercise price of the warrant can be potentially decreased and the number of shares to settle the warrants increase each time a trigger event occurs that results in a new adjusted exercise price below the adjusted exercise price then in effect, there could be a potentially infinite number of shares required to settle the warrant agreement. However, the Company has the capability of limiting the occurrence of such events.

The convertible note executed by the Company in March 2014 qualifies as a derivative because it has an adjustment provision applicable to the exercise price that adjusts the exercise price downward in the event the Company subsequently issue common stock, stock warrants, stock options or convertible debt with a stock price, exercise price or conversion price lower than the original exercise price of $0.06 per share. As a result, the convertible note is not considered indexed to the Company's stock, and as such, all future changes in the fair value of these derivatives will be recognized currently in earnings in our consolidated statement of comprehensive loss under the caption "loss before other items and income taxes – Change in fair value of derivative liability" until such time as the convertible note payable is exercised or otherwise satisfied.

Since the exercise price of the conversion can be potentially decreased and the number of shares to settle the note increased each time a trigger event occurs that results in a new adjusted exercise price below the adjusted exercise price then in effect, there could be a potentially infinite number of shares required to settle the note agreement. However, the Company has the capability of limiting the occurrence of such events.

The Company used the Black-Scholes valuation model including a probability element to estimate the fair value of the derivative liability, which is considered a Level 2 fair value measurement. Significant assumptions used at October 31, 2014 were as follows:

Market value of stock on reporting date (1)	$ 0.05
Risk-free interest rate (2)	.97%
Dividend yield (3)	0.00%
Volatility factor	152%
Expected life (4)	.41 years

(1) The market value of the stock on the data of reporting was based on reported public market prices.
(2) The risk-free interest rate was determined by management using the U.S. Treasury zero-coupon yield over the contractual term of the warrant on date of reporting.
(3) Management determined the dividend yield to be 0% based upon its expectation that there will not be earnings available to pay dividends in the near term.
(4) Expected life is remaining contractual life of the warrants.

The change in the derivative liability is as follows:

	2014	2013
Derivative liability at beginning of year	$ 320,936	-
Increase due to issuance of convertible note	981,277	498,399
Change in fair value	(404,699)	(177,463)
Derivative liability at end of year	$ 897,514	320,936

13. LOSS PER SHARE

Loss per share is calculated using the weighted average number of common shares outstanding during the year. For the years ended October 31, 2014 and 2013 the Company had potentially dilutive shares of 27,094,833 and 39,724,111, respectively that were excluded from the earnings per share calculation because their impact would be antidilutive. For the years ended October 31, 2014 and 2013, the diluted loss per share is the same as the basic loss per share, as the effect of common stock equivalents is anti-dilutive.

14. REMUNERATION OF MANAGEMENT AND KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. Key management personnel include the Chief Executive Officer (“CEO”), Chief Operating Officer (“COO”) and Chief Financial Officer (“CFO”).

	2014	2013
Wages and salaries	$ 585,501	511,517

15. COMMITMENTS AND CONTINGENCIES

Office Lease

The Company leases its office space under a non-cancellable operating lease which expires in December 2015. Future minimum payments under this lease at October 31, 2014 are as follows:

Year Ended October 31,	
2015	$ 82,955
2016	13,825
	$ 96,780

Employment Agreements

The Company had employment agreements with two key employees ending December 31, 2014. One of the employees contract was extended through December 31, 2015, while the other employee is retained on a month-to-month contract.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on March 30, 2016.

17. 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 year ended October 31, 2014 the President of Bonanza Resources, and director of the Company, incurred $5,333 in travel and office expenses compared to $3,333 for the same period in 2013. At October 31, 2014 the President of Bonanza Resources owed the Company $10,453 for travel and other advances.

During the year ended October 31, 2014 the President and a director of the Company incurred $ nil in travel and other expenses compared to $4,617 for the same period in 2013. At October 31, 2014 the Company owed the President $ nil for unreimbursed expenses.

During the year ended October 31, 2014, a director of the Company incurred $45,100 compared to $48,026 for the same period in 2013 in consulting fees and $ nil in travel and related expenses compared to $1,623 for the same period in 2013. At October 31, 2014 the Company owed the director $ nil for consulting fees and related expenses.

During the year ended October 31, 2014, a director of the Company incurred $62,013 compared to $73,003 for the same period in 2013 in consulting fees and $ nil in travel and office expenses compared to $1,656 for the same period in 2013. At October 31, 2014 the Company owed the director $ nil for consulting fees and related expenses.

During the year ended October 31, 2014 the Company charged a management fee of $296,528 (2013- $294,775) to AleAnna Resources, of which $50,855 (2013-$50,554) was eliminated in consolidation. The Company has receivables from AleAnna Resources of $326,942 for unpaid management fees and expenses at October 31, 2014.

During the year ended October 31, 2014 the Company entered into a financing arrangement with a shareholder for an additional principal amount of $1,000,000 and rolling accrued interest on the existing note into a new note with a principal amount of $2,126,825. The original financing arrangement was entered into during 2013 with an initial amount of $1,000,000. The note provides, among other things, for the conversion of the note and accrued interest into stock of the Company.

18. SUBSEQUENT EVENTS

On November 1, 2014 Michael Noonan resigned as the Company's Chief Financial Officer, but remains a Director of the Company. Steven Moore assumed the role of interim Chief Financial Officer until a replacement has been named.

The Company had employment agreements with two key employees ending December 31, 2014. One of the employees contract was extended through December 31, 2015, while the other employee is retained on a month-to-month contract.

Subsequent to October 31, 2014, the BRS Board of Directors accepted the resignation of Directors Sioux Sinnott and Richard Green.

As discussed in the 2014 consolidated financial statements, effective September 1, 2014, AleAnna Energy acquired the remaining 65% interest in AleAnna Resources. The Company elected to not participate for its pro-rata share of the acquisition. Accordingly, the Company's interest in AleAnna Energy was reduced to its original interest in AleAnna Resources. During the 2015 fiscal year, there were additional capital calls that the Company elected to not participate in, further diluting their interest to approximately 15%.

At October 31, 2015, the Company determined that indicators of impairment existed due to a decline in the economic factors affecting the oil and gas industry, therefore an impairment test was performed for this investment and impairment of $1,052,360 was recorded.

On March 26, 2015, the Company entered into a debt settlement agreement dated March 26, 2015 (the "Agreement") with Double Black Diamond L.P. (the "Holder") with respect to the settlement of a secured convertible note dated March 31, 2014 (the "Note") in the principal amount of $2,126,825 issued by the Company to Holder. Pursuant to the terms of the Agreement, on March 31, 2015, the Company issued 69,154,170 common shares at a deemed price of $0.035 per Share, in settlement of $2,420,396, being the aggregate principal amount of the Note and accrued interest thereon.

On December 31, 2015 Steve Moore resigned as President and CEO and acting Chief Financial Officer. He will continue as a Board member. Byron Coulthard was named President and CEO and Michael Noonan was named Chief Financial Officer effective December 31, 2015.