

**BRS RESOURCES LTD.**

*Management Discussion & Analysis  
for the Three Months Ended*

*January 31, 2017*

Suite 404, 999 Canada Place  
Vancouver, BC V6C 3E2

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE THREE MONTHS ENDED JANUARY 31, 2017**

**INTRODUCTION**

The following management's discussion and analysis (this "MD&A"), prepared as of April 5, 2017, is management's assessment and analysis of the results and financial condition of BRS Resources Ltd. (the "Company" or "BRS") for the three month period ended January 31, 2017 and should be read in conjunction with the Company's audited consolidated annual financial statements for the year ended October 31, 2016, and related notes attached thereto. The preparation of financial data is in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" consistently applied. The consolidated interim financial statements were prepared using International Financial Reporting Standards ("IFRS"). All figures are reported in Canadian dollars, unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

***FORWARD-LOOKING STATEMENTS***

Certain statements in this MD&A are forward-looking statements. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Often, but not always, forward looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views, and are based on certain assumptions, and speak only as of April 5, 2017. These assumptions, which include, management's current expectations, estimates and assumptions about certain projects and the markets the Company operates in, the global economic environment, interest rates, exchange rates and the Company's ability to manage its assets and operating costs, may prove to be incorrect. A number of risks and uncertainties could cause its actual results to differ materially from those expressed or implied by the forward looking statements, including, but not limited to: (1) risks inherent in petroleum and natural gas exploration and development including environmental hazards, industrial accidents, or unusual or unexpected geological formations; (2) a decrease in the market price of oil and/or gas; (3) a decrease in the demand for oil and gas and oil and gas related products; (4) discrepancies between actual and estimated reserves and risks associated with the estimation of reserves; (5) the possibility that future exploration, development or exploration results will not be consistent with the Company's expectations; (6) the inherent uncertainty of future production and cost estimates; (7) the potential for unexpected costs and expenses and changes to the cost of commencing production and the time

when production commences, and actual ongoing costs; (8) the potential for, and effects of, labor disputes or other unanticipated difficulties with, or shortages of, labor; (9) unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions; (10) the failure to obtain governmental approvals and fulfil contractual commitments, and the need to obtain new or amended licenses and permits; (11) changes in laws or policies, delays in, or the inability to obtain, necessary governmental permits; (12) the number of competitors; (13) political and economic conditions in oil and gas producing and consuming countries; (14) failure to obtain additional capital at all or on commercially reasonable terms; (15) other factors beyond the Company's control; and (16) those factors described in the section entitled "Risk Factors and Uncertainties" in the Company's annual MD&A as filed on March 1, 2017.

Readers should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made in or incorporated by reference in this MD&A. The Company undertakes no obligation to update forward-looking statements if management's beliefs, estimates and opinions or the Company's circumstances as at the date hereof should change, except as required in accordance with applicable laws.

## **BUSINESS OF THE COMPANY**

BRS is incorporated under the laws of the Province of British Columbia and its principal business activity is the acquisition and exploration of oil and gas interests in Italy. The Company's wholly-owned subsidiary, Bonanza Resources (Texas) Inc., a Texas corporation, holds all of the Company's oil and gas assets. The Company is presently listed on the TSX Venture Exchange (the "TSXV") under the symbol "BRS".

In early 2016, the Company moved its head office from Dallas, Texas to Vancouver, British Columbia in order to reduce general and administrative expenses. The Company's business and executive office is located at Suite 404, 999 Canada Place, Vancouver, BC V6C 3E2. Its registered and records offices are located at Suite 800 - 885 West Georgia Street, Vancouver, BC V6C 3H1.

In connection with the preparation of the Company's annual financial statements for the fiscal year ended October 31, 2015, management determined that the Company needed to restate its annual consolidated financial statements for the fiscal years ended October 31, 2014 and 2013, and its interim consolidated financial statements for the interim periods ended July 31, 2015 and 2014 to change the presentation of its interest in its operating partner, AleAnna Energy LLC ("**AleAnna Energy**"). The Company previously reported its investment in AleAnna Energy by consolidating its pro-rata share of assets, liabilities, income and expenses in its consolidated financial statements of the Company on a proportional consolidation basis. The Company subsequently determined that it should have reported its investment in AleAnna Energy on an equity investee basis. The net effect of the restatement was a difference in presentation to reflect the equity investee method. In connection with the foregoing, the Company re-filed its audited

annual financial statements for the year ended October 31, 2014 and its unaudited interim financial statements for the three and nine months ended July 31, 2015 (the “**Re-filing**”). The re-filed financial statements for the fiscal year ended October 31, 2014 and the nine months ended July 31, 2015 include note disclosure that detail the effect of the restatement for the periods indicated. Certain historical information in this MD&A has been restated on that basis.

Because of the identification of the restatement, the Company was unable to file its audited annual financial statements for the year ended October 31, 2015, and the related MD&A and certifications by the applicable regulatory deadline. As a result, the British Columbia Securities Commission and the Alberta Securities Commission issued cease trade orders (the “**Cease Trade Orders**”) ordering that all trading in the securities of the Company cease until the Company filed the required records. In addition, because of the cease trade orders, the TSXV halted trading in the Company’s common shares. The cease trade orders were subsequently revoked on May 10, 2016 and trading of the Company’s common shares on the TSXV was reinstated on June 2, 2016.

## **OVERALL PERFORMANCE**

The Company is an international oil and gas exploration company targeting the European upstream energy business, with a primary focus on natural gas extraction in Italy. The Company is active in Italy through its ownership in AleAnna Energy LLC which owns 100% of AleAnna Resources LLC (“AleAnna Resources”). BRS owns 9.74% of AleAnna Energy LLC.

The opportunity to explore and exploit oil and gas opportunities in Italy is subject to many federal and regional approvals. As a result of both the federal government and regional influence on the permitting process, very few wells have been drilled and developed over the past eight years.

AleAnna holds thirty-one exploration applications and permits for over 2.9 million acres (11,782 sq. km) in Italy. To date, AleAnna has also amassed the largest portfolio of newly acquired 3D geophysical data onshore in Italy and has two other successful wells in final stage of production concession award.

To date, AleAnna Resources has acquired 134,672 acres (545 sq. km) of 3-D geophysical data, making it one of Italy’s largest owners of on-shore 3-D geophysical data. 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.

The Trava-2 well, located in the southern half of Corte dei Signori, received final approvals from the Ministry and UNMIG Bologna on June 8, 2016. The Trava 2D commenced drilling on February 24, 2017 and was directionally drilled from a surface location which minimized environmental impact yet allows for drilling of multiple wells from the same surface pad. The bottom hole location targeted a prominent amplitude imaged by 3D seismic up structure of an unsuccessful 2003 dry hole, Trava 1 well, drilled by the previous permit holder. The Trava 2D was 49 ft (15 m) structurally up dip as anticipated and found significantly better reservoir rock properties than Trava 1 well, which was drilled using only 2D seismic data.

The Trava 2D tested at rates up to 1.89 million cubic feet (MMcf) per day (53,500 scm), with bottom hole pressures exceeding 1,700 psi (114 bars). A PTL log verified gas flow from only an upper interval of Pliocene age Porto Garibaldi PL-2 sand while lower intervals also perforated were still unloading completion fluids as evidenced by consistently increasing gas rates and flowing tubing pressures. The Trava 2D well has been shut in and AleAnna immediately filed documentation for government approval of a production concession permit. Additional development wells will be needed to fully develop the field area.

#### *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 Limited ("PVE"), AleAnna Resources acquired a 10% interest in the fully awarded exploration license for La Prospera and in 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, pending the installation of surface facilities, pipeline hookup and receipt of necessary regulatory approvals.

On February 1, 2016, the Company announced that AleAnna Resources had acquired PVE's 75% interest in La Prospera and PVE's 75% interest in the preliminarily awarded adjacent exploration license, Zanza. AleAnna Resources now owns 85% of the La Prospera permit, 85% of the Gradizza production concession and 85% of the Zanza exploration license.

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 Gradizza-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 Diavolo 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 expects to be able to 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.

AleAnna Resources has submitted a drilling permit application for its Viconoco prospect, located approximately 3.5 miles (5.6 km) southwest of the Gradizza-1 discovery well.

#### *Ponte dei Grilli Permit*

The 63,864 acre (258 sq. km) Ponte dei Grilli 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 Grilli permit area, 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 Grilli 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 Resources' 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 completed a 3-D geophysical survey on Belgioioso. 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.

AleAnna Resources has filed an exploration application with the Ministry for the La Stefanina permit area contiguous to the southern border of its Corte dei Signori permit area. The application area is 34,526 acres (140 sq km).

## 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 sq. km) Torrente Acqua Fredda permit is surrounded by a number of existing oil and gas fields. The much larger 116,100-acre (470-km<sup>2</sup>) 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.

## SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited interim financial information, in Canadian dollars, in accordance with IFRS for each of the eight most recently completed quarters.

	Quarter Ended <sup>(1)</sup>			
	January 31, 2017 (\$)	October 31, 2016 (\$)	July 31, 2016 (\$)	April 30, 2016 (\$)
Total revenue <sup>(2)</sup>	-	-	-	2,244
Income (loss) from continuing operations before share of loss from equity investment	(13,380)	(37,278)	(74,069)	(38,260)
Net income (loss)	(457,200)	(248,137)	(171,377)	(187,710)
Income (loss) per share <sup>(3)</sup>	0.00	(0.01)	0.00	0.00
	January 31, 2016 (\$)	October 31, 2015 (\$)	July 31, 2015 (\$)	April 30, 2015 (\$)
Total revenue <sup>(2)</sup>	38,578	119,718	107,376	107,046
Income (loss) from continuing operations before share of loss from equity investment	(66,268)	(133,130)	(105,728)	(1,490,023)
Net income (loss)	(167,500)	(873,834)	(255,745)	(1,581,447)
Income (loss) per share <sup>(3)</sup>	0.00	(0.01)	0.00	(0.02)

<sup>(1)</sup> The amounts shown in this table have been adjusted to reflect the restatement of the Company's prior financial statements as discussed above under the heading "Business of the Company".

<sup>(2)</sup> Revenue (if any) is derived from the management fee payable to the Company in connection with its interest in AleAnna Energy.

<sup>(3)</sup> Diluted loss per share has not been computed as it is anti-dilutive.

The changes between quarters set out in the table above are attributable to changes in levels of operations between periods, the move of the Company's head office from Dallas to Vancouver in early 2016, including concurrent reductions in general and administrative expenses, and the effect of exchange rates given that certain of the Company's operations are conducted in or from the United States and Italy.

As discussed above under the heading "Overall Performance - Operations", through its membership interest in AleAnna Energy, BRS holds an approximately 9% interest in AleAnna Resources, a company that has assembled a land position currently encompassing 725,947 net acres (32.938 net sq km) in the Po Valley and Bradano basins in on-shore Italy. The Company

treats AleAnna Energy as an equity investee for accounting purposes because it exercises significant influence over the operations of AleAnna Energy.

## RESULTS OF OPERATIONS

*For the Three Months ended January 31, 2017 compared to the Three Months ended January 31, 2016*

Net loss for the three months ended January 31, 2017 totaled \$457,200 (or \$nil per share), versus a net loss of \$167,500 (or \$nil per share) for the three months ended January 31, 2016.

The following is a summary of the changes in the components of revenue and expense and the reasons for the changes:

		Three Months Ended January 31, 2017 (\$)	Three Months Ended January 31, 2016 (\$)	Increase (Decrease) (\$)
Revenues from management fee	A	-	38,578	(38,578)
Wages and benefits	B	-	71,212	(71,212)
Engineering and consulting fees	C	-	-	-
Legal and accounting	D	9,268	6,133	3,136
Office and general	E	3,758	7,930	(4,172)
Rent	F	-	9,024	(9,024)
Investor relations	G	210	90	120
Depreciation and amortization	H	144	12,113	(11,969)
Travel	I	-	3,464	(3,464)

- A. Decrease due to the Company no longer receiving management fees from AleAnna Resources.
- B. Decrease due to the elimination of salaries.
- C. No material change.
- D. Increase due to accounting and legal fees incurred in connection with the Refiling.
- E. Decrease due to transfer of head office from Dallas to Vancouver
- F. Decrease due to transfer of head office from Dallas to Vancouver.
- G. No material change.
- H. Decrease due to disposal of substantially all of the office equipment of Bonanza Resources (Texas) Inc.
- I. Decrease due to decrease in company travel activity.



## **FINANCING, LIQUIDITY AND CAPITAL RESOURCES**

At January 31, 2017, the Company had cash of \$1,322 compared to \$40,811 at October 31, 2016.

Working capital at January 31, 2017 was \$(106,910), a decrease of \$11,113 from \$(95,797) at October 31, 2016. Current liabilities were \$111,387 at January 31, 2017 compared to \$140,298 at October 31, 2016. The Company's accumulated deficit at January 31, 2017 was \$(34,906,222), a decrease of \$457,201 from the accumulated deficit of \$(34,449,022) at October 31, 2016.

BRS has historically relied on the issuance of share capital to raise funds. The Company is continually evaluating additional financing opportunities to meet its operational needs.

Notwithstanding previous success in acquiring financing on acceptable terms, there is no guarantee that the Company will be able to obtain funding or on what terms any such capital may be available to the Company.

While the Company currently has sufficient working capital to continue operations in the very near term, the Company expects to incur future losses, which casts doubt as to the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise the necessary funds and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. General market conditions may have an impact on the Company's ability to raise funds 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 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 months ended January 31, 2017, the Company charged a management fee of \$nil to AleAnna Resources, of which \$nil was eliminated on consolidation (2016 - \$45,221). The Company had receivables from, and unbilled charges to, AleAnna Resources of \$nil for unpaid management fees and expenses at January 31, 2017.

During the three months ended July 31, 2016, Byron Coulthard, the Company's President and Chief Executive Officer, Company advanced \$5,000 (2016 \$0) to the company for general corporate expenses. The company owed the director \$5,000 as of January 31, 2017.

## OUTSTANDING SHARE DATA

The Company had the following securities outstanding as of April 5, 2017:

- a) Issued and outstanding share capital

Class	Par Value	Authorized	Outstanding
Common	No Par Value	Unlimited	124,878,943

- b) Stock Options

Number	Exercise Price	Expiry Date
3,000,000	\$0.10	May 7, 2018

## ADOPTION OF NEW ACCOUNTING STANDARDS

For a summary of changes in accounting policy, including initial adoption, see Note 3 to the Company's unaudited condensed interim financial statements for the three months ended January 31, 2017, which the Company has filed concurrently with this MD&A.

## 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 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.

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

Certain current expenditures are denominated in Euros with respect to the Italian operations of AleAnna Resources. These expenditures are affected by currency fluctuations. The Company also currently maintains certain of its cash holdings in Canadian dollars.

## ADDITIONAL DISCLOSURE FOR REPORTING ISSUERS WITH SIGNIFICANT EQUITY INVESTEEES

The following table summarizes financial information with respect to AleAnna Energy, which is a significant equity investee of the Company:

	As at January 31, 2017 (\$)	As at January 31, 2016 (\$)
Total assets	80,337,260	31,597,679
Total liabilities	27,326,291	515,813
Revenue	-	-
Net loss	(4,073,285) <sup>(1)</sup>	(323,227) <sup>(1)</sup>
Ownership percentage of the Company	9.07%	14.69%

<sup>(1)</sup>Does not include foreign exchange gain.

## **OTHER INFORMATION**

You should read this MD&A of the financial position and results of operations of the Company for the period ended January 31, 2017 in conjunction with the Company's audited consolidated annual financial statements for the year ended October 31, 2016. Additional information relating to the Company is available through the Company's public filings on SEDAR at [www.sedar.com](http://www.sedar.com).

## **BOARD APPROVAL**

The Board of Directors of the Company approved this MD&A effective as of April 5, 2017.