# BRS RESOURCES LTD.

***Management Discussion & Analysis***
***For the Nine Months Ended***

***July 31, 2023***

308 – 1441 Johnston Road
White Rock B.C., V4B 3Z7

**MANAGEMENT'S DISCUSSION & ANALYSIS**
**FOR THE NINE MONTHS ENDED JULY 31, 2023**

## INTRODUCTION

The following management's discussion and analysis (this "MD&A"), prepared as of July 31, 2023 and dated September 29, 2023, is management's assessment and analysis of the results and financial condition of BRS Resources Ltd. (the "Company" or "BRS") for the nine months ended July 31, 2023 and 2022 and should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended July 31, 2023 and 2022, and related notes attached thereto. The preparation of financial data is in accordance with International Financial Reporting Standards ("IFRS") consistently applied. All figures are reported in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedarplus.ca.

### *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 the date of this MD&A. 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 this MD&A.

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 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 pursuing the acquisition, exploration and evaluation of mineral properties. The Company was previously under a cease trade order issued by the BC Securities Commission. On November 10, 2022, the cease trade order was revoked.

The Company's business and executive office and its registered and records offices are located at 308 - 1441 Johnston Road, White Rock B.C., V4B 3Z7.

On April 28, 2023, the Company consolidated its outstanding common shares on the basis of ten existing shares for one new share. All share and per share amounts in the condensed interim financial statements have been retroactively restated to reflect the share consolidation.

In May 2023, the Company was informed its wholly owned subsidiary, Bonzana Resources (Texas) Inc., a Texas Corporation, had been involuntarily dissolved due to it being inactive. As a result, the Company has restated these financial statements to reflect the dissolution retrospectively from the effective date of the dissolution. As the entity was inactive and its operations were previously written off during the year ended October 31, 2020, the impact on these financial statements is limited to a reclassification within shareholders' deficiency by reclassifying the accumulated other comprehensive income (loss) relating to foreign currency translations to accumulated deficit.

On August 11, 2023, the Company issued an additional 4,860,000 units to the subscribers of flow-through and non-flow through private placements on a pro-rata basis to adjust for the effect of the share consolidation. Each unit consists of one common share and one warrant. The warrants have the same terms as the underlying private placement warrants.

The Company also revised the exercise price of the private placement warrants from $1.00 to $0.10 and issued an additional 155,700 finder's warrants with the same terms. The amounts reflected in the financial statements have been retroactively restated to reflect the adjustment.

## OVERALL PERFORMANCE

The Company was previously an international oil and gas exploration company targeting the European upstream energy business, with a primary focus on natural gas extraction in Italy. During the period ended July 31, 2023, the Company began to pursue the acquisition of mineral property options in Canada.

On December 19, 2022, the Company entered into an option agreement with Cariboo Rose Resources Ltd. (the "Vendor") to acquire a 60% interest in the Cowtrail Property located in British Columbia. To earn the 60% interest the Company will pay total cash consideration of $200,000, issue $200,000 worth of common shares or pay the equivalent of cash, and spend a total of $2,000,000 in exploration expenditures over a four year period. Concurrent with and only on the exercise of the option, the parties will enter into a joint venture agreement.

## EXPLORATION AND EVALUATION ASSET

### Cowtrail Property

During the period ended July 31, 2023, the Company entered into an option agreement to acquire a 60% interest in the Cowtrail Property located in British Columbia.

The Company can earn a 60% interest in the property by making the following option payments:

| Date | Cash | Common shares (or cash in lieu of shares) | Exploration Expenditures |
|---|---|---|---|
| Within 10 days of December 19, 2022 | - | $20,000 | - |
| On or before December 19, 2023 | - | $30,000 | $150,000 |
| On or before December 19, 2024 | $50,000 | $40,000 | $250,000 additional |
| On or before December 19, 2025 | $50,000 | $50,000 | $500,000 additional |
| On or before December 19, 2026 | $100,000 | $60,000 | $1,100,000 additional |
| Total | $200,000 | $200,000 | $2,000,000 |

The Company will not earn the 60% in the Property until all of the option payments are complete. The Company may, at its option, accelerate the exercise of the option at any time by completing the applicable option payments as set forth in the table above.

Upon completion of the option payments and having earned the 60% interest, the Company will enter into a joint venture agreement with the Vendor who owns the remaining the 40% interest. The parties agree to pay their pro-rata share of exploration expenditures going forward, failing which their respective interest will be diluted. The Company will be the initial operator of the property.

The Vendor will retain a 2.5% net smelter return royalty if the Company earns an interest of 85% or more. The royalty may be reduced to 1% by a single payment of $2,000,000 to the Vendor.

## 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 | | | |
|---|---|---|---|---|
| | **July 31, 2023 ($)** | **April 30, 2023 ($)** | **January 31, 2023 ($)** | **October 31, 2022 ($)** |
| Total revenue | - | - | - | - |
| Net loss | (198,263) | (95,965) | (73,164) | (59,704) |
| Loss per share | (0.01) | (0.01) | (0.01) | (0.01) |
| | **Quarter Ended** | | | |
| | **July 31, 2022 ($)** | **April 30, 2022 ($)** | **January 31, 2022 ($)** | **October 31, 2021 ($)** |
| Total revenue | - | - | - | - |
| Net loss | (87,839) | (42,996) | (55,000) | (78,024) |
| Loss per share | (0.01) | (0.00) | (0.00) | (0.01) |

## RESULTS OF OPERATIONS

***For the nine months ended July 31, 2023 compared to the nine months ended July 31, 2022***

Net loss for the nine months ended July 31, 2023 totaled $367,392, compared to a net loss of $185,835 for the nine months ended July 31, 2022. The difference relates to legal, accounting and regulatory fees incurred in order to update the books and records to lift the cease trade order during the nine months ended July 31, 2023.

The following is a summary of expenses and the reasons for their changes:

| | | **Nine Months Ended July 31, 2023 ($)** | **Nine Months Ended July 31, 2022 ($)** | **Increase (Decrease) ($)** |
|---|---|---|---|---|
| Finance costs | A | 34,285 | 6,248 | 28,037 |
| Consulting fees | B | 140,000 | 90,000 | 50,000 |
| Legal and accounting | C | 150,192 | 81,817 | 68,375 |
| Office and General | D | 26,900 | 194 | 26,706 |
| Property Investigation | E | 10,975 | - | 10,975 |
| Regulatory fees | F | 13,219 | 7,576 | 5,643 |
| Write-off of accounts payable | G | (12,180) | - | (12,180) |

A. Primarily relates to interest and accretion incurred on the Company's convertible debentures.
B. Primarily relates to consulting related to SEO and web content work.
C. Primarily relates to an increase in legal and audit services rendered in the current period.
D. Primarily relates to an increase in general expenses and bank charges during the current period.
E. Primarily relates to exploration expenditure on Cowtrail property made before date of agreement.
F. Primarily relates to transfer agent and regulatory fees in order to lift the cease trade.
G. Primarily relates to lapse of statute of limitation on accounts payable.

*For the three months ended July 31, 2023 compared to the three months ended July 31, 2022*

Net loss for the three months ended July 31, 2023 totaled $198,263 compared to a net loss of $87,839 for the three months ended July 31, 2022. The difference relates to legal, accounting and regulatory fees incurred in order to update the books and records to lift the cease trade order during the three months ended July 31, 2023.

The following is a summary of expenses and the reasons for their changes:

| | | Three Months Ended July 31, 2023 ($) | Three Months Ended July 31, 2022 ($) | Increase (Decrease) ($) |
|---|---|---|---|---|
| Finance costs | A | 20,959 | 6,248 | 14,711 |
| Consulting fees | B | 60,000 | 30,000 | 30,000 |
| Legal and accounting | C | 90,262 | 46,417 | 43,845 |
| Office and General | D | 26,691 | 174 | 26,517 |
| Regulatory fees | E | 351 | 5,000 | (4,649) |

A. Primarily relates to an adjustment to the interest and accretion incurred on the Company's convertible debentures.
B. Primarily relates to consulting related to SEO and web content work.
C. Primarily relates to an increase in legal services rendered in the current period.
D. Primarily relates to an increase in general expenses and bank charges during the current period.
E. Primarily relates to transfer agent and regulatory fees in order to lift the cease trade during the same period in comparative period.

**FINANCING, LIQUIDITY AND CAPITAL RESOURCES**

At July 31, 2023, the Company had cash of $19,233 compared to $27,807 at October 31, 2022.

Working capital deficiency at July 31, 2023 was $489,276, compared to $868,831 as at October 31, 2022. The decrease in the deficiency is due to the Company raising cash through private placements. Current liabilities were $557,781 at July 31, 2023 compared to $922,097 at October 31, 2022. The Company's accumulated deficit at July 31, 2023 was $38,524,428 compared to $38,157,036 as at October 31, 2022.

The Company 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.

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. If the Company is not able to continue as a going concern, the Company may be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim financial statements.

**TRANSACTIONS WITH RELATED PARTIES**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate value of transactions relating to key management personnel were as follows:

| | | Period ended July 31, 2023 | | Period ended July 31, 2022 |
|---|---|---|---|---|
| Fees accrued or paid to the CEO | $ | 90,000 | $ | 90,000 |
| Fees accrued or paid to a Director | $ | 61,700 | $ | - |
| Fees accrued or paid to a Director | $ | 4,000 | $ | - |

As at July 31, 2023, $77,885 (October 31, 2022 - $533,622) was owing to key management personnel or to a company controlled by director or key management personnel and the amounts were included in accounts payable and accrued liabilities. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment. The amounts include payments made on behalf of the Company for legal fees, audit fees, transfer agent fees and for accrued management fees payable by the Company to the CEO.

**OUTSTANDING SHARE DATA**

The Company had the following securities outstanding as of September 29, 2023:

a) Issued and outstanding share capital

| Class | Par Value | Authorized | Outstanding |
|---|---|---|---|
| Common | No Par Value | Unlimited | 22,554,618 |

b) Issued and outstanding warrants

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 2,000,000 | $0.10 | December 30, 2025 |
| 2,900,000 | $0.10 | December 30, 2025 |
| 140,000 | $0.10 | December 30, 2025 |
| 133,000 | $0.10 | December 30, 2025 |
| 500,000 | $0.10 | January 5, 2026 |
| 4,109,224 | $0.10 | June 5, 2026 |
| 9,782,224 | | |

**CHANGES IN ACCCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

There were no new accounting policies adopted during the nine months ended July 31, 2023.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company’s financial instruments consist of cash, accounts payable and accrued liabilities and convertible debentures. The Company’s cash is classified at FVTPL and its accounts payable and accrued liabilities and convertible debentures are carried at amortized cost.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The fair value of cash is determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. As at July 31, 2023, the Company believes that the carrying values of its accounts payable and accrued liabilities and convertible debentures approximate their fair values because of their nature and relatively short maturity dates or durations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as fair value through profit or loss, and cause fluctuations in the fair value of future cash flows for assets or liabilities measured at fair value. Currently, the Company is not exposed to significant market risk, other than potential interest rate hikes which may impact the discount rates used to account for convertible debentures.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The carrying value of this financial asset represents the Company's maximum exposure to credit risk. The Company manages its credit risk by maintaining its cash in a federally regulated financial institution in Canada.

Foreign Exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. A significant change in the currency exchange rates between the US dollar and the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. However, because most of the Company's financial instruments are denominated in Canadian dollars, the Company does not believe it is subject to any significant foreign exchange risk at this time.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they become due. The Company's financial liabilities consist of its accounts payable and accrued liabilities and convertible debentures. As at July 31, 2023, the Company had a working capital deficiency of $489,276 (October 31, 2022 – $868,831).

The Company will manage its liquidity risk, by gaining access to funding at market rates through equity and debt markets once it lifts its cease trade order. In the future, the Company may issue new shares, adjust its debt levels or mix between short-term and long-term borrowings.

**PROPOSED TRANSACTIONS**

There are no proposed transactions.

**CONTINGENCIES**

There are no contingent liabilities.

## RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company’s environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company’s operations. The extent of the impact of this outbreak and related containment measures on the Company’s operations is not material.

*Early stage – Need for additional funds*

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders’ investments and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available. The Company has not been successful in the past in obtaining financing through equity, therefore there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

*Price Volatility*

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early-stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company’s securities will be subject to market trends generally and the value of the Company’s securities may be affected by such volatility. In addition, as the Company's securities are not currently listed on a stock exchange, this may further impact the market for, and value of, the Company's securities.

*Economic Conditions*

Unfavorable economic conditions may negatively impact the Company’s financial viability as a result of increased financing costs and limited access to capital markets.

*Dependence on Management*

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management’s services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

*Conflicts of interest*

The Company's directors and officers may serve as directors and officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "Act") in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

**OTHER INFORMATION**

You should read this MD&A of the financial position and results of operations of the Company for the period ended July 31, 2023 in conjunction with the Company's unaudited condensed interim financial statements for the period ended July 31, 2023. Additional information relating to the Company is available through the Company's public filings on SEDAR at www.sedarplus.ca.