

**BRS VENTURES LTD.**  
**(A Capital Pool Company)**

CONDENSED INTERIM FINANCIAL STATEMENTS  
Three and nine months ended July 31, 2012 and 2011  
(unaudited)  
*(Expressed in Canadian dollars)*

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# **BRS VENTURES LTD.**

**(A Capital Pool Company)**

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of the Company and all information contained in the third quarter 2012 report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

**BRS VENTURES LTD.**  
(A Capital Pool Company)  
Condensed Interim Statements of Financial Position  
(unaudited)  
*(Expressed in Canadian dollars)*

	<i>notes</i>	<b>July 31 2012</b>	October 31 2011
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		<b>167,763</b>	97,327
HST recoverable		<b>13,901</b>	8,692
Other assets		<b>1,026</b>	3,373
		<b>182,690</b>	109,392
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	<i>4</i>	<b>23,335</b>	306,548
<b>EQUITY (DEFICIENCY) ATTRIBUTABLE TO SHAREHOLDERS</b>			
Share capital	<i>3</i>	<b>988,145</b>	490,900
Subscriptions received	<i>3(b)</i>	-	91,667
Contributed surplus		<b>92,150</b>	92,150
Deficit		<b>(920,940)</b>	(871,873)
		<b>159,355</b>	(197,156)
		<b>182,690</b>	109,392

Approved by the Board of Directors

\_\_\_\_\_"Barry Girling"\_\_\_\_\_  
Director

\_\_\_\_\_"Robert McMorran"\_\_\_\_\_  
Director

September 26, 2012

**BRS VENTURES LTD.**

(A Capital Pool Company)

Condensed Interim Statements of (Loss) Income Comprehensive (Loss) Income

Three and nine months ended July 31

(unaudited)

*(Expressed in Canadian dollars)*

		Three months ended		Nine months ended	
	notes	2012	2011	2012	2011
		\$	\$	\$	\$
<b>Expenses</b>					
Accounting and audit	4	10,623	1,000	18,224	5,098
Legal	4	4,512	4,135	14,756	38,703
Listing		5,471	3,442	17,182	9,951
Office and miscellaneous		41	-	363	-
<b>Loss before other income</b>		<b>(20,647)</b>	<b>(8,577)</b>	<b>(50,525)</b>	<b>(53,752)</b>
Gain on forgiveness of debt		-	-	1,458	-
Non-refundable deposit forfeited		-	25,070	-	25,070
<b>Net (loss) income and comprehensive (loss) income</b>		<b>(20,647)</b>	<b>16,493</b>	<b>(49,067)</b>	<b>(28,682)</b>
Basic and diluted (loss) income per share		<b>(0.00)</b>	0.01	<b>(0.00)</b>	(0.01)
Weighted average number of shares outstanding		<b>12,941,659</b>	1,966,659	<b>12,822,407</b>	1,966,659

The accompanying notes are an integral part of these condensed interim financial statements

**BRS VENTURES LTD.**

(A Capital Pool Company)

## Condensed Interim Statements of Changes in Equity (Deficiency)

From November 1, 2010 to July 31, 2012

(unaudited)

*(Expressed in Canadian dollars)*

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Sub- scriptions received</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
Balance, November 1, 2010	1,966,659	\$ 490,900	\$ -	\$ 92,150	\$ (815,075)	\$ (232,025)
Changes, nine months ended July 31, 2011:						
Comprehensive loss	-	-	-	-	(28,682)	(28,682)
Balance, July 31, 2011	1,966,659	490,900	-	92,150	(843,757)	(260,707)
Changes, three months ended October 31, 2011:						
Subscriptions received	-	-	91,667	-	-	91,667
Comprehensive loss	-	-	-	-	(28,116)	(28,116)
Balance, October 31, 2011	1,966,659	490,900	91,667	92,150	(871,873)	(197,156)
Changes, nine months ended July 31, 2012:						
Shares issued pursuant to private placement in consideration for:						
Cash	10,000,000	500,000	(91,667)	-	-	408,333
Finders fees	975,000	48,750	-	-	-	48,750
Less issue costs paid in consideration for:						
Cash	-	(2,755)	-	-	-	(2,755)
Finders' shares	-	(48,750)	-	-	-	(48,750)
Comprehensive loss	-	-	-	-	(49,067)	(49,067)
<b>Balance, July 31, 2012</b>	<b>12,941,659</b>	<b>988,145</b>	<b>-</b>	<b>92,150</b>	<b>(920,940)</b>	<b>159,355</b>

The accompanying notes are an integral part of these condensed interim financial statements

**BRS VENTURES LTD.**  
(A Capital Pool Company)  
Condensed Interim Statements of Cash Flows  
Nine months ended July 31  
(unaudited)  
*(Expressed in Canadian dollars)*

	<i>notes</i>	<b>2012</b>	2011
		\$	\$
Cash provided from (used in):			
Operating Activities			
Net loss		<b>(49,067)</b>	(28,682)
Items not affecting cash			
Gain on forgiveness of debt		<b>(1,458)</b>	-
Non-refundable deposit forfeited		-	(25,070)
		<b>(50,525)</b>	(53,752)
Net change in non-cash working capital items			
HST recoverable		<b>(5,209)</b>	8,748
Other assets		<b>2,347</b>	-
Accounts payable and accrued liabilities	4	<b>(281,755)</b>	30,026
		<b>(335,142)</b>	(14,978)
Financing Activities:			
Shares issued for cash, net of issue costs		<b>405,578</b>	-
Increase (decrease) in cash		<b>70,436</b>	(14,978)
Cash - beginning of period		<b>97,327</b>	25,820
Cash - end of period		<b>167,763</b>	10,842

## **BRS VENTURES LTD.**

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

Three and nine months ended July 31, 2012 and 2011

(Expressed in Canadian dollars)

(unaudited)

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### **1. ORGANIZATION AND NATURE OF OPERATIONS**

BRS Ventures Ltd. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on June 8, 2007. The Company is classified as a capital pool company as defined by TSX Venture Exchange Policy 2.4 ("Policy 2.4"). The Company's objective is to complete a Qualifying Transaction ("QT") as defined under Policy 2.4 by identifying and evaluating potential business acquisitions and to subsequently negotiate acquisition or participation agreements subject to regulatory and shareholder approvals. The Company is currently trading on the NEX board of the TSX Venture Exchange (the "Exchange") under the trading symbol "BRV.H".

The address and domicile of the Company's registered office and its principal place of business is Suite 880, 580 Hornby Street, Vancouver, British Columbia, V6C 3B6.

### **2. BASIS OF PRESENTATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

#### *Statement of compliance and conversion to International Financial Reporting Standards*

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 and IFRS 1. Subject to certain transition elections disclosed in Note 7, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at October 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 7 discloses the impact of the transition to IFRS on the Company's reported statements of financial position, statements of loss and comprehensive loss and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended October 31, 2011. Comparative figures for fiscal 2011 as presented in these financial statements have been restated to give effect to these changes.

Previously, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles prior to convergence to IFRS ("Canadian GAAP").

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of September 26, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS, that are given effect in the Company's annual financial statements for the year ending October 31, 2012 could result in restatement of these condensed interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended October 31, 2011, and the Company's condensed interim financial statements for the three months ended January 31, 2012 prepared in accordance with IFRS applicable to interim financial statements.

#### *Basis of presentation*

The Company's condensed interim financial statements have been prepared on the historical cost basis. The comparative figures presented in these condensed interim financial statements are in accordance with IFRS and any changes from figures previously reported under Canadian GAAP have been disclosed in Note 7.

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(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

Three and nine months ended July 31, 2012 and 2011

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The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

### **3. SHARE CAPITAL**

a) Authorized: Unlimited common shares without par value.

b) Financing:

During the nine months ended July 31, 2012:

i) On November 4, 2011, the Company completed a private placement of 10,000,000 common shares at \$0.05 per share for gross proceeds of \$500,000. In connection with the private placement, the Company incurred cash issue costs of \$2,755. The Company also issued 975,000 finder's shares with the same terms as the private placement shares. The finder's shares have a fair value of \$48,750.

At October 31, 2011, the Company had received \$91,667 of shares subscriptions in connection with the private placement.

c) Share Consolidation:

Effective November 2, 2011, the Company consolidated its common shares on the basis of one (1) new common share for every three (3) old common shares issued and outstanding at that time. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

d) Options:

The Company has established a stock option plan in accordance with the policies of the Exchange pursuant to which the Company is authorized to grant share purchase options up to 10% of its outstanding shares. The exercise price of options granted equals the market price of the Company's stock on the date of the grant. The options are for a maximum term of five years.

A summary of the status of the Company's stock option plan as of April 30, 2012, October 31, 2011 and November 1, 2010 and the changes during the periods ended April 30, 2012 and October 31, 2011 are presented below:



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	Number of options	Weighted average exercise price
		\$
Balance outstanding and exercisable - July 31, 2012, October 31, 2011 and November 1, 2010	130,000	0.30

At July 31, 2012, the weighted average remaining contractual life of share purchase options outstanding was 0.57 years (October 31, 2011 – 1.33 years).

At July 31, 2012, share purchase options outstanding that entitled the holder thereof to acquire one share for each option held are as follows:

Expiry Date	Exercise Price	Number of Options
	\$	
February 28, 2013	0.30	130,000

## e) Escrow shares:

Of the issued and outstanding common shares at October 31, 2011 and 2010, 475,000 shares were held in escrow pursuant to the requirements of the Exchange. On November 4, 2011, 250,000 shares issued in conjunction with the 10,000,000 share private placement were placed into escrow. The total number of shares held in escrow at July 31, 2012 was 725,000 shares. The escrowed shares are to be released as to 10% if, as and when the Company completes Qualifying Transaction and an additional 15% on each 6 month interval thereafter.

**4. RELATED PARTY TRANSACTIONS**

During the three and nine months ended July 31, 2012 and 2011 the following fees were paid to related parties or companies in which Company officers and or directors held a controlling interest or significant influence:

	Three months ended July 31		Nine months ended July 31	
	2012	2011	2012	2011
	\$	\$	\$	\$
Audit and accounting	567	-	7,593	-
Legal	4,512	-	5,203	-

At July 31, 2012, accounts payable and accrued liabilities included \$2,107 (October 31, 2011 - \$nil) due to a company controlled by a director of the Company.

Key management includes the directors of the Company. The compensation paid or payable to key management for services during the nine months ended July 31, 2012 was \$7,593 of accounting fees (2011 - \$nil) and \$5,203 of legal fees (2011 - \$nil).

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**5. NON-CASH TRANSACTION**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the cash flow statements. The following transaction was excluded from the statements of cash flows:

During the nine months ended July 31, 2012, 975,000 finders' shares were issued at a fair value of \$48,750 pursuant to a private placement.

**6. FINANCIAL INSTRUMENTS****Classification of Financial Instruments**

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The Company designated its cash as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

Discussions of risks associated with financial assets and liabilities are presented as follows:

**Credit Risk**

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is primarily held with the Bank of Montreal.

**Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss is limited because at present the Company's liabilities are non-interest bearing or have fixed interest rates.

**Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities.

**7. FIRST-TIME ADOPTION OF IFRS**

The Company adopted IFRS on November 1, 2011 with the transition date of November 1, 2010 (the "Transition Date"). Under IFRS 1 'First-time Adoption of International Financial Reporting Standards', the IFRS are applied retrospectively at the Transition Date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit unless certain exemptions are applied. The Company has chosen to apply the following elections to:

- a) Not apply IFRS 2, 'Share-based Payments', to liabilities arising from share-based payment transactions that were settled before the Transition Date or to equity instruments fully vested before the Transition Date.

There were no material adjustments to the statements of financial position, statements of loss and comprehensive loss, statements of changes in equity (deficiency) or the statements of cash flows on adopting IFRS as at November 1, 2010, as at April 30, 2011, as at October 31, 2011, for the three and nine months ended July 31, 2011 or for the year ended October 31, 2011. Accordingly, no reconciliation schedules have been provided with these financial statements.