

BRS Ventures Ltd.
(A Capital Pool Company)

Financial Statements

October 31, 2008

October 31, 2007

**BRS VENTURES LTD.
(A Capital Pool Company)
Financial Statements
Year ended October 31st, 2008**

Audited

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DE VISSER GRAY LLP
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of BRS Ventures Ltd.,

We have audited the balance sheet of BRS Ventures Ltd. as at October 31, 2008 and the statements of operations, comprehensive loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at October 31, 2007 and for the period then ended, were audited by predecessor auditors who expressed an opinion without reservation on those statements in their report dated November 23, 2007 and January 28, 2008.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
February 23, 2009

BRS VENTURES LTD.
(A Capital Pool Company)
Balance Sheets
As at October 31,

	2008	2007
Assets		
Current		
Cash	\$ 330,181	\$ 270,897
Share subscriptions receivable (Note 3)	-	17,630
	\$ 330,181	\$ 288,527
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 11,552	\$ 5,166
Shareholders' Equity		
Capital Stock (Note 3)	450,900	300,000
Contributed Surplus (Note 3)	42,150	-
Deficit	(174,421)	(16,639)
	318,629	283,361
	\$ 330,181	\$ 288,527

Continuance of operations (Note 1)

"Reg Allen"
.....Director
Reg Allen

"Bradley Aelicks"
.....Director
Brad Aelicks

See notes to financial statements.

BRS VENTURES LTD.
(A Capital Pool Company)
Statements of Operations, Comprehensive Loss and Deficit

	Twelve month period ended October 31, 2008	Five month period ended October 31, 2007
Expenses		
Accounting fees	\$ 8,000	\$ 10,000
Bank charges and interest	496	30
Legal fees	53,737	6,609
Listing fees	55,646	-
Stock-based compensation	33,150	-
Travel and promotion	6,753	-
Net Loss and Comprehensive Loss for Period	\$ (157,782)	\$ (16,639)
Deficit, beginning of period	(16,639)	-
Deficit, end of period	\$ (174,421)	\$ (16,639)
Basic and diluted loss per share	\$ (0.03)	\$ (0.04)
Weighted-average number of common shares outstanding	5,347,945	455,173

See notes to financial statements

BRS VENTURES LTD.
(A Capital Pool Company)
Statements of Cash Flows

	Twelve month period ended October 31, 2008	Five month period ended October 31, 2007
Operating Activities		
Net loss for the period	\$ (157,782)	\$ (16,639)
Item not affecting cash		
Stock-based compensation	33,150	-
Changes in non-cash working capital		
Share subscriptions receivable	17,630	-
Accounts payable and accrued liabilities	6,386	5,166
Net cash used in operating activities	(100,616)	(11,473)
Financing Activity		
Capital stock issued for cash	200,000	282,370
Share issue costs	(40,100)	-
Net cash provided by financing activity	159,900	282,370
Increase in cash and cash equivalents	59,284	270,897
Cash and cash equivalents, beginning of period	270,897	-
Cash and cash equivalents, end of period	\$ 330,181	\$ 270,897

See notes to financial statements.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
Years Ended October 31, 2008 and 2007

1. NATURE AND CONTINUANCE 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"). On January 31, 2008, the Company received a final receipt for a prospectus and became a reporting issuer in British Columbia. The Company completed its initial public offering on February 29, 2008. 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.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. These financial statements do not give effect to adjustments that may be necessary to the carrying values of the Company's assets and the classifications of its assets and liabilities should the Company be unable to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates relate to accrued liabilities and valuation allowance for future tax assets. While management believes these estimates are reasonable, actual results could differ from these estimates and could affect future results of operations and cash flows.

(b) Future income taxes

The Company accounts for potential future net tax assets which are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and which are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. Such an allowance has been applied to all potential income tax assets of the Company.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
Years Ended October 31, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Share capital

Common shares issued for non-monetary consideration are recorded at their fair market value based initially upon the trading price of the Company's shares on the TSX Venture Exchange ("the Exchange") on the date of the agreement to issue the shares or, for subsequent issues, the date of share issuance.

Costs incurred to issue shares are deferred until the shares are issued, at which time these costs are charged to share capital.

(d) Stock-based compensation

The Company records compensation associated with stock options granted using a fair value measurement basis and records the expense when the options vest with the recipients.

The proceeds received by the Company on the exercise of options are credited to share capital.

(e) CICA Handbook Section 1535 – Capital Disclosures

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The Company has a simple capital structure and therefore this standard has had no impact on its financial statement disclosures.

(f) Financial Instruments

The Company's financial instruments include cash and accounts payable and accrued liabilities. Cash and cash equivalents are designated as held-for-trading. All other financial instruments are other financial liabilities and are recorded at cost. The fair value of these financial instruments approximates their carrying value due to their short term nature and capacity for prompt liquidation.

Canadian accounting standards require all financial instruments to be classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments within its scope, including derivatives, are to be included on the Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Depending on the classification, changes in fair value are to be recognized in the statements of operations and comprehensive income.

All held-for-trading and available-for-sale financial instruments are recorded on the balance sheet at fair value. All other financial instruments will be recorded at cost or amortized cost, subject to impairment reviews. Transaction costs incurred to acquire held-for-trading financial instruments are recorded to the Statements of Operations. Transaction costs incurred to acquire all other financial instruments are included in the underlying balance.

Related required disclosures in connection with risks involving the Company's financial instruments are not currently applicable given the simple nature of these instruments.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
Years Ended October 31, 2008 and 2007

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Hedges, CICA Section 3865

This standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. The Company currently does not have any hedges.

(h) Comprehensive Income, CICA Section 1530

This standard requires the presentation of a statement of comprehensive income and its components.

Comprehensive income is the change in net assets that results from transactions, events and circumstances from sources other than shareholders and includes items such as unrealized gains or losses on available-for-sale investments. Accumulated other comprehensive income includes the holding gains and losses from available-for-sale securities which are not included in net income (loss) until realized. Section 1530 currently has no material impact on the Company's financial statements.

(i) Recent accounting pronouncements - International Financial Reporting Standards ("IFRS")

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be accurately determined at this time.

(j) Loss per share

Loss per share is computed by dividing net loss by the weighted average number of common shares and common share equivalents outstanding during the period. Shares issuable upon the exercise of share purchase warrants and stock options were excluded from the computation of loss per share because their effect would be anti-dilutive. The Company calculates loss per share using the treasury stock method. Under the treasury stock method only instruments with exercise amounts less than market prices impact the diluted calculations.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
Years Ended October 31, 2008 and 2007

3. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Issued voting common shares

	2008		2007	
	Number of Shares	Value	Number of Shares	Value
Balance – beginning of period	4,000,000	\$ 300,000	-	\$ -
Issued for:				
Founders' shares	-	-	2,000,000	100,000
Private placement ⁽¹⁾	-	-	2,000,000	200,000
Public offering ⁽²⁾	2,000,000	150,900	-	-
Balance – end of year	6,000,000	\$ 450,900	4,000,000	\$ 300,000

(1) The Company received \$17,630 from this issue during the current year.

(2) Net of share issuance costs of \$49,100.

On March 4, 2008 the Company had 6,000,000 common shares listed for trading on the Exchange as a capital pool company.

(c) The continuity of stock options outstanding is as follows:

Activity	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance-beginning of period	-	\$ -	-	\$ -
Granted ⁽¹⁾	500,000	0.10	-	-
Balance-end of year	500,000	\$ 0.10	-	\$ -

(1) Expiry date of the 500,000 options granted is February 28, 2013.

At October 31, 2008, the weighted-average remaining contractual life of stock options outstanding was 4.3 years.

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange, which provides that the Board of Directors of the Company may grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares provided that the number of shares reserved for issuance under the stock option plan shall not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to 5 years from the date of grant. The Board of Directors determines the price per common share and the number of common shares that may be allotted to directors, officers, employees and consultants, and wholly- or partially-owned subsidiaries of the Company and all other terms and conditions of the option, subject to the rules of the Exchange.

In accordance with the Exchange Policy 4.7, the Company may grant non-transferable charitable options equal to one percent (1%) of the total number of securities outstanding immediately after the closing of the offering, exercisable for a period of up to 5 years from the date the Company's shares commence trading on the Exchange. They may be exercised no later than 90 days following the date the holder of the Charitable Option ceases to be a registered charity or registered national arts service organization.

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Notes to Financial Statements
Years Ended October 31, 2008 and 2007

3. CAPITAL STOCK (Continued)

Of the 500,000 stock options granted during the current year, the Company granted 60,000 to an eligible charitable organization.

(d) The continuity of agent warrants outstanding is as follows:

Activity	2008		2007	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance-beginning of period	-	\$ -	-	\$ -
Granted ⁽¹⁾	200,000	0.10	-	-
Balance-end of year	200,000	\$ 0.10	-	\$ -

(1) Expiry date of the 200,000 agent warrants granted is March 1, 2010.

At October 31, 2008, the weighted-average remaining contractual life of agent warrants outstanding was 1.3 years.

(e) Stock-based compensation

The Company granted a total of 200,000 agent warrants and 500,000 stock options during the year ended October 31, 2008.

The fair value of agent warrants and options granted has been determined using the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions, particularly as to the expected pricing volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's agent warrant and stock option grants.

The fair value of these grants were estimated at the grant date based on the Black-Scholes Option Pricing Model, using the following assumptions:

	Agent warrants	Stock options
Expected dividend yield (%)	NIL	NIL
Risk-free interest rate (%)	2.77	3.14
Expected life (years)	2	5
Expected volatility (%)	81.08	81.08

(f) Contributed surplus increased \$42,150 during the current year, comprising \$33,150 for stock options granted and \$9,000 for agent warrants issued.

(g) Shares held in escrow

On the issued and outstanding common shares at both October 31, 2008 and 2007, 2,425,000 shares will be held in escrow pursuant to the requirements of the Exchange to be released as to 10% thereof on the completion of the Company's Qualifying Transaction and as to 15%, on 6 month intervals, on each of the 6, 12, 18, 24, 30 and 36 months thereafter.

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4. INCOME TAXES

No provision for recovery of income taxes was made in 2008 and 2007 because of the uncertainty as to the utilization of the losses for income tax purposes. The Company has accumulated losses for tax purposes of approximately \$149,400 (October 31, 2007 - \$16,700) which expire in various years to 2028 as follows:

2027	\$	16,700
2028	\$	132,700

As at October 31, 2008, the Company has undeducted share issuance costs totalling \$32,000 (2007 - nil) which are available for deduction against future Canadian taxable income. Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years to offset taxable income.

	2008	2007
Net loss before income taxes	\$ (157,782)	\$ (16,639)
Tax rate	31.52%	34.12%
Calculated income tax recovery	(49,733)	(5,677)
Net adjustment for deductible and non-deductible amounts	7,921	-
Unrecognized benefits of non-capital losses	41,812	5,677
Income tax recovery	\$ -	\$ -

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2008	2007
Future income tax assets		
Unamortized share issuance costs	\$ 9,143	\$ -
Non-capital loss carry forwards	42,548	5,677
	51,691	5,677
Valuation allowance for future income tax assets	(51,691)	(5,677)
	\$ -	\$ -

5. CONTINGENCY

There is no assurance that the Company will identify and acquire a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.