

# BRS Ventures Ltd.

## Management's Discussion and Analysis for the three and nine months ended July 31, 2014

The information contained in this Management's Discussion and Analysis ("MD&A") of BRS Ventures Ltd. (the "Company") for the three and nine months ended July 31, 2014 has been prepared as of September 29, 2014. It should be read in conjunction with the unaudited condensed interim financial statement of the Company for the three and nine months ended July 31, 2014, and along with the financial statements of the Company for the year ended October 31, 2013.

All amounts are expressed in Canadian dollars unless otherwise indicated.

### Company description

BRS Ventures Ltd. (the "Company" or "BRS") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on June 8, 2007. Following its initial public offering on February 29, 2008, the Company qualified as a capital pool company ("CPC") as defined by TSX V Policy 2.4 ("Policy 2.4") of the TSX Venture Exchange ("TSX V" or the "Exchange") and the shares were listed for trading under the trading symbol "BRV-P.V". To date the Company has not completed a Qualifying Transaction ("QT") as defined under Policy 2.4. As BRS has yet to complete a QT, the Company no longer qualifies as a CPC and currently trades on the NEX board of the TSX V under the trading symbol "BRV.H".

### General

Currently, BRS is continuing in its efforts to complete a QT and any pre-requisite financing in order to qualify as a Tier 2 Issuer on the TSX V. Any proposed qualifying transaction is still subject to approval by the Exchange and there can be no assurance that in the event that a QT is secured and approved that the Company will be able to secure the necessary financing.

### Quarterly results

The following is selected financial data for the last eight quarters ending with the most recently completed quarter, being the three months ended July 31, 2014.

Three months ended (\$)	July 31, 2014	April 30, 2014	January 31, 2014	October 31, 2013
Revenues	-	-	-	-
Net loss	(15,352)	(13,465)	(12,475)	(21,273)
Net loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	81,789	90,879	114,045	119,798

Three months ended(\$)	July 31, 2013	April 30, 2013	January 31, 2013	October 31, 2012
Revenues	-	-	-	-
Net loss	(11,564)	(13,802)	(1,844)	(7,906)
Net loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	141,761	168,445	177,828	114,045

The basic and diluted loss per share calculation results in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

### Results from Operations

#### *Three months ended July 31, 2014*

During the three months ended July 31, 2014, the Company reported a net loss of \$15,352 or \$0.00 per share (2013 - \$11,564 or \$0.00 per share). The most significant expenses or variance to prior periods are as follows:

# **BRS Ventures Ltd.**

## **Management's Discussion and Analysis for the three and nine months ended July 31, 2014**

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### Legal - \$6,011 (2013 - \$1,802)

The increase is due to the assistance of legal counsel in regard to potential qualifying transactions.

### Listing - \$3,377 (2013 - \$5,306)

The decrease is due to the timing of the AGM which was help earlier in the prior period.

### ***Nine months ended July 31, 2014***

During the nine months ended July, 2014, the Company reported a net loss of \$41,292 or \$0.00 per share (2013 - \$27,210 or \$0.00 per share). The 2014 increase in net loss is substantially attributable to an \$11,813 gain recognized in the prior year on the forgiveness of debt. The most significant expenses or variances to prior periods are as follows:

### Accounting and audit - \$23,797 (2013 - \$18,606)

The increase is due to resolving all matters related to accounting for the disallowed GST during the year end audit process.

### Listing - \$9,924 (2013 - \$13,063)

The decrease is due to the timing of the AGM which was help earlier in the prior period.

### **Investing and Financing activities**

The Company has not engaged in any investing or financing activities in the period.

### **Liquidity and capital resources**

For the nine months ended July 31, 2014, operating activities had a cash requirement of \$41,292 (2013 - \$15,397) before adjustments for working capital.

During the year ended October 31, 2013 Canada Revenue Agency ("CRA") advised the Company that it is not eligible to recover GST Input Tax Credits until such time as it is engaged to complete a QT. Accordingly, during the three and nine months ended July 31, 2014 the Company has expensed \$540 and \$1,648 of GST/HST paid, but not recoverable, to the statement of loss.

Management expects that the Company will require additional financing in order to complete a Qualifying Transaction. There can be no assurance that in the event the Company is successful in its efforts to secure a qualifying business opportunity, that adequate financing can be secured.

### **Related party transactions and key management compensation**

Some key management personnel, or their related parties, may hold positions in other entities whose services are retained by the Company. In such instances, these appointments result in the Company's key management personnel representing those related parties in which they hold control or significant influence over the financial or operating policies of these entities.

The Company's related parties consist of the Company's directors, officers and companies associated with them including, Malaspina Consultants Inc., a company owned by Robert McMorran, a director of the Company.

# BRS Ventures Ltd.

## Management's Discussion and Analysis for the three and nine months ended July 31, 2014

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During the three and nine months ended July 31, 2014 and 2013, the Company entered into transactions with directors and officers of the Company and/or companies they control as follows:

	Three months ended July 31		Nine months ended July 31	
	2014	2013	2014	2013
	\$	\$	\$	\$
Accounting and audit <sup>(1)</sup>	2,194	175	5,280	1,310

(1) The charge includes accounting fees paid to Malaspina Consultants Inc.

Key management includes officers and directors (executive and non-executive) of the Company. There was no compensation paid or payable to key management during the three and nine months ended July 31, 2014 and 2013.

As at July 31, 2014, the Company's total indebtedness to related parties amounted to \$3,683 (October 31, 2013 - \$602). The amounts due to related parties are unsecured, non-interest-bearing and due on demand.

There was no compensation paid or payable to key management during the three and nine months ended July 31, 2014 and 2013.

### Financial Instruments

Financial instruments of the Company consist of cash and accounts payable and accrued liabilities. The risks associated with financial assets and liabilities have not changed since October 31, 2013.

### Accounting standards adopted

The following revised standards and amendments became effective on November 1, 2013. The adoption of the new and amended standards did not have a significant impact on the condensed interim financial statements. The following is a brief summary of the principal new standards:

**IFRS 10, Consolidated Financial Statements**, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces *SIC-12, Consolidation - Special Purpose Entities* and parts of *IAS 27, Consolidated and Separate Financial Statements*.

**IFRS 11, Joint Arrangements**, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes *IAS 31, Interests in Joint Ventures*, and *SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

**IFRS 12, Disclosure of Interests in Other Entities**, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosures that address the nature of, and risks associated with, an entity's interests in other entities.

**IFRS 13, Fair Value Measurement**, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair

# **BRS Ventures Ltd.**

## **Management's Discussion and Analysis for the three and nine months ended July 31, 2014**

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value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

### **Risks and uncertainties**

The Company has incurred significant losses since inception. The continued operations of the Company are dependent on its ability to generate future cash flow and obtain additional financing. The Company has traditionally financed its cash requirements through the issuance of common shares. If the Company is unable to generate cash from operations or obtain additional financing its ability to continue as a going concern could be impeded.

### **Shares outstanding**

As of July 31, 2014, the Company's authorized, issued, fully paid and voting shares were 12,941,659 with 724,997 held in escrow.

### **Disclosure controls and procedures**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the three and nine months ended July 31, 2014 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-looking information**

The Company's unaudited interim condensed financial statements for the three and nine months ended July 31, 2014, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of September 29, 2014.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms acceptable to the Company and the ability of third-party service providers to deliver services in a timely manner. Some of

## **BRS Ventures Ltd.**

### **Management's Discussion and Analysis for the three and nine months ended July 31, 2014**

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these risks and uncertainties are identified under the heading “**RISKS AND UNCERTAINTIES**” as disclosed elsewhere in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

#### **Other Information**

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

#### **Outlook**

The Company is maintaining its search for a business opportunity on which to complete a Qualifying Transaction while seeking additional financing in order to increase working capital and to fund a Qualifying Transaction.