BRS VENTURES LTD.
(A Capital Pool Company)

FINANCIAL STATEMENTS
October 31, 2011 and 2010

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Shareholders of BRS Ventures Ltd.

We have audited the accompanying financial statements of BRS Ventures Ltd. ("the Company"), which comprise the balance sheets as at October 31, 2011 and 2010, and the statements of operations and comprehensive loss, shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRS Ventures Ltd. as at October 31, 2011 and 2010 and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has a working capital deficiency, has no current sources of revenue and is dependent upon its ability to secure new sources of financing. As of October 31, 2011, the Company's current liabilities exceeded its total assets by approximately $200,000. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS
Vancouver, BC
February 21, 2012

BRS VENTURES LTD.
(A Capital Pool Company)
Balance Sheets
As at October 31, 2011 and 2010

	Notes	2011 $	2010 $
ASSETS			
Current assets			
Cash		97,327	25,820
HST recoverable		8,692	10,217
Other assets		3,373	-
Total assets		109,392	36,037
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		306,548	242,992
Deposit	6	-	25,070
Total liabilities		306,548	268,062
SHAREHOLDERS' DEFICIENCY			
Share capital	3	490,900	490,900
Subscriptions received	8	91,667	-
Contributed surplus		92,150	92,150
Deficit		(871,873)	(815,075)
Total shareholders' deficiency		(197,156)	(232,025)
Total liabilities and shareholders' deficiency		109,392	36,037

Organization, nature and continuance of operations (Note 1)
Subsequent events (Notes 3(c) and 8)

Approved by the Board of Directors

"Reg Allen" Director   "Robert McMorran" Director

The accompanying notes are an integral part of these financial statements

BRS VENTURES LTD.
(A Capital Pool Company)
Statements of Operations and Comprehensive Loss
For the years ended October 31, 2011 and 2010

	Notes	2011 $	2010 $
General and administrative expenses			
Accounting fees		11,700	10,600
Legal fees		59,027	113,415
Listing fees		15,052	47,914
Office and miscellaneous fees		1,932	99,100
Loss before other items		(87,711)	(270,966)
Interest income		10	-
Gain on forgiveness of debt		5,833	-
Loss on write-off of loan receivable	4, 6	-	(60,000)
Gain on write-off of non-refundable deposit	6	25,070	-
Net loss and comprehensive loss for the year		(56,798)	(330,966)
Basic and diluted loss per share		(0.03)	(0.15)
Weighted average number of shares outstanding	3(c)	1,966,659	2,139,087

The accompanying notes are an integral part of these financial statements

BRS VENTURES LTD.
(A Capital Pool Company)
Statements of Shareholders' Deficiency
For the years ended October 31, 2011 and 2010

	Number of shares	Amount $	Subscriptions Received $	Contributed Surplus $	Deficit $	Total $
Balance, October 31, 2009	1,999,992	450,900	-	42,150	(484,109)	8,941
Issued during the year:						
For cash pursuant to private placement	300,000	90,000	-	-	-	90,000
Cancellation of founders' shares	(333,333)	(50,000)	-	50,000	-	-
Net loss for the year	-	-	-	-	(330,966)	(330,966)
Balance, October 31, 2010	1,966,659	490,900	-	92,150	(815,075)	(232,025)
Subscriptions received	-	-	91,667	-	-	91,667
Net loss for the year	-	-	-	-	(56,798)	(56,798)
Balance, October 31, 2011	1,966,659	490,900	91,667	92,150	(871,873)	(197,156)

BRS VENTURES LTD.
(A Capital Pool Company)
Statements of Cash Flows
For the years ended October 31, 2011 and 2010

	2011 $	2010 $
Cash flow provided by (used in)		
Operating Activities		
Net loss for the year	(56,798)	(330,966)
Add (deduct) non-cash items:		
Gain on forgiveness of debt	(5,833)	-
Loss on write-off of loan receivable	-	60,000
Gain on write-off of non-refundable deposit	(25,070)	-
Changes in non-cash working capital items		
HST recoverable	1,525	(10,217)
Other assets	(3,373)	20,100
Accounts payable and accrued liabilities	69,389	136,655
	(20,160)	(124,428)
Financing Activities		
Non-refundable deposit	-	25,070
Shares issued for cash, net of issue costs	-	90,000
Subscriptions received	91,667	-
	91,667	115,070
Increase (decrease) in cash during the year	71,507	(9,358)
Cash – beginning of the year	25,820	35,178
Cash – end of the year	97,327	25,820
Cash paid during the year for:		
Interest	-	-
Income taxes	-	-

The accompanying notes are an integral part of these financial statements

1. ORGANIZATION, 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”). 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“.

These financial statements have been prepared in accordance with generally accepted accounting principles (“Canadian GAAP”) 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. The Company has accumulated losses of $871,873 since its inception and had a working capital deficiency of $197,156 at October 31, 2011. 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. Subsequent to October 31, 2011, the Company completed a private placement of 10,000,000 common shares at $0.05 per common share for gross proceeds of $500,000 (Note 8).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

Use of estimates

The preparation of financial statements in accordance with Canadian GAAP 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 the 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.

Financial instruments

All financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured on the balance sheet date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recognized in net earnings (loss). Available-for-sale financial instruments are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed.

Comprehensive income

Comprehensive income includes both net loss and other comprehensive income ("OCI"). OCI is the change in shareholders' equity (deficiency) from non-owner sources which is not included in the calculation of net loss until realized. Cumulative changes in OCI are included in Accumulated Other Comprehensive Income ("AOCI"), which is a category of shareholders' equity on the balance sheet. The Company had no OCI transactions during the years ended October 31, 2011 or 2010, and neither opening nor closing balances for AOCI in either year.

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.

Stock-based compensation

The Company has a stock option plan (Note 3), whereby stock options are granted in accordance with the policies of regulatory authorities. The Company records a compensation cost attributable to all share purchase options granted at fair value at the grant date using the Black-Scholes valuation model and the fair value of all share purchase options are expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Black-Scholes model requires the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

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.

Loss per share

Basic loss per share is calculated by dividing the net loss for the year available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti dilutive. Basic and diluted loss per share are the same for the years presented.

For the years ended October 31, 2011 and 2010, potentially dilutive common shares (relating to stock options outstanding) totalling 130,000 (2010 – 130,000) were not included in the computation of loss per share because their effect was anti-dilutive.

Adoption of New Accounting Standards

Business combinations, consolidated financial statements and non-controlling interest

Effective November 1, 2010, the Company elected to early adopt Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA Handbook Section 1582 establishes standards for the accounting for a business combination and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008).

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

To date there has been no impact on the Company's financial statements as a result of the adoption of these sections.

3. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Financing:

On January 27, 2010, the Company completed a private placement of 300,000 common shares at $0.30 per share for gross proceeds of $90,000.

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) Cancellation of shares:

At the Company's AGM held on July 20, 2010, shareholders approved the cancellation of 50% of Seed (Founders') Shares (333,333 shares) purchased by non-arm's length parties to the Company in accordance with Exchange policies. The book value of the shares ($50,000) was re-classified to contributed surplus.

e) 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 October 31, 2011 and 2010 and the changes during the years then ended is presented below:

	Number of options	**Weighted average exercise price $**
Balance outstanding and exercisable – October 31, 2011, 2010 and 2009	130,000	0.30

At October 31, 2011, the weighted average remaining contractual life of share purchase options outstanding was 1.33 years (2010 - 2.33 years).

At October 31, 2011, 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

f) Warrants:

A summary of warrants outstanding as of October 31, 2011 and 2010 and the changes during the years then ended is presented below:

	Number of warrants	**Weighted average exercise price $**
Balance outstanding – October 31, 2009	66,667	0.30
Expired	(66,667)	0.30
Balance outstanding – October 31, 2011 and 2010	-	-

g) 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 to be released as to 10% on the completion of the Company's Qualifying Transaction and an additional 15% on each 6 month interval thereafter.

4. LOAN RECEIVABLE

On April 20, 2009, the Company and Quantum United Technologies Inc (QTI) executed a letter of agreement in respect to a proposed Qualifying Transaction. On October 7, 2009, a Definitive Agreement was executed with detailed terms of the proposed Qualifying Transaction. Under that agreement, the Company was to provide funding to QTI at an agreed upon sum, which would be considered a loan if the Company did not obtain Exchange approval for the Qualifying Transaction. During the year ended October 31, 2010, the Company did not obtain Exchange approval and the Company determined that the loan was not recoverable. Accordingly, the Company wrote-off the $60,000 loan receivable (Note 6).

5. INCOME TAXES

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision for the years ended October 31, 2011 and 2010 is as follows:

	2011 $	2010 $
Statutory tax rate	26.5%	28.5%
Loss for the year before income taxes	(56,798)	(330,966)
Expected income tax recovery	(15,051)	(94,325)
Effect of change in tax rate	852	11,584
Change in valuation allowance	14,199	82,742
Future income tax recovery	-	-

The significant components of the Company's net future income tax assets and liabilities at October 31, 2011 and 2010 are as follows:

	2011 $	2010 $
Future income tax assets		
Non-capital losses carried forward	217,968	203,769
	217,968	203,769
Valuation allowance for future income tax assets	(217,968)	(203,769)
Future income tax assets	-	-

The Company recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward periods to utilize all the future tax assets.

Losses that reduce future income for tax purposes expire as follows:

	$
2027	17,000
2028	158,000
2029	309,000
2030	331,000
2031	57,000
	872,000

6. QUALIFYING TRANSACTIONS

On October 7, 2009, the Company entered into an agreement to acquire all the assets of Quantum United Technologies Inc. (QTI). A draft Information Circular, describing the terms and process that constituted the Qualifying Transaction, was presented to the Exchange for approval. The Exchange subsequently decided not to approve the Qualifying Transaction for reasons of the technology being too early in its development. This delay exceeded the time deadline for a CPC to complete a Qualifying Transaction. As a result, the Company had the option to move to the NEX board ("NEX") subject to shareholders' approval. At the AGM on July 20, 2010 the Company received shareholder approval to move to the NEX. The Company's listing was transferred to the NEX on July 28, 2010.

On August 16, 2010 the Company terminated its definitive agreement with QTI. With the termination of the definitive agreement with QTI the Company wrote off the value of the Loan Receivable.

On October 18, 2010 the Company signed a term sheet for a qualifying transaction with Landmaster Partners, Inc (LPI). As part of that term sheet LPI provided the Company a US$25,000 ($25,070) non-refundable deposit. On July 21, 2011, the Company announced that it would not be proceeding with a transaction with LPI and the funds held on deposit were recorded as a gain on write-off of non-refundable deposit during the year ended October 31, 2011.

The Company intends to identify a new opportunity that would satisfy the requirement as a Qualifying Transaction. Any proposed Qualifying Transaction is still subject to approval by the Exchange.

7. FINANCIAL INSTRUMENTS

Management of Capital

The Company's objectives for the management of capital are to safeguard its ability to continue as a going concern including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash to be its manageable capital. The Company's policy is to maintain sufficient cash and investment balances to cover operating costs over a reasonable future period, generally one to one and a half years. The Company accesses capital markets through equity issues as necessary and may also acquire additional funds where advantageous circumstances arise.

Excess cash investments are restricted to bankers' acceptances of major Canadian banks or instruments of equivalent or better quality. The Company currently has no externally-imposed capital requirements except to maintain sufficient cash.

Classification of Financial Instruments

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The Company designated its cash as a fair value through profit or loss financial asset. The accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

Fair Value of Financial Instruments

The Company classified the fair value of the financial receivables according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The value of cash has been assessed based on the fair value hierarchy described above and is classified as Level 1. 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.

Discussions of risks associated with financial assets and liabilities are detailed below:

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 highly rated banking institutions and at lawyers.

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. The Company has a working capital deficiency of $197,156 at October 31, 2011.

8. SUBSEQUENT EVENTS

The following events took place subsequent to October 31, 2011:

Private Placement

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.

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

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 (Note 3(c)).