

**BRS VENTURES LTD.**  
**1<sup>st</sup> Quarter Interim Financial Statements**  
**January 31<sup>st</sup>, 2008**

Unaudited-Prepared by Management, not reviewed by an independent auditor

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**BRS VENTURES LTD.****Balance Sheet**

As at

	Oct 31, 2007 (audited)	Jan 31, 2008 (unaudited)
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 270,897	\$ 224,132
Share subscriptions receivable (Note 4b)	17,630	5,000
	\$ 288,527	\$ 229,132
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,166	\$ 16,183
<b>Shareholders' Equity</b>		
Capital Stock (note 4)	300,000	300,000
Deficit	(16,639)	(87,051)
	283,361	212,949
	\$ 288,527	\$ 229,132

"M. Reginald Allen" Director  
Reg Allen

"Bradley T. Aelicks" Director  
Brad Aelicks

**BRS VENTURES LTD.**  
**Statement of Operations and Deficit**

	<b>Five months period ended Oct 31, 2007 (audited)</b>	<b>Three months ended Jan 31, 2008 (unaudited)</b>
<b>Expenses</b>		
Brokerage Admin Fees	\$ -	\$ 10,000
Accounting Fees	10,000	500
Legal fees	6,609	59,372
Bank charges	30	40
Other	-	500
<b>Net Loss for Period and Deficit</b>	<b>\$ (16,639)</b>	<b>\$ (70,412)</b>
<b>Deficit, beginning of period</b>	<b>-</b>	<b>(16,639)</b>
<b>Deficit, end of period</b>	<b>(16,639)</b>	<b>(87,051)</b>

**BRS VENTURES LTD.**  
**Statement of Cash Flows**

	<b>Five months period ended Oct 31, 2007 (audited)</b>	<b>Three months ended Jan 31, 2008 (unaudited)</b>
<b>Operating Activities</b>		
Loss for the period	\$ (16,639)	\$ (70,412)
Changes in non-cash working capital		
Accounts Receivable	-	12,630
Accounts Payable and accrued liabilities	5,166	11,017
<b>Cash Used in Operating Activities</b>	<b>(11,473)</b>	<b>(46,765)</b>
<b>Financing Activity</b>		
Capital stock issued for cash	282,370	-
Decrease in cash and cash equivalents	270,897	(46,765)
Cash and cash equivalents, beginning of period	-	270,897
<b>Cash and cash equivalents, End of Period</b>	<b>\$ 270,897</b>	<b>\$ 224,132</b>

**Supplemental Information**

Cash paid during the period for interest	\$ 0	\$ 0
Cash paid during the period for income taxes	\$ 0	\$ 0

See notes to financial statements.

**BRS VENTURES LTD.**  
**Notes to Financial Statements**  
**Period Ended January 31, 2008**

**1. INCORPORATION**

The Company was incorporated under the Canada *Business Corporations Act* on June 8, 2007 and is in the process of applying to become a capital pool company ("CPC") as defined in TSX Venture Exchange (the "Exchange") Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business, and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by the regulatory authorities.

**2. GOING-CONCERN**

The Company's ability to continue as a going-concern is dependent upon the Company's ability to identify, evaluate and complete a Qualifying Transaction (as such term is defined in Exchange Policy 2.4). Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. With the consent of the Exchange, the Company may raise additional funds. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to identify or complete a suitable Qualifying Transaction within the permitted time prescribed by the Exchange Policy 2.4.

**3. 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

Future income taxes are recorded using the asset and liability method, whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment occurs or is substantially assured. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

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**Period Ended January 31, 2008**

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(c) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, diluted loss per share is not presented where the effects of various conversions and exercise of options and warrants would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, have not been included in the calculation of the weighted average number of common shares outstanding.

**4. CAPITAL STOCK**

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

	Number of Shares	Amount
For cash		
Founders' shares	2,000,000	\$ 100,000
Private placement	2,000,000	200,000
Balance, January 31, 2008	4,000,000	\$ 300,000

During the period ended January 31, 2008, the Company entered into an agency agreement in relation to a proposed public offering of 2,000,000 common shares of the Company at \$0.10 per share, for gross proceeds of \$200,000. Pursuant to the agency agreement, the Agent will receive a commission of 10% of the gross proceeds, payable in cash, an administration fee of \$10,000 and reimbursement of expenses, to a maximum of \$10,000.

The Company will also grant to the Agent share purchase warrants to acquire up to 10% of the number of common shares issued pursuant to the offering, exercisable at \$0.10 per share for a period of 24 months from the date the Company's shares are listed for trading on the Exchange.

On the date of the initial public offering, the Company will grant 500,000 stock options to directors and officers of the Company and an eligible charitable organization, exercisable at \$0.10 per share and expiring five years from the date of grant.

(c) Stock options

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

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**Period Ended January 31, 2008**

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.

(d) Charitable stock options

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.

## **5. FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and accounts payable. The fair value of these financial instruments approximates their carrying value, unless otherwise noted. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

## **6. INCOME TAXES**

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

		<b>Period Ended January 31, 2008</b>
Income tax benefit computed at Canadian statutory rates	\$	29,702
Unrecognized tax losses		(29,702))
	\$	0

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**Notes to Financial Statements**  
**Period Ended January 31, 2008**

The Company has operating losses that may be carried forward to apply against future years' income for Canadian income tax purposes. These losses expire in 2027.

The component of future income tax asset is as follows:

	<b>Period Ended January 31, 2008</b>
Future income tax asset	
Non-capital loss carry-forwards	\$ 87,051
Tax rate	34.12%
Valuation allowance	27,702 (29,702)
Net future income tax asset	\$ 0

The valuation allowance reflects the Company's estimate that the tax asset, more likely than not, will not be realized.

**7. SUBSEQUENT EVENT**

- (a) The Company completed a public offering of 2,000,000 common shares of the Company at \$0.10 per share, for gross proceeds of \$200,000. Pursuant to the agency agreement, the Agent will receive a commission of 10% of the gross proceeds, payable in cash, an administration fee of \$10,000 and reimbursement of expenses, to a maximum of \$10,000.

The Company also granted to the Agent share purchase warrants to acquire up to 10% of the number of common shares issued pursuant to the offering, exercisable at \$0.10 per share for a period of 24 months from the date the Company's shares are listed for trading on the Exchange.

- (b) On the date of the initial public offering, the Company granted 500,000 stock options to directors and officers of the Company and an eligible charitable organization, exercisable at \$0.10 per share and expiring five years from the date of grant.