

BRS VENTURES LTD.
(A Capital Pool Company)
Financial Statements
Period ended April 30th, 2011

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BRS VENTURES LTD.
(A Capital Pool Company)
Balance Sheets
As at April 30, 2011 and October 31, 2010

	April 30, 2011 (unaudited)	Oct 31, 2010 (audited)
Assets		
Current		
Cash	\$ 16,659	\$ 25,820
Account receivable	802	10,217
Prepaid	-	-
	\$ 17,461	\$ 36,037
Liabilities and Liabilities' Equity		
Current		
Accounts payable and accrued liabilities	\$ 269,591	\$ 242,992
Despot (note 7)	25,070	25,070
	294,661	268,062
Shareholders' Equity		
Capital Stock (note 3)	490,900	490,900
Contributed Surplus	92,150	92,150
Deficit	(860,250)	(815,076)
	(277,200)	- 232,026
	\$ 17,461	\$ 36,037

Continuance of operations (note 1)
Contingency (note 5)
Commitments (note 8)
Subsequent events (note 11)

"Reg Allen"Director
Reg Allen

"Brad Aelicks"Director
Brad Aelicks

See notes to financial statements.

BRS VENTURES LTD.
(A Capital Pool Company)
Statements of Operations, Comprehensive Loss and Deficit
For the six month period ended April 30,
(Unaudited)

	Three month period ended April 30, 2011 (unaudited)	Three month period ended April 30, 2010 (unaudited)	Six month period ended April 30, 2011 (unaudited)	Six month period ended April 30, 2010 (unaudited)
Revenue				
Interest	\$ -	\$ -	\$ -	\$ -
Expenses				
Accounting Fees	\$ 2,598	\$ 2,200	\$ 4,098	\$ 2,200
Bank charges & Interest	-	-	-	-
Legal fees	18,208	36,471	34,568	75,374
Listing Fees	5,466	16,904	6,508	26,104
Stock-based compensation	-	-	-	-
Travel, tech evaluation & promotion	-	30,381	-	81,030
Net Loss and Comprehensive Loss for Period	\$ (26,273)	\$ (85,956)	\$ (45,175)	\$ (184,708)
Deficit, beginning of period	(833,977)	(582,861)	(815,075)	(484,109)
Deficit, end of period	\$ (860,250)	\$ (668,817)	\$ (860,250)	\$ (668,817)

See notes to financial statements

BRS VENTURES LTD.
(A Capital Pool Company)
Statements of Cash Flows
For the six month period ended April 30,
(Unaudited)

	Three month period ended April 30, 2011 (unaudited)	Three month period ended April 30, 2010 (unaudited)	Six month period ended April 30, 2011 (unaudited)	Six month period ended April 30, 2010 (unaudited)
Operating Activities				
Net loss for the period	\$ (26,273)	\$ (85,956)	\$ (45,175)	\$ (184,708)
Item not affecting cash				
Stock-based compensation				
Changes in non-cash working capital				
Accounts receivable	4,684			
Prepaid Expenses		13,255		2,599
Accounts payable and accrued liabilities	19,835	29,649	26,655	79,352
Cash Used in Operating Activities	(1,754)	(43,052)	(18,519)	(102,757)
Financing Activity				
Capital stock issued for cash		-	-	90,000
Share issue costs				
Net cash provided by financing activities	-	-	-	90,000
Decrease in cash and cash equivalents	(1,754)	(43,052)	(18,519)	(12,757)
Cash and cash equivalents, beginning of period	18,413	65,473	35,178	35,178
Cash and cash equivalents, End of Period	\$ 16,659	\$ 22,421	\$ 16,659	\$ 22,421

See notes to financial statements.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
For the six month period ended April 30

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 April 30, 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) Basis of presentation

These financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

(b) 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.

(c) 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 period 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
For the six month period ended April 30

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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.

(e) 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.

(f) Financial instruments

The Company's financial instruments include cash and accounts payable and accrued liabilities. Cash is 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.

Refer to note 9.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
For the six month period ended April 30

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Comprehensive Income

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.

(h) 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.

(i) Future accounting changes

(i) 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 period beginning on or after January 1, 2011. The transition date of November 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 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.

(ii) Business Combinations, Non-controlling Interests and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, which replace CICA Handbook Sections 1581, Business Combinations, and Section 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning November 1, 2011. Early adoption of these Sections is permitted and all six Sections must be adopted concurrently.

BRS VENTURES LTD.
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Notes to Financial Statements
For the six month period ended April 30

3. CAPITAL STOCK

(a) Authorized:
 Unlimited number of common shares without par value

(b) Issued voting common shares:

Activity	2011		2010	
	Number of Shares	Value	Number of Shares	Value
Balance – beginning	5,900,000	\$ 490,900	6,000,000	\$ 450,900
Private placement			900,000	90,000
Founders' shares ⁽¹⁾			(1,000,000)	(50,000)
Balance – ending	5,900,000	\$ 490,900	5,900,000	\$ 490,900

(1) Shares were cancelled pursuant to the Venture regulations and no portion of paid-in capital was refundable to these shareholders. At the Company's AGM on July 20, 2010 it was voted on and approved that 50% of Seed (Founders') Shares purchased by Non-Arm's Length Parties to the Corporation would be cancelled. This reduced the shares by 1,000,000 and the paid-in capital amount by \$50,000, which has been reclassified to contributed surplus.

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

Activity	2011		2010	
	Number of Options	Weighted Average Exercise	Number of Options	Weighted Average Exercise
Balance – beginning	390,000	\$ 0.10	390,000	\$ 0.10
Granted	-	-	-	-
Cancelled	-	-	-	-
Balance – ending	390,000	\$ 0.10	390,000	\$ 0.10

At April 30, 2010, the weighted-average remaining contractual life of stock options outstanding was 1.67 years, with an expiry date of February 28, 2013.

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 period 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.

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3. CAPITAL STOCK (Continued)

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 periods 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.

Of the 390,000 stock options granted, the Company granted 60,000 to an eligible charitable organization.

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

Activity	2011		2010	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance-beginning of period			200,000	\$ 0.10
Cancelled ⁽¹⁾			(200,000)	0.10
Balance-end of year	-	\$ -	-	\$ -

(1) Outstanding agent warrants expired on March 1, 2010.

(e) Stock-based compensation

The Company had outstanding a total of 390,000 stock options for the period ended April 30, 2010.

(f) Shares held in escrow

On the issued and outstanding common shares at both April 30, 2011 and 2010, 1,425,000 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.

(g) Contributed surplus

During the 2010 year, contributed surplus increased by \$50,000 due to the cancellation of 1,000,000 escrowed shares issued at \$0.05 per share.

4. LOAN RECEIVABLE

As noted in the BRS Material Change dated April 20, 2009 and Report filed with the TSE Exchange, BRS and Quantum United Technologies Inc (QTI) had executed a letter of agreement in respect of a proposed qualifying transaction under Policy 2.4 of the TSX Venture Exchange. On October 7, 2009, a Definitive Agreement was executed with detailed terms of the proposed qualifying transaction. Under that agreement BRS was to provide funding to QTI at an agreed upon sum, which would be considered a loan if BRS did not obtain Exchange Approval for the qualifying transaction. The company did not obtain Exchange Approval and as such the company has written off the \$60,000 loan receivable.

Refer to notes 7 and 11.

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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.

6. INCOME TAXES

No provision for recovery of income taxes was made in 2011, 2010, 2009, 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 \$766,000 which expire in various periods to 2031 as follows:

2027	\$	17,000
2028		133,000
2029		318,000
2030		279,000
2031		45,000
	\$	<u>792,000</u>

As at April 30, 2010, the Company has undeducted share issuance costs totalling \$16,040 (2009 – \$24,060) 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 period to offset taxable income.

	2011	2010
Net loss before taxes	\$ (45,175)	\$ (330,966)
Tax rate	28.5%	28.5%
Calculated income tax recovery	(12,874)	(94,325)
Net adjustment for deductible and non-deductible amounts	(2,286)	(2,286)
Unrecognized benefits of non-capital losses	56,160	96,611
Income tax recovery	\$ -	\$ -

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

	2011	2010
Future income tax assets:		
Share issue costs	\$	\$ 4,010
Non-capital loss carry-forwards	(15,160)	186,750
	(15,160)	190,760
Valuation allowance	(15,160)	(190,760)
Net future tax assets	\$ -	\$ -

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7. QUALIFYING TRANSACTION

The Company had 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 constitute 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 exceeds the time deadline for a CPC to complete a Qualifying transaction therefore 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 and is currently in the process of satisfying the Exchange's requirements.

On August 16, 2010 the Company terminated its definitive agreement with QTI. The Company intends to identify a new opportunity that would satisfy the requirement as a Qualifying Transaction and is currently looking at several opportunities. With the termination of the definitive agreement with QTI the Company has written 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 has provided the Company a US\$25,000 non-refundable deposit which the company has received and is reflected in the financial statements.

Any proposed qualifying transaction is still subject to approval by the TSX Venture Exchange.

Refer to notes 4 and 11.

8. COMMITMENTS

Nil

9. FINANCIAL RISK FACTORS

The Company's financial instruments include cash and accounts payable and accrued liabilities. Cash is designated as held-for-trading. All other financial instruments are other financial liabilities and are recorded at cost. The Company's financial instruments are exposed to the following risks:

Credit Risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk with respect to its cash is minimal as it is held with high-credit quality financial institutions.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
For the six month period ended April 30

9. FINANCIAL RISK FACTORS (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet operating accounts payable requirements. The Company maintains sufficient cash balances to meet these needs.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk, liquidity risk or market risk

Fair Value

CICA Handbook Section 3862 "Financial Instruments – disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	\$16,659	\$ -	\$ -	\$16,659
Total	\$16,659	\$ -	\$ -	\$16,659

10. CAPITAL MANAGEMENT

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 period. 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. No investments in asset-backed commercial paper are permitted.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
For the six month period ended April 30

11. SUBSEQUENT EVENTS

The Company and LPI are currently working on finalizing a Definitive Agreement regarding the Company's qualifying transaction.