

**BRS VENTURES LTD.
(A Capital Pool Company)
Financial Statements
Period ended July 31, 2010**

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

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BRS VENTURES LTD.
(A Capital Pool Company)
Balance Sheets
As at July 31, 2010 and October 31, 2009

	July 31, 2010 (unaudited)	Oct 31, 2009 (audited)
Assets		
Current		
Cash	\$ 6,245	\$ 35,178
Short Term Investments	-	-
Loan (note 4)	60,000	60,000
Prepaid	1,246	20,100
	\$ 67,491	\$ 115,278
Liabilities and Liabilities' Equity		
Current		
Accounts payable and accrued liabilities	\$ 229,610	\$ 106,337
Shareholders' Equity		
Capital Stock (note 3)	540,900	450,900
Contributed Surplus	42,150	42,150
Deficit	(745,169)	(484,109)
	(162,119)	8,941
	\$ 67,491	\$ 115,278

Continuance of operations (Note 1)

"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
Nine Month Period Ended July 31
(Unaudited)

	Three month period ended July 31, 2010 (unaudited)	Three month period ended July 31, 2009 (unaudited)	Nine month period ended July 31, 2010 (unaudited)	Nine month period ended July 31, 2009 (unaudited)
Revenue				
Interest	\$ -	\$ 34	\$ -	\$ 1,206
Expenses				
Accounting Fees	\$ 500	\$ 500	\$ 2,700	\$ 2,468
Bank charges & Interest	13	161	13	1,191
Legal fees	29,450	36,740	104,824	107,677
Listing Fees	15,273	8,845	41,377	15,063
Stock-based compensation	-	-	-	-
Travel, tech evaluation & promotion	31,116	37,078	112,146	61,095
Net Loss and Comprehensive Loss for Period	\$ (76,352)	\$ (277,418)	\$ (261,060)	\$ (186,287)
Deficit, beginning of period	(668,817)	(277,418)	(484,109)	(174,421)
Deficit, end of period	\$ (745,169)	\$ (360,708)	\$ (745,169)	\$ (360,708)

See notes to financial statements

BRS VENTURES LTD.
(A Capital Pool Company)
Statements of Cash Flows
Nine Month Period Ended July 31
(Unaudited)

	Three month period ended July 31, 2010 (unaudited)	Three month period ended July 31, 2009 (unaudited)	Nine month period ended July 31, 2010 (unaudited)	Nine month period ended July 31, 2009 (unaudited)
Operating Activities				
Net loss for the period	\$ (76,352)	\$ (83,290)	\$ (261,060)	\$ (186,287)
Item not affecting cash				
Stock-based compensation				
Changes in non-cash working capital				
Share subscriptions receivable				
Prepaid Expenses	16,255		18,854	
Accounts payable and accrued liabilities	43,921	14,663	136,030	23,943
Cash Used in Operating Activities	(16,176)	(68,627)	(106,176)	(162,344)
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	(16,176)	(68,627)	(16,176)	(162,344)
Cash and cash equivalents, beginning of period	22,421	236,463	22,421	330,180
Cash and cash equivalents, End of Period	\$ 6,245	\$ 167,836	\$ 6,245	\$ 167,836

See notes to financial statements.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
For the nine month period ended July 31, 2010

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
For the nine month period ended July 31, 2010

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) 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.
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Notes to Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

(g) 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.

(h) 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.

BRS VENTURES LTD.
(A Capital Pool Company)
Notes to Financial Statements
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3. CAPITAL STOCK

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

(b) Issued voting common shares

	2010		2009	
	Number of Shares	Value	Number of Shares	Value
Balance – beginning of period	6,000,000	\$ 450,900	6,000,000	\$ 450,900
Founders' shares	(1,000,000)	-	-	-
Private placement	900,000	90,000	-	-
Public offering ⁽¹⁾	-	-	-	-
Balance – end of year	5,900,000	\$ 540,900	6,000,000	\$ 450,900

(1) 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.

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 and returned to Treasury. This reduced the shares by 1,000,000.

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

Activity	2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance – beginning	390,000	\$ 0.10	500,000	\$ 0.10
Granted ⁽¹⁾	-	-	-	-
Cancelled ⁽²⁾	-	-	(110,000)	0.10
Balance – ending	390,000	\$ 0.10	390,000	\$ 0.10

(1) Expiry date of the 390,000 options granted is February 28, 2013.

(2) Effective November 17, 2008 when David Silver resigned from the Board his options of 110,000 were cancelled.

At July 31, 2010, the weighted-average remaining contractual life of stock options outstanding was 2.50 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.

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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 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.

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

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

(e) Stock-based compensation

The Company had outstanding a total of 390,000 stock options for the period ended July 31, 2010.

(f) Shares held in escrow

On the issued and outstanding common shares at both July 31, 2010 and 2009, 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.

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) have 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 will provide funding to QTI at an agreed upon sum, which would be considered a loan if BRS does not obtain Exchange Approval for the qualifying transaction. The amount of funding loaned to QTI for the period ending July 31, 2010 is a total of \$60,000.

Refer to note 7 and note 8.

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.

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6. INCOME TAXES

No provision for recovery of income taxes was made in 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 \$745,169 which expire in various years to 2029 as follows:

2027	\$	16,700
2028		132,700
2029		317,800
2030		<u>261,060</u>
	\$	<u>745,169</u>

As at July 31, 2010, the Company has undeducted share issuance costs totalling \$24,060 (2008 – \$32,080) 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.

	2010	2009
Net loss before taxes	\$ (261,060)	\$ (309,688)
Tax rate	30.0%	30.00%
Calculated income tax recovery	(78,318)	(92,906)
Net adjustment for deductible and non-deductible amounts		(2,406)
Unrecognized benefits of non-capital losses	78,318	95,312
Income tax recovery	\$ -	\$ -

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

	2010	2009
Future income tax assets:		
Share issue costs	\$	\$ 6,256
Non-capital loss carry-forwards	(78,318)	121,420
	(78,318)	127,676
Valuation allowance	(78,318)	(127,676)
Net future tax assets	\$ -	\$ -

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7. QUALIFYING TRANSACTION

The Company has entered into an agreement to acquire all the assets of Quantum United Technologies Inc. (QTI) by the issue of 17,000,000 common shares, of which 16,720,000 shares will be subject to escrow restrictions based upon the performance of the technologies acquired. The Company will also pay a bonus of \$75,000 in cash or shares upon closing of the transaction, and enter into employment agreements, under which the Company has already advanced a total of \$60,000 to Quantum United Technologies Inc.

The Company has further agreed to pay the sum of \$10,000 to QTI on the last day of each month until the earlier of the Closing Date and the termination of the Agreement. Upon closing of the transaction, the total advances to the closing date will constitute a debt owing from QTI. The debt shall be repayable on demand and bear interest at a rate of 7% per annum calculated and payable annually.

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.

Refer to note 4 and 8.

8. SUBSEQUENT EVENTS

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 will write off the value of the Loan Receivable.

9. COMMITMENTS

Operating lease

The company leased testing facilities starting January 1, 2010. To secure such a property the Company signed a five year lease which contained a clause for early termination. The Company has exercised that termination on August 20, 2010 providing 60 days notice to vacate and has no further obligation beyond October 31, 2010.