BEARING RESOURCES LTD.

(An Exploration Stage Company)

Condensed Consolidated Financial Statements

Third Quarter – July 31, 2011

(Unaudited)

(Expressed in Canadian dollars, except where indicated)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Bearing Resources Ltd.

Condensed Consolidated Statement of Financial Position

As at July 31, 2011 and October 31, 2010

(Unaudited)

(Expressed in Canadian dollars, except where indicated)

	July 31, 2011 $	October 31, 2010 $
Assets		(restated)
Current assets		
Cash and cash equivalents (note 6)	6,797,682	-
Accounts receivable and prepaid expenses	157,539	-
	6,955,221	-
Non-current assets		
Bonds and reclamation deposits	11,500	11,500
Mineral property interests (note 8)	1,045,803	711,012
Property, plant and equipment	15,804	16,393
	8,028,328	738,905
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	270,506	-
Premium liability (note 9)	233,658	-
	504,164	-
Shareholders' Equity		
Common shares (note 9)	8,096,392	-
Contributed surplus	4,267,657	4,169,805
Accumulated other comprehensive income ("AOCI")	(3,541)	-
Deficit	(4,836,344)	(3,430,900)
	7,524,164	738,905
	8,028,328	738,905

Nature of operations (note 1)
Plan of arrangement (note 2)
Change in accounting policies (note 4)
Contingencies (note 13)

Approved by the Board of Directors

"Brian Bayley" Director

"Damian Towns" Director

The accompanying notes form an integral part of these financial statements.

Bearing Resources Ltd.

Condensed Consolidated Statement of Loss and Comprehensive Loss

For the three and nine months ended July 31, 2011 and 2010

(Unaudited)

(Expressed in Canadian dollars, except where indicated)

Expenditures	**Three Months Ended July 31, 2011**	**Three Months Ended July 31, 2010**	**Nine Months Ended July 31, 2011**	**Nine Months Ended July 31, 2010**
	$	**$**	**$**	**$**
Exploration				
Administration	60,072	74,309	108,912	90,754
Camp & accommodation	53,967	-	53,967	-
Drilling	-	-	-	-
Geology & geochemistry	237,508	46,151	384,476	243,330
Geophysics	162,227	-	162,227	28,645
Other	27,156	-	27,156	-
Write-downs (recoveries)	4,432	(15,000)	4,432	(25,000)
	545,362	105,460	741,170	337,729
Other Expenses				
Audit, filing and legal fees	121,451	-	123,730	-
Consulting and labour	111,493	47,117	158,144	99,062
Depreciation and amortization	1,641	2,137	5,706	3,360
Interest received	(4,009)	-	(4,009)	-
Other costs	3,062	(5,944)	28,758	11,767
Rent and office costs	30,349	6,664	46,450	18,965
Share-based payments	266,569	-	266,569	-
Travel and promotion	9,492	12,791	38,926	14,982
	540,048	62,765	664,274	148,135
Loss for the period	1,085,410	168,225	1,405,444	485,864
Other Comprehensive Income	3,541	-	3,541	-
Loss and comprehensive loss for the period	1,088,951	168,225	1,408,985	485,864
Basic and diluted loss per share ($ per share)	$0.09	n/a	$0.26	n/a
Weighted average shares outstanding (000's)	12,569	n/a	5,439	n/a

The accompanying notes form an integral part of these financial statements.

Bearing Resources Ltd.

Condensed Consolidated Statements of Shareholders' Equity

For the three and nine months ended July 31, 2011 and 2010

(Unaudited)

(Expressed in Canadian dollars, except where indicated)

	Common shares					
	No. of shares #	**Amount $**	**Deficit $**	**Contributed Surplus $**	**AOCI $**	**Shareholders' equity $**
Balance – November 1, 2009	-	-	(2,711,895)	3,359,060	-	647,165
Funding by Valley High	-	-	-	465,215	-	465,215
Comprehensive income (loss)	-	-	(485,864)	-	-	(485,864)
Balance – July 31, 2010	-	-	(3,197,759)	3,824,275	-	626,516
Balance – November 1, 2010	-	-	(3,430,900)	4,169,805	-	738,905
Issuance of seed shares	1	1	-	-	-	1
Funding by Valley High	-	-	-	344,637	-	344,637
Pursuant to plan (note 2)	-	-	-	-	-	
Cancellation of seed shares	(1)	(1)	-	-	-	(1)
Issuance of common shares	8,975,362	2,640,475	-	(840,475)	-	1,800,000
Issuance of shares (note 9)	14,385,714	5,455,917	-	327,121	-	5,783,038
Share-based payments	-	-	-	266,569	-	266,569
Comprehensive income (loss)	-	-	(1,405,444)	-	(3,541)	(1,408,985)
Balance – July 31, 2011	23,361,076	8,096,392	(4,836,344)	4,267,657	(3,541)	7,524,164

The accompanying notes form an integral part of these financial statements.

Bearing Resources Ltd.

Condensed Consolidated Statement of Cash Flow

For the three and nine months ended July 31, 2011 and 2010

(Unaudited)

(Expressed in Canadian dollars, except where indicated)

	Three Months Ended July 31 2011	Three Months Ended July 31 2010	Nine Months Ended July 31 2011	Nine Months Ended July 31 2010
Cash flows from operating activities				
Loss for the period	(1,085,410)	(168,225)	(1,405,444)	(485,864)
Items not affecting cash				
Share-based payment expense	266,569	-	266,569	-
Other	23,182	-	23,182	-
Depreciation and amortization	1,641	2,137	5,706	3,360
	(794,018)	(166,088)	(1,109,987)	(482,504)
Change in non-cash operating working capital				
Increase in accounts receivable & prepaid expenses	(104,550)	-	(157,541)	-
Increase in accounts payable & accrued liabilities	235,948	-	270,506	-
	(662,620)	(166,088)	(997,022)	(482,504)
Cash flows from financing activities				
Funding provided by Valley High	-	167,816	297,412	461,855
Share issuances	5,936,697	-	5,936,697	-
Cash from Plan of Arrangement (note 2)	-	-	1,800,000	-
	5,936,697	167,816	8,034,109	461,855
Cash flows from investing activities				
Mineral property acquisition costs	(230,747)	-	(230,747)	37,200
Mineral property reimbursements	-	-	-	-
Payments to acquire capital assets	(5,117)	(1,728)	(5,117)	(16,551)
	(235,864)	(1,728)	(235,864)	20,649
Effect of exchange rate changes on cash and equivalents	(3,541)	-	(3,541)	-
Increase in cash and cash equivalents	5,034,672	-	6,797,682	-
Cash and cash equivalents - Beginning of period	1,763,010	-	-	-
Cash and cash equivalents - End of period	**6,797,682**	**-**	**6,797,682**	**-**

The accompanying notes form an integral part of these financial statements.

(Expressed in Canadian dollars, except where indicated)

1 Nature of Operations

Bearing Resources Ltd. (the "Company" or the "Bearing") is an exploration stage company that is engaged directly in the exploration and development of mineral properties in Mexico and Canada. The recoverability of the amounts shown for mineral property assets is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and the ability of the Company to obtain the necessary financing to continue the exploration and future development of its mining properties, or realizing the carrying amount through a sale. The Company's registered office is in Vancouver, British Columbia, Canada.

Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD (subsequently renamed on January 31, 2011 to Bearing). On March 25, 2011, Levon Resources Ltd. ("Levon") acquired Valley High Ventures Ltd. ("Valley High"), the predecessor corporation to the Company (note 2), by way of a court-approved plan of arrangement (the "Arrangement"). On June 10, 2011, Bearing began trading on the TSX Venture Exchange.

2 Plan of arrangement

Under the Arrangement, each Valley High share was exchanged for one Levon Share and 0.125 of a Bearing share. Valley High's interest in October Dome, Mt. Polley and Flume properties, and other staked Yukon properties and its early exploration prospect, Carreton, in Mexico (collectively, "the Projects") were transferred to Bearing, together with $1.8 million in cash. Bearing also provided Levon with an indemnification in respect of the tax payable on disposition of Bearing, in the event that the fair market value of the assets transfers exceeds the tax pools available to Valley High upon acquisition.

The formation of Bearing was the result of the transfer of assets between entities under common control: accordingly, the transaction is excluded from the scope of IFRS 3 (R), Business Combinations. These financial statements have been presented using predecessor accounting with balance sheet amounts based on the amounts recorded by Valley High up to March 25, 2011.

Carrying value of assets transferred and acquired pursued to the Plan of Arrangement on March 25, 2011 consisted of the following:

Cash	1,800,000
Property, Plant & Equipment	12,846
Other Deposits and Prepaid	69,392
Mineral Properties	758,237
	2,640,475

(Expressed in Canadian dollars, except where indicated)

3 Financial Presentation

Bearing was incorporated on January 13, 2011 and began operations on March 25, 2011. Financial statement information prior to this date reflects the financial position, statements of loss, comprehensive loss and deficit and cash flows of the related Bearing Business of Valley High. This information has previously been reported as the Bearing Business. The statements of loss, comprehensive loss and deficit for the three and nine months ended July 31, 2011 include an allocation of Valley High's general and administrative expenses incurred up to March 25, 2011 and expenses incurred directly by Bearing for the subsequent period. The consolidated schedule of mineral property costs for the nine months ended July 31, 2011 include the direct exploration expenses deferred to the Bearing properties.

The allocation of general and administrative expense was calculated on the basis of the ratio of costs deferred on the Bearing Business properties in each period presented as compared to the costs incurred on all mineral properties in each period. The consolidated financial statements have been presented under the continuity of interests basis of accounting with balance sheet amounts based on the amounts recorded by Valley High. Management cautions readers of these financial statements, that the allocation of expenses does not necessarily reflect future general and administrative expenses.

The opening deficit of Bearing at November 1, 2009 has been calculated by applying the same allocation principles outlined above to the cumulative transactions relating to the Projects and includes an allocation of Valley High's general and administrative expenses. The allocation of these general and administrative costs was calculated in the same way as described above.

4 Change in accounting policies

Exploration and Evaluation Expenditures:
During the period ended July 31, 2011, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures to align itself with policies applied by other companies in the mining and exploration industry. The Company now only capitalizes exploration expenditures when a known resource exists and management believes that the costs are economically recoverable. Property acquisition costs are capitalized.

Exploration and evaluation expenditures are now charged to net loss as they are incurred until the mineral property reaches the development stage. Significant costs related to property acquisition are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. The impact of this change on the previously reported October 31, 2010 financial statements is as follows:

	Reported $	Adjustment $	Restated $
Mineral property interest	2,366,111	(1,655,099)	711,012
Loss for the year	722,763	(3,758)	719,005
Deficit	1,053,038	1,658,857	2,711,895

5 Significant accounting policies

Basis of Presentation
The financial statements of the Business have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as Bearing was incorporated on January 13, 2011. These financial statements include all adjustments, of a normal recurring nature, considered necessary by management to fairly present the financial position, results of operations and cash flows of the Bearing Business up to March 25, 2011 and the Company thereafter.

The financial information included herein may not necessarily reflect the financial position, results of operations and changes in cash flows of the Projects in the future or what they would have been had it been a separate, stand- alone entity during the periods presented.

Estimates, risks and uncertainties
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Realization of the Company's assets and liabilities is subject to risks and uncertainties, including reserve and resource estimation, future copper and other base and precious metal prices, estimated costs of future production, changes in government legislation and regulations, estimated deferred income taxes, the availability of financing, and various operational factors.

Foreign currency translation
The functional currency of the Company is the Canadian dollar.

Foreign currency transactions are translated in the functional currency using the exchanges rates prevailing at the dates of the transactions. Foreign exchange gains and losses on the settlement of such transactions and on re-measurement of monetary assets and liabilities at the year-end date are included in net income for the period.

Property, plant and equipment
Property, plant and equipment including office furniture and fixtures are recorded at cost less accumulated depreciation. Depreciation is calculated over the estimated useful lives of the assets. Office furniture and fixtures are depreciated on a declining balance basis at a rate of 45%.

Exploration and Evaluation Costs
Exploration and evaluation costs include costs to acquire the rights to explore, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Exploration and evaluation costs relating to non-specific projects or properties or those incurred before the Company has obtained legal rights to explore an area are expensed in the period incurred. Property acquisition costs are capitalized.

Exploration and evaluation costs are recognized as mineral property interests when management has established that a resource exists or that the costs can be economically recovered.

5 Significant accounting policies (continued)

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, exploration and evaluation assets are reclassified to mine properties within property, plant and equipment.

Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral property interest.

Asset impairment
The Company performs impairment tests on mineral properties, when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project by project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Income taxes
Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future profit will be available against which such assets can be utilized.

Flow-through common shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares. These instruments permits the Company to renounce (i.e. transfer) the tax deductions associated with an equal value of qualifying resource expenditures to the investor.

The proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through shares and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company renounces the expenditures, at which point the liability is reversed and recorded as a tax recovery on the statement of loss.

The Company records a deferred tax liability on the date that the Company files the renouncement documents with the tax authorities, provided that there is reasonable assurance that the expenditures will be made. At the time of recognition of the deferral tax liability, an offsetting entry is made to tax expense.

5 Significant accounting policies (continued)

Financial Instruments

a) Cash and cash equivalents
Cash and cash equivalents comprise cash at banks, cash on hand and other short-term investments with initial maturities of less than three months. Cash and cash equivalents are classified as loans and receivables.

b) Accounts receivable
Accounts receivable are classified as "loans and receivables" and are recorded at amortized cost using the effective interest rate method, which upon their initial measurement is equal to their fair value. Subsequent measurement of receivables is at amortized cost.

c) Accounts payable
Accounts payable and accrued liabilities are classified as "other financial liabilities" and are measured at amortized cost using the effective interest rate method.

Loss per share
Loss per share is calculated using the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method whereby all in the money options and warrants are assumed to have been exercised at the beginning of the year and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. In periods of loss basic and diluted loss per share are the same, as the effect of the exercise of outstanding options and warrants is anti-dilutive.

6 Cash and cash equivalents

	July 31,2011 $	October 31,2010 $
Flow-through funds	2,281,474	-
Other	4,516,208	-
	6,797,682	-

In July 2011, the Company completed a flow-through financing for gross proceeds of $2,500,000 (note 9). These funds are restricted to exploration activities within Canada and therefore are not available to fund corporate expenses or exploration activities outside Canada.

7 Exploration Costs

Exploration costs are comprised of exploration and evaluation expenses on the following properties:

7 Exploration Costs (continued)

Zymo copper-gold property ("Zymo"), Canada
In June 2011, the Company entered into an option agreement with Eastfield Resources Ltd. ("Eastfield") to earn up to a 65% interest in the 12,113 hectare Zymo property, located 45 kilometres west of the town of Smithers, British Columbia.

To earn an initial 51% interest Bearing will make cash payments totalling $500,000 ($100,000 paid) and issue 500,000 Bearing shares (100,000 issued) and complete exploration expenditures totalling $8,000,000 over a five year period. Bearing may earn an additional 9% interest by completing a feasibility study and maintaining minimum annual expenditures of $500,000. Should Bearing make the decision to put the property into production, Bearing will have an option to earn an additional 5% interest by paying $10,000,000, issuing 2,000,000 Bearing shares and arranging project financing for the mine development.

October Dome gold property, Canada
The October Dome properties comprise approximately 2,542 hectares located 7 km northwest of Likely, British Columbia, Canada. 1,090 hectares are subject to a 2% NSR, with each 0.5% purchasable for $500,000. In addition, the Company has a 100% interest, subject to a 1.5% NSR royalty, in the Dome claims. The October Dome property was acquired as part of the Plan of Arrangement (note 2).

Mt. Polley copper-gold properties, Canada
The Mt. Polley properties comprise approximately 10,000 hectares located adjacent to Imperial Metals Corporation’s (“Imperial”) producing Mt. Polley open-pit copper gold mine, which is northeast of Williams Lake, British Columbia, Canada. The Company has a 90% interest in a portion of the Lloyd claims (including the Boundary Zone) and a 100% interest in the remaining Lloyd claims, subject to a 1.5% NSR royalty. The Company also has a 100% interest in the Nordik, Buc, and Calm claims are subject to a 2% NSR royalty, which can be purchased for $500,000 for each one-half percent, with the exception of the Buc claims.

Imperial was granted the right to acquire a 100% interest in one complete mineral cell and four partial cells that are adjacent to Imperial's Boundary Zone. Imperial exercised its option by paying $300,000. The claims sold to Imperial are subject to a royalty for material that is milled. The royalty is $2.50 per tonne for the first 400,000 tonnes of material milled and $1.25 per tonne for all tonnes milled in excess of 400,000 tonnes. The royalty in excess of 400,000 tonnes can be reduced to $0.62 per tonne by Imperial making a payment of $1,000,000. The Company is entitled to 90% of the aforementioned royalties. The Mt. Polley properties were also adquired via the Plan of Arrangement (note 2).

Parrandera, Durango, Mexico:
In June 2011, the Company optioned the Parrandera gold-copper-zinc prospects through agreements with local Mexican vendors. The Company has also made application and additional claims in its own name that are contiguous with optioned properties. The Parrandera project is located in the Mapimi region of eastern Durango, Mexico.

The Parrandera options include a contiguous 49 hectare claim group and a roughly 250 hectare claim group. The Company has also staked additional claims (~26,000 hectares) in its own name that are contiguous with these claim groups. Bearing has the right to acquire a 100% interest in both the optioned properties. The 49 hectares claim group can be purchased for a total of $250,000 ($25,000 paid) over two years, subject to a 1.5% NSR (0.5% purchasable for $100,000). The 250 hectare claim group can be purchased for a total of $560,000 ($40,000 paid) over three years subject to a 1.5% NSR (0.5% purchasable for $500,000).

7 Exploration Costs (continued)

Flume and Yukon gold properties, Canada

On June 24 2009, Valley High entered into an option agreement with Phelps Dodge Corporation of Canada, Limited ("PDC"), a wholly owned subsidiary of Freeport-McMoRan Copper & Gold Inc., to acquire a 100% interest in the Flume property located in Yukon Territory, Canada. The Flume comprises 191 mineral claims totalling approximately 3,900 hectares. This agreement was transferred to Bearing under the terms of the Plan of Arrangement (note 2).

Bearing may earn a 100% interest in the Flume property by making cash payments totalling $225,000 ($45,000 paid; 2012: $30,000; 2013: $150,000) and by spending $500,000 (incurred) on exploration over four years. PDC also retains the right to share in the proceeds derived from the sale or option of the property to a third party in the amount of 50% of proceeds in excess of the payment required to be made by the Company during the first year and 25% of the excess proceeds in any subsequent year.

PDC retains a 2% NSR royalty, of which one half can be purchased by Bearing for $1,000,000.

On January 26 2010, Valley High signed an option agreement with Ryan Gold Inc. (“Ryan Gold”) (formerly Valdez Gold Inc.), whereby Ryan Gold has been granted the right to earn a potential 75% interest in the Flume property. Under the terms of the agreement, Ryan Gold has the right to earn a 51% interest in the Flume property by incurring $1,500,000 in qualified expenditures over a four year period (with a minimum commitment of $200,000 which has already been incurred) with cash payments to Valley High of $25,000 on signing (paid), $25,000 after the first nine months (paid), $50,000 on June 24, 2011 (paid), $75,000 on June 24, 2012 and $325,000 on June 24, 2013. If the earn-in is achieved, Ryan Gold has a further option to increase its share to 65% by spending an additional $5,000,000 and making further staged cash payments totalling $500,000. Ryan Gold may further increase its share to 75% by completing a feasibility study and making a $1,000,000 payment. This agreement was transferred to Bearing under the terms of the Plan of Arrangement (note 2).

In August 2011, the Company partitioned 2,187 hectares (referred to as the “Jay East” property) of the Jay claim block and entered into an option agreement with Precipitate Gold Corporation ("Precipitate") whereby Precipitate can earn up to a 70% interest in the Jay East Property ("Jay East"). To earn an initial 51% interest Precipitate must make cash payments totalling $480,000 ($5,000 paid) and complete exploration expenditures totalling $2,000,000 over a five year period.

Precipitate may earn an additional 19% interest by completing a feasibility study and making additional cash payments totalling $300,000. Jay East comprises 108 claims covering 2,046 hectares and is located immediately to the east and south of Precipitate's REEF property.

In the Yukon, the Company has also stacked the VF (162 hectares), Jay (5,200 hectares), VM (162 hectares), Big (2,855 hectares) and VBA (1,620 hectares) claim blocks.

Mexico

The Company is also actively exploring in Mexico and holds the Carreton claims, in Durango.

(Expressed in Canadian dollars, except where indicated)

7 Exploration Costs (continued)

							For the three months ended July 31, 2011
$	Zymo	OctDome	Mt Polley	Yukon	Parr	Other	Total
Administration	-	2,930	-	-	10,596	46,546	60,072
Camp & accommodation	28,032	5,925	-	19,445	565	-	53,967
Drilling	-	-	-	-	-	-	-
Geology & geochemistry	12,632	32,402	-	113,309	9,024	70,141	237,508
Geophysics	69,230	-	-	92,997	-	-	162,227
Other	-	-	-	26,308	-	848	27,156
Write-downs (recoveries)	-	-	-	4,432	-	-	4,432
	109,894	**41,257**	**-**	**256,491**	**20,185**	**117,535**	**545,362**

							For the three months ended July 31, 2010
$	Zymo	OctDome	Mt Polley	Yukon	Parr	Other	Total
Administration	-	-	-	-	-	74,309	74,309
Camp & accommodation	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	-
Geology & geochemistry	-	-	397	-	-	45,754	46,151
Geophysics	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Write-downs (recoveries)	-	-	-	(15,000)	-	-	(15,000)
	-	**-**	**397**	**(15,000)**	**-**	**120,063**	**105,460**

(Expressed in Canadian dollars, except where indicated)

7 Exploration Costs (continued)

				For the nine months ended July 31, 2011			
$	**Zymo**	**OctDome**	**Mt Polley**	**Yukon**	**Parr**	**Other**	**Total**
Administration	-	5,323	-	-	10,596	92,994	108,913
Camp & accommodation	28,032	5,925	-	19,445	565	-	53,967
Drilling	-	-	-	-	-	-	-
Geology & geochemistry	12,632	74,645	-	113,309	9,024	174,865	384,475
Geophysics	69,230	-	-	92,997	-	-	162,227
Other	-	-	-	26,308	-	848	27,156
Write-downs (recoveries)	-	-	-	4,432	-	-	4,432
	109,894	**85,893**	**-**	**256,491**	**20,185**	**268,707**	**741,170**

				For the nine months ended July 31, 2010			
$	**Zymo**	**OctDome**	**Mt Polley**	**Yukon**	**Parr**	**Other**	**Total**
Administration	-	17	491	-	-	90,246	90,754
Camp & accommodation	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	-
Geology & geochemistry	-	43,266	36,348	-	-	163,716	243,330
Geophysics	-	28,644	-	-	-	-	28,645
Other	-	-	-	-	-	-	-
Write-downs (recoveries)	-	-	-	(25,000)	-	-	(25,000)
	-	**71,927**	**36,839**	**(25,000)**	**-**	**253,962**	**337,729**

(Expressed in Canadian dollars, except where indicated)

8 Mineral property interests

$	Zymo	OctDome	Mt Polley	Parr	Other	Total
November 1, 2009	**-**	**502,117**	**130,770**	**-**	**-**	**632,887**
Acquisition costs	-	52,940	66	-	140,119	193,125
Property payments received	-	-	(90,000)	-	(25,000)	(115,000)
October 31, 2010	**-**	**555,057**	**40,836**	**-**	**115,119**	**711,012**
Acquisition costs	180,000	-	-	77,375	100,598	357,973
Writedowns	-	-	-	-	(23,182)	(23,182)
Property payments received	-	-	-	-	-	-
July 31, 2011	**180,000**	**555,057**	**40,836**	**77,375**	**192,535**	**1,045,803**

Under the Company's accounting policy all acquisition costs are deferred until the property is placed into production or disposed of (note 4). Refer to note 7 for a description of the mineral property interests.

9 Common shares

The Company has an unlimited number of authorized common shares without par value.

As part of the Plan of Arrangement (note 2) the Company issued 8,975,362 common shares to existing shareholders of Valley High.

In July 2011, the Company closed a $6 million non-brokered private placement consisting of 8,333,334 units and 5,952,380 flow-through common shares. Each unit is comprised of one common share and one half of a common share purchase warrant. The units and flow-through shares were both priced at $0.42. Each whole warrant will be exercisable for one common share of the Company until July 8, 2012 at an exercise price of $0.60.

Under the terms of the flow-through financing the Company is under the obligation to renounce tax losses on this financing and has recognized a premium liability that will be released when these tax losses are renounced to the underlying shareholders. The flow-through financing was done in conjunction with a unit offering, that comprised a common share and half-warrant. For the purposes, of determining the premium liability the Company has calculated what the fair value of a half-warrant would have been on the flow-through financing and determined this to be the premium liability.

Under the terms of the Zymo option agreement the Company issued 100,000 common shares (fair value $80,000) in July 2011.

(Expressed in Canadian dollars, except where indicated)

10 Share stock options and warrants

Options

The Company has a stock option plan that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms and pricing of options are determined in accordance with plan.

	July 31, 2011		October 31, 2010	
	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $
Outstanding - October 31	-	-	-	-
Granted	2,090,000	0.72	-	-
Cancelled	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding - July 31	**2,090,000**	**0.72**	-	-

As of July 31, 2011, the following stock options were outstanding:

Number of options Outstanding	Number of options vested and exercisable	Exercise price $	Expiry Date
2,090,000	696,668	0.72	July 12, 2016

The majority of stock options vest over a three year period.

Option and warrant pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

For the three months ended July 31, 2011 total share-based compensation expense was $266,569 (2010: nil).
For the nine month ended July 31, 2011 total share-based compensation expense was $266,569 (2010: nil).

(Expressed in Canadian dollars, except where indicated)

10 Share stock options and warrants (continued)

Warrants

	July 31, 2011		October 31, 2010	
	Number of shares	**Weighted average exercise price $**	**Number of shares**	**Weighted average exercise price $**
Outstanding – beginning of period	-	-	-	-
Granted	4,166,663	0.60	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding – end of period	**4,166,663**	**0.60**	-	-

At July 31, 2011, the following warrants were outstanding:

Number of Shares outstanding	Exercise price CA$	Expiry Date
4,166,663	0.60	Jul 11, 2012

The following assumptions were used in the Black-Scholes pricing model to calculate the compensation expense:

	Warrants	Options
Risk-free interest rate	1.02%	1.43% to 1.92%
Expected life	0.67 years	2.5 to 3.5 years
Expected volatility	100%	100%
Expected dividend	nil	nil

11 Related party transactions

The Company considers the Officers of the Company to be key management personnel. This table excludes any costs associated with key management personnel that related to Bearing Business prior to March 25, 2011.

	Three months ended July 31, 2011	Nine months ended July 31, 2011
Short-term employee benefits	164,337	179,041
Share-based payments	127,545	127,545
Total key management personnel	**291,882**	**306,586**

(Expressed in Canadian dollars, except where indicated)

12 Geographic segmented information

The Company operates in a single operating segment, mineral exploration. The following table illustrates the geographic location of the Company's assets.

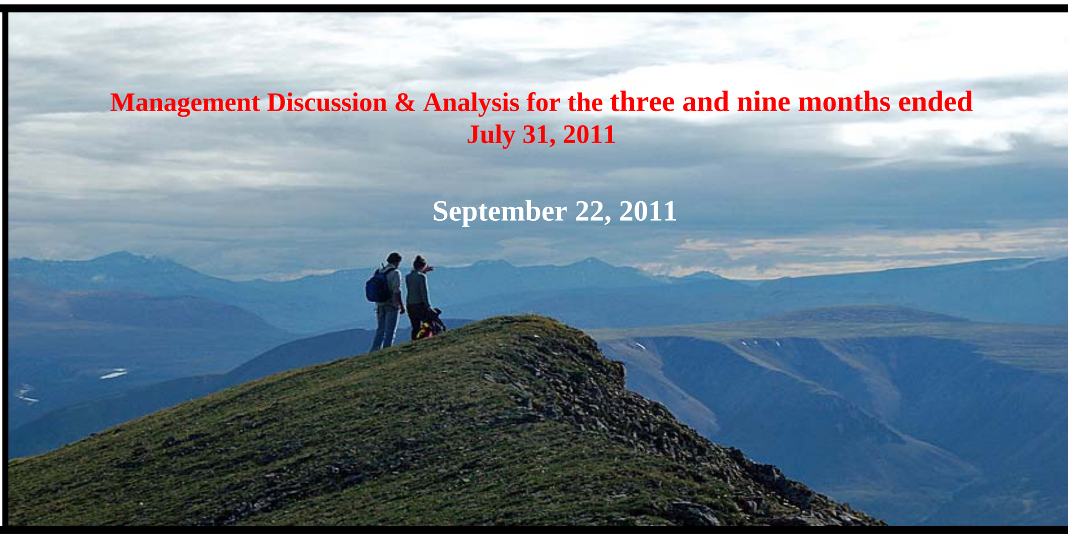
$	Mexico	Canada	Total
July 31, 2011			
Loss for the period	315,260	1,090,184	1,405,444
Non-current assets	83,720	989,387	1,073,107
Total assets	**118,944**	**7,909,384**	**8,028,328**
October 31, 2010			
Loss for the year	299,768	419,237	719,005
Non-current assets	-	738,905	738,905
Total assets	**-**	**738,905**	**738,905**

13 Commitments and Contingencies

As part of the Arrangement, Bearing agreed to indemnify Levon from any tax liabilities associated with the transfer of the assets to Bearing from Valley High. At this time, the Company does not believe that any significant liabilities will be realized as a result of this indemnification and this liability, if any, will not be known until all tax returns are completed.

In addition, the Company has a number of commitments in respect to its exploration properties (refer to note 7).

BEARING RESOURCES LTD.



The following information is prepared in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars, unless otherwise noted. This Management Discussion & Analysis should be read in conjunction with the Bearing Resources Business's audited carve-out financial statements for the years ended October 31, 2010, 2009 and 2008 and the Bearing Resources Ltd.'s audited financial statements for the period from incorporation to January 31, 2011.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with Canadian GAAP (which requires International Financial Reporting Standards ("IFRS") for public companies) and is denominated in Canadian dollars, unless otherwise noted. This MD&A should be read in conjunction with the Company's unaudited financial statements for the three and nine months ended July 31, 2011.

This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Table of Contents:

The results up to March 25, 2011 have been presented in this MD&A under the continuity of interest basis of accounting with balance sheet amounts based on the amounts recorded by Valley High Ventures Ltd. ("Valley High"). In addition, the information contained in the statement of income and deficit has been derived from certain allocations from Valley High's financial statements. Management cautions readers of this MD&A, that the allocation of expenses does not necessarily reflect the future financial performance of the Company.

1 STRATEGY AND PROFILE

1.1 Strategy

Bearing Resources Ltd. ("Bearing" or the "Company") is a Canadian based company focused on exploration for precious and base metals in North America. The Company's strategy is to identify, explore and develop mineral deposits with a magnitude of size and grade to be of interest to mid-sized and larger mining companies. The Company will carry out all aspects of exploration and development from grass roots to feasibility stage. Projects will be acquired through both staking and acquisition. From time to time, the Company may option a project to an external exploration company in an effort to focus both financial and human capital on higher priority projects.

1.2 Profile

Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD (subsequently renamed on January 31, 2011 to Bearing) as a wholly owned subsidiary of Valley High Ventures Ltd. ("Valley High"). On March 25, 2011, Levon Resources Ltd. ("Levon") acquired Valley High, the predecessor corporation to the Company (refer to section 7), by way of a court-approved plan of arrangement (the "Arrangement"), at which time Bearing began operating as a standalone entity. On June 10, 2011, Bearing began trading on the TSX Venture Exchange.

Zymo Copper-Gold Project, BC, Canada

The Company has the option to earn up to a 65% interest in the 12,113 hectare Zymo copper-gold project ("Zymo"), located 50 kilometres west of the town of Smithers, British Columbia, Canada. Exploration work carried out to date at Zymo by previous operators, including surface sampling, geophysical testing and core drilling has identified a copper-gold porphyry system.

The Zymo property has been explored by a number of companies since its discovery in 1997. Work to date has outlined a nine kilometre by three kilometres open ended target defined by a combined copper in soil and induced polarization ("IP") chargeability anomaly, within which four distinct porphyry targets have been identified.

The Hobbes Zone is the most advanced target identified to date and has been tested with nine drill holes over a distance of 600 metres; all intersecting copper/gold mineralization. The best hole drilled to date was ZY-08-9 that returned 72.0 metres (core length) of 0.72% copper and 0.54 g/t gold within a longer interval that returned 159 metres grading 0.44% Cu and 0.54 g/t gold.

Under the terms of the Zymo option agreement, Bearing may earn an initial 51% interest by making cash payments of $500,000 ($100,000 paid) and issuing 500,000 shares (100,000 issued) and completing exploration expenditures totaling $8,000,000 over a five year period ($2 million program underway). Bearing may earn an additional 9% interest by completing a feasibility study and maintaining minimum annual expenditures of $500,000. Should Bearing make the decision to put the property into production, Bearing will have an option to earn an additional 5% interest by paying $10,000,000, issuing to 2,000,000 shares and arranging project financing for the mine development.

October Dome Gold Property, BC, Canada

The 100% owned October Dome gold property, is located in the Quesnel Trough in central British Columbia, Canada near the town of Likely. The October Dome property is contiguous with both Imperial Metals Corporation's ("Imperial") Mt. Polley porphyry copper gold mine property 10km to the south and Barkerville Gold Mines Ltd.'s QR skarn gold mine property 7km to the northwest.

In June 2011, the Company completed a soil sampling program in order to expand the existing soil grid to the southeast. This sampling extended the existing gold and arsenic soil anomalies by a further kilometre to the southeast, which is also coincident with a strong IP geophysical anomaly. Permitting is underway for a program to commence in the fall of 2011 that will include an IP geophysical survey of the new south grid area, trenching of anomaly areas and an initial core drilling program.

Mt Polley Properties, BC, Canada

The Mt. Polley properties comprise approximately 7,458 hectares located adjacent to Imperial’s producing Mt. Polley open-pit copper gold mine, which is approximately 100 km northeast of Williams Lake, British Columbia, Canada.

The Mt. Polley properties had previously included an additional area comprising one complete mineral cell and four partial cells that are adjacent to Imperial’s Boundary Zone. This area was sold to Imperial in 2010 and the Company has retained a royalty based on the material that is milled from this area. The royalty is $2.50 per tonne for the first 400,000 tonnes of material milled and the $1.25 per tonne for all tonnes milled in excess of 400,000 tonnes. The royalty per tonne in excess of 400,000 tonnes milled can be reduced to $0.62 per tonne by Imperial making a payment of $1,000,000. The Company is entitled to 90% of the royalty payments. The Company expects that the production royalty will eventually be realized from this claim block.

Flume Gold Property, Yukon, Canada

The Flume property is located 60 km southwest of Dawson City, Yukon and 30 kilometres northwest of Kinross Gold Corporation's White Gold discovery and comprises 191 mineral claims totalling approximately 3,900 hectares.

In June 2009, Valley High entered into an option agreement with Phelps Dodge Corporation of Canada Limited ("PDC"), to acquire a 100% interest in the Flume property subject to a NSR. In January 2010, the Flume property was optioned to Ryan Gold (formerly Valdez Gold Inc.), whereby Ryan Gold has been granted the right to earn up to a 75% interest in the property. Under the terms of the agreement, Ryan Gold has the right to earn a 51% interest in the Flume property by incurring $1.5 million in qualified expenditures over a four year period and making cash payments of $500,000 ($150,000 paid). If the earn-in is achieved, Ryan Gold would further have the option to increase its share to 65% by spending an additional $5 million and making further staged cash payments totalling $500,000 by the end of year seven. Ryan Gold would then have the option of increasing its share to 75% by the end of year nine by completing a feasibility study and making a cash payment of $1 million.

Ryan Gold is currently conducting a soil and rock geochemical survey on the property.

Yukon Properties, Canada

In the Yukon, the Company owns the VF (2,916 hectares), Jay (5,224 hectares) and VM (2,106 hectares) properties located in the Upper Hyland River Gold Belt where Northern Tiger Resources Inc. has its 3Ace gold discovery in the Watson Lake Mining District. It also holds the 100% owned BIG gold property located in the Clear Creek gold placer area in the Dawson Mining District, Yukon. In August 2011, the Company also staked the VBA properties (1,620 hectares) after completion of field reconnaissance.

In August 2011, the Company partitioned 2,187 hectares (referred to as the “Jay East” property) of the Jay claim block and entered into an option agreement with Precipitate Gold Corporation ("Precipitate") whereby Precipitate can earn up to a 70% interest in the Jay East Property ("Jay East"). To earn an initial 51% interest Precipitate must make cash payments totalling $480,000 ($5,000 paid) and complete exploration expenditures totalling $2,000,000 over a five year period.

Precipitate may earn an additional 19% interest by completing a feasibility study and making additional cash payments totalling $300,000. Jay East is located immediately to the east and south of Precipitate's REEF property.

Parrandera, Durango, Mexico

In June 2011, the Company optioned the Parrandera gold-copper-zinc prospect through agreements with local Mexican vendors and wholly owned ground. The Parrandera project is located in the Mapimi region of eastern Durango, Mexico.

The Parrandera options include a 49 hectare claim group and a roughly 250 hectare claim group. The Company has also staked additional claims (~26,000 hectares) in its own name that are contiguous with these claim groups and is awaiting final approvals. Bearing has the right to acquire a 100% interest in both the optioned properties. The 49 hectares claim group can be purchased for a total of $250,000 ($25,000 paid) over two years, subject to a 1.5% NSR (0.5% purchasable for $100,000). The 250 hectare claim group can be purchased for a total of $560,000 ($40,000 paid) over three years subject to a 1.5% NSR (0.5% purchasable for $500,000).

Other Mexican Exploration

Bearing has also established a Mexican exploration team that is continually evaluating prospects in Mexico. In Mexico, the Company also awaiting final approvals on its application on the Carreton property which is located in central Durango State of Mexico in the municipality of San Pedro El Gallo and comprises roughly 8,500 hectares.

2 MILESTONES & PROJECTS UPDATE

2.1 Milestones / Highlights

- Drilling commenced at The Zymo (Aug 2011)
- Option agreement with Precipitate (Aug 2011)
- Closed $6 million private placement (Jul 2011)
- Entered into option agreement (and applied for other claims) on Parrandera in Durango, Mexico (Jun 2011)
- Acquisition of Zymo (Jun 2011)
- Commenced trading of the TSX Venture Exchange (Jun 2011)
- Plan of Arrangement closed and Bearing became a stand-alone Company (Mar 2011)
- Incorporation (Jan 2011)

2.2 Zymo Copper-Gold Property, British Columbia, Canada

In June 2011 (Q311), the Company entered into an option agreement with Eastfield Resources Ltd. ("Eastfield") to earn up to a 65% interest in the 12,113 hectare Zymo project, located 45 kilometres west of the town of Smithers, British Columbia. The following table summarizes the quarterly and year to date ("YTD") expenditures on the Zymo property. Exploration and evaluation costs are expensed while the acquisition costs are capitalized.

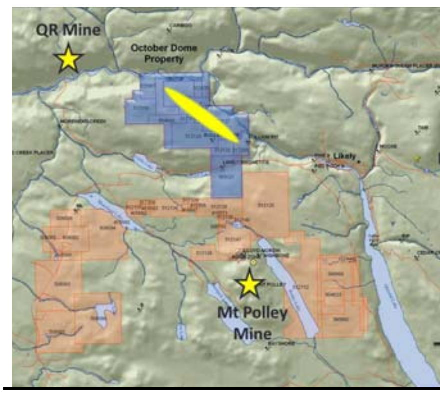
Table 1: Zymo Properties	Quarterly								YTD	
	Q409	Q110	Q210	Q310	Q410	Q111	Q211	Q311	2010	2011
Administration	-	-	-	-	-	-	-	-	-	-
Camp & accommodation	-	-	-	-	-	-	-	28,032	-	28,032
Drilling	-	-	-	-	-	-	-	-	-	-
Geology & geochemistry	-	-	-	-	-	-	-	12,632	-	12,632
Geophysics	-	-	-	-	-	-	-	69,230	-	69,230

Other	-	-	-	-	-	-	-	-	-	-
Total exploration		**-**	**-**	**-**	**-**	**-**	**-**	**109,894**	**-**	**109,894**
Acquisition costs	-	-	-	-	-	-	-	180,000	-	180,000
Total exploration & acquisition		**-**	**-**	**-**	**-**	**-**	**-**	**289,894**	**-**	**289,894**

Camp cost includes the cost of establishing a camp near the property and accommodation costs associated with the ongoing exploration program. Geophysics includes the cost of the IP survey (including line cutting) that commenced in Q311 and includes both a labour and helicopter component. Acquisition costs include the payment of $100,000 and the fair value ($80,000) of 100,000 shares issued under the option agreement with Eastfield.

In August 2011, a $2 million exploration program commenced at Zymo with the purpose of conducting delineation drilling at the Hobbes zone and exploratory drilling on other targets on the property.

As of September 22, 2011, the Company had completed approximately 7 holes (approximately 2,450 meters). Assays are pending on all holes. The 30 km of IP has been completed and the results of this combined with the soil and rock geochemistry and mapping is expected in the fourth quarter.



2.3 October Dome Property British Columbia, Canada

The October Dome claims are subject to Net Smelter Royalties ("NSR") of between 1.5% and 2%. The October Dome target is defined by a grid area of some 3.2 km by 1.1 km that has been surveyed by magnetic and IP surveys and soil geochemistry. The following table summarizes the quarterly and YTD expenditures on the October Dome property. Exploration and evaluation costs are expensed while the acquisition costs are capitalized.

Table 2: October Dome Properties	**Quarterly**								**YTD**	
	Q409	**Q110**	**Q210**	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**2010**	**2011**
Administration	-	17	-	-	-	-	2,393	2,930	17	5,323
Camp & accommodation	-	-	-	-	-	-	-	5,925	-	5,925
Drilling	-	-	-	-	-	-	-	-	-	-
Geology & geochemistry	40,766	43,266	-	-	-	27,644	14,599	32,402	43,266	74,645
Geophysics	-	28,644	-	-	-	-	-	-	28,644	-
Other	-	-	-	-	-	-	-	-	-	-
Write-down (recoveries)	(10,195)	-	-	-	-	-	-	-	-	-
Total exploration	**30,571**	**71,926**	**-**	**-**	**-**	**27,644**	**16,992**	**41,257**	**71,926**	**85,893**
Acquisition costs	-	-	52,940	-	-	-	-	-	52,940	-
Total acquisition & exploration	**30,571**	**71,926**	**52,940**	**-**	**-**	**27,644**	**16,992**	**41,257**	**124,866**	**85,893**

The October Dome property was acquired as part of the Plan of Arrangement (section 7), any costs prior to March 25, 2011 were incurred by Valley High and reference should be made to the MD&A for Valley High for those corresponding periods.

Geology and geochemical cost in Q409 and Q110 were associated with a soil sampling program. In Q111, an additional soil sampling program was undertaken. In Q211, the Company undertook an updated NI43-101 report and costs of this report are included in Geology and geochemistry. In Q311, the Company undertook an additional soil sampling program that extended the known anomaly a further kilometer to southeast.

The soil sampling and geophysical programs in Q409 and Q110 outlined a coincident chargeability high and gold arsenic and copper soil anomaly over a strike length of 2.5 kilometres.

Recoveries in Q409 relate to the British Columbia Mining Exploration Tax Credit (“BCMETC”) that was recognized against expenditures that occurred on the October Dome property. Acquisition costs in 2010 include the fair value of the final 80,000 Valley High shares that were issued under option agreements to acquire one of the associated claims.

2.4 Mt. Polley Properties, British Columbia, Canada

The Mt. Polley properties comprise approximately 7,458 hectares located adjacent to Imperial producing Mt. Polley open-pit copper gold mine, which is 100 kilometres northeast of Williams Lake, British Columbia. The claims are subject to a NSR of up to 2%. The following table summarizes the quarterly and YTD expenditures on the Mt. Polley property. Exploration and evaluation costs are expensed while the acquisition costs are capitalized.

Table 3: Mt Polley Property	**Quarterly**								**YTD**	
	Q409	**Q110**	**Q210**	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**2010**	**2011**
Administration	19,337	-	491	-	480	-	-	-	491	-
Camp & accommodation	-	-	-	-	-	-	-	-	-	-
Drilling	187,471	-	-	-	-	-	-	-	-	-
Geology & geochemistry	118,639	22,974	12,977	397	1,144	-	-	-	36,348	-
Geophysics	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Write-down (recoveries)	(262,614)	-	-	-	-	-	-	-	-	-
Total exploration	**62,833**	**22,974**	**13,468**	**397**	**1,624**	**-**	**-**	**-**	**36,839**	**-**
Acquisition costs	-	(90,000)	-	-		-	-	-	(90,000)	-
Total acquisition & exploration	**62,833**	**(67,026)**	**13,468**	**397**	**1,624**	**-**	**-**	**-**	**53,161**	**-**

Drilling costs in Q409 were associated with a 2,715 meter drill program. No significant copper or gold was intercepted except for drill hole VH09-34 which intercepted 58 metres grading 0.33% Cu and 0.24 g/T Au starting at a down hole depth of 134 metres. Geology and geochemistry costs increased in Q409 and Q110 associated with the aforementioned drill program. Recoveries relate to the refunds for BCMETC that were recognized in Q409. The negative acquisition costs in Q110 were due to the payments received from Imperial on the Boundary Zone (refer section 1.2). Only limited work has been undertaken on the Mt. Polley properties since April 2010.

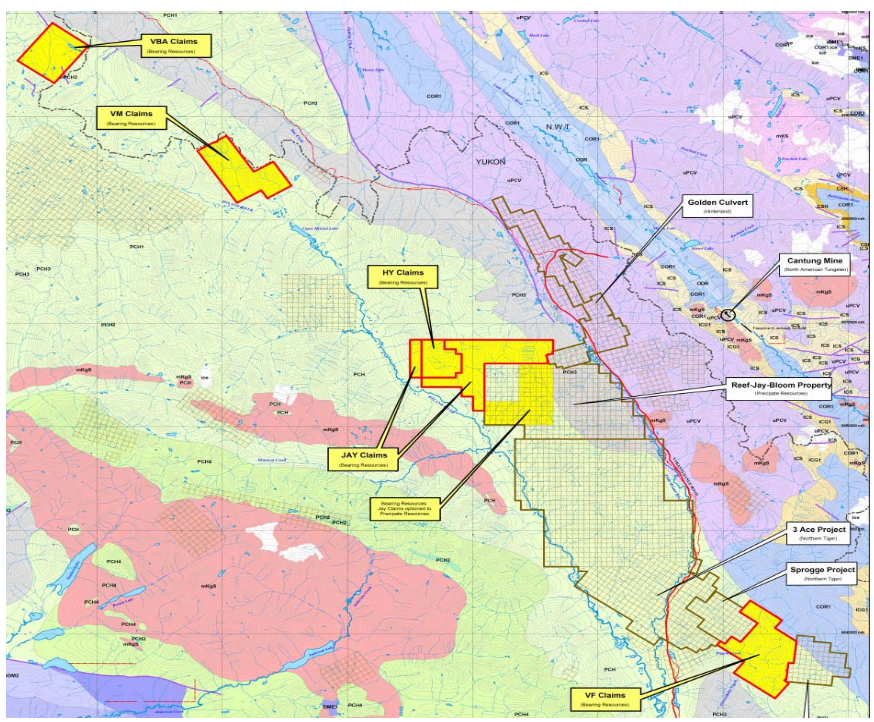
2.5 Yukon Properties

The following table summarizes the quarterly and YTD expenditures on the Company's Yukon portfolio. Exploration and evaluation costs are expensed while the acquisition costs are capitalized.

Table 4: Yukon Properties	Quarterly								YTD	
	Q409	Q110	Q210	Q310	Q410	Q111	Q211	Q311	2010	2011
Administration	-	-	-	-	-	-	-	-	-	-
Camp & accommodation	-	-	-	-	-	-	-	19,445	-	19,445
Drilling	-	-	-	-	-	-	-	-	-	-
Geology & geochemistry	-	-	-	-	-	-	-	113,309	-	113,309
Geophysics	-	-	-	-	-	-	-	92,997	-	92,997
Other	-	-	-	-	-	-	-	26,308	-	26,308
Write-down (Recoveries)	-	(10,000)	-	(15,000)	-	-	-	4,432	(25,000)	4,432
Total exploration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**256,491**	**-**	**256,491**
Acquisition costs	-	-	-	-	-	44,273	2,952	23,845	-	71,070
Total acquisition & evaluation	**-**	**(10,000)**	**-**	**(15,000)**	**-**	**44,273**	**2,952**	**280,336**	**(25,000)**	**327,561**

In June 2011, field crews were mobilized to BIG, VF, Jay and the more recently acquired VBA properties. The Camp and accommodation costs relate to the cost of establishing a base in the Yukon for the summer exploration program. Geology and geochemistry costs include the costs of geological mapping, prospecting and sampling on the Yukon properties. Over the course of our field season approximately 1,696 soil samples, 32 silt samples and 104 rock samples were collected on all properties. These results are currently being compiled.

Geophysics costs include the expense of a airborne magnetic and radiometric surveys totaling 1,240 line-kilometers completed over the VF and Jay claims in Q311. Results indicate potential strong structural controls on both properties.



Recoveries in Q110 and Q310 represent the difference between the Company's payments that were due on Flume to PDC and those that were paid to the Company from Ryan Gold. They are recorded as recoveries as the Company has no carrying cost associated with Flume. In Q311, the Company disposed of certain claims in the Yukon and wrote off these costs ($23,182) (this explains the decrease in acquisition costs as well as the increase in write-downs). This write-down was offset by a further receipt from Ryan Gold that was in excess of the payment due to PDC.

2.6 Other Exploration Costs

The following table summarizes the quarterly and YTD expensed exploration costs for generative exploration in Canada and Mexico including the Parrandera property. Exploration and evaluation costs are expensed while the acquisition costs are capitalized:

Table 5: Other Exploration	Quarterly								YTD	
	Q409	**Q110**	**Q210**	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**2010**	**2011**
Administration	-	20,435	(4,500)	74,309	60,530	11,831	34,616	57,143	90,246	103,590
Camp & accommodation	-	-	-	-	-	-	-	565	-	565
Drilling	-	-	-	-	-	-	-	-	-	-
Geology & geochemistry	-	49,368	68,596	45,754	71,877	30,848	73,877	79,165	163,716	183,890
Geophysics	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	848	-	848
Write-down (recoveries)	-	-	-	-	-	-	-	-	-	-
Total exploration	**-**	**69,803**	**64,096**	**120,063**	**132,407**	**42,678**	**108,494**	**137,720**	**253,962**	**288,892**
Acquisition costs	-	-	-	-	-	-	-	83,720	-	83,720
Total acquisition & evaluation costs	**-**	**69,803**	**64,096**	**120,063**	**132,407**	**42,678**	**108,494**	**221,440**	**253,962**	**372,612**

Expensed exploration costs up to March 25, 2011 include those exploration costs from Valley High that related to either exploration activities in Mexico (other than exploration on the Cordero property) and generative exploration costs and are based on a number of accounting assumptions and are not necessarily representative of future performance.

Administration costs include the costs of our VP Exploration in Canada and our General Manager in Mexico, it also includes a provision for value-added taxes in Mexico due to the uncertainty surrounding the timing and collectability of the amounts involved.

The overall increase in other exploration costs is consistent with the Company's generative exploration program in Mexico. The acquisition costs principally relate the cost related to Parrandera option agreements.

3 OUTLOOK

Zymo:
With the commencement of drilling in August 2011, the Company, subject to weather conditions, intends to conduct a $2 million work program which includes a 8,000 metre helicopter supported diamond core drilling, 30 kilometres of IP surveys, soil geochemical surveys, geological mapping and prospecting. Line cutting, soil sampling and prospecting are also underway. As of September 22, 2011, the Company had completed approximately 6 holes (2,500 metres) and was awaiting assay results on these holes. Approximately 30 km of IP has been completed with the final IP results expected in Q4 2011. Soil sampling and prospecting are continuing on the property. The 2011 exploration program at Zymo is focused on extending known mineralization at the FM and Hobbes zones while drill testing new targets at the URC and RC zones.

October Dome:
At October Dome the soil sampling program (457 samples) in mid-June expanded the existing 2.5km coincident IP, gold and arsenic soil anomalies by a further kilometre to the south east. Permitting is underway for a program to commence in the fall of 2011 that will include an IP geophysical survey of the new south grid area, trenching of anomaly areas and potentially a small core drilling program.

At Mt. Polley, no specific work program is currently contemplated and the Company continues to follow with interest Imperial's activity in and around the Mt. Polley mine area, in particular the Boundary Zone which could yield a near term royalty for the Company.

Yukon

In the Yukon, the Company completed a 1,240 line-km airborne magnetic geophysical and radiometrics survey in May over its 100% owned VF and JAY properties located in the Upper Hyland River Gold Belt of the Watson Lake Mining District. The results of this survey outlined the trends of a number of potential strong structural controls through both properties. The Company undertook follow up soil, silt and lithological geochemical sampling and structural and litho-geological mapping in July and August 2011 on the JAY, VF, VM and more recently acquired VBA properties. Results are currently being compiled. Additional reconnaissance work was also completed in the region.

At the 100% owned BIG gold property located in the Clear Creek gold placer area in the Dawson Mining District, Yukon. Contour and reconnaissance soil sampling and geological mapping were completed in June and the results are currently being compiled.

The Company currently holds 586 mineral claims in four properties totalling 11,866 hectares in the Upper Hyland River Gold Belt and 141 mineral claims totalling 2,855 hectares in the Clear Creek area.

Mexico

On its Parrandera project in eastern Durango, Mexico, initial rock sampling returned values of up to 0.603 g/t gold, 14.8 g/t silver, 1.95% copper, 0.95% zinc. Mineralization has also been demonstrated to extend more than 1.3 kms to the east with values of up to 0.601 g/t gold, 67.3 g/t silver & 0.89% lead (sample 105259). Of 18 rock grab samples collected in the area, 10 assayed above 100 parts per billion gold. A soil geochemical program is currently being completed, with the intention of undertaking a 12km ground IP survey later in the year. The Company has recently expanded its holdings in the area with the addition of four new 100% owned claims totalling 25,124 hectares.

No work is currently planned on the Company`s 100% owned Carreton property also in Durango.

Corporate

With the completion of the $6 million private placement in July 2011, the Company remains well funded to complete its initial $2 million program at Zymo and fund its ongoing exploration in the Yukon, BC and Mexico. The Company continues to look for opportunities to both expand its existing exploration portfolio and ensure that our exploration properties continue to be advanced.

4 FINANCIAL POSITION REVIEW

4.1 Assets

Table 6: Assets ($)	October 31, 2009 (restated)	October 31, 2010 (restated)	July 31, 2011
Cash and cash equivalents	-	-	6,797,682
Accounts receivable and prepaid expenses	11,500	52,990	157,539
Bond and reclamation deposits	-	11,500	11,500
Property, plant and equipment	2,778	16,393	15,804
Mineral property interests	711,012	711,012	1,045,803
Total Assets	**725,290**	**791,895**	**8,028,328**

Cash and cash equivalents increased during the period as a result of the completion of the Valley High transaction and the funding of $1.8 million and the $6 million private placement that closed in July 2011 (section 4.4). Included within cash at July 31, 2011 is $2.3 million in flow-through financing that is allocated to qualifying exploration expenditures in Canada.

Accounts receivable are principally comprised of prepaid rent and insurance that was transferred into Bearing and exploration advances for the Zymo project.

Table 7: Mineral property interests ($)	October 31, 2009 (restated)	October 31, 2010 (restated)	July 31, 2011
Zymo	-	-	180,000
October Dome	502,117	555,057	555,057
Mt. Polley	130,770	40,836	40,836
Parrandera	-	-	77,375
Other	-	115,119	192,535
Total Mineral property interest	**632,887**	**711,012**	**1,045,803**

In June 2011, the Company optioned the Zymo property and under that option agreement subsequently paid $100,000 in cash and issued 100,000 shares with a fair value of $80,000. Under the Company's accounting policy only acquisition costs are deferred. No acquisition costs were incurred on either of the October Dome or Mt. Polley properties as no further payments are due on these properties, except for the respective NSRs. The opportunity for a near term royalty from the Boundary zone option agreement signed with Imperial Metals in 2009 (refer to section 2.2) and the positive results from the recent sampling undertaken at the October Dome property supports the continuing capitalization of the acquisition costs associated with these properties.

The Parrandera option payments are consistent with the option payments due on two of the optioned properties and acquisition costs on the other areas surrounding the properties.

The acquisition costs in the Yukon and Mexico represent staking costs associated with the Company's earlier stage explorations portfolio. During the period the Company wrote off approx. $23,182 in costs associated with certain Yukon claims that were disposed of. Other property acquisition costs include the costs of extending our land position in the Yukon with the staking of the VBA claim block.

4.2 Liabilities and Commitments

Table 8: Liabilities ($)	2009	2010	July 31, 2011
Accounts payable and accrued liabilities	-	-	270,506
Premium liability	-	-	233,658
Total Liabilities	-	-	**504,164**

Accounts payable and accruals have principally increased due to the active exploration program being undertaken at Zymo.

The Premium liability arises from the flow-through financing that was conducted in July 2011. The Company is under the obligation to renounce tax losses on this financing and this liability will be released when these tax losses are renounced to the underlying shareholders. The flow-through financing was done in conjunction with a unit offering, that comprised a common share and half-warrant. For the purposes, of determining the premium liability the Company has calculated what the fair value of a half-warrant would have been on the flow-through financing and determined this to be the premium liability.

Commitments

Table 9: Commitments Schedule ($)[1]	2011 (paid)	2011	2012	2013	Other
Zymo (*to earn 51% excludes commitments & shares*)	100,000	-	100,000	100,000	200,000
Parrandera	US$65,000	US$15,000	US$205,000	US$325,000	US$200,000

[1] *Tables excludes shares, it also excludes the Flume payments as these have been offset by the Ryan Gold Agreement.*

Parrandera:
The 49 hectare claim can be purchased for a total of US$250,000 over two years, subject to a 1.5% NSR (0.5% purchasable for US$100,000). The 250 hectare claim can be purchased for a total of US$560,000 over three years subject to a 1.5% NSR (0.5% purchasable for US$500,000).

Zymo:
To earn an initial 51% interest, Bearing will make cash payments totalling $500,000 and issue 500,000 Bearing shares and completing exploration expenditures totalling $8,000,000 over a five year period. Bearing may earn an additional 9% interest by completing a feasibility study and maintaining minimum annual expenditures of $500,000. Should Bearing make the decision to put the property into production, Bearing will have an option to earn an additional 5% interest by paying $10,000,000, issuing to 2,000,000 Bearing shares and arranging project financing for the mine development.

Flume:
Bearing may earn a 100% interest in the Flume property from PDC by making cash payments totalling $225,000 ($75,000 paid) and by spending $500,000 on exploration work within 4 years. The initial payment of $10,000 (paid) was due on the six month anniversary of the signing of the option agreement. A required $200,000 work program was completed by June 24, 2011. PDC retains a 2% NSR royalty of which one half can be purchased for a sum of $1,000,000. PDC also retains the right to share in the proceeds derived from the sale or option of the property to a third party in the amount of 25% of the proceeds (in the first year the amount was 50% of proceeds) in any subsequent year. This commitment has been offset by payments received from Ryan Gold (refer to section 1.2).

4.3 Equity and Financing

Table 10: Shareholders' Equity ($)	October 31, 2009 (restated)	October 31, 2010 (restated)	July 31, 2011
Common shares	-	-	8,096,392
Contributed surplus	3,359,060	4,169,805	4,267,657
AOCI	-	-	(3,541)
Deficit	(2,711,895)	(3,430,900)	(4,836,344)
Total shareholders' equity	**647,165**	**738,905**	**7,524,164**

Contributed surplus represents the funding of the Company from Valley High up to March 25, 2011 of $3,673,967 and subsequently the fair value of the warrants issued in connection with the July 2011 financing and options granted in Q3 2011.

Common shares represent the value of the assets transferred from Valley High of $2.6 million (refer to note 2 of the financial statements for the period ended July 31, 2011). In addition, it includes the proceeds from the non-brokered private placement of 8,333,334 units and 5,952,381 flow-through common shares. Each unit was comprised of one common share and one half of a common share purchase warrant. The units and the flow-through shares were both priced at $0.42. Each whole warrant is exercisable for one common share of the Company for a period of 12 months on or before July 8, 2012 an exercise price of $0.60.

The proceeds from the financing will be used to fund the Company's planned exploration programs in the Yukon, British Columbia, Mexico and for general working capital.

5 EXPENDITURE REVIEW

Expenditures up to March 25, 2011 are from the deemed business of Bearing that were included with the operating results of Valley High and the allocation of these costs are subject to the accounting assumptions adopted in determination of these results and are not necessarily a good indication of future results (refer to section 7).

Table 11: Expenditures ($000's)	Quarterly								YTD	
	Q409	Q110	Q210	Q310	Q410	Q111	Q211	Q311	2010	2011
Revenues	-	-	-	-	-	-	-	-	-	-
Exploration expenditures	93	155	78	105	134	70	126	545	338	741
Other expenses										
Audit, filing and Legal Fees	-	-	-	-	-	-	2	121	-	123
Consulting and labour	12	33	19	47	46	15	32	111	99	158
Depreciation and amortization	-	-	1	2	4	3	1	2	3	6
Interest Received	-	-	-	-	-	-	-	(4)	-	(4)
Other Costs	4	6	11	(6)	10	7	19	3	12	29
Rent and Office Costs	14	4	9	7	5	5	11	30	19	46
Share-based payments	-	-	-	-	-	-	-	267	-	267
Travel and Promotion	3	-	2	13	34	25	5	10	15	40
Total other expenses	33	43	42	63	99	55	70	540	148	665
Net Loss	**126**	**198**	**120**	**168**	**233**	**125**	**196**	**1,085**	**719**	**1,406**

Audit, filing and legal fees have increased due to the Company becoming a stand-alone legal entity as of March 25, 2011 as part of the Plan of Arrangement with Levon, it also includes listing and legal costs associated with the Company commencing trading in July 2011.

Consulting and labour fees have also as the Company has established itself as a separate operating entity. Rent and office costs include insurance and communication costs. Share-based payments is as a result of the first time grant of options in Q311 and one-third of these options vesting immediately and therefore one-third of their fair value being immediately expensed.

Table 12: Expensed Exploration	**Quarterly**								**YTD**	
($000's)	**Q409**	**Q110**	**Q210**	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**2010**	**2011**
Administration	19	20	(4)	74	37	12	37	86	91	135
Camp & accommodation	-	-	-	-	-	-	-	54	-	54
Drilling	188	-	-	-	-	-	-	-	-	-
Geology & geochemistry	159	116	82	46	97	58	89	212	243	359
Geophysics	-	29	-	-	-	-	-	162	29	162
Other	-	-	-	-	-	-	-	27	-	27
Write-down (recoveries)	(273)	(10)	-	(15)	-	-	-	4	(25)	4
Total exploration and evaluation	**93**	**155**	**78**	**105**	**134**	**70**	**126**	**545**	**338**	**741**

Geophysics costs are up due to geophysical surveys undertaken in the Yukon and at Zymo (refer to section 2.4 and 2.1 respectively). Camp costs exist due to the work program in Yukon and camp and accommodation costs at the newly optioned Zymo property.

Expenditures prior to March 25, 2011 are based on expenses allocated from the financial performance of Valley High and are not necessary indicative of future costs. The amount allocated to the Bearing Business prior to March 25, is also tied to the exploration expenditures at Cordero vs. the Bearing Business and therefore the allocations to the Bearing Business has varied based on the relative exploration expenditures.

6 CASH FLOW REVIEW

Quarterly Discussion:

Cash outflow from operating activities was $662,620 (Q310: $166,088) due to the expanded exploration programs. Cash inflow from financing activities was $5,936,697 (Q310: $167,816) with the major item being the proceeds from the private placement conducted in July 2011. Cash outflow from investing activities was $235,864 (Q3: $1,728) which was principally related to acquisition costs on Parrandera property and the new VBA property.

Year to Date:

Cash outflow from operating activities was $997,022 (Q310: $482,504) due to the expanded exploration programs. Cash inflow from financing activities was $8,034,109 (Q310: $461,855) was the major item being the aforementioned proceeds of $6 million and $1.8 million from the Plan of Arrangement from the private placement conducted in July 2011. Cash outflow from investing activities was $235,864 (Q310: inflow $20,649).

7 PLAN OF ARRANGEMENT

On March 25, 2011, Valley High was acquired by Levon Resources Ltd ("Levon") by way of a court-approved plan of arrangement (the "Arrangement").

Under the Arrangement, the authorized share capital of Valley High was amended by the creation of two new classes of shares consisting of an unlimited number of Valley High Class A Shares and an unlimited number of Valley High Preferred Shares. In the course of the capital reorganization each Valley High Share was exchanged for one Valley High Class A Share and 0.125 of a Bearing Resources Ltd. Share (the "Company" or "Bearing"), and such Valley High Shares were there cancelled.

Valley High's interest in the Mt. Polley Properties, Flume property, other staked Yukon properties and its early exploration prospect, Carreton, in Mexico (collectively, "the Projects") were transferred to Bearing, together with $1.8 million in cash.

Bearing provided Levon with an indemnification in respect of the tax payable on disposition of Bearing Resources Ltd., in the event that the fair market value of the assets transferred exceeds the tax pools available to Valley High upon acquisition.

For a full understanding of the Arrangement reference should be made to the Valley High's Information Circular, dated February 18, 2011.

The formation of Bearing was the result of the transfer of assets between entities under common control: accordingly, the transaction is excluded from the scope of IFRS 3 (R), Business Combinations. These financial statements have been presented using predecessor accounting with balance sheet amounts based on the amounts recorded by Valley High up to March 25, 2011.

Bearing began operations on March 26, 2011. Financial statement information prior to this date reflects the financial position, statements of loss, comprehensive loss and deficit and cash flows of the related Bearing Business of Valley High. The statements of loss, comprehensive loss and deficit for the three and nine months ended July 31, 2011 include an allocation of Valley Highs' general and administrative expenses incurred in each of those periods up to March 25, 2011 and expenses incurred directly by Bearing for the periods then ended. The consolidated schedule of mineral property costs for the nine months ended July 31, 2011 include the acquisition costs deferred to the Bearing properties.

The allocation of general and administrative expense was calculated on the basis of the ratio of costs deferred on projects in each year presented as compared to the costs incurred on all mineral properties in each of these years. The consolidated financial statements have been presented under the continuity of interests basis of accounting with balance sheet amounts based on the amounts recorded by Valley High. Management cautions readers of these financial statements, that the allocation of expenses does not necessarily reflect future general and administrative expenses.

8 RISKS, CRITICAL ACCOUNTING ESTIMATES & POLICIES

For a full version of the critical accounting estimates and policies, reference should be made to the Company's audited financial statements for the year ended October 31, 2010

8.1 Change of Accounting Policy

Exploration and Evaluation Expenditures:
During the period ended July 31, 2011, the Company retrospectively changed its accounting policy for exploration and evaluation expenditures to align itself with policies applied by other companies in the mining and exploration industry. The Company now capitalizes exploration expenditures when a known resource exists and management believes that the costs are economically recoverable.

Exploration and evaluation expenditures are now charged to net loss as they are incurred until the mineral property reaches the development stage. Significant costs related to property acquisition are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized.

Reference should be made to note 4 of the unaudited financial statements for the period ended July 31, 2011.

8.2 Disclosure Controls and Internal Control Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures, as defined in the rules of the Canadian Securities Administration, as at July 31, 2011. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation.

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management in its opinion has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. However, a material weakness exists in the design of internal control over financial reporting caused by a lack of adequate segregation of duties in the financial close process. The Chief Financial Officer is responsible for preparing, authorizing, and reviewing information that is key to the preparation of financial reports. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatements in the Company’s financial statements. Management has concluded, and the audit committee has agreed that taking into account the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time.

The Canadian Securities Administrators do not require any certification on the effectiveness of these controls at this time. There have been no changes in the Company’s internal control over financial reporting during the period ended July 31, 2011, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

8.3 Forward Looking Statements

Certain statements included in this “MD&A” constitute forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “may”, “should” and similar expressions to the extent they relate to the Business or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Information concerning the interpretation of drill results also may be considered forward-looking statements; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company’s forward-looking statements. In addition, any forward-looking statements represent the Company’s estimates only as of the date of this MD&A and should not be relied upon as representing the Company’s estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company’s existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

8.4 Government Laws, Regulation & Permitting

Mining and exploration activities of the Business are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

8.5 Additional Financings

If the Business's exploration programs are successful, additional funds will be required in order to complete the development of its properties. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to complete all of the currently proposed exploration programs. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts.

8.6 Key Management and Competition

The success of the Business will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

8.7 Title to Properties

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Business has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned.

8.8 Commodity Prices

The profitability of the Business's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Business's revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of copper or gold.

8.9 Critical Accounting Policies

Foreign currency translation
The functional currency of the Bearing is the Canadian dollar.

Foreign currency transactions are translated in the functional currency using the exchanges rates prevailing at the dates of the transactions. Foreign exchange gains and losses on the settlement of such transactions and on re-measurement of monetary assets and liabilities at the year-end date are included in net income for the period.

Exploration and Evaluation Costs
Exploration and evaluation costs include costs to acquire the rights to explore, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Exploration and evaluation costs relating to non-specific projects or properties or those incurred before the Bearing has obtained legal rights to explore an area are expensed in the period incurred.

Exploration and evaluation costs are recognized as mineral property interests when management has established that a resource exists or that the costs can be economically recovered.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, exploration and evaluation assets are reclassified to mine properties within property, plant and equipment

Asset impairment
The Company performs impairment tests on mineral properties, when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project by project basis with each project representing a single cash generating unit.

When impairment indicators are identified, and impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.