BEARING
RESOURCES LTD.

(An Exploration Stage Company)

Condensed Consolidated Financial Statements

For the Quarter ended January 31, 2012

(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 January 31, 2012 and October 31, 2011

(Expressed in Canadian dollars, except where indicated)

	January 31, 2012 $	October 31, 2011 $
Assets		
Current assets		
Cash and cash equivalents (note 5)	4,032,156	4,582,528
Accounts receivable and prepaid expenses	248,048	221,204
	4,280,204	4,803,732
Non-current assets		
Reclamation bonds and deposits	21,529	21,505
Mineral property interests (note 7)	1,042,017	1,048,819
Property, plant and equipment	64,312	67,448
	5,408,062	5,941,504
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	116,400	355,667
Flow through share premium liability (note 8)	64,356	69,465
	180,756	425,132
Shareholders' Equity		
Common shares	8,257,005	8,094,885
Contributed surplus	4,550,598	4,407,606
Accumulated other comprehensive income ("AOCI")	(3,181)	(5,999)
Deficit	(7,577,116)	(6,980,120)
	5,227,306	5,516,372
	5,408,062	5,941,504

Contingencies (note 6 & 13)
Subsequent events (note 13)

Approved by the Board of Directors

"Damian Towns"
Director

"Brian Bayley"
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 months ended January 31, 2012 and 2011

(Expressed in Canadian dollars, except where indicated)

Expenditures	**2012**	**2011**
	$	**$**
Exploration		
Camp & accommodation	19,726	-
Drilling	3,844	-
General & administration	69,814	11,831
Geology & geochemistry	127,458	58,492
Geophysics	27,274	-
	248,116	70,323
Corporate and Other Costs		
Audit, filing and legal fees	32,807	-
Consulting and labour	142,630	14,586
Depreciation and amortization	6,273	2,661
Finance income	(15,569)	-
Flow through premium recognition (note 9)	(5,110)	-
Other costs	6,772	7,207
Rent and office costs	31,808	5,233
Share-based payments	126,181	-
Travel and promotion	23,088	24,512
	348,880	54,199
Loss for the period	596,996	124,522
Other Comprehensive Income		
Foreign currency translation adjustment	(2,818)	-
Loss and comprehensive loss for the period	594,178	124,522
Basic and diluted loss per share ($ per share)	$0.03	n/a
Weighted average shares outstanding (000's)	23,422	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 months ended January 31, 2012 and 2011

(Expressed in Canadian dollars, except where indicated)

	Common shares					
	No. of shares #	**Amount $**	**Deficit $**	**Contributed Surplus $**	**AOCI $**	**Shareholders' equity $**
Balance – November 1, 2010	-	-	(3,430,900)	4,169,807	-	738,905
Funding by Valley High (note 2)	-	-	-	166,315	-	166,315
Comprehensive income (loss)	-	-	(124,522)	-	-	(124,522)
Balance – January 31, 2011	-	-	(3,555,422)	4,336,122	-	780,698
Balance – November 1, 2011	23,361,076	8,094,885	(6,980,120)	4,407,606	(5,999)	5,516,372
Share Issuances (note 8)	428,572	162,120	-	16,811	-	178,931
Share-based payments	-	-	-	126,181	-	126,181
Comprehensive income (loss)	-	-	(596,996)	-	2,818	(594,178)
Balance – January 31, 2012	23,789,648	8,257,005	(7,577,116)	4,550,598	(3,181)	5,227,306

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

Bearing Resources Ltd.

Condensed Consolidated Statement of Cash Flow

For the periods ended January 31, 2012 and 2011

(Expressed in Canadian dollars, except where indicated)

	2012 $	2011 $
Cash flows from operating activities		
Loss for the period	(596,996)	(124,522)
Items not affecting cash		
Depreciation and amortization	6,273	2,661
Flow through premium recognition	(5,110)	-
Share-based payment expense	126,181	-
	(469,652)	(121,861)
Change in non-cash operating working capital		
Increase in accounts receivable & prepaid expenses	(261)	-
Increase in accounts payable & accrued liabilities	(239,267)	-
	(709,180)	(121,861)
Cash flows from financing activities		
Funding provided by Valley High	-	163,654
Share issuances	178,931	-
	178,931	163,654
Cash flows from investing activities		
Mineral property acquisition costs	(17,256)	(44,273)
Mineral property reimbursements	-	-
Payments to acquire capital assets	(3,136)	2,480
	(20,392)	(41,793)
Effect of exchange rate changes on cash and equivalents	269	-
Increase in cash and cash equivalents	(550,372)	-
Cash and cash equivalents - Beginning of period	4,582,528	-
Cash and cash equivalents - End of period	4,032,156	-

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 "Bearing") is an exploration stage company that is engaged directly in the exploration and development of mineral properties in Mexico and Canada. The Company's registered office is at Suite 2600, 595 Burrard St, 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 the October Dome, Mt. Polley and Flume properties, and other staked Yukon properties and its early exploration prospect, Carreton, in Mexico (collectively, the "Bearing Properties") were transferred to Bearing, together with $1.8 million in cash. Bearing also provided Levon with an indemnification in respect of any tax payable on the 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.

The 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

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 year ended January 31, 2012 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 allocation of general and administrative expense was calculated on the basis of the ratio of costs deferred on the Bearing Properties in each period presented as compared to the costs incurred on all mineral properties in each period. Management cautions readers of these financial statements, that the allocation of expenses does not necessarily reflect future general and administrative expenses.

Mineral property costs for the year ended January 31, 2012 include the direct exploration expenses deferred to the Bearing properties.

4 Significant accounting policies

Basis of Presentation
These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34- Interim Financial Reporting. The accounting policies followed in these condensed consolidated financial statements are the same as those applied in the Company's audited annual financial statements for the year ended October 31, 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 policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 28, 2012, the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the consolidated financial statements for the period ended January 31, 2012.

The interim condensed consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's audited annual consolidated financial statements and the notes thereto for the year ended October 31, 2011.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income and mining taxes. Differences may be material.

(Expressed in Canadian dollars, except where indicated)

5 Cash and cash equivalents

	January 31,2012 $	October 31,2011 $
Flow-through funds	688,576	743,248
Other	3,343,580	3,839,280
	4,032,156	4,582,528

In July 2011, the Company completed a flow-through financing for gross proceeds of $2,500,000 (note 8). These funds are to be spent on qualifying exploration activities within Canada and therefore are not available to fund corporate expenses or exploration activities outside Canada.

6 Exploration costs

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

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 must make cash payments totalling $500,000 ($100,000 paid), issue 500,000 shares (100,000 issued) and complete exploration expenditures totalling $8 million ($1.7 million spent) 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 million, issuing 2 million Bearing shares and arranging project financing for the mine development.

Mapimi Area, Durango, Mexico:
In Mexico, the Company's focus is on the Mapimi area in Durango, Mexico. The Mapimi area is made up of two optioned claims (Parrandera and Kilometer 66 ("KM 66") and the wholly owned Pedro ground.

<u>KM 66</u>
In March 2012, the Company entered into a letter of intent ("LOI") to acquire a 100% interest in the 13,400 hectare KM 66 silver-gold-lead-zinc property in Durango, Mexico. Under the terms of the agreement BRZ can earn a 100% interest, subject to a 3% NSR the Company shall pay: US$150,000 on signing; US$150,000 on the first anniversary of signing; US$150,000 on the second anniversary; US$400,000 on the third anniversary; US$500,000 on the fourth anniversary; US$7,875,000 at the end of year five

At the Company's election it may purchase the property outright after two years for US$5,575,000 or after three years for US$5,875,000 or after four years for US$6,875,000. The Company may purchase up to 1% of the NSR for US$650,000 per half percent and holds a first right of refusal to purchase the remaining 2%. The option remains subject to the completion of due diligence and execution of a Definitive Agreement.

6 Exploration costs (continue)

Parrandera
In June 2011, the Company optioned the Parrandera gold-copper-zinc prospects through agreements with local Mexican vendors. 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 302 hectare claim group. 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 ($40,000 paid) over two years, subject to a 1.5% NSR (0.5% purchasable for $100,000). The 302 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).

Pedro Ground
The Company has applied for additional claims (~26,000 hectares) that are contiguous with optioned properties.

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 transferred under the Plan of Arrangement (note 2).

Flume, Yukon, 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. 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 also 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 Corp. (“RGC”) (formerly Valdez Gold Inc.), whereby RGC has been granted the right to earn a potential 75% interest in the Flume property. Under the terms of the agreement, RGC 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) and making 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, RGC 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. RGC 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).

6 Exploration costs (continue)

Other Yukon Gold Properties, Canada
In the Yukon, the Company has staked the VF (2,900 hectares), Jay (5,350 hectares), VM (2,160 hectares), Big (2,740 hectares) and VBA (1,660 hectares) claim blocks.

In August 2011, the Company partitioned 2,240 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.

In 2011, the Company also acquired a 100% interest in the HY claims located in the Watson Lake Mining District of the Yukon from Freeport-McMoran of Canada Limited ("Freeport"). The HY claims are situated within the Upper Hyland Gold Belt which is the south-eastern extension of the regional Tintina Gold Belt, and comprises 48 claims totalling 1,000 hectares and is surrounded by the Company's Jay claims. Under the terms of the purchase agreement with Freeport, the Company acquired a 100% interest in the claims through a one-time payment of $50,000. The claims are subject to a 2% NSR. In addition, Freeport is entitled to receive up to 30% of any proceeds over above the initial purchase consideration of $50,000 from disposition if the property is sold within the first year.

Mt. Polley copper-gold properties, Canada
The Mt. Polley properties comprise approximately 7,458 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 subject to a 2% NSR royalty. The NSR royalty with the exception of the Buc claims can be purchased for $500,000 for each one-half percent.

Imperial acquired 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 transferred under the Plan of Arrangement (note 2). The costs on Mt. Polley are included under the "Other" heading on the following table.

(Expressed in Canadian dollars, except where indicated)

6 Exploration costs (continued)

						For the period ended January 31, 2012
$	**Zymo**	**OctDome**	**Yukon**	**Mex**	**Other**	**Total**
Camp & accommodation	1,176	-	-	18,550	-	19,726
Drilling	3,844	-	-	-	-	3,844
General & administration	-	4,531	-	23,603	41,680	69,814
Geology & geochemistry	26,820	915	17,928	81,560	235	127,458
Geophysics	2,550	-	-	24,724	-	27,274
Write-downs (recoveries)	-	-	-	-	-	-
	34,390	5,446	17,928	148,437	41,915	248,116

						For the period ended January 31, 2011
$	**Zymo**	**OctDome**	**Yukon**	**Mex**	**Other**	**Total**
Camp & accommodation	-	-	-	-	-	-
Drilling	-	-	-	-	-	-
General & administration	-	-	-	1,040	10,791	11,381
Geology & geochemistry	-	27,644	-	30,848	-	58,492
Geophysics	-	-	-	-	-	-
Write-downs (recoveries)	-	-	-	-	-	-
	-	27,644	-	31,888	10,791	70,323

(Expressed in Canadian dollars, except where indicated)

7 Mineral property interests

$	Zymo	OctDome	Mt Polley	Mex	Other	Total
October 31, 2010	-	555,057	40,836	-	115,120	711,013
Acquisition costs	180,000	-	-	79,983	132,255	392,238
Write-downs	-	-	-	-	(23,182)	(23,182)
Property payments received	-	-	-	-	(31,250)	(31,250)
October 31, 2011	180,000	555,057	40,836	79,983	192,943	1,048,819
Acquisition costs	-	-	-	15,509	-	15,509
Write-downs	-	-	-	-	-	-
Property payments received	-	-	(24,058)	-	-	(24,058)
Foreign Currency Movement	-	-	-	1,747	-	1,747
January 31, 2012	180,000	555,057	16,778	97,239	192,943	1,042,017

Under the Company's accounting policy all acquisition costs are capitalized until the property is placed into production or disposed of. Refer to note 6 for a description of the mineral property interests.

8 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 was 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 is 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 the qualifying exploration expenditure is incurred. The flow-through financing was done in conjunction with a unit offering, that comprised a common share and half-warrant.

Under the terms of the Zymo option agreement (note 6) the Company issued 100,000 common shares (fair value $80,000) in July 2011.

In January 2012, the Company closed a $180,000 private placement. The non-brokered private placement consisted of 428,572 units. Each unit was comprised of one common share of the Company and one half of a common share purchase warrant. The units were priced at $0.42 per Unit. Each whole warrant will be exercisable for one common share of the Company until January 18, 2013 at an exercise price of $0.60.

(Expressed in Canadian dollars, except where indicated)

9 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.

	January 31, 2012		October 31, 2011	
	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $
Opening - October 31	2,090,000	0.72	-	-
Granted	220,000	0.38	2,090,000	0.72
Cancelled	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Closing - January 31	2,310,000	0.69	2,090,000	0.72

As of January 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
220,000	73,333	0.38	December 16, 2016
2,310,000	770,001	0.69	

The majority of stock options vest over a two 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 year ended January 31, 2012 total share-based compensation expense was $126,181 (2011: nil).

(Expressed in Canadian dollars, except where indicated)

9 Share stock options and warrants (continued)

Warrants

	January 31, 2012		October 31, 2011	
	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $
Outstanding – beginning of year	4,166,663	0.60	-	-
Granted	214,286	0.60	4,166,663	0.60
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding – end of period	4,380,949	0.60	4,166,663	0.60

At January 31, 2012, the following warrants were outstanding:

Number of Shares outstanding	Exercise price $	Expiry Date
4,166,663	0.60	July 8, 2012
214,286	0.60	January 13, 2013
4,380,949	0.60	

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

	Warrants	Options
Risk-free interest rate	0.93% to 1.02%	0.95% to 1.92%
Expected life	0.67 years	2.5 to 3.5 years
Expected volatility	100%	100%
Expected dividend	nil	nil

10 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.

	January 31 2012	January 31 2011
Short-term employee benefits	122,600	-
Share-based payments	52,029	-
Total key management personnel	174,628	-

(Expressed in Canadian dollars, except where indicated)

11 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
January 31, 2012			
Loss for the period	160,667	436,329	596,996
Non-current assets	137,234	990,624	1,127,858
Total assets	152,252	5,255,810	5,408,062
Total liabilities	13,520	167,236	180,756
October 31, 2011			
Loss for the year	342,317	3,206,903	3,549,220
Non-current assets	121,989	1,015,783	1,137,772
Total assets	140,838	5,800,666	5,941,504
Total liabilities	31,678	393,454	425,132

12 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 arise as a result of this indemnification. 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 6).

13 Subsequent events

In March 2012, the Company entered into a binding letter of intent ("LOI") to acquire a 100% interest in the 13,400 hectare KM 66 silver-gold-lead-zinc property under the terms of the agreement BRZ can earn a 100% interest, subject to a 3% NSR the Company shall pay: US$150,000 on signing; US$150,000 on the first anniversary of signing; US$150,000 on the second anniversary; US$400,000 on the third anniversary; US$500,000 on the fourth anniversary; US$7,875,000 at the end of year five.

At the Company's election it may purchase the property outright after two years for US$5,575,000 or after three years for US$5,875,000 or after four years for US$6,875,000. The Company may purchase up to 1% of the NSR for US$650,000 per half percent and holds a first right of refusal to purchase the remaining 2%. The option remains subject to the completion of due diligence and execution of a Definitive Agreement.

BEARING RESOURCES LTD.

Management Discussion & Analysis for the three months ended January 31, 2012

Dated: March 28, 2012

The following information is prepared in accordance with International Financial Reporting Standards (“IFRS”) in Canadian dollars, unless otherwise noted. This Management Discussion & Analysis (“MD&A”) should be read in conjunction with the Bearing Resources audited financial statements for the years ended October 31, 2011, and 2010, which are available on SEDAR (www.sedar.com).

The financial information in this MD&A is derived from the Company’s financial statements prepared in accordance with Canadian GAAP (which requires 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 months ended January 31, 2012.

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.

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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. These allocations are consistent with those applied in the preparation of the audited financial statements for the year ended October 31, 2011. 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.

1.3 Key Personnel and Competencies

The Board of Directors is comprised of four Independent and three Executive Directors. The Board is chaired by David Watkins, an Independent Director with over 42 years in the mining industry. The Board has extensive geological experience, as well as financial and corporate development expertise. Geoff Chater is the President and CEO of the Company and has over 22 years of experience in the mining industry. He is ably supported by Robert Cameron, Vice President Business Development, who has over 30 years of experience in the mining industry.

2 MILESTONES & PROJECTS UPDATE

2.1 Milestones / Highlights

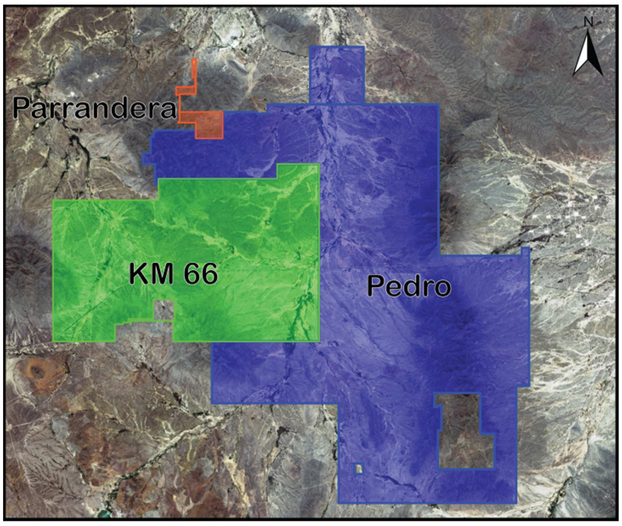
- Announced LOI to acquire KM 66 Silver-Gold-Lead-Zinc Property (Mar 2012)
- Optioned VF claims to Aben Resources Ltd (Mar 2012)
- First royalty payments from Imperial (Feb 2012)
- Closed $180,000 private placement (Jan 2012)
- Appointment of Manager Corporate Relations (Dec 2011)
- HY-JAY property returns high grade gold (Dec 2011)
- Assay results from Zymo incl. 126m 0.54% Cu equivalent (Dec 2011)
- Acquisition of HY claims (Nov 2011)

2.2 Mexico Exploration

In Mexico, the Company's focus is on the Mapimi area in Durango, Mexico. The Mapimi area is made up of two optioned claims (Parrandera and Kilometer 66 ("KM 66")) and the wholly owned Pedro ground.

Mapimi - KM 66

In March 2012, the Company entered into a letter of intent ("LOI") to acquire a 100% interest in the 13,400 hectare KM 66 silver-gold-lead-zinc property in Durango, Mexico. Acquisition terms appear in section 4.2. The Km 66 property, located approximately 100 kilometres from the Penoles smelter at Torreon, is bisected by a paved highway and power lines. KM 66 covers a five kilometre-long trend of mineralization that includes the La Gloria and Las Palmitas breccia-hosted epithermal silver-gold-lead-zinc deposits. Great Panther Silver Ltd. ("Great Panther") (who previously held an option to acquire KM 66) filed a technical report containing a mineral resource



estimate compliant with NI 43-101 for the La Gloria and Las Palmitas deposits titled “Technical Report on the Mapimi Project, Mexico” dated May 8, 2008 and prepared by Wardrop Engineering (“Wardrop”) of Vancouver, B.C. (the “Technical Report”) (a copy of the Technical Report can be found at www.sedar.com under the profile of Great Panther). The Technical Report calculated a total of 22,297,800 silver equivalent ounces (6,585,900 tonnes grading 28 g/t silver, 0.09 g/t gold, 0.41% lead, 1.14% zinc) in the indicated category and a further 6,305,000 silver equivalent ounces (2,027,900 million tonnes grading 34 g/t silver, 0.13 g/t gold, 0.54% lead, 0.81% zinc) in the inferred category using a cut-off grade of 50 g/t silver equivalent. Metal prices and recoveries used were US $9.55 per ounce and 76 per cent, respectively, for silver, US $530 per ounce and 70 per cent for gold, US $0.63 per pound and 80 per cent for lead, and US$1 per pound and 80 per cent for zinc.

Bearing cautions the reader that the resource prepared by Wardrop for Great Panther is considered a “historical estimate” under NI 43-101 and a qualified person from the Company has not done sufficient work to classify the historical estimate as a current mineral resource. In order to verify the historical estimate additional work may be required. This may include, but may not be limited to, re-evaluation and confirmation of previous drilling and assay results; validation of QA/QC (quality assurance/quality control) procedures and recalculation of the resource model using current metal price and recovery assumptions. Bearing is not treating the historical estimate as a current mineral resource.

In addition to the La Gloria and Las Palmitas resource areas, drilling by Great Panther identified quartz-molybdenite veins in the Bull’s-Eye zone (186.22 metres grading 440ppm molybdenum) and carbonate replacement deposits in the North Zone (2.14 metres grading 2.98% zinc and 0.41% lead). The Bull's-Eye zone is defined by a 2,000-by-800-metre induced polarization anomaly with a magnetic high near its centre. The remainder of the property remains unexplored.

Mapimi- Parrandera
In June 2011, the Company optioned the Parrandera gold-copper-zinc prospect through agreements with local Mexican vendors. The Parrandera options include a 49 hectare claim group and 302 hectare claim group. Option terms are disclosed in section 4.2.

Mapimi- Pedro
The Company has also staked claims (~26,000 hectares) in its own name that are contiguous with these claim groups and is awaiting final approvals. The Parrandera project is located in the Mapimi region of eastern Durango, Mexico.

Other Mexican Exploration
Bearing has also established a Mexican exploration team that is continually evaluating prospects in Mexico. In Mexico, the Company is awaiting final approvals on its application for title 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.

Table 1: Mexico Properties					Quarter				YTD	
	Q210	Q310	Q410	Q111	Q211	Q311	Q411	**Q112**	2011	**2012**
Camp & accommodation	-	-	-	-	3,541	9,799	23,055	**18,550**	-	**18,550**
Drilling	-	-	-	-	-	-	-	**-**	-	**-**
General & administration	(8,130)	40,206	28,942	1,040	33,472	11,147	67,513	**23,603**	1,040	**23,603**
Geology & geochemistry	24,368	45,754	96,877	30,848	73,877	75,838	87,099	**81,560**	30,848	**81,560**
Geophysics	-	-	-	-	-	-	-	**24,724**	-	**24,724**
Total exploration	16,238	85,960	125,819	31,888	110,890	96,785	177,667	**148,437**	31,888	**148,437**
Acquisition costs	-	-	-	-	-	77,375	2,608	**15,509**	-	**15,509**
Total exploration & acquisition	16,238	85,960	125,819	31,888	110,890	174,159	180,275	**163,946**	31,888	**163,946**

The costs prior to Q2 2011 include an allocation of costs from Valley High Ventures under the continuity of interests accounting principle and do not necessary reflect any actual expenditures. Camp & accommodation have increased in line with our increased work at Mapimi.

General & administration include the provision for value added taxes in Mexico. The increase in Q4 2011 relates partially to a larger provision for value added taxes as a result of vehicle purchases.

Geology & geochemistry costs are principally comprised of our exploration team in Mexico. The higher costs in Q112 are partially explained by field assistants and other personnel for the exploration work on the Mapimi ground. Geophysics costs incurred as a result of the 12 line kilometres of induced polarization and magnetics undertaken at Parranderra.

Acquisition costs increased in Q3 2011 and Q1 2012 as a result of entering into the 2 Parrandera options agreements.

2.3 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 Zymo property has been explored by a number of companies since its discovery in 1997. Work to date has outlined a nine by three kilometre open ended target defined by combined copper in soil and induced polarization ("IP") chargeability anomalies, 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 sixteen drill holes over a distance of 720 by 350 metres, in which all drill holes intersected 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% copper and 0.32 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 totalling $8 million over a five year period (refer section 2.2). 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 million, issuing 2 million shares and arranging project financing for the mine development.

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 2: Zymo Properties			Quarter			YTD	
(Optioned Q311)	Q111	Q211	Q311	Q411	Q112	2011	2012
Camp & accommodation	-	-	34,172	206,762	1,176	-	1,176
Drilling	-	-	18,484	888,240	3,844	-	3,844
General & administration	-	-	52	10,606	-	-	-
Geology & geochemistry	-	-	37,894	116,595	26,820	-	26,820
Geophysics	-	-	19,291	201,054	2,550	-	2,550
Total exploration	**-**	**-**	**109,893**	**1,423,257**	**34,390**	**-**	**34,390**
Acquisition costs	-	-	180,000	-	-	-	-
Total exploration & acquisition	**-**	**-**	**289,894**	**1,423,257**	**34,390**	**-**	**34,390**

The above table does not include any allocation of time for our Vice President ("VP") Exploration (whose costs are included in general exploration costs) or our VP Business Development (whose costs are included under other expenses) who helped develop and manage the most recent exploration program. Camp cost includes the cost of establishing a camp near the property and other accommodation costs associated with our exploration program that commenced in July 2011.

Drilling costs include the cost of the 11 holes (3,454 metres) of helicopter assisted diamond drilling and associated analytical costs. Table 3 provides a summary of the drill results, for a complete understanding of the results reference should be made to the Company's news release dated December 8, 2011.

Table 3: Zymo Drilling 2011

Hole *(total depth)*		From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Cu eq. (%)[1]
FM ZONE							
ZY11-18 *(345 metres)*		15.0	159	144	0.15	0.22	0.32
	incl.	15.0	93	78	0.20	0.26	0.40
ZY11-19 *(356.5 metres)*		3.0	356.5	353.5	0.08	0.11	0.16
	incl.	3.0	98	95	0.09	0.13	0.19
HOBBES ZONE							
ZY11-20 *(354 metres)*		3.0	174	171	0.24	0.29	0.46
	incl.	3.0	129	126	0.28	0.34	0.54
ZY11-21 *(342 metres)*		3.0	165	162	0.15	0.18	0.29
ZY11-22 *(347 metres)*		11.0	47	36	0.34	0.43	0.67
	and	191.0	281	90.0	0.08	0.16	0.22
ZY11-23 *(351 metres)*		6.0	315	309	0.13	0.21	0.30
	incl.	6.0	201	195	0.18	0.29	0.41
ZY11-26 *(348 metres)*		180	255	75.0	0.20	0.29	0.43
ZY11-27 *(366 metres)*		33	156	123	0.15	0.21	0.31
	and	183	255	72	0.11	0.19	0.27
ZY11-28 *(264 metres)*		123	228	105	0.14	0.20	0.27
	incl.	150	180	30	0.19	0.30	0.30
URC ZONE							
ZY11-24 *(354 metres)*		no sig. results					
ZY11-25 *(n/a)*		lost in overburden					

[1] *Copper equivalent calculations do not take into account metallurgical recoveries and are based on in ground metal using metal prices of US$1,200/ounce for gold and US$2.50/pound for copper.*

Geology and geochemistry costs include the costs associated with a soil stream sediment sampling and prospecting program. In Q112, the geology and geochemistry costs relate to the costs of compiling and wrapping up the recent exploration program at Zymo. Geophysics includes the cost of approximately 30 kms of line cutting and IP surveying 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 (refer section 4.2)

Under the terms of the option agreement, subject to certain conditions, Bearing was required to spend $2 million prior to December 31, 2011. Due to the weather conditions it was not possible to complete this expenditure and under the terms of the agreement both parties have agreed to extend this deadline to December 31, 2012. As a result, Bearing will be required to spend $2.5 million prior to December 31, 2012 to maintain the option in good standing. As of January 31 31, 2011, the Company had incurred approximately $1.7 million in qualifying expenditures towards earn-in.

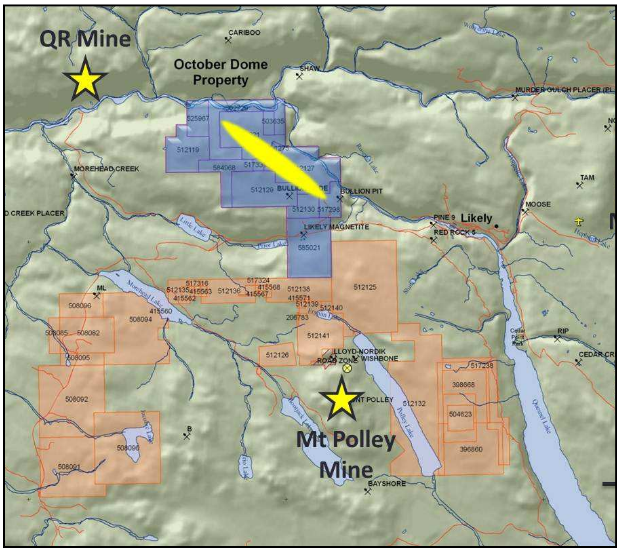
2.4 October Dome Property British Columbia, Canada

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 claims are subject to Net Smelter Royalties ("NSR") of between 1.5% and 2%. The October Dome property is contiguous with both Imperial Metals Corporation's ("Imperial") Mt. Polley porphyry copper gold mine property 10 km to the south and Barkerville Gold Mines Ltd.'s QR skarn gold mine property 7 km to the northwest. The October Dome target is defined by a grid area of some 4.0 km by 1.1 km that has been surveyed by magnetic and IP surveys and soil geochemistry.

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. In October 2011, the Company received a multi-year exploration permit that will allow extension of the existing IP grid to the southeast to cover the expanded soil anomaly as well as trenching and diamond drilling.

The following table summarizes the quarterly and year to date expenditures on the October Dome property. Exploration and evaluation costs are expensed while the acquisition costs are capitalized.

Table 4: October Dome Properties	**Quarterly**								**YTD**	
	Q210	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**Q411**	**Q112**	**2011**	**2012**
Camp & accommodation	-	-	-	-	-	5,925	3,247	-	-	-
Drilling	-	-	-	-	-	-	-	-	-	-
General & administration	-	-	-	-	2,393	2,930	14,409	4,531	-	4,531
Geology & geochemistry	-	-	-	27,644	14,599	32,402	3,755	915	27,644	915
Geophysics	-	-	-	-	-	-	-	-	-	-
Write-down (recoveries)	-	-	-	-	-	-	-	-	-	-
Total exploration	**-**	**-**	**-**	**27,644**	**16,992**	**41,257**	**21,411**	**5,446**	**27,644**	**5,446**
Acquisition costs	52,940	-	-	-	-	-	-		-	-
Total acquisition & exploration	**52,940**	**-**	**-**	**27,644**	**16,992**	**41,257**	**21,412**	**5,446**	**27,644**	**5,446**



The October Dome property was transferred as part of Arrangement Agreement (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 periods.

General & administration in Q411 include the costs of obtaining a multi-year exploration permit that will allow extension of the existing IP grid to the southeast as well as trenching and diamond drilling of the anomalous areas, and claim fees. Q112 costs relate to ongoing consultation costs with First Nations. 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 kms. Soil sampling in 2011 extended this anomaly a further 1km to the southeast.

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.

2.5 Yukon Properties

In the Yukon, the Company owns the VF (2,900 hectares), Big (2,740 hectares), JAY(5,350 hectares) and VM (2,160 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. Bearing also holds the 100% owned BIG gold property located in the Clear Creek gold placer area in the Dawson Mining District, Yukon. In July 2011, the Company staked the VBA claims (1,660 hectares) after completion of field reconnaissance. It also holds the Flume property (optioned to Ryan Gold) 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 3,680 hectares

In March 2012, the Company optioned the VF property to Aben Resources Ltd. (“Aben”) whereby they could earn a 100% interest by making a total of $150,000 in cash payments and issuing a total of 1 million Aben common shares over 4 years and incur $100,000 of exploration expenditures in the first year. Bearing will retain a 2% NSR on the VF property, of which Aben may purchase 1% for $1,500,000.

In August 2011, the Company partitioned 2,240 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. To earn an initial 51% interest Precipitate must make cash payments totalling $480,000 ($5,000 paid) and complete exploration expenditures totalling $2 million 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.

During 2011, the Company acquired a 100% interest in the HY claims located in the Watson Lake Mining District of the Yukon from Freeport-McMoran of Canada Limited ("Freeport"). The HY claims are situated within the Upper Hyland Gold Belt (and are surrounded by the Company's Jay claims), which is the south-eastern extension of the regional Tintina Gold Belt, and comprises 48 claims totalling 1,000 hectares. Under the terms of the purchase agreement with Freeport, the Company acquired a 100% interest in the claims through a one-time payment of $50,000. The claims are subject to a 2% NSR. In addition, Freeport is entitled to receive up to 30% of any proceeds over and above the initial purchase consideration of $50,000 from disposition if the property is sold within the first year.

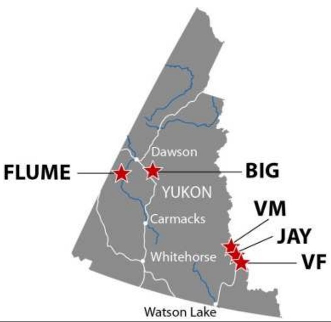
In June 2009, Valley High entered into an option agreement with Phelps Dodge Corporation of Canada Limited ("PDC"), to acquire a 100% interest in the Flume property subject to an NSR. In January 2010, the Flume property was optioned to Ryan Gold Corp ("RGC") (formerly Valdez Gold Inc.), whereby RGC has been granted the right to earn up to a 75% interest in the property. Under the terms of the agreement, RGC 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, RGC 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. RGC 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.

In the Summer of 2011, RGC completed a total of 1,510 soil samples were taken on the Flume Property to complement the 2,493 soil samples taken in 2010. Anomalous gold-in-soil values greater than 100 ppb gold, the upper 1.8% of the gold-in-soil values, and up to a maximum of 1,916 ppb gold were identified over the claim blocks. With the very encouraging soil results on this project, the Company plans further geological mapping of the area, extended grid soil sampling, as well as an initial drill program.

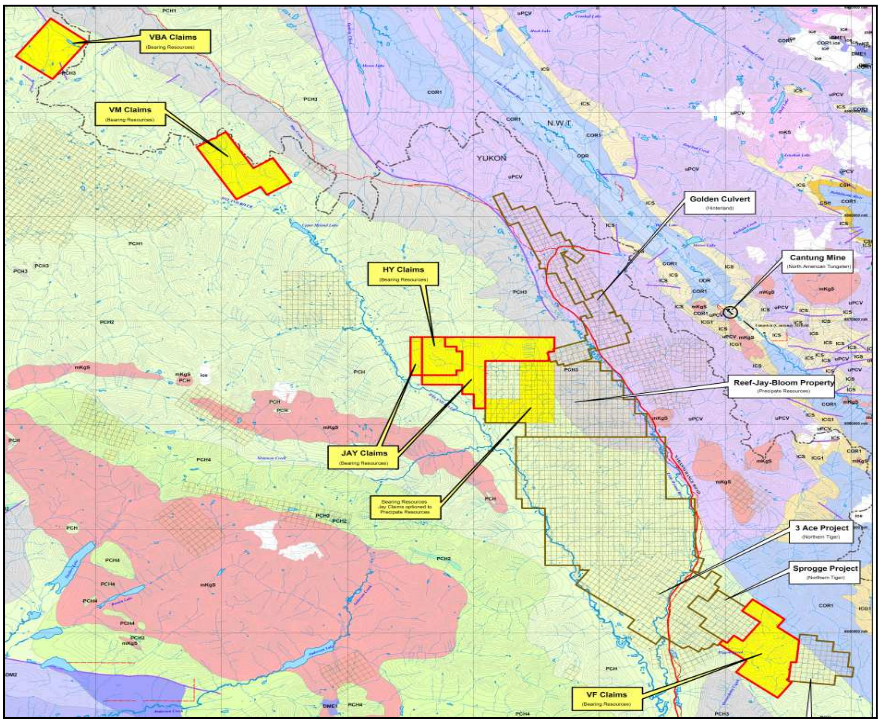
RCG has budgeted to spend $1.8 million on Flume in 2012.

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

Table 5: Yukon Properties	**Quarterly**								**YTD**	
	Q210	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**Q411**	**Q112**	**2011**	**2012**
Camp & accommodation	-	-	-	-	-	21,254	24,391	-	-	-
Drilling	-	-	-	-	-	-	-	-	-	-
General & administration	-	-	-	-	-	2,911	13,265	-	-	-
Geology & geochemistry	-	-	-	-	-	125,495	90,833	**17,928**	-	**17,928**
Geophysics	-	-	-	-	-	114,069	(201)	-	-	-
Write-down (Recoveries)	-	(15,000)	-	-	-	4,432	54	-	-	-
Total exploration	**-**	**-**	**-**	**-**	**-**	**268,162**	**128,343**	**17,928**	**-**	**17,928**
Acquisition costs	-	140,119	-	-	47,225	23,845	53,780	-	-	-
Total acquisition & evaluation	**-**	**125,119**	**-**	**-**	**47,225**	**244,980**	**182,123**	**17,928**	**-**	**17,928**



In June 2011, field crews were mobilized to the 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 the field season approximately 1,696 soil samples, 32 silt samples and 104 rock samples were collected on all properties. Assays results from a majority of this program have been reported in the December 12, 2011 news release and reference should be made to that news release for full details.



The results include the discovery of the HY-JAY Zig Zag gold zone ("Zig Zag"), where 9 of 14 grab samples from subcrop and associated boulder field returned assay results of greater than 1 g/t gold. These results included two samples that assayed 47.0 g/t gold &, 175 g/t silver, and 19.9 g/t gold & 230 g/t silver, respectively. It is important to note that grab samples are selective by nature and are unlikely to represent average grades of sampling on the entire property. Q112 costs principally relate to compilation and assessment reports on the underlying claims.

Geophysics costs include the expense of airborne magnetic and radiometric surveys totalling 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 RGC. They are recorded as recoveries as the Company has no capitalized 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 RGC that was in excess of the payment due to PDC.

Included within acquisition costs for Q411 is the $50,000 payment to Freeport for the HY property (refer section 4.2)

2.6 Other Exploration Costs

Other Exploration Costs include the costs associated with our generative exploration programs in Canada and the 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 claims are subject to a NSR of up to 2%.

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 million. The Company is entitled to 90% of the royalty payments. The Company received the first royalty payment in February 2012.

The following table summarizes the quarterly and YTD expensed exploration costs for generative exploration in Canada, including Mt Polley, Exploration and evaluation costs are expensed while the acquisition costs are capitalized:

Table 6:	**Quarterly**								**Year**	
Other Exploration	**Q210**	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**Q411**	**Q112**	**2011**	**2012**
Camp & accommodation	-	-	-	-	-	-	-	-	-	-
General & administration	4,121	34,103	32,068	10,791	(2,739)	29,266	39,597	**41,680**	10,791	**41,680**
Geology & geochemistry	57,206	397	(23,856)	-	-	-	2,833	**235**	-	**235**
Geophysics	-	-	-	-	-	-	-	-	-	-
Write-down (recoveries)	-	-	-	-	-	-	-	-	-	-
Total exploration	**61,327**	**34,500**	**8,212**	**10,791**	**(2,739)**	**29,266**	**42,430**	**41,915**	**10,791**	**41,915**

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), Mt Polley or generative exploration costs and are based on a number of accounting assumptions and are not necessarily representative of future performance.

General & 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 ("VAT") in Mexico due to the uncertainty surrounding the timing and collectability of the amounts involved. The increase in Q411 relates to the provision for VAT associated with mineral acquisition costs, motor vehicle purchases and increased activity in Mexico.

The negative acquisition costs in Q110 were due to the payments received from Imperial on the Boundary Zone. Only limited work has been undertaken on the Mt. Polley properties since April 2010.

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

The Company has recently expanded its land holdings located within the productive gold-silver belt of the Mesa Central Region in Durango State with the addition of four new 100% owned Pedro claims totalling ~26,000 hectares (title pending). The Company is evaluating the area for intrusion related base metal and gold-silver mineralization. At the Parrandera showing soil geochemical and prospecting was completed followed by a 12 kilometre ground induced polarization ("IP") survey in December. Results have outlined a 1,500 metres by 500 metres coincident zinc, copper, arsenic and gold soil anomaly with partially coincident chargeability highs that coincide with areas of historical pitting and tunneling. Sampling from an adit constructed by historic miners returned a 20 metre weighted average interval grading 2.58 g/t gold and 0.33% copper. Samples collected the full length of the 92.73 metre long adit returned a weighted average of 0.86 g/t gold and 0.15% copper. An initial drill program to test IP and geochemical targets at Parrandera is scheduled for April 2012.

In March, 2012 the Company entered into a LOI to acquire the Kilometer 66 property, located west of and contiguous with the Company's Pedro Property. This 13,400 hectare property hosts a number of mineral occurrences including the La Gloria zone where historical work by previous operators had defined a resource. The majority of this large property is unexplored. Upcoming work at Kilometer 66 will involve property wide soil sampling, reconnaissance IP surveys mapping and prospecting in order to define drill targets by year end. In addition the area of detailed drilling at La Gloria will be evaluated by re-logging and the design of a resource expansion drill program.

The Company is also awaiting final approvals on its application on the 8,500 hectare Carreton property which is located in central Durango State in the municipality of San Pedro El Gallo. No work is currently planned at the Carreton property.

At the Zymo copper-gold porphyry in British Columbia, the exploration program completed in 2011 included 3,454 metres of NQ diamond drilling in 11 drill holes; 7 holes at the Hobbes Zone ("Hobbes"), 2 holes at the FM Zone ("FM") and 2 holes at the URC Zone ("URC"). The RD Zone was not drill tested. Drill results were released on December 8, 2011. In addition, approximately 30 kilometres of IP geophysical surveying was completed as well as soil stream sediment sampling and prospecting. The work program was terminated early due to the onset of winter conditions and will be continued in the spring of 2012. The Company expects to execute a minimum $0.8 million exploration program in 2012 that will focus on further delineation drilling at Hobbes as well as testing the other targets on the property.

At October Dome, the Company has recently received a multi-year exploration permit that will allow extension of the existing IP grid to the southeast to cover the expanded soil anomaly as well as trenching and diamond drilling of the anomalous areas. The Company plans to complete an initial trenching and drilling program in 2012 targeting the strong coincident IP and soil anomalies.

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. The Company owns a production Royalty on tonnes milled derived from a portion of the Boundary Zone, owned by Imperial Metals Ltd. The Royalty has a time lag of five months from milling to payment and the Company has now received two Royalty payments for the months of February and March. It is the companies understanding that this derives from limited initial small scale mining at the Boundary Zone which took place between August and October of 2011.

In the Yukon, the Company recently added to its portfolio of properties with the addition of the HY property (9,974 hectares) bringing its property position to a total of eight. Three of the properties have been optioned to third party exploration companies; The Flume property to Ryan Gold Corp., the Jay East property to Precipitate Gold Corp. and the VF property to Aben Resources Ltd. The Company has decided to seek partners for the remainder of its Yukon portfolio.

As at January 31, 2012, the Company had cash and cash equivalents of approximately $4 million ($0.7m flow-through). The Company continues to look for opportunities to both expand its existing exploration portfolio and ensure that its exploration properties continue to be advanced.

4 FINANCIAL POSITION REVIEW

4.1 Assets

Table 7: Assets ($)	October 31, 2010	October 31, 2011	January 31, 2012
Cash and cash equivalents	-	4,582,528	4,032,156
Accounts receivable and prepaid expenses	52,990	221,204	248,048
Bond and reclamation deposits	11,500	21,505	21,529
Property, plant and equipment	16,393	67,448	64,312
Mineral property interests	711,012	1,048,819	1,042,017
Total Assets	**791,895**	**5,941,504**	**5,408,062**

Cash and cash equivalents decreased during the period as a result of exploration and corporate expenses for the period and the reduction in accounts payable from year end. The decrease was offset by the receipt of $180,000 in proceeds from the financing that was undertaken in January 2012.

Accounts receivable and prepaid expenses principally comprise Harmonized Services Tax ("HST") receivable as a result of the Zymo exploration program.

Table 8: Mineral property interests ($)	October 31, 2010	October 31, 2011	January 31, 2012
Zymo	-	180,000	180,000
October Dome	555,057	555,057	555,057
Mt. Polley	40,836	40,836	16,778
Mexico (including Parrandera)	-	79,984	97,239
Other	115,119	192,943	192,943
Total Mineral property interest	**711,012**	**1,048,819**	**1,042,017**

Under the Company's accounting policy only acquisition costs are deferred. In Q112, the Company accrued for its first two royalty payments from Imperial, based on tonnes mined from August and September. The receipt of these royalties has been applied to deferred acquisition costs, which explains the decrease in the carrying cost of the Mt Polley properties. The Company has also deferred its December option payment in respect of Parrandera.

The costs deferred on Zymo represent the June 2011, cash payment of $100,000 and the fair value of 100,000 shares issued in connection with the option agreement. 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.

Other mineral property interests are comprised principally of acquisition costs in the Yukon.

4.2 Liabilities and Commitments

Table 9: Liabilities ($)	October 31, 2010	October 31, 2011	January 31, 2012
Accounts payable and accrued liabilities	-	355,667	116,400
Premium liability	-	69,465	64,356
Total Liabilities	**-**	**425,132**	**180,756**

Accounts payable and accruals decreased to the completion of the exploration program at Zymo for 2011.

The Premium liability arises from the flow-through financing that was conducted in July 2011. The initial liability was established at $233,658 and has been drawn down by qualifying exploration expenditure. The Company is under the obligation to renounce these tax losses on this financing but the liability is released when these tax losses are incurred. The flow-through financing was done in conjunction with a separate 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 10: Cash Commitments Schedule per Fiscal Year, as at January 31, 2012 ($)[1]	2012 (paid)	2012	2013	2014	Thereafter
Zymo (*to earn 51% excludes commitments & shares*)	-	100,000	100,000	100,000	100,000
Parrandera- US$	15,000	145,000	385,000	200,000	-

(1) *Table excludes shares, it also excludes the Flume payments as these have been offset by the RGC Agreement.*

Parrandera:
The 49 hectare claim can be purchased for a total of US$250,000 (US$40,000 paid) over two years, subject to a 1.5% NSR (0.5% purchasable for US$100,000). The 302 hectare claim can be purchased for a total of US$560,000 over three years (US$40,000 paid) subject to a 1.5% NSR (0.5% purchasable for US$500,000).

KM 66:
In March 2012, the Company entered into a LOI to acquire a 100% interest in the 13,400 hectare KM 66 silver-gold-lead-zinc property under the terms of the agreement BRZ can earn a 100% interest, subject to a 3% NSR the Company shall pay: US$150,000 on signing; US$150,000 on the first anniversary of signing; US$150,000 on the second anniversary; US$400,000 on the third anniversary; US$500,000 on the fourth anniversary; US$7,875,000 at the end of year five.

At the Company's election it may purchase the property outright after two years for US$5,575,000 or after three years for US$5,875,000 or after four years for US$6,875,000. The Company may purchase up to 1% of the NSR for US$650,000 per half percent and holds a first right of refusal to purchase the remaining 2%. The option remains subject to the completion of due diligence and execution of a Definitive Agreement.

Zymo:
To earn an initial 51% interest, Bearing must make cash payments totalling $500,000 and issue 500,000 Bearing shares and complete exploration expenditures totalling $8 million 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 million, issuing to 2 million 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 (completed). The initial payment of $10,000 (paid) was due on the six month anniversary of the signing of the option agreement. A required minimum $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 RGC.

4.3 Equity and Financing

Table 11: Shareholders' Equity ($)	**October 31, 2010**	**October 31, 2011**	**January 31, 2012**
Common shares	-	8,094,885	8,257,005
Contributed surplus	4,169,805	4,407,606	4,550,598
AOCI	-	(5,999)	(3,181)
Deficit	(3,430,900)	(6,980,120)	(7,577,116)
Total shareholders' equity	**738,905**	**5,516,372**	**5,227,306**

In January 2012, the Company completed a 428,572 unit offering for gross proceeds of $180,000. Each unit was comprised of one common share and one half of a common share purchase warrant. The units were 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 January 18, 2018 an exercise price of $0.60.

The movement in contributed surplus is principally due to stock-based compensation expense for the quarter.

Table 12: Shareholders' Equity ($)	October 31, 2010	October 31, 2011	January 31, 2012
Common shares	*Non-applicable as Company was only spun-out of Valley High on March 25, 2011*	23,361,076	23,789,648
Options outstanding			
Number		2,090,000	2,310,000
Weighted average price		$0.72	$0.69
Warrants outstanding			
Number		4,166,663	4,380,949
Weighted average price		0.60	$0.60
Market capitalization		$12.1 million	$10.5 million
Share price		$0.52	$0.44

Table 13: - Use of Proceeds Table

Description	Shares (000's)	Price CA$	Gross Proceeds ($000's)	Intended Use	Actual Use
July 11, 2011- Flow through and Unit Issuance	14,386	$0.42	6,000	Exploration and working capital	Pending
January 18, 2012- Unit Offering	429	$0.42	180	Working capital	Pending

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).

	Quarterly								YTD	
Table 14: Expenditures ($000's)	**Q210**	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**Q411**	**Q112**	**2011**	**2012**
Revenues	-	-	-	-	-	-	-	-	-	-
Exploration expenditures	78	105	134	70	126	545	1,793	248	70	248
Other expenses										
Audit, filing and legal Fees	-	-	-	-	2	121	210	33	-	33
Consulting and labour	19	47	46	15	32	111	134	143	15	143
Depreciation and amortization	1	2	4	3	1	2	3	6	3	6
Finance Income	-	-	-	-	-	(4)	(17)	(16)	-	(16)
FT premium recognition	-	-	-	-	-	-	(164)	(5)	-	(5)
Other costs	11	(6)	10	7	19	3	3	7	7	7
Rent and office costs	9	7	5	5	11	30	41	32	5	32
Share-based payments	-	-	-	-	-	267	140	126	-	126
Travel and promotion	2	13	34	25	5	10	2	23	25	23
Total other expenses	42	63	99	55	70	540	352	349	55	349
Net loss	**120**	**168**	**233**	**125**	**196**	**1,085**	**2,145**	**597**	**125**	**597**
Basic loss per share		**Non-applicable**			**$0.07**	**$0.09**	**$0.12**	**$0.03**	**n/a**	**$0.03**

As the Company is in the exploration and development stage it has no sales or revenues. Audit, filing and legal fees have increased due to the Company becoming a stand-alone legal entity as of March 25, 2011. It also includes listing and legal costs associated with the Company commencing trading in July 2011. Included within Q411 legal fees costs were one-off reimbursements arising from the Arrangement.

Consulting and labour fees have also increased as the Company has established itself as a separate operating entity.

The FT premium recognition arises from incurring Canadian exploration expenditures that were used to offset the flow-through share premium liability. These losses were renounced to the underlying shareholders in February 2012 and a full valuation allowance would have been taken on these losses had they not been incurred under the flow-through share program. The significant recognition in Q4 2011 is consistent with the flow-through spend on the Zymo project in Q4 2011 which decreased significantly in Q1 2012 with the end of the 2011 exploration program at Zymo.

Rent and office costs include insurance and communication costs. Interest received rose as a result of the financing that was completed in July 2011. 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 15: Expensed Exploration	Quarterly								YTD	
($000's)	**Q210**	**Q310**	**Q410**	**Q111**	**Q211**	**Q311**	**Q411**	**Q112**	**2011**	**2012**
Camp & accommodation	-	-	-	-	4	71	257	20	-	20
Drilling	-	-	-	-	-	18	888	4	-	4
General & administration	(4)	74	62	12	33	46	145	70	12	70
Geology & geochemistry	82	46	72	58	89	272	301	127	58	127
Geophysics	-	-	-	-	-	133	200	27	-	27
Write-down (recoveries)	-	(15)	-	-	-	4	-	-	-	-
Total	**78**	**105**	**134**	**70**	**126**	**545**	**1,821**	**248**	**70**	**248**

Expensed exploration costs have increased due to the initiation of the Zymo work program at the end of Q311 (refer to section 2.1) and the Company's summer exploration programs in the Yukon (refer to section 2.4). Camp costs reflect the costs of running these programs. Drilling costs are limited to the 3,454m of helicopter supported drilling and associated assay costs at Zymo. Geophysics costs are in Q311 principally relate to our Yukon projects while the Q411 costs relate to Zymo.

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 versus the Bearing Business and therefore the allocations to the Bearing Business varied based on the relative exploration expenditures.

6 CASH FLOW REVIEW

Quarterly Discussion:
Cash outflow from operating activities was $709,180 (Q111: $121,861) was due principally to the exploration program at Zymo. Cash outflow from financing activities was $178,931 (Q111: inflow $163,654) the previous inflow was from funding from Valley High for the Bearing Business. Cash outflow from investing activities was $(20,392) (Q111: $41,793) which was principally related to acquisition costs on Parrandera property and the new VBA property.

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 Bearing Business of Valley High. The statements of loss, comprehensive loss and deficit for the three ended January 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 three months ended January 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, 2011

8.1 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 October 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 January 31, 2012, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

8.2 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.

8.3 Other Risks

Reference should be made to the Company's risks and critical accounting policies and practices section of the October 31, 2011, Management Discussion and Analysis for a complete discussion on the risk factors associated with **Government Laws, Regulation & Permitting; Additional Financings; Key Management and Competition; Title to Properties; Commodity Prices and Conflicts of Interest** amongst other things.

8.4 Critical Accounting Policies

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.

In applying its accounting policy for costs incurred during the development phase the Company must determine whether the criteria for capitalization have been met. The most difficult and subjective estimate is whether a project will generate probable future economic benefits. Management considers all appropriate facts and circumstances in making this assessment including historical experience, expected market demand, costs and future economic conditions.

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.

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.

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.

Other Accounting Policies

Reference should be made to the risks, and critical accounting policies and practices section of the October 31, 2011 Management Discussion and Analysis for other accounting policies including but not limited to **Foreign currency translation; Income taxes; Flow-through common shares; Loss per share; Valuation of equity units; Financial Instruments and Future accounting pronouncements;**

The functional currency of the Bearing is the Canadian dollar.

www.bearingresources.ca

Contact: Geoff Chater, President and CEO at gchater@bearingresources.ca