BEARING
RESOURCES LTD.

(An Exploration Stage Company)

Condensed Consolidated Financial Statements

For the Quarter ended April 30, 2013

(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 April 30, 2013 and October 31, 2012

(Expressed in Canadian dollars, except where indicated)

	April 30, 2013 $	October 31, 2012 $
Assets		
Current assets		
Cash and cash equivalents (note 4)	1,369,699	1,890,547
Accounts receivable and prepaid expenses	26,021	112,381
Investments (note 5)	109,810	3,000
	1,505,530	2,005,928
Non-current assets		
Reclamation bonds and deposits	21,650	21,660
Mineral property interests (note 6)	732,914	884,888
Property, plant and equipment	40,366	48,952
	2,300,460	2,961,428
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	89,443	120,578
	89,443	120,578
Shareholders' Equity		
Common shares (note 7)	8,677,789	8,677,789
Contributed surplus	4,938,494	4,858,379
Accumulated other comprehensive income ("AOCI")	9,771	(8,470)
Deficit	(11,415,037)	(10,686,848)
	2,211,017	2,840,850
	2,300,460	2,961,428

Nature of operations (note 1)
Commitments and contingencies (note 11)

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 six months ended April 30, 2013 and 2012

(Expressed in Canadian dollars, except where indicated)

Expenditures	**Three Months Ended April 30, 2013**	**Three Months Ended April 30, 2012**	**Six Months Ended April 30, 2013**	**Six Months Ended April 30, 2012**
	$	**$**	**$**	**$**
Exploration (note 3)	69,156	260,234	252,006	508,351
Corporate and other costs				
Audit, filing and legal fees	10,452	43,089	47,689	75,895
Consulting and labour	78,190	137,929	150,541	280,560
Depreciation and amortization	5,578	5,824	11,205	12,097
Finance income	(1,432)	(11,503)	(3,125)	(27,072)
Flow through premium recognition	-	139	-	(4,971)
Other costs	5,948	5,476	10,384	12,247
Rent and office costs	19,932	25,699	39,604	57,507
Share-based payment expense	38,452	111,380	80,115	237,561
Unrealized loss on held-for-trading investment	88,684	1,500	89,184	1,500
Travel and promotion	23,397	42,246	50,586	65,334
	269,201	361,779	476,183	710,658
Loss for the period	338,357	622,013	728,189	1,219,009
Other comprehensive income				
Items that may be classified subsequently to net income				
Foreign currency translation adjustment	(13,848)	6,438	(18,241)	3,621
Comprehensive loss for the period	324,509	628,451	709,948	1,222,630
Basic & diluted loss per share	$0.02	$0.03	$0.03	$0.05
Weighted average shares outstanding	25,889,648	23,789,648	25,889,648	23,604,960

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

Bearing Resources Ltd.

Condensed Consolidated Statements of Shareholders' Equity

For the six months ended April 30, 2013 and 2012

(Expressed in Canadian dollars, except where indicated)

	Common shares					
	No. of shares #	Amount $	Contributed Surplus $	AOCI $	Deficit $	Shareholders' equity $
Balance – November 1, 2011	23,361,076	8,094,885	4,407,606	(5,999)	(6,980,120)	5,516,372
Share Issuances (note 7)	428,572	161,873	16,811	-	-	178,684
Share Issuance costs	-	-	-	-	-	-
Share-based payments	-	-	237,561	-	-	237,561
Comprehensive income (loss)	-	-	-	(3,621)	(1,219,009)	(1,222,630)
Balance – April 30, 2012	23,789,648	8,256,758	4,661,978	(9,620)	(8,199,129)	4,709,987
Balance – November 1, 2012	25,889,648	8,677,789	4,858,379	(8,470)	(10,686,848)	2,840,850
Share Issuances (note 7)	-	-	-	-	-	-
Share Issuance costs	-	-	-	-	-	-
Share-based payments	-	-	80,115	-	-	80,115
Comprehensive income (loss)	-	-	-	18,241	(728,189)	(709,948)
Balance – April 30, 2013	25,889,648	8,677,789	4,938,494	9,771	(11,415,037)	2,211,017

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

Bearing Resources Ltd.

Condensed Consolidated Statement of Cash Flow

For the three and six months ended April 30, 2013 and 2012

(Expressed in Canadian dollars, except where indicated)

	Three Months Ended April 30, 2013 $	Three Months Ended April 30, 2012 $	Six Months Ended April 30, 2013 $	Six Months Ended April 30, 2012 $
Cash flows from operating activities				
Loss for the period	(338,357)	(622,013)	(728,189)	(1,219,009)
Items not affecting cash				
Depreciation and amortization	5,578	5,825	11,205	12,098
Flow through premium recognition	-	139	-	(4,970)
Mineral properties recovery	(195,994)	(19,673)	(195,994)	(19,673)
Mineral property writedown	166,527	-	166,527	-
Other	-	1,602	-	1,602
Share-based payment expense	38,452	111,380	80,115	237,561
Unrealized loss on held-for-trading investment	88,684	1,500	89,184	1,500
	(235,110)	(521,240)	(577,152)	(990,891)
Change in non-cash operating working capital				
Decrease (increase) in accounts receivable & prepaids	(100)	149,963	86,369	125,644
Increase (decrease) in accounts payable & accrued liabilities	(44,855)	79,799	(31,134)	(159,468)
	(280,065)	(291,478)	(521,917)	(1,024,715)
Cash flows from financing activities				
Share issuances, net	-	(247)	-	178,684
	-	(247)	-	178,864
Cash flows from investing activities				
Mineral property acquisition costs	1,017	(4,074)	-	(21,330)
Mineral property reimbursements	-	33,453	-	57,511
Payments to acquire capital assets	-	(2,199)	-	(5,336)
	1,017	27,180	-	30,845
Effect of exchange rate changes on cash and equivalents	4,647	747	1,069	1,016
Increase in cash and cash equivalents	(274,401)	(263,798)	(520,848)	(814,170)
Cash & cash equivalents - Beginning of period	1,644,100	4,032,156	1,890,547	4,582,528
Cash & cash equivalents - End of period	1,369,699	3,768,358	1,369,699	3,768,358

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

1 Nature of operations

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. On March 25, 2011, Levon Resources Ltd. ("Levon") acquired Valley High Ventures Ltd. ("Valley High"), the predecessor corporation to the Company, by way of a court-approved plan of arrangement (the "Arrangement"). On June 10, 2011, Bearing began trading on the TSX Venture Exchange.

2 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, 2012.

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 Company.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of June 5, 2013, 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 April 30, 2013.

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, 2012.

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)

3 Exploration costs

Exploration costs are comprised of exploration and evaluation expenses on the following properties/ groupings. For an understanding of the properties/ groupings, reference should be made to note 6, the costs on Mt. Polley are included under the "Other" heading on the following table:

	Expensed exploration costs for the three months ended April 30, 2013					
$	Zymo	OctDome	Yukon	Mexico	Other	Total
Camp & accommodation	-	-	-	7,936	-	7,936
Drilling	-	-	-	-	-	-
General & administration	-	5,544	-	57,301	20,039	82,895
Geology & geochemistry	-	353	-	56,635	805	57,792
Geophysics	-	-	-	-	-	-
Writedowns (Recoveries)				(79,467)	-	(79,467)
	-	5,907	-	42,405	20,844	69,156

	Expensed exploration costs for the three months ended April 30, 2012					
$	Zymo	OctDome	Yukon	Mexico	Other	Total
Camp & accommodation	575	-	-	22,417	-	22,992
Drilling	-	-	-	72,062	-	72,062
General & administration	-	3,491	-	32,827	40,985	77,303
Geology & geochemistry	1,403	230	(3,697)	94,142	-	92,078
Geophysics	-	-	-	15,472	-	15,472
Write-downs (recoveries)	-	-	(19,673)	-	-	(19,673)
	1,978	3,721	(23,370)	236,920	40,985	260,234

	Expensed exploration costs for the six months ended April 30, 2013					
$	Zymo	OctDome	Yukon	Mexico	Other	Total
Camp & accommodation	-	-	-	14,429	-	14,429
Drilling	-	4,780	-	-	-	4,780
General & administration	129	5,554	350	134,526	54,508	195,068
Geology & geochemistry	-	1,342	1,306	113,263	1,285	117,058
Geophysics	-	-	-	-	-	-
Writedowns (Recoveries)				(79,467)	-	(79,467)
	129	11,677	1,656	182,751	55,794	252,006

(Expressed in Canadian dollars, except where indicated)

3 Exploration costs (continued)

	Expensed exploration costs for the six months ended April 30, 2012					
$	**Zymo**	**OctDome**	**Yukon**	**Mexico**	**Other**	**Total**
Camp & accommodation	1,751	-	-	40,967	-	42,718
Drilling	-	-	-	72,062	-	72,062
General & administration	-	8,021	-	56,430	82,666	147,117
Geology & geochemistry	32,067	1,146	14,232	175,701	234	223,380
Geophysics	2,550	-	-	40,197	-	42,747
Write-downs (recoveries)	-	-	(19,673)	-	-	(19,673)
	36,368	9,167	(5,441)	385,357	82,900	508,351

4 Cash and cash equivalents

In July 2012, the Company completed flow-through financings for gross proceeds of $400,000 (note 10). As of April 30, 2013 $169,158 in flow-through funds are included within cash and cash equivalents. 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 without financial penalty.

5 Investments

Held for trading investments **($)**	**April 30, 2013**	**October 31, 2012**
Patriot Minefinders Inc shares (1,200,000 shares)	108,810	
Aben Resources (100,000 shares)	1,000	3,000
	109,810	3,000

In February 2013, the Company received 1,200,000 common shares of Patriot in conjunction with the option agreement on the KM66 property (note 6) and recorded a deemed value of $195,994. In March 2012, the Company received 100,000 common shares of Aben in conjunction with the option agreement on the VF property (note 6).

(Expressed in Canadian dollars, except where indicated)

6 Mineral properties

Under the Company's accounting policy all acquisition costs are capitalized until the property is placed into production or disposed of.

$	OctDome	Mt Polley	Mexico	Yukon	Zymo	Total
October 31, 2011	555,057	40,836	79,983	192,943	180,000	1,048,819
Acquisition costs	-	-	169,396	-	125,000	294,396
Write-downs	-	-	(85,553)	-	(305,000)	(390,553)
Property payments received	-	(27,511)	-	(43,827)	-	(71,338)
Exchange differences	-	-	3,564	-	-	3,564
October 31, 2012	555,057	13,325	167,390	149,116	-	884,888
Acquisition costs	-	-	-	-	-	-
Write-downs	-	-	(166,527)	-	-	(166,527)
Property payments received	-	-	-	-	-	-
Exchange differences	-	-	14,553		-	14,553
April 30, 2013	555,057	13,325	15,416	149,116	-	732,914

October Dome gold property, Canada
The October Dome property 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 and 667 hectares are subject to a 1.5% NSR royalty.

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 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.

One complete mineral cell and four partial cells in the Boundary Zone were sold to Imperial and are subject to a royalty on material 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. To date, Imperial has made $27,511 in royalty payments. The royalty in excess of 400,000 tonnes can be reduced to $0.62 per tonne for a payment of $1,000,000. The Company is entitled to 90% of the aforementioned royalties.

Mexico:
In Mexico, the Company's focus is on the wholly owned 26,000 hectare Pedro Property, in the Mapimi area of Durango. The Company also previously held option agreements over the KM66 and Parrandera properties, also in the Mapimi Area, which have been returned to the underlying vendors.

6 Mineral properties (continued)

KM66 and Parrandera

In May, 2012, the Company signed an option agreement to acquire a 100% interest in the 13,400 hectare KM66 silver-gold-lead-zinc property (note 11). In February 2013, the Company signed an Option Agreement with Patriot Minefinders Inc. ("Patriot") (the "Patriot Option Agreement") whereby Patriot could have earned up to a 75% interest in the KM66 property. Under the Patriot Option Agreement, Patriot paid $50,000 upon signing the agreement and issued 1,200,000 shares of Patriot (note 5). In April 2013, the Patriot Option Agreement terminated as Patriot failed to advance US$150,000 due under agreement.

In April 2013, the Company terminated its option agreement to acquire the KM66 property and wrote off capitalized acquisition costs of $166,527. In May 2012, the Company terminated its option agreement over the Parrandera gold-copper-zinc properties and wrote off capitalized acquisition costs of $85,553.

Yukon, Canada

In the Yukon, the Company has the Flume (3,900 hectares), Jay (5,350 hectares), HY (1,000 hectares), VF (2,900 hectares), VM (2,160 hectares), Big (2,740 hectares), and VBA (1,660 hectares) claim blocks.

The Flume property located in Yukon Territory, Canada, comprises 191 mineral claims totalling approximately 3,900 hectares (note 11).

In July 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 ($30,000 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 2012, the Company optioned the VF property to Aben Resources Ltd. ("Aben") whereby Aben can earn a 100% interest by making a total of $150,000 in cash payments ($30,000 paid), issuing a total of 1 million Aben common shares over 4 years (100,000 issued) and completing $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.
Aben had a payment due on March 1, 2013 which has not been made, Bearing is currently working with Aben to address this deficiency.

The HY claims are situated within the Upper Hyland Gold Belt which is the south-eastern extension of the regional Tintina Gold Belt, in the Watson Lake Mining District at the Yukon and is surrounded by the Company's Jay claims. The claims are subject to a 2% NSR.

Zymo copper-gold property ("Zymo"), Canada

In November 2012, the Company terminated an option agreement to earn up to a 65% interest in the Zymo property, British Columbia, Canada. Prior to termination, the Company had paid $200,000 and issued 200,000 shares. The Company wrote off capitalized acquisition costs of $305,000.

(Expressed in Canadian dollars, except where indicated)

7 Common shares

The Company has an unlimited number of authorized common shares without par value. Under the terms of the Zymo option agreement (note 6) the Company issued 100,000 common shares (fair value $25,000) in July 2012.

In January 2012, the Company closed a $180,000 non-brokered 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 was exercisable for one common share of the Company until January 18, 2013 at an exercise price of $0.60.

In July 2012, the Company closed a $0.4 million non-brokered private placement consisting of 2,000,000 flow-through common shares priced a $0.20.

8 Share stock options and warrants

Options

The Company has a stock option plan (the "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 the Plan.

	April 30, 2013		October 31, 2012	
	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $
Outstanding - October 31	2,255,000	0.69	2,090,000	0.72
Granted	-	-	220,000	0.38
Forfeited	(6,667)	0.38	(53,333)	0.72
Expired	(113,333)	0.72	(1,667)	0.72
Outstanding – at period end	2,135,000	0.69	2,255,000	0.69

As of April 30, 2013, the following stock options were outstanding:

Number of options Outstanding	Number of options vested and exercisable	Exercise price $	Expiry Date
1,935,000	1,289,999	0.72	July 12, 2016
200,000	133,333	0.38	December 16, 2016
2,135,000	1,423,332	0.69	

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

In May 2013, the Company received final approval to re-price 2,135,000 options to $0.15 from the prices noted above.

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.

(Expressed in Canadian dollars, except where indicated)

8 Share stock options and warrants (continued)

For the three months ended April 30, 2013 total share-based compensation expense was $38,452 (2012: $111,380). For the six months ended April 30, 2013 total share-based compensation expense was $80,115 (2012: $237,561).

Warrants

	April 30, 2013		October 31, 2012	
	Number of shares	**Weighted average exercise price $**	**Number of shares**	**Weighted average exercise price $**
Outstanding – October 31	214,286	0.60	4,166,663	0.60
Issued	-	-	214,286	0.60
Exercised	-	-	-	-
Expired	(214,286)	0.60	(4,166,663)	0.60
Outstanding – at period end	-	-	214,286	0.60

As of April 30, 2013, no warrants were outstanding:

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% to 133%	100%
Expected dividend	nil	nil

9 Related party transactions

The Company considers the Officers of the Company to be key management personnel.

$	**Three Months Ended April 30, 2013**	**Three Months Ended April 30, 2012**	**Six Months Ended April 30, 2013**	**Six Months Ended April 30, 2012**
Short-term employee benefits	87,749	128,268	175,482	250,868
Share-based payment expense	17,436	50,898	35,459	102,927
Total key management personnel	105,185	179,166	210,941	353,794

(Expressed in Canadian dollars, except where indicated)

10 Geographic segmented information

The Company operates in a single operating segment, mineral exploration. The following table provides geographic information.

$	Mexico	Canada	Total
April 30, 2013			
Loss for the period	186,914	541,275	728,189
Non-current assets	45,706	749,224	794,930
Total assets	122,089	2,178,371	2,300,460
Total liabilities	44,249	45,194	89,443
October 31, 2012			
Loss for the year	163,041	3,543,687	3,706,728
Non-current assets	199,225	756,275	955,500
Total assets	242,448	2,718,980	2,961,428
Total liabilities	23,274	97,304	120,578

11 Commitments and contingencies

The following table sets out the commitments of the Company as of April 30, 2013 and does not consider any subsequent events.

$	2013 (6 months)	2014	2015	2016	Thereafter	Total
Flume option payments	150,000	-	-	-	-	150,000
Lease commitments	23,904	7,968	-	-	-	31,872
Total	173,904	7,968	-	-	-	181,872

Flume

Bearing may earn a 100% interest in the Flume property by making cash payments totalling $225,000 ($75,000 paid; 2013: $150,000) and by spending $500,000 (incurred) on exploration over four years. PDC retains the right to share in the proceeds derived from the sale or option of the property to a third party. PDC also retains a 2% NSR royalty, of which one half can be purchased by Bearing for $1,000,000.

Ryan Gold Corp. (“RGC”) had been granted the right to earn a potential 75% interest in the Flume property, which terminated in May 2013. RGC had a right to earn a 51% interest in the Flume property by incurring $1,500,000 in qualified expenditures (incurred), and making cash payments of $500,000 ($175,000 paid). RGC could have earned up to 75% in the project by spending an additional $5,000,000, making cash payments of $1,000,000 and by completing a feasibility study.

11 Commitments and contingencies (continued)

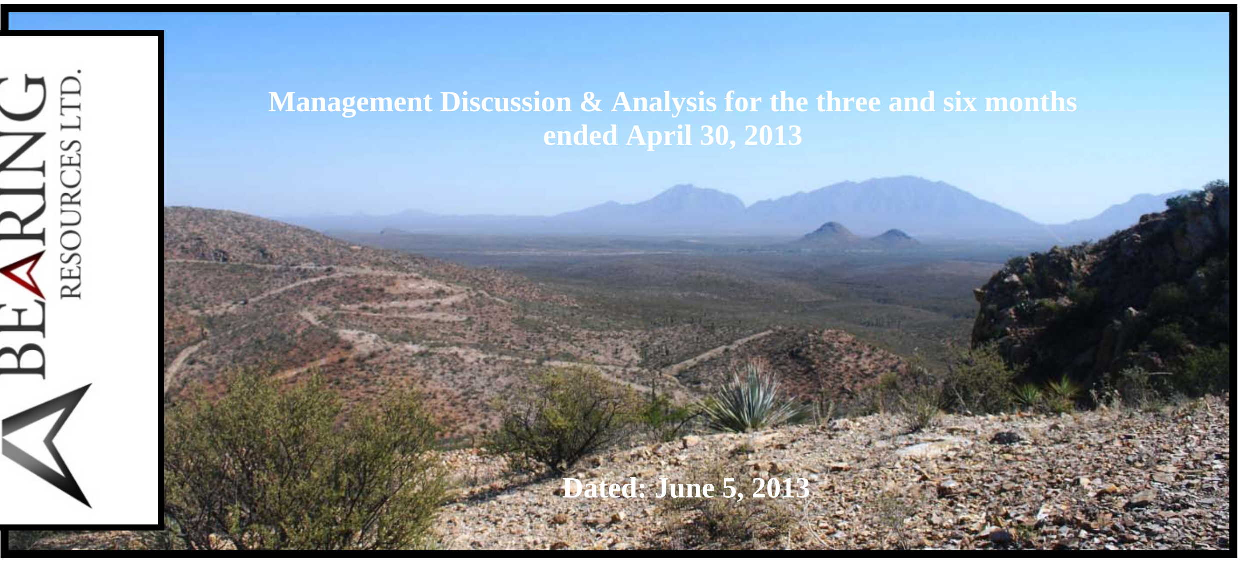
KM66

Under the terms of the agreement (terminated April 2013), Bearing could have earned a 100% interest, subject to a 3% NSR, by making staged payments totalling over five years for US$9.075 million (US$150,000 paid). The agreement contained certain provisions whereby the total acquisition costs could have been reduced by purchasing the property outright prior to the expiration of the five years. It also contained a right to purchase up to 1% of the NSR and a first right of refusal with respect to the remaining 2%.

Other

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.

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 ("MD&A") should be read in conjunction with the Bearing Resources audited financial statements for the years ended October 31, 2012, and 2011, 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 and six months ended April 30, 2013.

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:

1 STRATEGY AND PROFILE

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. Given the current environment for junior exploration companies the Company has reduced its activities and human resources in an effort to conserve cash.

The Board of Directors is comprised of four Independent and three Executive Directors. Robert Cameron is the President and CEO of the Company and has over 30 years of experience in the mining industry. The Chairman of the Board is Geoff Chater, who has over 23 years in the mining industry. The Lead Independent Director is David Watkins, an Independent Director with over 42 years in the mining industry.

2 PROJECTS UPDATE

- Ryan Gold terminate option on Flume property (May 2013)
- KM66 Property returned to underlying owner (May 2013)
- Patriot KM66 Option Agreement terminates (May 2013)
- Signed KM66 Option Agreement with Patriot (Feb 2013)
- Announced KM66 Letter of Intent (Nov 2012)
- Announced October Dome Drill Results (Nov 2012)

2.1 Mexico Exploration

In Mexico, the Company's focus is on the wholly owned Pedro claims (~26,000 hectares) in Durango, Mexico. The Company previously had a larger land position that included the Kilometer 66 property ("KM66") and Parrandera property. The Mapimi Area is located approximately 100 kilometres from the Penoles smelter at Torreon, and is bisected by a paved highway and power lines.

Pedro

In 2012 the Company completed a soil and rock sampling program that has led to the discovery of a number of new targets including the HP Breccia gold prospect and the Las Lajas gold prospect. The HP Breccia prospect is a gold soil anomaly (greater than 40 ppb gold threshold) extending over a 1,800 x 600m area that coincides with extensive silicified sedimentary breccias and conglomerate. Of the total 108 rock samples collected at the HP Breccia prospect, 69 samples returned values greater than 0.1 g/t Au, of which 30 samples assayed greater than 0.3 g/t gold (to a maximum value of 2.26 g/t gold).

KM66

In February 2013, the Company entered into an option agreement with Patriot Minefinders Ltd ("Patriot") (the "Patriot Agreement") whereby Patriot may earn up to a 75% interest in the KM66 property. Under the Patriot Agreement, Patriot had paid the sum of $50,000 and issued the 1.2 million shares to Bearing. The Patriot Option agreement terminated after Patriot failed to advance funds due under the agreement. As a result, the Company terminated its underlying agreement to acquire a 100% interest in the KM66 property (refer section 4.2).

Table 1:Mexico Expenditure	Quarter								YTD	
	Q311	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**2012**	**2013**
Camp & accommodation	9,799	23,055	18,550	22,417	20,606	14,437	6,493	7,936	40,967	14,429
Drilling	-	-	-	72,062	160,606	1,602	-	-	72,062	-
General & administration	11,147	67,513	23,603	32,827	195,885	78,487	77,225	57,301	56,430	134,526
Geology & geochemistry	75,838	87,099	81,560	94,142	143,254	84,320	56,628	56,635	175,702	113,263
Geophysics	-	-	24,724	15,472	(588)	54	-	-	40,196	-
Write-downs (recoveries)	-	-	-	-	85,553	-	-	(79,467)	-	(79,467)
Total exploration	**96,784**	**177,667**	**148,437**	**236,920**	**605,316**	**178,900**	**140,346**	**42,405**	**385,357**	**182,751**
Acquisition costs (net)	77,375	2,608	15,509	5,821	63,188	1,973	-	(166,527)	21,330	(166,527)
Total exploration & acquisition	**174,159**	**180,275**	**163,946**	**242,741**	**668,504**	**180,873**	**140,346**	**(124,122)**	**379,687**	**16,224**

Q2 & Q3 2012 include the costs of a 1,172m (7 hole) diamond drilling campaign on the Parrandera property. The results from this drill program did not meet the Company's exploration target criteria and the property was dropped.

General & administration includes the provision for value added taxes ("VAT") in Mexico. In Mexico, the Company provides for VAT due to the uncertainty surrounding the timing and collectability of the amounts involved. The increase in Q3 2012 relates to the provision of VAT on the Parrandera drill program. It also includes the cost of running our Mexican exploration office. Included in Q1 2013 general & administration costs include the payment of the first semester taxes for KM66 and Pedro. The Q2 2013 costs include the second semester taxes on KM66 that were payable by Bearing under the terms of the KM66 option agreement.

Geology & geochemistry costs are principally comprised of salaries and compensation for our exploration team in Mexico. The higher costs in 2012 are partially explained by field assistants and other personnel for the exploration work in the Mapimi Area. Geophysics costs in Q1 and Q2 2012 stemmed from 12 line kilometres of induced polarization ("IP") and magnetics survey undertaken at Parranderra. Work in Q1 and Q2 2013 was focused mostly on detailed geological mapping of the HP Breccia discovery on the Pedro property, as well as detailed mapping and core re-logging on the La Gloria deposit and surrounding areas on the KM66 property.

The write-down in Q3 2012 relates to the previously capitalized acquisition costs on the Parrandera optioned ground. In Q2 2013 the Company wrote down $166,527 in previously capitalized acquisition costs, this was offset by $50,000 received from Patriot and the deemed value of the 1.2 million Patriot shares received ($195,993).

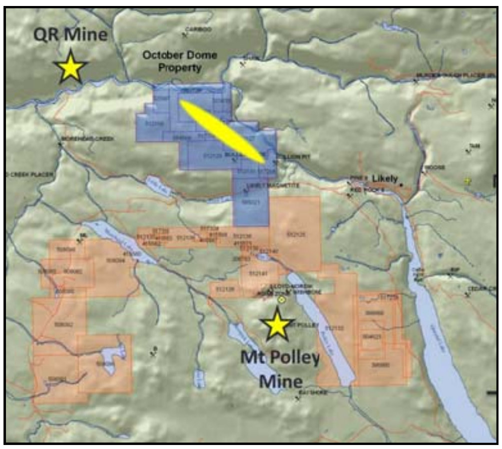
Acquisition costs in Q3 2011 and Q1 2012 relate to the option payments on the dropped Parrandera property. The Q2 2012 costs relate to acquisition costs associated with Carreton and KM66. Q3 2012 acquisition costs include US$150,000 for KM66, net of write-offs associated with Parrandera which reduced the net acquisition costs (costs capitalised) for Q3 2012 to $63,188. The Q2 2013 amount relates to aforementioned write down of acquisition costs associated with KM66.

2.2 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 NSRs of between 1.5% and 2%. The October Dome property is located 10km north of Imperial Metals Corporation's ("Imperial") Mt. Polley porphyry copper gold mine property and 7 km to the southeast of Barkerville Gold Mines Ltd.'s QR skarn gold mine property. 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 Q4 2012 the Company completed a 1,002 meter (4 hole) diamond drill program targeting a 400 metre strike length of a 4 kilometre long gold and copper soil anomaly that is coincident with an IP chargeability anomaly.

Table 2:October Dome Expenditure	Quarterly								YTD	
	Q311	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**2012**	**2013**
Camp & accommodation	5,925	3,247	-	-	-	1,069	-	-	-	-
Drilling	-	-	-	-	2,658	175,679	4,780	-	-	4,780
General & administration	2,930	14,409	4,531	3,491	15,000	5,064	-	5,554	8,022	5,554
Geology & geochemistry	32,402	3,755	915	230	1,916	691	990	353	1,145	1,342
Geophysics	-	-	-	-	-	-	-	-	-	-
Write-down (recoveries)	-	-	-	-	-	-	-	-	-	-
Total exploration	**41,257**	**21,411**	**5,446**	**3,721**	**19,574**	**182,503**	**5,770**	**5,907**	**9,167**	**11,677**
Acquisition costs	-	-	-	-	-	-	-	-	-	-
Total acquisition & exploration	**41,257**	**21,412**	**5,446**	**3,721**	**19,574**	**182,503**	**5,770**	**5,907**	**9,167**	**11,677**



General & administration in Q4 2011 include the costs of obtaining a multi-year exploration permit. Costs in 2012 and Q2 2013 relate to ongoing consultation costs and capacity funding for First Nations in the area. Geology & geochemistry costs include a soil sampling program that extended the known anomaly a further kilometer to southeast (in Q3 2011).

In Q4 2012, the Company completed a 1,002 metre (4 hole) diamond drill program, that encountered diorite and monzonite intrusions with minor hornfelsed sedimentary units and intrusive dykes. Alteration in the drill holes was pervasive, comprised of propylitic alteration with pyrite, epidote and rare chalcopyrite overprinting an earlier episode of potassic alteration. For full details of the drill results reference should be made to the Company's news release dated November 8, 2012. Drill costs in Q1 2013 represent the costs of completing this program.

2.3 Yukon Properties

In the Yukon, the Company has the Flume (3,900 hectares), the JAY (5,350 hectares; partially optioned to Precipitate), the HY (1,000 hectares), the VF (2,900 hectares; optioned to Aben), BIG (2,680 hectares), VBA (1,660 hectares), and VM (2,160 hectares)

Flume Property:

The Company may acquire a 100% interest in the Flume property (Section 4.2), the Company had subsequently optioned Flume to Ryan Gold Corp ("RGC"), which terminated in May 2013 (Section 4.2). In November 2012, RGC announced the results from its nine diamond drill hole (2,307m) program at the Flume property, the results included the highlight hole F12-006 which included 2m of 5.76 g/t Au. For full details of the drill results, reference should be made to RGC's news release dated November 6, 2012.

VF Property:

In March 2012, the Company optioned the VF property to Aben Resources Ltd. ("Aben") whereby Aben can earn a 100% interest by making a total of $150,000 in cash payments ($30,000 paid) and issuing a total of 1 million Aben common shares over 4 years (100,000 issued) 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. Aben is past due on its obligations as of March 1, 2013 and both parties are currently working towards rectifying this deficiency.

JAY Property:

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 Jay East. To earn an initial 51% interest Precipitate must make cash payments totalling $480,000 ($30,000 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.

HY Property:
The Company has a 100% interest in the HY claims, subject to a 2% NSR.

Table 3: Yukon Expenditure	**Quarterly**								**YTD**	
	Q311	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**2012**	**2013**
Camp & accommodation	21,254	24,391	-	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	-	-	-	-
General & administration	2,911	13,265	-	-	-	-	350	-	-	350
Geology & geochemistry	125,495	90,833	17,928	(3,697)	455	(406)	1,306	-	14,231	1,306
Geophysics	114,069	(201)	-	-	-	-	-	-	-	-
Write-down (Recoveries)	4,432	54	-	(19,673)	(33,750)	-	-	-	(19,673)	-
Total exploration	**268,162**	**128,343**	**17,928**	**(23,370)**	**(33,295)**	**(406)**	**1,656**	**-**	**(5,442)**	**1,656**
Acquisition costs (net)	(23,182)	53,780	-	(18,828)	(25,000)	-	-	-	(18,828)	-
Total acquisition & evaluation	**244,980**	**182,123**	**17,928**	**(42,198)**	**(58,295)**	**(406)**	**1,656**	**-**	**(24,270)**	**1,656**

Camp and accommodation costs in Q3 and Q4 2011 relate to the cost of establishing a base for the exploration program. Geology and geochemistry costs include the costs of geological mapping, prospecting and sampling on the Yukon properties. Q1 2012 includes the costs in preparing compilation and assessment reports on the underlying claims. Geophysics costs include the expense of airborne magnetic and radiometric surveys totaling 1,240 line-kilometers completed over the VF and JAY claims in Q3 2011.

Recoveries relate to option payments received in excess of our cost base. For Flume, in Q3 2011 and Q3 2012 the Company recognized recoveries of $18,750 and $33,750 respectively. In Q3 2011, the Company disposed of certain claims in the Yukon and wrote off costs of $23,182, which offset the aforementioned recoveries. In Q2 2012, the Company received $30,000 in cash and 100,000 shares from Aben (deemed fair value: $8,500). Of this amount $18,827 was applied against previously deferred costs and $19,673 was recognized as a recovery.

Included within acquisition costs for Q4 2011 is the $50,000 payment for the HY property. The Yukon properties are either on a care & maintenance basis or have been optioned to other parties and therefore expenditure in Q1 and Q2 2013 is reasonably limited.

2.4 Zymo Copper-Gold Property, British Columbia, Canada

In November 2012, the Company terminated an option agreement in the Zymo project, British Columbia. Bearing had made cash payments of $200,000 and issued 200,000 shares.

Table 4: Zymo Properties	**Quarter**								**YTD**	
	Q311	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**2012**	**2013**
Camp & accommodation	34,172	206,762	1,176	575	34,293	72,636	-	-	1,751	-
Drilling	18,484	888,240	-	-	102,215	516,911	129	-	-	129
General & administration	52	10,606	-	-	-	-	-	-	-	-
Geology & geochemistry	37,894	116,595	30,664	1,403	340	-	-	-	32,067	-
Geophysics	19,291	201,054	2,550	-	-	-	-	-	2,550	-
Write-downs (recoveries)	-	-	-	-	-	305,000	-	-	-	-
Total exploration	**109,893**	**1,423,257**	**34,390**	**1,978**	**136,848**	**894,547**	**129**	**-**	**36,368**	**129**
Acquisition costs	180,000	-	-	-	125,000	(305,000)	-	-		-
Total exploration & acquisition	**289,894**	**1,423,257**	**34,390**	**1,978**	**261,848**	**589,547**	**129**	**-**	**36,368**	**129**

Camp cost in Q3 and Q4 2011 include the cost of establishing a camp near the property and other accommodation costs associated with our 2011 exploration program that commenced in July 2011. The Q3 and Q4 2012, camp costs are associated with 2012 exploration program that commenced in July 2012. Drilling costs in Q4 2011 include the cost of the 11 holes (3,454 metres) of helicopter assisted diamond drilling and associated analytical costs. Drilling costs for Q3 2012 include helicopter and field personnel costs associating with the 2012 drill program. In Q4 2012 the Company completed a 7 hole (2,322 metre) drill program.

Geology and geochemistry costs include the costs associated with a soil stream sediment sampling and prospecting program. In Q1 2012, 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 km of line cutting and IP surveying that commenced in Q3 2011 and includes both a labour and helicopter component.

Acquisition costs in Q3 2011 include the payment of $100,000 and the fair value ($80,000) of 100,000 shares issued, Q3 2012 acquisition costs included the payment of $100,000 and the fair value ($25,000) of 100,000 shares issued under the terminated option agreement.

2.5 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 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 three royalty payments between February and April 2012.

Table 5:	**Quarterly**								**YTD**	
Other Exploration	**Q311**	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**2012**	**2013**
Camp & accommodation	-	-	-	-	-	-	-	-	-	-
General & administration	29,266	39,597	41,680	40,985	39,656	32,263	34,469	20,039	82,665	54,508
Geology & geochemistry	-	2,833	235	-	585	444	480	805	235	1,285
Geophysics	-	-	-	-	-	-	-	-	-	-
Write-down (recoveries)	-	-	-	-	-	-	-	-	-	-
Total exploration	**29,266**	**42,430**	**41,915**	**40,985**	**40,241**	**32,707**	**34,949**	**20,844**	**82,900**	**55,794**

General & administration costs include the costs of our VP Exploration, in Canada.

3 OUTLOOK

Given the current financing environment for junior mining companies the Company continues to remain focused on being fiscally responsible with its existing treasury. In May 2013, the Company laid off its Mexican exploration team, and also reduced its ongoing costs in Vancouver by providing notice to its Manager of Corporate relations and Vice President of Exploration, and eliminating the Executive Chairman position. As of April 30, 2013, the Company had approximately $1.4 million in cash and cash equivalents.

The Company had attempted to option the KM66 property to Patriot, but the option agreement terminated as they were unable to meet their obligations under the agreement, as a result the Company elected to return the underlying property to its owner.

The Company maintains a 100% interest the Pedro Property which comprises ~26,000 hectares contiguous with the KM66 property. The Pedro ground includes the recently discovered HP Breccia gold prospect, which is outlined by a gold soil anomaly (defined by the 40 ppb gold threshold) extending over a 1,800m by 600m area that coincides with extensive, outcropping, silicified polylithic breccias and conglomerate. Additional sampling some 2 kilometres to the north has outlined a second anomaly that may reflect an extension of the zone in that direction, indicating a potential 4 km strike length. The Company is currently compiling the extensive data collected to date at Pedro, and evaluating options for advancing the Project in the best means possible including the possibility of bringing in a partner.

Included in cash and cash equivalents as of April 30, 2013 is $169,158 in flow-through funds which is required to be spent prior to December 31, 2013. It is the Company's current intention to follow up on the 1,002 metre (4 hole) diamond drill program completed in November 2012 at October Dome in central British Columbia that targeted a 400 metre strike length of a 4 kilometre long gold and copper soil anomaly that is coincident with an induced polarization ("IP") chargeability anomaly. All four drill holes encountered diorite and monzonite intrusions with minor hornfelsed sedimentary units and intrusive dykes. Alteration in the drill holes is pervasive, comprised of propylitic alteration with pyrite, epidote and rare chalcopyrite overprinting an earlier episode of potassic alteration. Gold values are elevated in all holes with the best results occurring in hole OD-1 where a 6 metre interval returned 0.15% copper ("Cu") with 0.46 gram per tonne ("gpt") gold ("Au"). The drill results may represent the discovery of a previously unrecognised alkalic-style porphyry copper-gold system in an area of extensive glacial till cover.

No work is currently planned on the Mt Polley ground.

In May 2013, RGC elected to return the property and the Company intends to seek new joint venture partners for this premier gold target. The Flume property is subject to an earn-in agreement with Freeport McMoRan Exploration Canada Limited wherein Bearing may earn a 100% interest (subject to a 2% NSR). A final payment of US$150,000 is due in June 2013.

Precipitate Gold's option on the Jay East property remains in good standing with the next payment due July 2013. The Company's four other properties in the Yukon are also available for joint venture as the Company is not planning on undertaking any work in 2013 on these properties.

4 FINANCIAL POSITION REVIEW

4.1 Assets

Table 6: Assets ($)	**October 31, 2011**	**October 31, 2012**	**April 30, 2013**
Cash and cash equivalents	4,582,528	1,890,547	1,369,699
Accounts receivable and prepaid expenses	221,204	112,381	26,021
Investments	-	3,000	109,810
Reclamation bonds and deposits	21,505	21,660	21,650
Mineral property interests	1,048,819	884,888	732,914
Property, plant and equipment	67,448	48,952	40,366
Total Assets	**5,941,504**	**2,961,428**	**2,300,460**

Cash and cash equivalents include $169,158 in proceeds from flow-through financing which are designated for payment of qualifying exploration expenditures in Canada. The decrease in accounts receivable and prepaid expenses is due principally to the receipt of Harmonized Services Tax ("HST") associated with the 2012 Zymo exploration program.

Investments are comprised of 100,000 Aben shares that are marked to market, that were received as part of the VF option agreement (section 2.4) and 1.2 million shares in Patriot that were received under the option agreement that terminated. Bonds and reclamation deposits relate to the Mt Polley and October Dome properties.

Over the past six months the Company has and continues to right-size the organization, which should result in further cost savings. The Company believes it has sufficient cash and cash equivalents to maintain its current portfolio of exploration properties and meet it's working capital requirements for the next twelve months.

Table 7: Mineral property interests ($)	October 31, 2011	October 31, 2012	April 30, 2013
Zymo	180,000	-	-
October Dome	555,057	555,057	555,057
Mt. Polley	40,836	13,325	13,325
Mexico (including Mapimi)	79,983	167,390	15,416
Other	192,943	149,116	149,116
Total Mineral property interest	**1,048,819**	**884,888**	**732,914**

Under the Company's accounting policy only acquisition costs are deferred. In Q4, 2012 the Company announced its intention to relinquish the Zymo property and wrote-off its deferred acquisition costs on this property. A total of $305,000 was written off. In Q1 2012, the Company received three royalty payments from Imperial, based on tonnes milled from August to October 2011. The receipt of these royalties has been applied to deferred acquisition costs on the Mt Polley properties.

In Mexico, the Company's carrying costs as of April 30, 2013 relate to acquisition costs associated with our wholly owned Pedro ground. In Q3 2012, the Company wrote off the deferred acquisition costs on Parrandera. In April 2013, the Company wrote off the deferred costs associated with KM66.

Other mineral property interests are comprised principally of acquisition costs in the Yukon. The reduction in Q2 2012 is due to the receipt of funds from Aben on the VF project.

4.2 Liabilities and Commitments

Table 8: Liabilities ($)	October 31, 2011	October 31, 2012	April 30, 2013
Accounts payable and accrued liabilities	355,667	120,578	89,443
Premium liability	69,465	-	-
Total Liabilities	**425,132**	**120,578**	**89,443**

Accounts payable and accrued liabilities in 2011 included certain costs associated with the 2011 exploration program at Zymo that were subsequently paid in Q1 2012.

Commitments

Table 9: Fiscal Year Cash Commitments, as at April 30, 2013 ($)(1)	2013	2014	2015	2016	Thereafter	Total
Flume	150,000	-	-	-	-	150,000
Lease commitments	23,904	7,968	-	-	-	31,872
	173,904	7,968				181,872

KM66:
In May 2013, the Company terminated its option agreement to acquire the KM66 property. Under the terms of the agreement (terminated April 2013), Bearing could have earned a 100% interest, subject to a 3% NSR, by making staged payments totalling over five years for US$9.075 million (US$150,000 paid). The agreement contained certain provisions whereby the total acquisition costs could have been reduced by purchasing the property outright prior to the expiration of the five years. It also contained a right to purchase up to 1% of the NSR and a first right of refusal with respect to the remaining 2%.

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 (completed). 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. Ryan Gold Corp. ("RGC") had been granted the right to earn a (option terminated in May 2013) 51% interest in the Flume property by incurring $1,500,000 in qualified expenditures (incurred), and making cash payments of

$500,000 ($175,000 paid). RGC could have earned up to 75% in the project by spending an additional $5,000,000, making cash payments of $1,000,000 and by completing a feasibility study.

4.3 Equity and Financing

Table 10: Shareholders' Equity ($)	October 31, 2011	October 31, 2012	April 30, 2013
Common shares	8,094,885	8,677,789	8,677,789
Contributed surplus	4,407,606	4,858,379	4,938,494
AOCI	(5,999)	(8,470)	(9,771)
Deficit (refer to section 5)	(6,980,120)	(10,686,848)	(11,415,037)
Total Shareholders' Equity	**5,516,372**	**2,840,850**	**2,211,017**

In January 2012, the Company completed a 428,572 unit offering for gross proceeds of $180,000. Each unit comprised 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, 2013 at an exercise price of $0.60.

In July 2012, the Company closed a $0.4 million non-brokered private placement consisting of 2,000,000 flow-through common shares priced a $0.20 and issued 100,000 shares for the Zymo property.

The increase in contributed surplus arises from the aforementioned financing January 2012 and stock options compensation expense.

Table 11: Shareholders' Equity ($)	October 31, 2012	April 30, 2013
Common shares	25,889,648	25,889,648
Options outstanding		
Number	2,255,000	2,135,000
Weighted average price	$0.69	$0.69
Warrants outstanding		
Number	214,286	-
Weighted average price	$0.60	-
Market capitalization	$3.9 million	$1.2 million
Share price	$0.15	$0.045

Table 12: - Use of Proceeds Table

Description	Shares (000's)	Price $	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	As intended
January 18, 2012- Unit Offering	429	$0.42	180	Working capital	As intended
July 20, 2012 – Flow Through Offering	2,000	$0.20	400	Exploration	Pending

5 EXPENDITURE REVIEW

	Quarterly								YTD	
Table 13: Expenditures ($000's)	**Q311**	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**2012**	**2013**
Revenues	-	-	-	-	-	-	-	-	-	-
Exploration expenditures (Table 14)	545	1,791	248	260	769	1,288	183	69	508	252
Other expenses										
Audit, filing and legal Fees	121	210	33	43	9	18	37	10	76	48
Consulting and labour	111	134	143	138	114	58	72	78	281	150
Depreciation and amortization	2	3	6	6	6	6	6	6	12	11
Finance Income	(4)	(17)	(16)	(12)	(7)	(4)	(2)	(1)	(28)	(3)
FT premium recognition	-	(164)	(5)	-	(14)	(51)	-	-	(5)	-
Other costs	3	3	7	5	2	7	4	6	12	10
Rent and office costs	30	41	32	26	14	23	20	20	58	40
Share-based payment expense	267	140	126	111	91	106	42	38	237	80
Unrealized loss on investment	-	-	-	2	1	3	1	88	3	89
Travel and promotion	10	2	23	43	25	23	27	24	66	51
Total other expenses	540	352	349	362	241	189	207	269	711	476
Net loss	**1,085**	**2,143**	**597**	**622**	**1,010**	**1,477**	**390**	**338**	**1,219**	**728**
Other comprehensive income	4	-	(2)	6	2	(3)	(4)	(14)	3	(18)
Comprehensive loss	**1,089**	**2,143**	**595**	**648**	**1,012**	**1,474**	**386**	**324**	**1,222**	**710**
Basic loss per share	**$0.09**	**$0.09**	**$0.03**	**$0.03**	**$0.04**	**$0.06**	**$0.02**	**$0.01**	**$0.03**	**$0.03**

As the Company is in the exploration and development stage it has no sales or revenues. Audit, filing and legal fees also include listing and legal costs associated with the Company commencing trading in July 2011. Included within Q4 2011 legal fees costs were one-off reimbursements arising from the Arrangement. Q1 and Q2 2012 include annual filing fees and Annual General Meeting costs. Q1 2013 costs include costs associated with the Patriot Agreement and filing fees associated with the 2012 financial statements.

Consulting and labour decreased from the first three quarters of 2012 as the Company looked to conserve cash and restructured some of its personnel. Finance income is comprised of interest income on the Company's cash and cash equivalents.

The FT premium recognition arose from incurring Canadian exploration expenditures related to the 2011 flow-through financing. The significant recognition in Q4 2011 is consistent with the flow-through spent on the Zymo project in Q4 2011. The Q3 and Q4 2012 recognition is consistent with the 2012 exploration program at Zymo and October Dome.

Rent and office costs include insurance and communication costs. Share-based payment expense is as a result of the intial grant of options in Q3 2011 and one-third of these options vesting immediately and therefore one-third of their fair value was immediately expensed.

Unrealized losses in Q2 2013 principally relate to the mark to market losses on the 1.2 million Patriot shares (section 2.1)

Travel and promotion expenses had increased in Q1 2012 as a result of the appointment of a Manager of Corporate Relations.

In Q3 2012, administration costs in Mexico were allocated from other costs to exploration costs to better reflect the nature of these expenses. This has resulted in a decrease in audit, filing and legal fees, consulting and labour and rent and office costs. The corresponding increase is reflected in general and administrative exploration expenses in that quarter.

Table 14: Expensed Exploration	Quarterly								YTD	
($000's)	**Q311**	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**2012**	**2013**
Camp & accommodation	71	257	20	23	55	88	7	8	43	14
Drilling	18	888	-	72	265	695	5	-	72	5
General & administration	46	145	69	77	252	115	112	83	146	195
Geology & geochemistry	272	301	132	92	146	85	59	58	224	117
Geophysics	133	200	27	16	(1)	-	-	-	43	-
Write-down (recoveries)	4	-	-	(20)	52	305	-	(79)	(20)	(79)
Total	**545**	**1,791**	**248**	**260**	**769**	**1,288**	**183**	**69**	**508**	**252**
By Project:										
Mexico (Section 2.1)	97	177	148	237	605	179	140	42	385	182
Zymo (Section 2.4)	110	1,423	34	2	137	895	-	-	36	-
October Dome (Section 2.2)	41	21	6	4	19	182	6	6	10	12
Yukon (Section 2.3)	268	128	18	(24)	(33)	-	2	-	(6)	2
Other (Section 2.5)	29	42	42	41	41	32	35	21	83	56
Total	**545**	**1,791**	**248**	**260**	**769**	**1,288**	**183**	**69**	**508**	**252**

Expensed exploration costs in Q3 and Q4 2011 were higher as a result of the work programs at Zymo (Section 2.4) and work programs in the Yukon (Section 2.3). The increase in Q3 2012 relates to the start of the 2012 exploration program at Zymo and the drilling at Parrandera. Camp costs reflect the costs of running these programs. Drilling costs include 3,454m (Q3 and Q4 2011) and 2,322m (Q3 and Q4 2012) of helicopter supported drilling and associated assay costs at Zymo. Q4 2012 also includes drilling costs at October Dome (1,002m). Geophysics costs in Q3 2011 principally relate to our Yukon projects, Q4 2011 costs relate to Zymo and Q1 and Q2 2012 costs relate to Parrandera.

Recoveries in Q2 2012 relate to proceeds from Aben that exceed the Company's deferred acquisition costs. The write-down in Q3 2012 relates to Parrandera, which were offset by recoveries on the Flume property of $33,750. The Q4 2012 write-down relates to Zymo acquisition costs.

6 CASH FLOW REVIEW

Quarterly Discussion (Q2 2013):
Cash outflow from operating activities was $280,065 (Q212: $291,478) were principally associated with maintaining & managing our exploration portfolio. Cash outflow from financing activities was $nil (Q212: $(247)). Cash inflow from investing activities was $1,017 (Q212 outflow: $27,180).

Year to Date Discussion:
Cash outflow from operating activities was $521,917 (H212: $1,024,715) were principally associated with maintaining & managing our exploration portfolio. Cash outflow from financing activities was $nil (H212: $178,684). Cash outflow from investing activities was nil (H212 outflow: $30,845).

7 PROFILE

Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD 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, by way of a court-approved plan of arrangement (the "Arrangement"), at which time Bearing began operating as a standalone entity. 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.

Bearing began operations on March 26, 2011. On June 10, 2011, Bearing began trading on the TSX Venture Exchange.

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, 2012.

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 April 30, 2013. 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 April 30, 2013, 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, 2012, 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 NI 43-101 Compliance Requirements

Under National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”), if an issuer disclosures in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who: (a) prepared or supervised the preparation of the information that forms the basis for the written disclosure or (b) approved the written disclosure. For the purposes of this MD&A, Robert Cameron, PGeo, President and Chief Executive Officer, a geologist with more than 30 years of experience is the Qualified Person for the purposes of NI 43-101 has approved the written disclosure in this MD&A. This MD&A references a number of previous new releases in respect of disclosure of technical matters relating to mineral properties and reference should be made to these news releases to fully understand these references.

8.5 Critical Accounting Policies

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, other than property acquisition 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: Robert Cameron, President and CEO at rcameron@bearingresources.ca