BEARING RESOURCES LTD.

(An Exploration Stage Company)

Condensed Consolidated Financial Statements

For the Quarter ended July 31, 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 July 31, 2013 and October 31, 2012

(Expressed in Canadian dollars, except where indicated)

	July 31, 2013 $	October 31, 2012 $
Assets		
Current assets		
Cash and cash equivalents (note 4)	1,141,861	1,890,547
Accounts receivable and prepaid expenses	15,073	112,381
Investments (note 5)	235,202	3,000
	1,392,136	2,005,928
Non-current assets		
Reclamation bonds and deposits	21,699	21,660
Mineral property interests (note 6)	608,253	884,888
Property, plant and equipment	33,794	48,952
	2,055,882	2,961,428
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	63,758	120,578
	63,758	120,578
Shareholders' Equity		
Common shares (note 7)	8,677,789	8,677,789
Contributed surplus	5,004,991	4,858,379
Accumulated other comprehensive income ("AOCI")	6,578	(8,470)
Deficit	(11,697,234)	(10,686,848)
	1,992,124	2,840,850
	2,055,882	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 nine months ended July 31, 2013 and 2012

(Expressed in Canadian dollars, except where indicated)

Expenditures	**Three Months Ended July 31, 2013**	**Three Months Ended July 31, 2012**	**Nine Months Ended July 31, 2013**	**Nine Months Ended July 30, 2012**
	$	**$**	**$**	**$**
Exploration (note 3)	245,208	768,684	497,214	1,277,035
Corporate and other costs				
Audit, filing and legal fees	18,051	9,444	65,739	85,339
Consulting and labour	55,475	114,144	206,017	394,703
Depreciation and amortization	5,502	5,845	16,707	17,943
Finance income	(15,669)	(6,465)	(18,794)	(33,537)
Flow through premium recognition	-	(13,787)	-	(18,758)
Other costs	3,085	1,699	13,469	13,947
Rent and office costs	22,107	14,226	61,710	71,733
Share-based payment expense	66,497	90,471	146,612	328,032
Unrealized loss on held-for-trading investment	(135,192)	1,500	(46,008)	3,000
Travel and promotion	17,133	24,504	67,720	89,838
	36,989	241,581	513,172	952,240
Loss for the period	282,197	1,010,265	1,010,386	2,229,275
Other comprehensive income				
Items that may be classified subsequently to net income				
Foreign currency translation adjustment	3,193	2,183	(15,048)	5,803
Comprehensive loss for the period	285,390	1,012,448	995,338	2,235,078
Basic & diluted loss per share	$0.01	$0.04	$0.04	$0.09
Weighted average shares outstanding	25,889,648	23,789,648	25,889,648	23,755,844

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

Bearing Resources Ltd.

Condensed Consolidated Statements of Shareholders' Equity

For the nine months ended July 31, 2013 and 2012

(Expressed in Canadian dollars, except where indicated)

	Common shares		Contributed Surplus	AOCI	Deficit	Shareholders' equity
	No. of shares #	Amount $	$	$	$	$
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)	2,528,572	588,189	16,811	-	-	605,000
Share Issuance costs	-	(4,806)	-	-	-	(4,806)
Share-based payments	-	-	328,032	-	-	328,032
Comprehensive income (loss)	-	-	-	(5,803)	(2,229,275)	(2,235,078)
Balance – July 31, 2012	25,889,648	8,678,268	4,752,449	(11,802)	(9,209,395)	4,209,520
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	-	-	146,612	-	-	146,612
Comprehensive income (loss)	-	-	-	15,048	(1,010,386)	(995,338)
Balance – July 31, 2013	25,889,648	8,677,789	5,004,991	6,578	11,697,234	1,992,124

Bearing Resources Ltd.

Condensed Consolidated Statement of Cash Flow

For the three and nine months ended July 31, 2013 and 2012

(Expressed in Canadian dollars, except where indicated)

	Three Months Ended July 31, 2013 $	Three Months Ended July 31, 2012 $	Nine Months Ended July 31, 2013 $	Nine Months Ended July 31, 2012 $
Cash flows from operating activities				
Loss for the period	(282,197)	(1,010,265)	(1,010,386)	(2,229,275)
Items not affecting cash				
Depreciation and amortization	5,502	5,845	16,707	17,943
Flow through premium recognition	-	(13,787)	-	(18,758)
Mineral properties recovery	-	19,673	(195,994)	-
Mineral property writedown	148,121	85,553	314,648	85,553
Other	-	412	-	2,014
Share-based payment expense	66,497	90,471	146,612	328,032
Unrealized loss on held-for-trading investment	(125,392)	1,500	(36,208)	3,000
	(187,469)	(820,598)	(764,621)	(1,811,491)
Change in non-cash operating working capital				
Decrease (increase) in accounts receivable & prepaids	10,901	45,417	97,270	171,063
Increase (decrease) in accounts payable & accruals	(25,686)	18,749	(56,820)	(140,719)
	(202,254)	(756,432)	(724,171)	(1,781,147)
Cash flows from financing activities				
Share issuances, net	-	396,510	-	575,194
	-	396,510	-	575,194
Cash flows from investing activities				
Mineral property acquisition costs	(25,000)	(223,066)	(25,000)	(244,396)
Mineral property reimbursements	-	(19,673)	-	37,838
Payments to acquire capital assets	-	-	-	(5,336)
	(25,000)	(242,739)	(25,000)	(211,894)
Effect of exchange rate changes on cash and equivalents	(584)	(2,591)	485	(1,575)
Increase in cash and cash equivalents	(227,838)	(605,252)	(748,686)	(1,419,422)
Cash & cash equivalents - Beginning of period	1,369,699	3,786,358	1,890,547	4,582,528
Cash & cash equivalents - End of period	1,141,861	3,163,106	1,141,861	3,163,106

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 September 18, 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 July 31, 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 July 31, 2013					
$	**Zymo**	**OctDome**	**Yukon**	**Mexico**	**Other**	**Total**
Camp & accommodation	-	-	-	365	-	365
Drilling	-	4,078	-	-	-	4,078
General & administration	-	994	-	40,483	17,954	59,431
Geology & geochemistry	-	20	5,686	24,980	2,527	33,213
Geophysics	-	-	-	-	-	-
Write-downs (Recoveries)	-	-	149,112	(991)	-	148,121
	-	5,092	154,798	64,837	169,591	245,208

	Expensed exploration costs for the three months ended July 31, 2012					
$	**Zymo**	**OctDome**	**Yukon**	**Mexico**	**Other**	**Total**
Camp & accommodation	34,293	-	-	20,606	-	54,899
Drilling	102,215	2,658	-	160,606	-	265,479
General & administration	-	15,000	-	195,885	39,656	250,541
Geology & geochemistry	340	1,916	455	143,254	585	146,550
Geophysics	-	-	-	(588)	-	(588)
Write-downs (recoveries)	-	-	(33,750)	85,553	-	51,803
	136,848	19,574	(33,295)	605,316	40,241	768,684

	Expensed exploration costs for the nine months ended July 31, 2013					
$	**Zymo**	**OctDome**	**Yukon**	**Mexico**	**Other**	**Total**
Camp & accommodation	-	-	-	14,793	-	14,793
Drilling	-	8,859	-	-	-	8,859
General & administration	129	6,548	350	175,010	72,462	254,499
Geology & geochemistry	-	1,362	6,991	138,243	3,813	150,409
Geophysics	-	-	-	-	-	-
Write-downs (Recoveries)	-	-	149,112	(80,458)	-	68,654
	129	16,769	156,453	247,588	76,275	497,214

(Expressed in Canadian dollars, except where indicated)

3 Exploration costs (continued)

	Expensed exploration costs for the nine months ended July 31, 2012					
$	**Zymo**	**OctDome**	**Yukon**	**Mexico**	**Other**	**Total**
Camp & accommodation	36,043	-	-	61,573	-	97,616
Drilling	102,215	2,658	-	232,668	-	337,541
General & administration	-	23,021	-	252,316	122,321	397,658
Geology & geochemistry	32,407	3,061	14,687	318,956	820	369,931
Geophysics	2,550	-	-	39,609	-	42,159
Write-downs (recoveries)	-	-	(53,423)	85,553	-	32,130
	173,215	28,740	(38,736)	990,675	123,141	1,277,035

4 Cash and cash equivalents

In July 2012, the Company completed flow-through financings for gross proceeds of $400,000 (note 10). As of July 31, 2013 $163,902 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 **($)**	**July 31, 2013**	**October 31, 2012**
Patriot Minefinders Inc (“Patriot”) (1,140,000 shares)	234,202	-
Aben Resources Ltd. (“Aben”) (100,000 shares)	1,000	3,000
	235,202	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. 60,000 common shares were assigned and will be transferred as part of a finders’ fee arrangement. In March 2012, the Company received 100,000 common shares of Aben in conjunction with the option agreement on the VF property (note 6). In August 2013, the Company received a further 1,700,000 common shares of Aben in conjunction with the disposal of the VF Property.

Investment values are based on market prices as of July 31, 2013 and there is no guarantee that the Company will be able to realize these amounts.

(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	-	-	-	25,000	-	25,000
Write-downs	-	-	(165,536)	(149,112)	-	(314,648)
Property payments received	-	-	-	-	-	-
Exchange differences	-	-	13,012		-	13,013
July 31, 2013	555,057	13,325	14,867	25,004	-	608,253

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% Net Smelter Royalty ("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. In February 2013, the Company signed an Option Agreement whereby Patriot could have earned up to a 75% interest in KM66. Under the Option Agreement, Patriot paid $50,000 upon signing the agreement and issued 1,200,000 shares of Patriot (note 5). In April 2013, the 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 $165,536. In May 2012, the Company terminated Parrandera gold-copper-zinc option agreement and wrote off capitalized acquisition costs of $85,553.

Yukon, Canada

In the Yukon, the Company's principal properties are the Flume (3,900 hectares) and HY (1,000 hectares) properties it also has an additional 7,950 hectares in other properties and royalties on 2,900 hectares owned by Aben and 2,240 hectares owned by Precipitate Gold Corporation ("Precipitate").

The Flume property located in Yukon Territory, Canada, comprises 191 mineral claims totalling approximately 3,900 hectares (note 11). The Company has a 100% interest in the HY claims, subject to a 2% NSR.

In August 2013, Bearing sold the VF Property to Aben for 1.7 million shares and retained a 2% NSR, it also sold the Jay East property to Precipitate and retained a 2% NSR. Aben had previously been earning a 100% interest in the VF property and had paid $30,000 and issued 100,000 shares. Precipitate had previously been earning up to a 70% interest in Jay East property and had made cash payments of $30,000.

In July 2013, the Company wrote down certain Yukon properties by $149,112.

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.

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.

(Expressed in Canadian dollars, except where indicated)

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.

	July 31, 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
Cancelled	(20,000)	(0.15)	-	-
Outstanding – at period end	2,115,000	0.15	2,255,000	0.69

As of July 31, 2013, the following stock options were outstanding:

Number of options Outstanding	Number of options vested and exercisable	Exercise price $	Expiry Date
1,915,000	1,915,000	0.15	July 12, 2016
200,000	133,333	0.15	December 16, 2016
2,115,000	2,048,333	0.15	

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 at an average price of $0.69 to $0.15. As a result of the re-pricing of the options the Company recognized an additional $6,366 in stock based compensation expense which represents the difference in the Black Scholes derived fair value of the previously priced options and the re-priced $0.15 options.

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

For the three months ended July 31, 2013 total share-based compensation expense was $66,497 (2012: $90,471). For the nine months ended July 31, 2013 total share-based compensation expense was $146,612 (2012: $328,032).

Warrants

	July 31, 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

(Expressed in Canadian dollars, except where indicated)

8 Share stock options and warrants (continued)

As of July 31, 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 July 31, 2013	Three Months Ended July 31, 2012	Nine Months Ended July 31, 2013	Nine Months Ended July 31, 2012
Short-term employee benefits	65,501	128,268	240,983	379,136
Share-based payment expense	27,330	40,515	62,789	143,442
Total key management personnel	92,831	168,783	303,772	522,578

10 Geographic segmented information

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

$	Mexico	Canada	Total
July 31, 2013			
Loss for the period	253,865	756,521	1,010,386
Non-current assets	41,973	621,772	663,746
Total assets	48,949	2,006,933	2,055,882
Total liabilities	13,707	50,051	63,758
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

(Expressed in Canadian dollars, except where indicated)

11 Commitments and contingencies

The following table sets out the fiscal year cash commitments of the Company as of July 31, 2013 and does not consider any subsequent events.

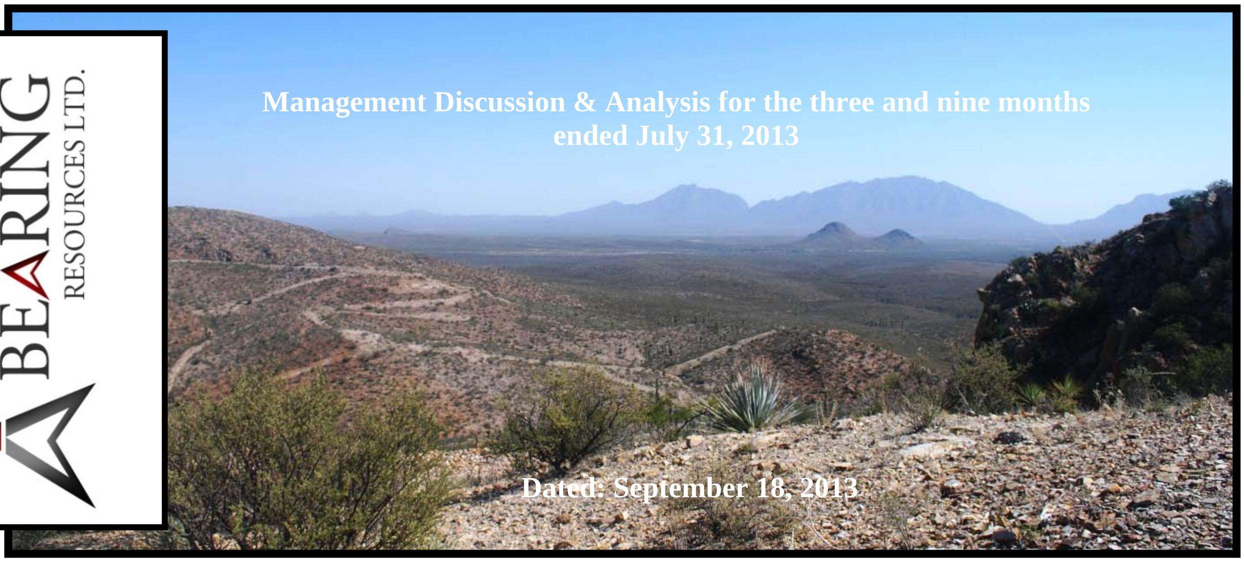
$	2013 (3 months)	2014	2015	2016	Thereafter	Total
Flume option payments	-	35,000	60,000	50,000	-	145,000
Lease commitments	12,604	12,604	-	-	-	25,208
Total	12,604	47,604	60,000	50,000	-	170,208

Flume
Bearing may earn a 100% interest in the Flume property by making cash payments totalling $245,000 ($100,000 paid; unpaid: $145,000) and by spending $500,000 (incurred) on exploration. Phelps Dodge Corporation of Canada Limited ("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. Under the Original Flume Agreement, Bearing was scheduled to pay $150,000 in 2013. In July 2013, Bearing entered into an amending agreement whereby the final payment was amended to $170,000 payable over four years (paid $25,000; unpaid $145,000)

Ryan Gold Corp. ("RGC") terminated a right to earn a potential 75% interest in the Flume property in May 2013. RGC had incurred over $1,500,000 in qualified expenditures, and made cash payments of $175,000.

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.



Management Discussion & Analysis for the three and nine months ended July 31, 2013

Dated: September 18, 2013

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 nine months ended July 31, 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.

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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 & two Executive Directors and one-Non 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 AND CORPORATE UPDATE

- Drilling commences at October Dome (Sep 2013)
- Jay East property sold to Precipitate for a 2% NSR (Aug 2013)
- VF property sold to Aben for 1.7 million shares and a 2% NSR (Aug 2013)
- Corporate and exploration downsizing (May / Jun 2013)
- 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 KM66 and Parrandera property. The Pedro claims are 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 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 whereby Patriot Minefinders Ltd ("Patriot") could earn up to a 75% interest in KM66. Under the agreement, Patriot paid $50,000 and issued the 1.2 million shares to Bearing. The agreement terminated after Patriot failed to advance all the funds due under the agreement. As a result in May 2013, the Company terminated its underlying agreement to acquire a 100% interest in KM66 whereby Bearing could have earned a 100% interest, subject to a 3% Net Smelter Royalty ("NSR"), by making staged payments totalling over five years for US$9.075 million (US$150,000 paid).

Table 1:Mexico Expenditure				**Quarter**					**YTD**	
$	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**Q313**	**2012**	**2013**
Camp & accommodation	23,055	18,550	22,417	20,606	14,437	6,493	7,936	365	61,573	14,793
Drilling	-	-	72,062	160,606	1,602	-	-	-	232,668	-
General & administration	67,513	23,603	32,827	195,885	78,487	77,225	57,301	40,483	252,316	175,010
Geology & geochemistry	87,099	81,560	94,142	143,254	84,320	56,628	56,635	24,980	318,956	138,243
Geophysics	-	24,724	15,472	(588)	54	-	-	-	39,609	-
Write-downs (recoveries)	-	-	-	85,553	-	-	(79,467)	(991)	85,553	(80,458)
Total exploration	**177,667**	**148,437**	**236,920**	**605,316**	**178,900**	**140,346**	**42,405**	**64,837**	**990,675**	**247,588**
Acquisition costs (net)	2,608	15,509	5,821	63,188	1,973	-	(166,527)	991	165,417	(165,536)
Total exploration & acquisition	**180,275**	**163,946**	**242,741**	**668,504**	**180,873**	**140,346**	**(124,122)**	**65,828**	**1,156,092**	**82,052**

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. 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. Q3 2013 costs include second semester taxes on Pedro.

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 KM66. The reduction in Q3 2013 costs is consistent with the reduction in our Mexican exploration team.

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 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.

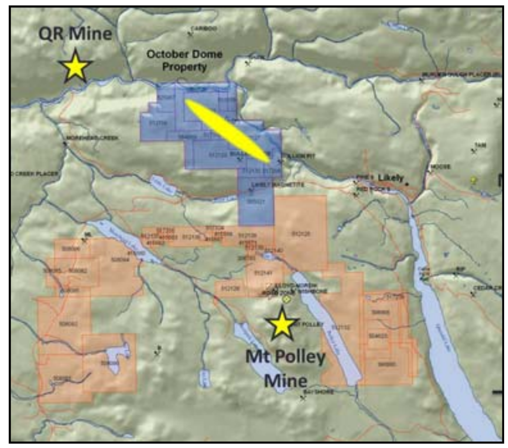
2.2 October Dome Property British Columbia, Canada

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**	
$	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**Q313**	**2012**	**2013**
Camp & accommodation	3,247	-	-	-	1,069	-	-	-	-	-
Drilling	-	-	-	2,658	175,679	4,780	-	4,078	2,658	8,859
General & administration	14,409	4,531	3,491	15,000	5,064	-	5,554	994	23,021	6,548
Geology & geochemistry	3,755	915	230	1,916	691	990	353	20	3,061	1,362
Geophysics	-	-	-	-	-	-	-	-	-	-
Write-down (recoveries)	-	-	-	-	-	-	-	-	-	-
Total exploration	**21,411**	**5,446**	**3,721**	**19,574**	**182,503**	**5,770**	**5,907**	**5,092**	**28,740**	**16,769**
Acquisition costs	-	-	-	-	-	-	-	-	-	-
Total acquisition & exploration	**21,412**	**5,446**	**3,721**	**19,574**	**182,503**	**5,770**	**5,907**	**5,092**	**28,740**	**16,769**

General & administration in 2012 and Q2 2013 relate to ongoing consultation costs and capacity funding for First Nations.



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, in Q3 2013 the cost relate to setup costs associated with the 2013 drill program that commenced in September 2013.

2.3 Yukon Properties

In the Yukon, the Company's principal properties are the Flume (3,900 hectares) and HY (1,000 hectares) properties it also has an additional 7,950 hectares in other properties and royalties on 2,900 hectares owned by Aben Resources Ltd. ("Aben") and 2,240 hectares owned by Precipitate Gold Corporation ("Precipitate").

Flume Property: In May 2013, Ryan Gold Corp ("RGC") terminated its option on the Flume property (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.

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

Yukon Royalties: In August 2013, Bearing sold the VF Property to Aben for 1.7 million shares and retained a 2% NSR, it also sold the Jay East property to Precipitate and retained a 2% NSR. Aben had previously been earning a 100% interest in the VF property and had paid $30,000 and issued 100,000 shares. Precipitate had previously been earning up to a 70% interest in Jay East property and had made cash payments of $30,000.

Table 3:Yukon Expenditure			**Quarterly**						**YTD**	
$	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**Q313**	**2012**	**2013**
Camp & accommodation	24,391	-	-	-	-	-	-	-	-	-
General & administration	13,265	-	-	-	-	350	-	-	-	350
Geology & geochemistry	90,833	17,928	(3,697)	455	(406)	1,306	-	5,685	14,687	6,991
Geophysics	(201)	-	-	-	-	-	-	-	-	-
Write-down (Recoveries)	54	-	(19,673)	(33,750)	-	-	-	149,112	(53,423)	149,112
Total exploration	**128,343**	**17,928**	**(23,370)**	**(33,295)**	**(406)**	**1,656**	**-**	**154,798**	**(38,736)**	**156,453**
Acquisition costs (net)	53,780	-	(18,828)	(25,000)	-	-	-	(124,112)	(43,828)	(124,112)
Total acquisition & evaluation	**182,123**	**17,928**	**(42,198)**	**(58,295)**	**(406)**	**1,656**	**-**	**30,686**	**(82,564)**	**32,341**

Camp and accommodation costs in Q4 2011 are related 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.

Recoveries relate to option payments received in excess of our cost base. For Flume, in Q3 2012 the Company recognized recoveries of $33,750. 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. In Q3 2013, the Company wrote-down the carrying value of certain Yukon properties by $149,111.

Included within acquisition costs for Q4 2011 is the $50,000 payment for the HY property. The Yukon properties are principally on a care & maintenance basis therefore expenditure in 2013 is reasonably limited. The Q3 2013 payment of $25,000 relates to the Flume property (section 4.2).

3 OUTLOOK

Over the last twelve months the Company has focussed on "right-sizing" the organization and its exploration portfolio for the current financing environment facing junior mining companies while being able to maintain its core exploration properties.

In Mexico, the Company maintains its 100% interest the Pedro Property and is actively seeking a partner to fund the next phase of exploration potential of this prospect. 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 also currently drilling the October Dome project in central British Columbia. The 2012 drill program 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 where drilling 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. The current 2013 drill program is being funded by flow-through from funds raised in 2012. Targets to be drilled include step-out tests of the encouraging results from 2012 and first pass tests of the northern limits of the soil/IP anomaly, some 1,200 metres to the northwest.

The Company continues to follow the developments at Imperial's Mt Polley operations where it has a royalty over the portions of the Boundary Zone. The Company also added to its royalty portfolio in August with the conversion of the option agreements on the VF and Jay East properties into royalties.

The Company intends to seek a new joint venture partner for Flume property which was returned by Ryan Gold in May 2013. In July 2013, the company successfully renegotiated the underlying option payments due to Freeport McMoRan. As of August 31, 2013, the Company had cash and cash equivalents of $1.1 million (including $0.2 million of flow-through funds).

4 FINANCIAL POSITION REVIEW

4.1 Assets

Table 6: Assets ($)	October 31, 2011	October 31, 2012	July 31, 2013
Cash and cash equivalents	4,582,528	1,890,547	1,141,861
Accounts receivable and prepaid expenses	221,204	112,381	15,073
Investments	-	3,000	235,202
Reclamation bonds and deposits	21,505	21,660	21,699
Mineral property interests	1,048,819	884,888	608,253
Property, plant and equipment	67,448	48,952	33,794
Total Assets	**5,941,504**	**2,961,428**	**2,055,882**

Cash and cash equivalents include $163,902 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 as of July 31, 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 a net 1.14 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.

Investment values are based on the market prices as of July 31, 2013 and there is no guarantee that the Company will be able to realize these amounts.

Over the past twelve 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 its' working capital requirements for the next twelve months.

Table 7: Mineral property interests ($)	**October 31, 2011**	**October 31, 2012**	**July 31, 2013**
October Dome	555,057	555,057	555,057
Mt. Polley	40,836	13,325	13,325
Mexico (including Mapimi)	79,983	167,390	14,867
Yukon	192,943	149,116	25,004
Zymo	180,000	-	-
Total Mineral property interest	**1,048,819**	**884,888**	**608,253**

Under the Company's accounting policy only acquisition costs are deferred.

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 in Q1 2012, 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 July 31, 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.

Yukon mineral property interests decreased in Q3 2013, as the Company wrote down its carrying costs of its JAY, HY, BIG/VBA and VM properties to $1 each. The remaining balance of $25,000 relates to the payment in Q3 2013, of an option payment on the Flume Property (section 4.2).

4.2 Liabilities and Commitments

Table 8: Liabilities ($)	**October 31, 2011**	**October 31, 2012**	**July 31, 2013**
Accounts payable and accrued liabilities	355,667	120,578	63,758
Premium liability	69,465	-	-
Total Liabilities	**425,132**	**120,578**	**63,758**

Commitments

Table 9: Fiscal Year Cash Commitments, as at July 31, 2013 ($)[1]	2013	2014	2015	2016	Thereafter	Total
Flume	-	35,000	60,000	50,000	-	145,000
Lease commitments	12,604	12,604	-	-	-	25,208
	12,604	47,604	60,000	50,000	-	170,208

Flume:
Bearing may earn a 100% interest in the Flume property by making cash payments totalling $245,000 ($100,000 paid; unpaid: $145,000) and by spending $500,000 (incurred) on exploration. Phelps Dodge Corporation of Canada Limited ("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. Under the Original Flume Agreement, Bearing was scheduled to pay $150,000 in 2013. In July 2013, Bearing entered into an amending agreement whereby the final payment was amended to $170,000 payable over four years (paid $25,000; unpaid $145,000)

Ryan Gold Corp. ("RGC") terminated a right to earn a potential 75% interest in the Flume property in May 2013. RGC had incurred over $1,500,000 in qualified expenditures, and made cash payments of $175,000.

4.3 Equity and Financing

Table 10: Shareholders' Equity ($)	October 31, 2011	October 31, 2012	July 31, 2013
Common shares	8,094,885	8,677,789	8,677,789
Contributed surplus	4,407,606	4,858,379	5,004,991
AOCI	(5,999)	(8,470)	6,578
Deficit (refer to section 5)	(6,980,120)	(10,686,848)	(11,697,234)
Total Shareholders' Equity	**5,516,372**	**2,840,850**	**1,992,124**

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 was 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	July 31, 2013
Common shares	25,889,648	25,889,648
Options outstanding		
Number	2,255,000	2,115,000
Weighted average price	$0.69	$0.15
Warrants outstanding		
Number	214,286	-
Weighted average price	$0.60	-
Market capitalization	$3.9 million	$1.0 million
Share price	$0.15	$0.04

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)	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**Q313**	**2012**	**2013**
Revenues	-	-	-	-	-	-	-	-	-	-
Exploration expenditures (Table 14)	1,791	248	260	769	1,288	183	69	245	1,277	497
Other expenses										
Audit, filing and legal Fees	210	33	43	9	18	37	10	18	85	66
Consulting and labour	134	143	138	114	58	72	78	55	395	206
Depreciation and amortization	3	6	6	6	6	6	6	6	18	17
Finance Income	(17)	(16)	(12)	(7)	(4)	(2)	(1)	(16)	(34)	(19)
FT premium recognition	(164)	(5)	-	(14)	(51)	-	-	-	(19)	-
Other costs	3	7	5	2	7	4	6	3	14	13
Rent and office costs	41	32	26	14	23	20	20	22	72	62
Share-based payment expense	140	126	111	91	106	42	38	66	328	147
Unrealized loss on investment	-	-	2	1	3	1	88	(135)	3	(46)
Travel and promotion	2	23	43	25	23	27	24	17	90	67
Total other expenses	352	349	362	241	189	207	269	37	952	513
Net loss	**2,143**	**597**	**622**	**1,010**	**1,477**	**390**	**338**	**282**	**2,229**	**1,010**
Other comprehensive income	-	(2)	6	2	(3)	(4)	(14)	3	6	(15)
Comprehensive loss	**2,143**	**595**	**648**	**1,012**	**1,474**	**386**	**324**	**285**	**2,235**	**995**
Basic loss per share	**$0.09**	**$0.03**	**$0.03**	**$0.04**	**$0.06**	**$0.02**	**$0.01**	**$0.01**	**$0.09**	**$0.04**

As the Company is in the exploration and development stage it has no sales or revenues. Audit, filing and legal fees in Q4 2011include legal fees costs associated one-off reimbursements arising from the Plan of 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 2013 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 grant of options. Unrealized losses in Q2 2013 principally relate to the mark to market losses on the 1.14 million Patriot shares (section 2.1) and Q3 2013 gain represents the subsequently recovery of the Patriot shares. The Patriot shares are listed on the OTC Market and are subject to significant fluctuation due to the stage of development of Patriot.

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)	**Q411**	**Q112**	**Q212**	**Q312**	**Q412**	**Q113**	**Q213**	**Q313**	**2012**	**2013**
Camp & accommodation	257	20	23	55	88	7	8	-	98	15
Drilling	888	-	72	265	695	5	-	4	337	9
General & administration	145	69	77	252	115	112	83	59	398	254
Geology & geochemistry	301	132	92	146	85	59	58	33	370	150
Geophysics	200	27	16	(1)	-	-	-	-	42	-
Write-down (recoveries)	-	-	(20)	52	305	-	(79)	148	32	69
Total	**1,791**	**248**	**260**	**769**	**1,288**	**183**	**69**	**245**	**1,277**	**497**
By Project:										
Mexico (Section 2.1)	177	148	237	605	179	140	42	65	991	248
Zymo (refer below)	1,423	34	2	137	895	-	-	-	173	-
October Dome (Section 2.2)	21	6	4	19	182	6	6	5	29	17
Yukon (Section 2.3)	128	18	(24)	(33)	-	2	-	155	(39)	156
Other (refer below)	42	42	41	41	32	35	21	20	123	76
Total	**1,791**	**248**	**260**	**769**	**1,288**	**183**	**69**	**245**	**1,277**	**497**

Expensed exploration costs in Q4 2011 were higher as a result of the work programs at Zymo 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 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. Q3 2013 includes write downs on our Yukon properties.

Other Exploration Costs: Include the costs associated with our generative exploration programs in Canada and the Mt Polley Properties, BC, Canada, which principally include the costs of our VP Exploration, in Canada.

6 CASH FLOW REVIEW

Quarterly (Q3 2013): Cash outflow from operating activities was $202,255 (Q312: $756,432) were principally associated with maintaining & managing our exploration portfolio. Cash outflow from financing activities was $nil (Q312: $396,510). Cash outflow from investing activities was $25,000 (Q312: $242,739).

Year to Date: Cash outflow from operating activities was $724,171 (2012: $1,781,147) were principally associated with maintaining & managing our exploration portfolio. Cash outflow from financing activities was $nil (2012: $575,194). Cash outflow from investing activities was 25,000 (2012: $211,894).

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 July 31, 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 July 31, 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, 2012 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

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