BEARING RESOURCES LTD.

(An Exploration Stage Company)

Condensed Consolidated Financial Statements

For the Quarter ended July 31, 2014

(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, 2014 and October 31, 2013

(Expressed in Canadian dollars, except where indicated)

	July 31, 2014 $	October 31, 2013 $
Assets		
Current assets		
Cash and cash equivalents	777,236	948,931
Accounts receivable and prepaid expenses	8,770	14,829
Investments (note 4)	8,101	9,001
	794,107	972,761
Non-current assets		
Reclamation bonds and deposits	21,809	21,750
Mineral property interests (note 5)	593,386	593,386
Property, plant and equipment	-	23,223
	1,409,302	1,611,120
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	20,762	33,109
	20,762	33,109
Shareholders' Equity		
Common shares (note 6)	8,677,789	8,677,789
Contributed surplus	4,974,637	5,007,069
Accumulated other comprehensive income ("AOCI")	5,052	4,511
Deficit	(12,268,938)	(12,111,358)
	1,388,540	1,578,011
	1,409,302	1,611,120

Nature of operations (note 1)
Commitments and contingencies (note 10)

Approved by the Board of Directors

"Eduard Epshtein"
Director

"Kirk Shaw "
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, 2014 and 2013

(Expressed in Canadian dollars, except where indicated)

	Three Months Ended July 31		Nine Months Ended July 31	
Expenditures	**2014**	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Exploration (note 3)	3,339	245,208	10,982	497,214
Corporate and other costs				
Audit, filing and legal fees	20,409	18,051	50,028	65,739
Consulting and labour	29,880	55,475	104,761	206,017
Depreciation and amortization	(665)	5,502	5,328	16,707
Finance income	(2,639)	(15,669)	(8,395)	(18,794)
Other costs (income)	(2,963)	3,085	(4,908)	13,469
Rent and office costs	7,441	22,107	31,316	61,710
Share-based payment expense (recovery)	-	66,497	(32,432)	146,612
Unrealized loss (gain) on held-for-trading investment	6,300	(135,192)	900	(46,008)
Travel and promotion	-	17,133	-	67,720
	57,763	36,989	146,598	513,172
Loss for the period	61,102	282,197	157,580	1,010,386
Other comprehensive income				
Items that may be classified subsequently to net income				
Foreign currency translation adjustment	312	3,193	(541)	(15,048)
Comprehensive loss for the period	61,414	285,390	157,039	995,338
Basic & diluted loss per share	$0.00	$0.01	$0.01	$0.04
Weighted average shares outstanding	25,889,648	25,889,648	25,889,648	25,889,648

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, 2014 and 2013

(Expressed in Canadian dollars, except where indicated)

	Common shares					
	No. of shares #	**Amount $**	**Contributed Surplus $**	**AOCI $**	**Deficit $**	**Shareholders' equity $**
Balance – November 1, 2012	25,889,648	8,677,789	4,858,379	(8,470)	(10,686,848)	2,840,850
Share Issuances	-	-	-	-	-	-
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
Balance – November 1, 2013	25,889,648	8,677,789	5,007,069	4,511	(12,111,358)	1,578,011
Share Issuances	-	-	-	-	-	-
Share Issuance costs	-	-	-	-	-	-
Share-based payments	-	-	(32,432)	-	-	(32,432)
Comprehensive income (loss)	-	-	-	541	(157,580)	(157,039)
Balance – July 31, 2014	25,889,648	8,677,789	4,974,637	5,052	(12,268,938)	1,388,540

Bearing Resources Ltd.

Condensed Consolidated Statement of Cash Flow

For the three and nine months ended July 31, 2014 and 2013

(Expressed in Canadian dollars, except where indicated)

	Three Months Ended July 31		Nine Months Ended July 31,	
	2014	2013	2014	2013
	$	$	$	$
Cash flows from operating activities				
Loss for the period	(61,102)	(282,197)	(157,580)	(1,010,386)
Items not affecting cash				
Depreciation and amortization	(1,419)	5,502	4,573	16,707
Mineral properties recovery	-	-	-	(195,994)
Mineral property writedown	-	148,121	-	314,648
Share-based payment expense	-	66,497	(32,432)	146,612
Unrealized loss on held-for-trading investment	6,300	(125,392)	900	(36,208)
	(56,221)	(187,469)	(184,539)	(764,621)
Change in non-cash operating working capital				
Decrease (increase) in accounts receivable & prepaids	3,080	10,901	6,000	97,270
Increase (decrease) in accounts payable & accruals	2,365	(25,686)	(12,346)	(56,820)
	(50,776)	(202,254)	(190,885)	(724,171)
Cash flows from financing activities				
Share issuances, net	-	-	-	-
	-	-	-	-
Cash flows from investing activities				
Mineral property acquisition costs	-	(25,000)	-	(25,000)
Proceeds from (payments to acquire) capital assets	9,539	-	18,649	-
	9,539	(25,000)	18,649	(25,000)
Effect of exchange rate changes on cash and equivalents	366	(584)	541	485
(Decrease) Increase in cash and cash equivalents	(40,871)	(227,838)	(171,695)	(748,686)
Cash & cash equivalents - Beginning of period	818,107	1,369,699	948,931	1,890,547
Cash & cash equivalents - End of period	777,236	1,141,861	777,236	1,141,861

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, Oceanic Plaza, 1066 West Hastings Street, 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").

2 Significant accounting policies

Basis of presentation
These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34- Interim Financial Reporting.

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended October 31, 2013, except as discussed in the condensed interim consolidated financial statements for the three months ended January 31, 2014 under "Changes in accounting standards".

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of September 10, 2014, 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, 2014.

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, 2013.

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.

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.

(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 5, 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, 2014

$	OctDome	Yukon	Mexico	Other	Total
Drilling	2,657	-	-	-	2,657
General & administration	-	-	682	-	682
Geology & geochemistry	-	-	-	-	-
Write-downs (Recoveries)	-	-	-	-	-
	2,657	-	682	-	3,339

Expensed exploration costs for the three months ended July 31, 2013

$	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
Write-downs (recoveries)	-	149,112	(991)	-	148,121
	5,092	154,798	64,837	169,591	245,208

Expensed exploration costs for the nine months ended July 31, 2014

$	OctDome	Yukon	Mexico	Other	Total
Drilling	2,971	-	-	-	2,971
General & administration	1,201	-	6,810	-	8,011
Geology & geochemistry	-	-	-	-	-
Write-downs (Recoveries)	-	-	-	-	-
	4,172	-	6,810	-	10,982

Expensed exploration costs for the nine months ended July 31, 2013

$	OctDome	Yukon	Mexico	Other	Total
Camp & accommodation	-	-	14,793	-	14,793
Drilling	8,859	-	-	-	8,859
General & administration	6,548	350	175,010	72,591	254,499
Geology & geochemistry	1,362	6,991	138,243	3,813	150,409
Write-downs (recoveries)	-	149,112	(80,458)	-	68,654
	16,769	156,453	247,588	76,275	497,214

(Expressed in Canadian dollars, except where indicated)

4 Investments

Held for trading investments ($)	**July 31, 2014**	**October 31, 2013**
Patriot Minefinders Inc ("Patriot") (1,140,000 shares)	1	1
Aben Resources Ltd. ("Aben") (180,000 shares)	8,100	9,000
	8,101	9,001

Bearing does not consider there to be a market for the Patriot shares and accordingly has recorded the shares at an estimated fair value of $1.

5 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	Other	Total
October 31, 2012	555,057	13,325	167,390	149,116	884,888
Acquisition costs	-	-	-	25,000	25,000
Write-downs	-	-	(180,451)	(149,112)	(329,563)
Exchange differences	-	-	13,061	-	13,061
October 31, 2013	555,057	13,325	-	25,004	593,386
Acquisition costs	-	-	-	-	-
Write-downs	-	-	-	-	-
July 31, 2014	555,057	13,325	-	25,004	593,386

Canadian Properties:

The **October Dome gold property** is located northwest of Likely, British Columbia, Canada. A portion of the property is 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.

The **Mt. Polley copper-gold properties** are located adjacent to Imperial Metals Corporation's ("Imperial") Mt. Polley open-pit copper gold mine, 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 on each claim group with the exception of the Buc claims can be purchased for $500,000 for each one-half percent.

The Mt. Polley properties previously included an additional area adjacent to Imperial's Boundary Zone that was sold to Imperial in which the Company retained a royalty interest. The royalty is $2.50 per tonne for the first 400,000 tonnes of material milled and $1.25 per tonne for all tonnes milled in excess of 400,000 tonnes. The royalty in excess of 400,000 tonnes can be reduced to $0.62 per tonne for a payment of $1,000,000. The Company is entitled to 90% of the aforementioned royalties. Three royalty payments were received in 2012.

(Expressed in Canadian dollars, except where indicated)

5 Mineral properties (continued)

In the **Yukon**, the Company's portfolio includes the Flume (note 10), HY (subject to a 2%NSR), Jay, VM, VBA and Big properties. It also has royalties on properties owned by Aben and Precipitate Gold Corporation ("Precipitate"). In August 2013, Bearing sold the VF Property to Aben for 1.7 million shares 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. Also, in August 2013, Bearing sold the Jay East property to Precipitate and retained a 2% NSR. 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 acquisition costs on its HY, Big, Van, Jay, VBA and VM Yukon properties by $149,112.

<u>Mexican Properties:</u>
Effective July 1, 2014 Newmont de Mexico, S.A de C.V ("Newmont") terminated a September 2013 Venture Agreement over the Pedro gold property. Newmont paid US$50,000 and undertook a 1,744m drill program.

In February 2013, the Company signed an option agreement whereby Patriot could have earned up to a 75% interest in the KM66 silver-gold-lead-zinc property. Under the terminated option agreement, Patriot paid $50,000 upon signing the agreement and issued 1,200,000 shares (note 4). Subsequent to the Patriot termination , Bearing terminated the underlying option agreement to acquire the KM66 property in April 2013 and wrote off capitalized acquisition costs of $165,536.

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

7 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, 2014		October 31, 2013	
	Number of shares	**Weighted average exercise price $**	**Number of shares**	**Weighted average exercise price $**
Outstanding - October 31	1,690,000	0.15	2,255,00	0.69
Granted	-	-	-	-
Forfeited	-	-	(73,334)	0.17
Expired	(590,000)	0.15	(491,666)	0.27
Cancelled	-	-	-	-
Outstanding – at period end	1,100,000	0.15	1,690,000	0.15

(Expressed in Canadian dollars, except where indicated)

7 Share stock options and warrants (continued)

As of July 31, 2014, the following stock options were outstanding:

Number of options Outstanding	Number of options vested and exercisable	Exercise price $	Expiry Date
1,100,000	1,100,000	0.15	July 12, 2016

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

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

For the three months ended July 31, 2014 total share-based compensation expense was $Nil (2013: $66,497). For the nine months ended July 31, 2014 total share-based compensation expense (recovery) was ($32,432) (2013: $146,612).

Subsequent to period end, the Company granted 800,000 stock options at an exercise price of $0.05.

Warrants

	July 31, 2014		October 31, 2013	
	Number of shares	Weighted average exercise price $	Number of shares	Weighted average exercise price $
Outstanding – October 31	-	-	214,286	0.60
Issued	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(214,286)	0.60
Outstanding – at period end	-	-	-	-

As of July 31, 2014, 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

(Expressed in Canadian dollars, except where indicated)

8 Related party transactions

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

$	Three Months Ended July 31, 2014	Three Months Ended July 31, 2013	Nine Months Ended July 31, 2014	Nine Months Ended July 31, 2013
Short-term employee benefits	27,916	65,501	27,916	240,983
Share-based payment expense	-	27,330	-	62,789
Total key management personnel	27,916	92,831	27,916	303,772

9 Geographic segmented information

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

$	Mexico	Canada	Total
July 31, 2014			
Loss for the period	8,153	149,427	157,580
Non-current assets	-	615,195	615,915
Total assets	16,935	1,392,367	1,409,302
Total liabilities	935	19,827	20,762
October 31, 2013			
Loss for the year	216,265	1,208,245	1,424,510
Non-current assets	19,225	619,134	638,359
Total assets	23,957	1,587,163	1,611,120
Total liabilities	328	32,781	33,109

10 Commitments and contingencies

Flume

Bearing is in the process of renegotiating its option payment to earn a 100% interest in the Flume property by final payments of $170,000 payable over four years (paid $25,000; unpaid $145,000). Freeport McMoRan Canada Limited (“Freeport”) retains the right to share in the proceeds derived from the sale or option of the property to a third party. Freeport also retains a 2% NSR royalty, of which one half can be purchased by Bearing for $1,000,000.

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.

Management Discussion & Analysis for the three and nine months ended July 31, 2014

Dated: September 10, 2014

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 Company's audited financial statements for the years ended October 31, 2013, and 2012, 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, 2014.

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 PROFILE AND CORPORATE UPDATE

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 is currently operating on a reduced activity level in order to control costs and maintain the treasury. On May 14, 2014 the Company announced that it intends to seek new opportunities that may include opportunities outside the mining and exploration sector.

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. 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 and commenced trading on the TSX Venture Exchange on June 10, 2011. The Board of Directors is comprised of three Independent Directors (Kirk Shaw; Amar Balaggan and Eduard Epshtein). The current directors were appointed at the request of certain shareholders' in June 2014, to facilitate the identification and evaluation of the new opportunities.

2 EXPLORATION AND PROJECT UPDATE

Table 1:Exploration Analysis ($)				Quarter					YTD	
	Q412	**Q113**	**Q213**	**Q313**	**Q413**	**Q114**	**Q214**	**Q314**	**2013**	**2014**
Camp & accommodation	88,141	6,492	7,936	365	-	-	-	-	14,793	-
Drilling	694,190	4,780	-	4,078	162,845	314	-	2,657	8,859	2,971
General & administration	115,820	112,174	82,895	59,431	1,297	4,025	3,303	682	254,499	8,011
Geology & geochemistry	85,100	59,404	57,792	33,213	510	-	-	-	150,409	-
Write-downs (recoveries)	305,000	-	(79,467)	148,121	(53,629)	-	-	-	68,654	-
Total exploration	**1,288,251**	**182,850**	**69,156**	**245,208**	**111,023**	**4,339**	**3,303**	**3,339**	**497,214**	**10,982**
Split Project / Region:										
Mexico	178,899	140,346	42,405	64,838	(41,136)	4,025	2,103	682	247,589	6,810
October Dome	182,503	5,770	5,907	5,092	169,159	314	1,200	2,657	16,769	4,172
Yukon	(406)	1,656	-	154,797	(17,000)	-	-	-	156,453	-
Other (incl. Zymo)	927,255	35,078	20,844	20,481	-	-	-	-	76,403	-
Total exploration & acquisition	**1,288,251**	**182,850**	**69,156**	**245,208**	**111,023**	**4,339**	**3,303**	**3,339**	**497,214**	**10,982**

Direct expenditures by the Company over the last three quarters remain limited as the Company has elected to reduce its exploration in an effort to preserve its treasury, part of this strategy included joint venturing the Pedro property in Mexico. Drilling costs in Q4 2013 relate to 1,086m drill program at October Dome; Q4 2012 relate to 2,322m at Zymo and 1,002m at October Dome.

Recoveries in Q4 2013 relate to the VF property ($17,000) and Pedro ($36,629). In Q3 2013, certain Yukon properties were written down by $149,111. KM66 acquisition costs of $166,527 were written off in Q2 2013, this was offset by $50,000 in cash and the deemed value of 1.2 million Patriot shares received ($195,993). Q4 2012 includes costs associated with the Zymo drill program and subsequent write-down.

Pedro Property, Durango, Mexico

The wholly owned Pedro claims (25,000 hectares) are located approximately 100 kilometres from the city of Torreon, and is bisected by a paved highway and power lines. Pedro is comprised of a number of targets including the HP Breccia prospect, a gold soil anomaly extending over a 1,800 x 600m area that coincides with extensive silicified sedimentary breccias and conglomerate, and the Las Lajas gold prospect.

Newmont de Mexico, S.A de C.V (“Newmont”), under a September 2013 Venture Agreement, paid US$50,000 and drilled 1,744m (11 drill holes). Effective July 1, 2014, Newmont terminated the agreement after the results of the drill program did not meet their criteria. Newmont tested the HP breccia prospect and its northern extension; a distance of some three kilometres. For full details of the drill program reference should be made to the Company’s news release dated July 3, 2014.

October Dome Property, British Columbia, Canada

The 100% owned October Dome gold property, is located in the “Quesnel Trough” in central British Columbia, near the town of Likely. The October Dome claims are subject to net smelter return (“NSR”) royalties 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 Induced Polarization (“IP”) surveys and soil geochemistry.

In Q4 2013, a 1,086 metre (6 hole) diamond drill program (refer news release dated Dec 2, 2013) targeted the northern end of the 4 km long gold and arsenic soil anomaly that is coincident with an IP chargeability anomaly, some 1,200 to 1,900 metres northwest of an area drill tested in Q4 2012. Holes OD-5 through OD- 7 encountered diorite and monzonite intrusions within hornfelsed sediments and propylitised basalts. Alteration in the drill holes is pervasive, comprised of intense propylitic alteration with pyrite, epidote and minor chalcopyrite with elevated gold values throughout the holes. Hole OD-6 encountered a 15 metre core length of massive magnetite skarn with semi-massive pyrite layers accompanied by chalcopyrite, epidote, and garnet at the sediment/basalt contact. A 9 metre section of this skarn assayed 0.7 grams per tonne ("gpt") gold ("Au") including a 3 metre length that returned 1.3 gpt Au.

Yukon Properties
Our Yukon properties include the Flume (3,900 hectares), HY (1,000 hectares), Jay (3,110 hectares), VM (2,160 hectares), VBA (1,672 hectares) and Big (790 hectares) properties. In addition, the Company has 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, after undertaking over $1.5 million in qualifying expenditures (including a nine diamond drill hole (2,307m) program in November 2012). 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.

3 OUTLOOK

The Company has pro-actively reduced its activities and human resources in an effort to conserve cash while it is identifying and searching for new opportunities. As of July 31, 2014 it had cash and cash equivalents of $0.77 million. At the start of 2014 the President and CEO dropped to a part-time basis to further conserve the Company's treasury. At the request of certain of its major shareholders, the Company appointed a new slate of Directors in June 2014 to facilitate the identification and evaluation of new opportunities. The Company continues to maintain its exploration properties in good standing while attempting to identify new opportunities both inside and outside the mining sector.

The Company is in the process of applying for a refund of its value-added taxes in Mexico which could also provide an additional source of funding although there is no certainty as to either the amount or eventual collectability of these taxes.

4 FINANCIAL POSITION REVIEW

Table 2: Financial Position ($) **Assets**	**October 31, 2012**	**October 31, 2013**	**July 31, 2014**
Cash and cash equivalents	1,890,547	948,931	777,236
Accounts receivable and prepaid expenses	112,381	14,829	8,770
Investments	3,000	9,001	8,101
Reclamation bonds and deposits	21,660	21,750	21,809
Mineral property interests	884,888	593,386	593,386
October Dome	555,057	555,057	555,057
Mt. Polley	13,325	13,325	13,325
Mexico	167,390	-	-
Yukon	149,116	25,004	25,004
Property, plant and equipment	48,952	23,223	-
Total Assets	**2,961,428**	**1,611,120**	**1,409,302**
Liabilities			
Accounts payable and accrued liabilities	120,578	33,109	20,761
Shareholders' Equity			
Common shares	8,677,789	8,677,789	8,677,789
Contributed surplus	4,858,379	5,007,069	4,974,637
AOCI	(8,470)	4,511	5,052
Deficit	(10,686,848)	(12,111,358)	(12,268,938)
Total Shareholders' Equity	**2,840,850**	**1,578,011**	**1,388,540**
Total Liabilities and Shareholders' Equity	**2,961,428**	**1,611,120**	**1,409,302**

Cash outflow for the nine months from operating activities was $190,885 (2013: $724,171) were principally comprised of office costs and labour charges and are significantly down as a result of the curtailment of exploration activities and cost reduction initiatives. There was no cash flow from financing activities. Cash inflow from investing activities was $18,649 (2013: $(25,000)) as a result of the disposal of certain Mexican assets. 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.

Investments are comprised of 180,000 Aben shares (after they completed a 10:1 share consolidation). It also includes 1.14 million shares in Patriot, which as of October 31, 2013 were recorded an estimated fair value of $1.

Bonds and reclamation deposits relate to the Mt Polley and October Dome properties. The decrease in property, plant and equipment is principally due to the disposition of certain Mexican assets.

The Mt. Polley properties are located adjacent to Imperial's Mt. Polley open-pit copper gold mine (whose operations are temporally suspended), 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 (~37 hectares) adjacent to Imperial's Boundary Zone that was sold to Imperial and in which the Company retains a royalty. 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. Three royalty payments were received Q1 2012.

In Q4 2013, the Company received US$50,000 from Newmont which resulted in the acquisition costs being recovered on Pedro property in Mexico and a $36,628 recovery in the income statement. Our Yukon mineral properties (JAY, HY, BIG/VBA and VM properties) have been written down to $1 each. The remaining balance of $25,000 relates to the Flume Property

The decrease in accounts payable is consistent with the reduction in the Company's activity levels. There were no changes in the number of common shares or options during the period.

Table 3: Shareholders' Equity ($)	**October 31, 2013**	**July 31, 2014**
Common shares	25,889,648	25,889,648
Options outstanding		
Number	1,690,000	1,100,000
Weighted average price	$0.15	$0.15
Market capitalization	$1.3 million	$0.8 million
Share price	$0.05	$0.03

Commitments

Bearing is in the process of renegotiating its option agreement to earn a 100% interest in the Flume property by making cash payments totalling $245,000 ($100,000 paid) and by spending $500,000 (incurred) on exploration. Freeport retains the right to share in the proceeds derived from the sale or option of the property to a third party. Freeport also retains a 2% NSR royalty, of which one half can be purchased by Bearing for $1,000,000.

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.

Financings -Use of Proceeds

Table 4: - Use of Proceeds Table

Description	**Shares (000's)**	**Price $**	**Gross Proceeds ($000's)**	**Intended Use**	**Actual Use**
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	As intended

5 EXPENDITURE REVIEW

Table 5: Expenditures ($000's)	Quarterly								YTD	
	Q412	**Q113**	**Q213**	**Q313**	**Q413**	**Q114**	**Q214**	**Q314**	**2013**	**2014**
Revenues	-	-	-	-	-	-	-	-	-	-
Exploration expenditures (Table 9)	1,288	183	69	245	110	4	3	3	497	10
Other expenses										
Audit, filing and legal Fees	18	37	10	18	(9)	12	18	20	66	50
Consulting and labour	58	72	78	55	39	43	32	30	206	105
Depreciation and amortization	6	6	6	6	9	5	1	(1)	17	5
Finance income	(4)	(2)	(1)	(16)	(3)	(3)	(3)	(2)	(19)	(8)
FT premium recognition	(51)	-	-	-	-	-	-	-	-	-
Other costs	7	4	6	3	2	(5)	3	(3)	13	(5)
Rent and office costs	23	20	20	22	20	18	6	7	62	31
Share-based payment expense	106	42	38	66	2	(32)	-	-	147	(32)
Unrealized loss on investment	3	1	88	(135)	243	-	(5)	6	(46)	1
Travel and promotion	23	27	24	17	-	-	-	-	67	-
Total other expenses	**189**	**207**	**269**	**37**	**303**	**37**	**52**	**58**	513	**147**
Net loss	**1,477**	**390**	**338**	**282**	**412**	**41**	**55**	**61**	**1,010**	**157**
Other comprehensive income	(3)	(4)	(14)	3	2	-	-	-	(15)	-
Comprehensive loss	**1,474**	**386**	**324**	**285**	**410**	**41**	**55**	**61**	**995**	**157**
Basic loss per share	**$0.06**	**$0.02**	**$0.01**	**$0.01**	**$0.01**	**$0.00**	**$0.00**	**$0.00**	**$0.04**	**$0.01**

As the Company is in the exploration stage it has no sales or revenues. Audit, filing and legal fees in Q4 2013 were associated with a reduction in the provision for audit services. Costs in Q2 and Q3 2014 are up slightly due to the costs associated with the Company's annual and special annual general meeting.

Consulting and labour decreased from the first three quarters of 2013 as the Company looked to conserve cash and restructured some of its personnel. Q4 2013 costs are also lower due to the allocation of a portion of the President and CEO time in the field to the October Dome drill program. Q2 2014 costs decreased due to the President and CEO working part-time effective January 1, 2014.

Rent and office costs include insurance and communication costs and reduced significantly in Q2 2014 as a result of the termination of the office lease. Share-based payment decrease in Q4 2013 is due to almost all of the stock options being vested and therefore expensed. The Q1 2014 amount adjustment is due to a true up for forfeitures at the end of the vesting period for certain options. Unrealized losses in Q2 2013 principally relate to the mark to market losses on the 1.14 million Patriot shares and Q3 2013 gain represents the subsequently recovery of the Patriot shares. The Company wrote the investment down to $1 in Q4 2013.

Travel and promotion expenses decreased due to the corporate downsizing during fiscal 2013.

6 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, 2013.

6.1 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, 2014. 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, 2014, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

6.2 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.

6.3 NI 43-101 Compliance Requirements

Under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), if an issuer discloses 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.

6.4 Other Risks

Reference should be made to the Company's risks and critical accounting policies and practices section of the October 31, 2013, 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.

6.5 Critical Accounting Policies

Estimates, risks and uncertainties

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

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

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

Exploration and Evaluation Costs

Exploration and evaluation costs include costs to acquire the rights to explore, geological studies, exploratory drilling and sampling and directly attributable administrative costs. Exploration and evaluation costs relating to non-specific projects or properties or those incurred before the Company has obtained legal rights to explore an area are expensed in the period incurred. Property acquisition costs are capitalized.

Exploration and evaluation costs, 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.

Other Accounting Policies

Reference should be made to the risks, and critical accounting policies and practices section of the October 31, 2013 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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