BEARING RESOURCES LTD.

Consolidated Financial Statements

For the Year Ended October 31, 2015

(Expressed in Canadian dollars, except where indicated)

Management’s Responsibility for Financial Reporting

The consolidated financial statements of Bearing Resources Ltd. have been prepared by and are the responsibility of the Company’s management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada, which requires International Financial Reporting Standards, and, where appropriate, reflect management’s best estimates and judgements based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company’s assets are safeguarded, transactions are authorized and financial information is reliable.

The Company’s independent auditors, PricewaterhouseCoopers LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements.

“*Robert Cameron*”
President and Chief Executive Officer

“*Damian Towns*”
Chief Financial Officer

February 11, 2016

February 11, 2016

Independent Auditor's Report

To the Shareholders of Bearing Resources Ltd.

We have audited the accompanying consolidated financial statements of Bearing Resources Ltd., which comprise the consolidated statement of financial position as at October 31, 2015 and 2014 and the consolidated statement of loss and comprehensive loss, shareholders' equity and cash flow for the years ended October 31, 2015 and October 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Bearing Resources Ltd. as at October 31, 2015 and 2014 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Bearing Resources Ltd.

Consolidated Statement of Financial Position

As at October 31, 2015 and 2014

(Expressed in Canadian dollars, except where indicated)

	2015 $	2014 $
Assets		
Current assets		
Cash and cash equivalents (note 4)	573,816	728,975
Accounts receivable and prepaid expenses	4,790	4,819
Investments	1	7,201
	578,607	740,995
Non-current assets		
Reclamation bonds and deposits	21,942	21,867
Mineral property interests (note 5)	248,329	593,386
	848,878	1,356,248
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	22,419	17,491
Shareholders' Equity		
Common shares	8,677,789	8,677,789
Contributed surplus	5,023,092	5,023,092
Accumulated other comprehensive income ("AOCI")	3,267	5,286
Deficit	(12,877,689)	(12,367,410)
	826,459	1,338,757
	848,878	1,356,248

Contingencies (note 12)

Approved by the Board of Directors

"Kirk Shaw"

Director

"Eduard Epshtein"

Director

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

Bearing Resources Ltd.

Consolidated Statement of Loss and Comprehensive Loss

For the years ended October 31, 2015 and 2014

(Expressed in Canadian dollars, except where indicated)

Expenditures	**2015**	**2014**
	$	**$**
Exploration costs		
Expenditures (note 3)	1,645	17,551
Write-downs of mineral property interests (note 5)	345,057	-
	346,702	17,551
Corporate and other costs		
Audit, filing and legal fees	56,447	56,970
Consulting and labour	98,530	136,854
Depreciation and amortization	-	5,328
Finance income	(5,410)	(10,656)
Foreign exchange (gain)	(10,633)	(5,001)
Other costs	2,113	(610)
Realized loss on disposal of shares	1,570	-
Rent and office costs	20,960	37,793
Share-based payment expense (note 7)	-	16,023
Unrealized loss on held-for-trading investment	-	1,800
	163,577	238,501
Loss for the year	510,279	256,052
Other comprehensive income		
Items that may be reclassified subsequently to loss for the year		
Foreign currency translation adjustment	2,019	(775)
Comprehensive loss for the year	512,298	255,277
Basic and diluted loss per share	0.02	0.01
Weighted average shares outstanding	25,889,648	25,889,648

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

Bearing Resources Ltd.

Consolidated Statement of Shareholders' Equity

For the years ended October 31, 2015 and 2014

(Expressed in Canadian dollars, except where indicated)

	Common shares					
	No. of shares #	Amount $	Contributed Surplus $	AOCI $	Deficit $	Shareholders' equity $
Balance – October 31, 2013	25,889,648	8,677,789	5,007,069	4,511	(12,111,358)	1,578,011
Share-based payments	-	-	16,023	-	-	16,023
Comprehensive income (loss)	-	-	-	775	(256,052)	(255,277)
Balance – October 31, 2014	25,889,648	8,677,789	5,023,092	5,286	(12,367,410)	1,338,757
Comprehensive income (loss)	-	-	-	(2,019)	(510,279)	(512,298)
Balance – October 31, 2015	25,889,648	8,677,789	5,023,092	3,267	(12,877,689)	826,459

Bearing Resources Ltd.

Consolidated Statement of Cash Flow

For the years ended October 31, 2015 and 2014

(Expressed in Canadian dollars, except where indicated)

	2015 $	2014 $
Cash flows from operating activities		
Loss for the year	(510,279)	(256,052)
Items not affecting cash		
Depreciation and amortization	-	5,328
Loss on disposal of shares	1,570	-
Mineral property write-downs (note 5)	345,057	-
Share-based payment expense	-	16,023
Unrealized loss on held-for-trading investment	-	1,800
Unrealized foreign exchange (gain)	(10,633)	-
Change in non-cash operating working capital		
Decrease (increase) in accounts receivable & prepaid expenses	(46)	9,893
Increase (decrease) in accounts payable & accrued liabilities	4,928	(15,617)
	(169,403)	(238,625)
Cash flows from financing activities		
Share issuances, net	-	-
	-	-
Cash flows from investing activities		
Proceeds of capital asset dispositions	-	17,894
Proceeds of investment disposition	5,630	-
	5,630	17,894
Effect of exchange rate changes on cash and equivalents	8,614	775
Decrease in cash and cash equivalents	(155,159)	(219,956)
Cash and cash equivalents - Beginning of year	728,975	948,931
Cash and cash equivalents - End of year	573,816	728,975

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

1 Nature of operations

Bearing Resources Ltd. (the "Company" or "Bearing") is engaged in the exploration and development of mineral properties in Mexico and Canada. The Company's registered office is 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").

Reorganization

On May 5, 2015, the Company announced its proposal to complete a corporate reorganization (the "Reorganization") that will transform it from a mineral exploration company to a film, television and digital media company. The Reorganization will include the reverse takeover of the Company by Odyssey Media Inc. ("Odyssey") and the concurrent disposition of the Company's mineral properties in exchange for shares of Commander Resources Inc. ("Commander").

Bearing has entered into letters of intent with Odyssey and Commander whereby (i) Bearing will acquire all of the issued and outstanding shares of Odyssey (the "Odyssey Transaction") in exchange for shares of Bearing, and (ii) transfer all of its mineral properties to Commander in exchange for shares of Commander (the "Commander Transaction") which it will then distribute to its shareholders of record prior to closing the Odyssey Transaction.

Odyssey is a Vancouver based private company involved in the production and sale of motion pictures. Commander is a TSX-V listed Canadian focused exploration company with a portfolio of base and precious metals projects across Canada and with equity positions in a number of Canadian junior exploration companies.

The letter of intent between Bearing and Odyssey ("Odyssey LOI") is intended to govern the conduct of Bearing and Odyssey in respect of the proposed Odyssey Transaction and a proposed concurrent financing by Odyssey (the "Odyssey Financing"). The Odyssey LOI provides for an exclusive dealing period commencing on signing and ending on the earlier of the date of closing of the binding definitive agreement (the "Odyssey Agreement") and May 29, 2015 (subsequently extended to February 28**,** 2016**)**, unless otherwise extended by both parties.

Conditions of closing will include:

(i) Bearing will consolidate its issued and outstanding shares at such ratio as will result in there being 6,000,000 shares outstanding (provided that such number may be increased by up to 850,000 additional shares in the event Bearing receives refunds of its Mexican VAT claims);
(ii) Bearing will dispose of all of its mineral property interests and subsidiaries in a manner acceptable to Odyssey acting reasonably (and Bearing's Shareholders and the Exchange, if applicable), which is anticipated to be by way of the Commander Transaction;
(iii) Odyssey will raise at least $2,400,000 pursuant to the Odyssey Financing (through the sale of common shares of Odyssey at $0.10 per share);
(iv) upon the closing date of the Odyssey Transaction, certain directors and officers of Bearing will resign and individuals nominated by Odyssey will be appointed; and
(v) Bearing will change its name to such name as may be approved by Odyssey.

1 Nature of operations (continued)

As consideration for Odyssey, Bearing will issue to Odyssey shareholders, one Bearing Share for each common share of Odyssey outstanding after the Odyssey Financing and, issued and outstanding options and warrants of Odyssey will be exchanged for options and warrants of Bearing on an equal basis.

The letter of intent between Bearing and Commander (the "Commander LOI") sets out the proposed terms of the transfer of Bearing's mineral assets to Commander. Under the terms of the Commander LOI, Bearing will transfer its Canadian mineral properties to its wholly owned subsidiary BRZ Mex Holdings Ltd. which also holds (indirectly) title to Bearing's Mexican mineral properties. Bearing will then transfer all of the shares of BRZ Mex Holding Ltd. to Commander in exchange for 13,000,000 common shares of Commander and $15,000 in cash. Closing is conditional on the following:

(i) The parties entering into a definitive agreement;
(ii) Receipt of Bearing shareholder approval;
(iii) Receipt of regulatory approval; and
(iv) Completion of the transfer of Bearing's Canadian mineral assets from Bearing to the Canadian Subsidiary.

Upon completion of the Commander Transaction, the Company intends to distribute all of the Commander shares which it receives to shareholders.

2 Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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. These financial statements were authorized for issue by the Board of Directors on February 11, 2016.

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; BRZ Mex Holdings Ltd, and Minera BRG SA de CV. All intercompany transactions, balances, income and expenses have been eliminated on consolidation.

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 exploration 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 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.

2 Significant accounting policies (continued)

If, after deferred acquisition costs are capitalized, information becomes available suggesting the recovery of such costs is unlikely, the relevant capitalized amount is written off in the consolidated statement of loss and comprehensive loss in the period when the information becomes available. Management believes that the estimates involving its exploration and evaluation assets and expenditures are reasonable.

Foreign currency translation

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which they operate. The consolidated financial statements are presented in Canadian dollars, which is also Bearing's functional currency. The Company's Mexican subsidiaries have a Mexican peso functional currency. Transactions in other than an entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions.

The financial statements of subsidiaries that have a functional currency other than the Canadian dollar are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the period. All resulting changes are recognized in other comprehensive income as foreign currency translation adjustments.

Property, plant and equipment

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

Exploration and evaluation costs

Exploration and evaluation costs include costs to acquire 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 on the statement of financial position when management has established that a resource exists and 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.

2 Significant accounting policies (continued)

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

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

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

Financial Instruments

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

b) Accounts receivable, reclamation bonds and deposits
Accounts receivable are classified as loans and receivables and are initially recorded at their carrying amount which approximates fair value. Subsequent measurement of receivables is at amortized cost. Reclamation bonds and deposits are also classified as loans and receivables.

c) Investments
Investments in public company shares are held for trading and measured at fair value on the balance sheet. Gains or losses are recognized in the statement of loss.

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

New accounting pronouncements
The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets and new hedging guidance. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the effect of this standard.

(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.

	For the year ended October 31, 2015		
$	**OctDome**	**Mexico**	**Total**
General & administration	5,016	(3,871)	1,145
Geology & geochemistry	500	-	500
	5,516	(3,871)	1,645

	For the year ended October 31, 2014		
$	**OctDome**	**Mexico**	**Total**
Drilling	2,971	-	2,971
General & administration	2,327	12,253	14,580
	5,298	12,253	17,551

4 Cash and cash equivalents

$	**2015**	**2014**
Cash	573,816	104,633
Cash equivalents	-	624,342
	573,816	728,975

5 Mineral property interests

Under the Company's accounting policy property acquisition costs are capitalized.

$	**OctDome**	**Mt Polley**	**Other**	**Total**
October 31, 2013 and 2014	555,057	13,325	25,004	593,386
Acquisition costs	-	-	-	-
Write-downs (recoveries)	(345,057)	-	-	(345,057)
October 31, 2015	210,000	13,325	25,004	248,329

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. A further portion is subject to a 1.5% NSR royalty. In April 2015, the Company wrote down its interest in October Dome as impairment is indicated by the terms of the proposed Commander Transaction (note 1). The amount of the write-down has been estimated based on the value of the cash and shares proposed to be received from Commander as of October 31, 2015.

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.

(Expressed in Canadian dollars, except where indicated)

5 Mineral property interests (continued)

The Mt. Polley properties previously included an additional area adjacent to Imperial's Boundary Zone that was sold to Imperial over 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.

In the **Yukon**, the Company's portfolio includes the Flume (subject to a 2.5% NSR), HY (subject to a 2% NSR), Jay, VM, VBA and Big properties. It also has royalties on properties owned by Aben Resources Ltd. (a 2% NSR on the VF property) and Precipitate Gold Corporation (a 2% NSR on the Jay East Property). In July 2013, the Company wrote down acquisition costs on its Yukon properties (excluding Flume).

In **Mexico**, the Pedro gold property is located near the city of Torreon, the property was previously drilled by Newmont de Mexico, S.A de C.V ("Newmont"), under an option agreement that was terminated in 2014.

6 Common shares

Authorized

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

Capital risk management

The Company considers its common shares and options as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can either complete the Odyssey Transaction or continue to explore and develop its projects for the benefit of its stakeholders.

7 Share stock options

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 at the date of grant in accordance with the Plan.

	2015		2014	
	Number of shares	**Weighted average exercise price $**	**Number of shares**	**Weighted average exercise price $**
Outstanding - October 31	1,300,000	0.09	1,690,000	0.15
Granted	-	-	800,000	0.05
Expired	-	-	(1,190,000)	(0.15)
Outstanding - October 31	1,300,000	0.09	1,300,000	0.09

As of October 31, 2015, the following stock options were outstanding:

Number of options Outstanding	Number of options vested and exercisable	Exercise price $	Expiry Date
500,000	500,000	0.15	July 12, 2016
800,000	800,000	0.05	August 1, 2019
1,300,000	1,300,000		

(Expressed in Canadian dollars, except where indicated)

7 Share stock options (continued)

For the year ended October 31, 2015 total share-based compensation expense was $nil (2014: $16,023).

The following assumptions were used in the Black-Scholes pricing model to calculate compensation expense on the options granted in the year ended October 31, 2014:

	Options
Risk-free interest rate	0.95% to 1.92%
Expected life	2.0 to 3.5 years
Expected volatility	100-120%
Expected dividend	nil

8 Related party transactions

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

$	**2015**	**2014**
Short-term employee benefits	86,285	121,651
Share-based payment expense	-	3,752
Total key management personnel	86,285	125,403

9 Geographic segmented information

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

$	**Mexico**	**Canada**	**Total**
October 31, 2015			
Non-current assets	-	270,271	270,271
October 31, 2014			
Non-current assets	-	615,253	615,253

10 Income taxes

	2015		**2014**	
	$	**%**	**$**	**%**
Earnings (loss) before tax	(510,279)	100	(256,052)	100
Income taxes at statutory rates	132,673	26	66,573	26
Difference in foreign tax rates	(155)	-	545	-
Non-deductible expenses	(6,370)	(1)	(7,041)	(3)
Unrecognized tax benefits	(126,148)	(25)	(60,077)	(23)
Income tax recovery	-	-	-	-

(Expressed in Canadian dollars, except where indicated)

10 Income taxes (continued)

The significant components of the Company's unrecognized deferred income tax asset are as follows:

	2015 $	**2014** $
Mineral property interest	584,630	494,915
Operating losses carried forward	1,103,820	1,193,330
Share issuance costs	275	3,920
Deferred income tax asset	-	-
Unrecognized deferred tax asset	1,688,725	1,692,165

The Company has incurred non-capital losses that may be carried forward and used to reduce taxable income of future years in the countries indicated. These losses will expire as follows:

$	**Canada**	**Mexico**	**Total**
Expiry Date			
2021	-	204,805	204,805
2022	-	1,069,353	1,069,353
2023	-	505,234	505,234
2024	-	12,441	12,441
Thereafter	2,177,963	-	2,177,963
Total	2,177,963	1,791,833	3,969,796

11 Financial instruments

Financial instruments include cash and any contracts that give rise to a financial asset to one party and a financial liability or equity instrument to another party. Financial instruments disclosure requires information about the classification and fair value of financial instruments, including their classification within a hierarchy that prioritizes the inputs to fair value measurements. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Fair Values

As at October 31, 2015, the Company's carrying values of cash and cash equivalents, accounts receivable, reclamation bonds and deposits, accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity. The company has no assets measured at fair value on a recurring basis.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies. Accounts receivable are primarily from governments.

11 Financial instruments (continued)

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents held at October 31, 2015. A 100 basis point (1%) increase or decrease in the interest rate in 2015 would have resulted in approximately an $3,257 change in the Company's reported loss for the year ended October 31, 2015 based on its closing balance during the fiscal year.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by trying to maintain an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs.

Currency Risk

As at October 31, 2015 the Company incurs expenses in Canadian dollars, Mexican pesos and United States dollars. The Company therefore has exposure to United States dollars as the functional currencies of the Company and its Mexican subsidiaries are Canadian dollars and Mexican pesos respectively. Both of these exposures are immaterial.

12 Commitments and Contingencies

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

Management Discussion & Analysis for the twelve months ended October 31, 2015

Dated: February 11, 2016

(Expressed in Canadian Dollars)

The financial information in this document 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, 2015, and 2014.

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 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 which has been focused on exploration for precious and base metals in North America. On May 5, 2015, the Company announced a proposal to complete a corporate reorganization (the "Reorganization") that will transform it from a mineral exploration company into a film, television and digital media company. The Reorganization will include the reverse takeover of the Company by Odyssey Media Inc. ("Odyssey") and the concurrent disposition of the Company's mineral properties in exchange for shares of Commander Resources Inc. ("Commander").

Bearing was incorporated on January 13, 2011 as 0900353 B.C. LTD, 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 shares commenced trading on the TSX Venture Exchange on June 10, 2011. The current Board of Directors is comprised of three Independent Directors (Kirk Shaw; Amar Balaggan and Eduard Epshtein).

2 EXPLORATION AND PROJECT UPDATE

Table 1:Exploration Analysis ($)	QUARTER								Annual	
	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	2014	2015
Drilling	314	-	2,657	-	-	-	-	-	2,971	-
General & administration	4,025	3,303	682	6,570	17,358	(26,442)	8,191	2,038	14,580	1,145
Geology & geochemistry	-	-	-	-	500	-	-	-	-	500
Subtotal	**4,339**	**3,303**	**3,339**	**6,570**	**17,858**	**(26,442)**	**8,191**	**2,038**	**17,551**	**1,645**
Write-downs	-	-	-	-	-	345,057	-	-	-	345,057
	4,339	**3,303**	**3,339**	**6,570**	**17,858**	**318,615**	**8,191**	**2,038**	**17,551**	**346,702**
Split Project / Region:										
Mexico	4,025	2,103	682	5,443	16,262	(30,020)	8,191	1,696	12,253	(3,871)
October Dome	314	1,200	2,657	1,127	1,596	348,635	-	342	5,298	350,573
Total exploration & acquisition	**4,339**	**3,303**	**3,339**	**6,570**	**17,858**	**318,615**	**8,191**	**2,038**	**17,551**	**346,702**

Expenditures by the Company over the last eight quarters were limited as the Company has elected to reduce its exploration activities in an effort to preserve its cash and maintain its treasury to the pending Reorganization.

In Q2 2015, the company received approximately $37,000 in refund from value added taxes in Mexico and also wrote down the OctDome property by $345,057 as a result of impairment indicators arising from the proposed transaction with Commander (section 3). The expenditures in Q3 2015 relate principally to the payment of mining rights to maintain our claims in Mexico.

Mexico

Pedro Property, Durango

The wholly owned Pedro claims are located approximately 100 kilometres from the city of Torreon, and are 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.

In July 2014, Newmont de Mexico, S.A de C.V ("Newmont") terminated an option agreement over the Pedro claims after having paid US$50,000 and drilled 1,744m. For full details of the drill program reference should be made to the Company's news release dated July 3, 2014.

Canada

British Columbia Properties

October Dome

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 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 claims are subject to net smelter return ("NSR") royalties of between 1.5% and 2%. 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 May 5, 2015, the Company wrote down the property by $345,057 as a result of an impairment indicator based on the value of the proposed Commander transaction (section 3).

Mt.Polley

The Mt. Polley properties are located adjacent to Imperial's 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 (~37 hectares) adjacent to Imperial's Boundary Zone that was sold to Imperial and over 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.

Yukon Properties
The Yukon properties include the Flume, HY, Jay, VM, VBA and Big properties. In addition, the Company has two separate royalties on properties owned by Aben Resources Ltd. and owned by Precipitate Gold Corporation.

Flume Property
In May 2013, Ryan Gold Corp ("RGC") terminated its option on the Flume property, after undertaking over $1.5 million in 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. In December 2014, Bearing excised its underlying option to acquire the Flume property, the final payment was waived subject to an additional 0.5% NSR on the property. The Flume property is now subject to a 2.5% NSR.

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

3 OUTLOOK

Bearing has entered into letters of intent with Odyssey and Commander whereby (i) Bearing will acquire all of the issued and outstanding shares of Odyssey (the "Odyssey Transaction") in exchange for shares of Bearing resulting in a reverse takeover, and (ii) transfer all of its mineral properties to Commander in exchange for shares of Commander (the "Commander Transaction") which it will then distribute to its shareholders of record prior to closing the Odyssey Transaction (the "BRZ Shareholders").

Odyssey is a Vancouver based private company involved in the production and sale of motion pictures. Commander is a TSX-V listed Canadian focused exploration company with a portfolio of base and precious metals projects across Canada and equity positions in a number of Canadian junior exploration companies.

The letter of intent between Bearing and Odyssey ("Odyssey LOI") is intended to govern the conduct of Bearing and Odyssey in respect of the proposed Odyssey Transaction and a proposed concurrent financing by Odyssey (the "Odyssey Financing"). The Odyssey LOI provides for an exclusive dealing period commencing on signing and ending on the earlier of the date of closing of the binding definitive agreement (the "Odyssey Agreement") and May 29, 2015 (subsequently extended to February 28, 2016), unless otherwise extended by both parties.

Conditions of closing will include:

(i) Bearing will consolidate its issued and outstanding shares at such ratio as will result in there being 6,000,000 shares outstanding (provided that such number may be increased by up to 850,000 additional shares in the event Bearing receives refunds of its Mexican tax claims);
(ii) Bearing will dispose of all of its mineral property interests and subsidiaries in a manner acceptable to Odyssey acting reasonably (and BRZ's Shareholders and the Exchange, if applicable), which is anticipated to be by way of the Commander Transaction;
(iii) Odyssey will raise at least $2,400,000 pursuant to the Odyssey Financing (through the sale of common shares of Odyssey at $0.10 per share);
(iv) upon the closing date of the Odyssey Transaction (the "Closing Date"), certain directors and officers of Bearing will resign and individuals nominated by Odyssey will be appointed; and
(v) Bearing will change its name to such name as may be approved by Odyssey.

As consideration for Odyssey, Bearing will issue to the Odyssey shareholders, one Bearing Share for each common share of Odyssey outstanding after the Odyssey Financing; and, issued and outstanding options and warrants of Odyssey will be exchanged for options and warrants of Bearing on an equal basis.

The letter of intent between Bearing and Commander (the "Commander LOI") sets out the proposed terms of the transfer of Bearing's mineral assets to Commander. Under the terms of the Commander LOI, Bearing will transfer its Canadian mineral properties to its wholly owned subsidiary BRZ Mex Holdings Ltd. (the "Canadian Subsidiary") which also holds (indirectly) title to Bearing's Mexican mineral properties. Bearing will then transfer all of the shares of the Canadian Subsidiary to Commander in exchange for 13,000,000 common shares of Commander and $15,000 in cash. Closing is conditional on the following:

(i) The parties entering into a definitive agreement;
(ii) Receipt of Bearing shareholder approval;
(iii) Receipt of regulatory approval; and
(iv) Completion of the transfer of Bearing's Canadian mineral assets from Bearing to the Canadian Subsidiary.

Upon completion of the Commander Transaction, the Company intends to distribute all of the Commander shares which it receives to the BRZ Shareholders. In accordance with the Exchange policies, Bearing's common shares are currently halted from trading and will remain so until the Company meets the sponsorship requirements or completes the Reorganization. For full details of the Reorganization reference should be made to the Company's news release dated May 5, 2015 and subsequent update on November 25, 2015.

4 FINANCIAL POSITION REVIEW

Table 2: Financial Position ($) **Assets**	**October 31, 2013**	**October 31, 2014**	**October 31, 2015**
Cash and cash equivalents	948,931	728,975	573,816
Accounts receivable and prepaid expenses	14,829	4,819	4,790
Investments	9,001	7,201	1
Reclamation bonds and deposits	21,750	21,867	21,942
Mineral property interests	593,386	593,386	248,329
October Dome	555,057	555,057	210,000
Mt. Polley	13,325	13,325	13,325
Yukon	25,004	25,004	25,004
Property, plant and equipment	23,223	-	-
Total Assets	**1,611,120**	**1,356,248**	**848,878**
Liabilities			
Accounts payable and accrued liabilities	33,109	17,491	22,419
Shareholders' Equity			
Common shares	8,677,789	8,677,789	8,677,789
Contributed surplus	5,007,069	5,023,092	5,023,092
AOCI	4,511	5,286	3,267
Deficit	(12,111,358)	(12,367,410)	(12,877,689)
Total Shareholders' Equity	**1,578,011**	**1,338,757**	**826,459**
Total Liabilities and Shareholders' Equity	**1,611,120**	**1,356,248**	**848,878**

Cash outflow for the twelve months from operating activities was $169,403 (2014: $238,625) principally comprised of public company compliance costs, office costs and administrative labour. Costs are lower than the previous year as a result of continuing cost reduction initiatives. There were no cash flows from financing activities (2014: $0). Cash inflows for the twelve months from cash flows from investing activities were $5,630 (2014:$17,894). 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 in the event the Reorganization is not completed.

Bonds and reclamation deposits relate to the Mt Polley and October Dome properties. The 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.

Table 3: Shareholders' Equity ($)	**October 31, 2014**	**October 31, 2015**
Common shares	25,889,648	25,889,648
Options outstanding		
Number	1,300,000	1,300,000
Weighted average price	$0.09	$0.09
Market capitalization	$0.8 million	$0.8 million
Share price	$0.03	$0.03

Commitments

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.

5 EXPENDITURE REVIEW

Table 5:Expenditures ($000's)	QUARTER								Annual	
	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	2014	2015
Revenues	-	-	-	-	-	-	-	-	-	-
Expenditures	4	3	3	7	18	(26)	8	2	18	2
Writedown	-	-	-	-	-	345	-	-	-	345
Exploration expenditures (Table 1)	**4**	**3**	**3**	**7**	**18**	**319**	**8**	**2**	**18**	**347**
Other expenses										
Audit, filing and legal fees	12	18	20	7	6	21	16	14	57	56
Consulting and labour	43	32	30	32	32	32	20	14	137	98
Depreciation and amortization	5	1	(1)	-	-	-	-	-	5	-
Finance income	(3)	(3)	(2)	(3)	(2)	(2)	(1)	-	(11)	(5)
Foreign exchange loss (gain)	(4)	1	-	(2)	(8)	4	(6)	-	(5)	(10)
Other costs	(1)	2	(3)	(1)	-	-	-	1	(1)	1
Rent and office costs	18	6	7	7	5	5	6	5	38	21
Share-based payment expense	(32)	-	-	48	-	-	-	-	16	-
Unrealized loss on investment	-	(5)	6	1	-	-	2	-	2	2
Total other expenses	**37**	**52**	**58**	**91**	**32**	**60**	**37**	**34**	**238**	**163**
Net loss	**41**	**55**	**62**	**98**	**50**	**379**	**45**	**36**	**256**	**510**
Other comprehensive income	-	-	-	(1)	-	-	-	-	(1)	-
Comprehensive loss	**41**	**55**	**62**	**97**	**50**	**379**	**45**	**36**	**255**	**510**
Basic and diluted loss per share	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.01**	**0.00**	**0.00**	**0.01**	**0.02**

As the Company is in the exploration stage it has no revenues. Audit, filing and legal fees in in Q2 and Q3 2014 are up slightly due to the costs associated with the Company's annual and special annual general meeting. Q3 and Q4 2015 include the cost of an auditor review of the interim financial statements in connection with the Reorganization of the Company. Expenditures in Q4 2015 were principally associated with maintaining the company in good standing for the pending Reorganization.

Q2 2014 costs decreased as the President and CEO started working part-time effective January 1, 2014, effective May 1, 2015, the President and CEO agreed to pay on "as needed basis" which has further reduced the consulting and labour costs in Q3 2015.

Rent and office costs include insurance and communication costs. This cost category reduced significantly in Q2 2014 as a result of the termination of the Company's office lease. Share-based compensation expenses in Q4 2014 related to the stock option grant on August 1, 2014.

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, 2015.

Completion of the Reorganization is subject to a number of conditions, including Exchange acceptance and disinterested shareholder approval. The Reorganization cannot close until the required shareholder approval is obtained. There can be no assurance that the Reorganization will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the Reorganization, any information released or received with respect to the Reverse Takeover may not be accurate or complete and should not be relied upon. Trading in the securities of Bearing Resources Ltd. should be considered highly speculative.

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 October 31, 2015. 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 October 31, 2015, 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 Government Laws, Regulation & Permitting

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

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

6.5 Additional Financings

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

6.6 Key Management and Competition

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

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

6.7 Title to Properties

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

6.8 Commodity Prices

Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

6.9 Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

6.10 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 exploration 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 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.

If, after deferred acquisition costs are capitalized, information becomes available suggesting the recovery of such costs is unlikely, the relevant capitalized amount is written off in the consolidated statement of loss and comprehensive loss in the period when the information becomes available. Management believes that the estimates involving its exploration and evaluation assets and expenditures are reasonable.

Foreign currency translation

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which they operate. The consolidated financial statements are presented in Canadian dollars, which is also Bearing's functional currency. The Company's Mexican subsidiaries have a Mexican peso functional currency. Transactions in other than an entity's functional currency are recorded at exchange rates prevailing on the dates of the transactions.

The financial statements of subsidiaries that have a functional currency other than the Canadian dollar are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate for the period. All resulting changes are recognized in other comprehensive income as foreign currency translation adjustments.

Property, plant and equipment

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

Exploration and evaluation costs

Exploration and evaluation costs include costs to acquire 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 on the statement of financial position when management has established that a resource exists and 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.

Income taxes

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

Loss per share

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

Financial Instruments

a) Cash and cash equivalents

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

b) Accounts receivable, reclamation bonds and deposits

Accounts receivable are classified as loans and receivables and are initially recorded at their carrying amount which approximates fair value. Subsequent measurement of receivables is at amortized cost. Reclamation bonds and deposits are also classified as loans and receivables.

c) Investments

Investments in public company shares are held for trading and measured at fair value on the balance sheet. Gains or losses are recognized in the Statement of loss.

d) Accounts payable

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

New accounting pronouncements

The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets and new hedging guidance. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the effect of this standard.

www.bearingresources.ca

Contact: Robert Cameron, President and CEO at rcameron@bearingresources.ca