

Consolidated Financial Statements

For the Year ended October 31, 2014

(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

December 18, 2014

December 18, 2014

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, 2014 and 2013 and the consolidated statement of loss and comprehensive loss, shareholders' equity and cash flow for the years ended October 31, 2014 and October 31, 2013, 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, 2014 and 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Bearing Resources Ltd.

Consolidated Statement of Financial Position

As at October 31, 2014 and 2013

(Expressed in Canadian dollars, except where indicated)

	2014 $	2013 $
Assets		
Current assets		
Cash and cash equivalents (note 4)	728,975	948,931
Accounts receivable and prepaid expenses	4,819	14,829
Investments (note 5)	7,201	9,001
	740,995	972,761
Non-current assets		
Reclamation bonds and deposits	21,867	21,750
Mineral property interests (note 6)	593,386	593,386
Property, plant and equipment	-	23,223
	1,356,248	1,611,120
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	17,491	33,109
	17,491	33,109
Shareholders' Equity		
Common shares	8,677,789	8,677,789
Contributed surplus	5,023,092	5,007,069
Accumulated other comprehensive income ("AOCI")	5,286	4,511
Deficit	(12,367,410)	(12,111,358)
	1,338,757	1,578,011
	1,356,248	1,611,120

Contingencies (note 13)

Approved by the Board of Directors

"Eduard Epshtein"
Director

"Amar Balaggan"
Director

Bearing Resources Ltd.

Consolidated Statement of Loss and Comprehensive Loss

For the years ended October 31, 2014 and 2013

(Expressed in Canadian dollars, except where indicated)

Expenditures	**2014**	**2013**
	$	**$**
Exploration costs (note 3)	17,551	608,237
Corporate and other costs		
Audit, filing and legal fees	56,970	56,019
Consulting and labour	136,854	244,292
Depreciation and amortization	5,328	27,282
Finance income	(10,656)	(22,277)
Other costs	(5,611)	15,669
Rent and office costs	37,793	81,685
Share-based payment expense (note 8)	16,023	148,690
Unrealized loss on held-for-trading investment	1,800	197,193
Travel and promotion	-	67,720
	238,501	816,273
Loss for the year	256,052	1,424,510
Other comprehensive income		
Items that may be reclassified subsequently to loss for the year		
Foreign currency translation adjustment	(775)	(12,981)
	(775)	(12,981)
Comprehensive loss for the year	255,277	1,411,529
Basic and diluted loss per share ($ per share)	$0.01	$0.05
Weighted average shares outstanding (000's)	25,889	25,889

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, 2014 and 2013

(Expressed in Canadian dollars, except where indicated)

	Common shares					
	No. of shares	Amount	Contributed Surplus	AOCI	Deficit	Shareholders' equity
	#	$	$	$	$	$
Balance – October 31, 2012	25,889,648	8,677,789	4,858,379	(8,470)	(10,686,848)	2,840,850
Share-based payments	-	-	148,690	-	-	148,690
Comprehensive income (loss)	-	-	-	12,981	(1,424,510)	(1,411,529)
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

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

Bearing Resources Ltd.

Consolidated Statement of Cash Flow

For the years ended October 31, 2014 and 2013

(Expressed in Canadian dollars, except where indicated)

	2014 $	2013 $
Cash flows from operating activities		
Loss for the year	(256,052)	(1,424,510)
Items not affecting cash		
Depreciation and amortization	5,328	27,282
Share-based payment expense	16,023	148,690
Unrealized loss on held-for-trading investment	1,800	206,993
Mineral property write-downs	-	101,654
	(232,901)	(939,891)
Change in non-cash operating working capital		
Decrease (increase) in accounts receivable & prepaid expenses	9,893	97,464
Increase (decrease) in accounts payable & accrued liabilities	(15,617)	(87,470)
	(238,625)	(929,897)
Cash flows from financing activities		
Share issuances, net	-	-
	-	-
Cash flows from investing activities		
Mineral property acquisition costs	-	(25,000)
Mineral property reimbursements	-	14,896
Receipts from capital asset dispositions	17,894	-
	17,894	(10,104)
Effect of exchange rate changes on cash and equivalents	775	(1,615)
Increase in cash and cash equivalents	(219,956)	(941,616)
Cash and cash equivalents - Beginning of year	948,931	1,890,547
Cash and cash equivalents - End of year	728,975	948,931

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

1 Nature of operations

Bearing Resources Ltd. (the "Company" or "Bearing") is an exploration stage company that 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").

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 December 18, 2014.

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 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.

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.

2 Significant accounting policies (continued)

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 affects 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.

2 Significant accounting policies (continued)

Flow-through common shares
Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares. These instruments permit the Company to renounce (i.e. transfer) the tax deductions associated with an equal value of qualifying resource expenditures to the investor.

The proceeds from the issuance of flow-through shares are allocated between the offering of the flow-through shares and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company incurs the expenditures, at which point the liability is reversed and recorded as other income on the statement of loss.

Valuation of equity units
The Company has adopted a pro-rata method for the measurement of shares and warrants issued as units in financing arrangements. The pro-rata method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of each component.

The fair value of the common shares is based on the closing price on the closing date of the transaction and the fair value of the warrants is determined on the closing date of the transaction using the Black-Scholes option pricing model. The fair value attributed to the warrants is recorded as contributed surplus. If the warrants are exercised, the value attributable to the warrants is transferred to share capital.

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 net income.

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.

2 Significant accounting policies (continued)

New accounting pronouncements

Unless otherwise noted, the following revised standards and amendments are effective for annual periods of the Company beginning on or after November 1, 2014 with earlier application permitted, except where indicated. The Company does not believe that these new standards and amendments will have a significant impact on its reported results or financial position.

(i) The completed version of IFRS 9, *Financial Instruments*, was issued in July 2014. The completed 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. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard. This final version of 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.

(ii) IFRIC 21, Accounting for Levies imposed by Governments, clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy. IFRIC 21 is effective for the Company beginning on January 1, 2014. The Company is currently assessing the impact of this guidance.

(iii) In May 2014, IFRS 15, Revenue from Contracts with Customers was issued which establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently assessing the effect of this standard.

3 Exploration costs

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

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

					For the year ended October 31, 2013
$	**OctDome**	**Yukon**	**Mexico**	**Other**	**Total**
Camp & accommodation	-	-	14,793	-	14,793
Drilling	171,703	-	-	-	171,703
General & administration	12,353	350	170,503	72,591	255,797
Geology & geochemistry	1,872	6,991	138,243	3,813	150,919
Write-downs (recoveries)	-	132,111	(117,086)	-	15,025
	185,928	139,452	206,453	76,404	608,237

4 Cash and cash equivalents

$	2014	2013
Cash	104,633	75,024
Cash equivalents	624,342	873,907
	728,975	948,931

5 Investments

Held for trading investments **($)**	2014	2013
Patriot Minefinders Inc ("Patriot") (1,140,000 shares)	1	1
Aben Resources Ltd. ("Aben") (180,000 shares) (note 6)	7,200	9,000
	7,201	9,001

The Company received 1,200,000 Patriot common shares (note 6), 60,000 common shares were assigned as part of a finders' fee arrangement. As of October 31, 2013, as a result of the Company's inability to sell the Patriot shares, 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.

In March 2014, Aben completed a 10 for 1 consolidation of its shares.

6 Mineral property interests

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

$	Mexico	OctDome	Mt Polley	Other	Total
October 31, 2012	167,390	555,057	13,325	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 (recoveries)	-	-	-	-	-
October 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. A further 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.

6 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. Three royalty payments were received in 2012.

In the **Yukon**, the Company's portfolio includes the Flume (note 13), 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.

Mexican Properties:

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. Following the Patriot option termination, Bearing terminated the underlying option agreement to acquire the KM66 property in April 2013 and wrote off capitalized acquisition costs of $165,536.

7 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 continue to explore and develop its projects for the benefit of its stakeholders.

8 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 in accordance with the Plan.

In May 2013, the Company received approval to re-price 2,135,000 options from an average exercise price of $0.69 to $0.15. As a result of the re-pricing of the options the Company recognized an additional $6,366 in stock based compensation expense.

8 Share stock options (continued)

	2014		2013	
	Number of shares	**Weighted average exercise price $**	**Number of shares**	**Weighted average exercise price $**
Outstanding - October 31	1,690,000	0.15	2,255,000	0.69
Granted	800,000	0.05	-	-
Forfeited			(73,334)	0.17
Expired	(1,190,000)	(0.15)	(491,666)	0.27
Outstanding - October 31	1,300,000	0.09	1,690,000	0.15

As of October 31, 2014, 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		

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

For the year ended October 31, 2014 total share-based compensation expense was $16,023 (2013: $148,690).

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

	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

9 Related party transactions

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

$	**2014**	**2013**
Short-term employee benefits	121,651	283,882
Share-based payment expense	3,752	62,789
Total key management personnel	125,403	346,671

10 Geographic segmented information

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

$	Mexico	Canada	Total
October 31, 2014			
Non-current assets	-	615,253	615,253
October 31, 2013			
Non-current assets	19,225	619,134	638,359

11 Income taxes

	2014		2013	
	$	%	$	%
Earnings (loss) before tax	(256,052)	100	(1,424,510)	100
Income taxes at statutory rates	66,573	26	370,372	26
Difference in foreign tax rates	545	-	16,307	1
Non-deductible expenses	(7,041)	(3)	(54,141)	(4)
Tax benefits to be renounced	-	-	(55,423)	(4)
Effect of change in tax rates	-	-	13,984	1
Unrecognized tax benefits	(60,077)	(23)	(291,099)	(20)
Income tax recovery	-	-	-	-

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

	2014 $	2013 $
Mineral property interest	494,915	491,989
Operating losses carried forward	1,193,330	1,146,071
Share issuance costs	3,920	7,565
Deferred income tax asset	-	-
Unrecognized deferred tax asset	1,692,165	1,645,625

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	-	219,282	219,282
2022	-	1,129,881	1,129,881
2023	-	533,831	533,831
2024	-	13,145	13,145
Thereafter	2,401,879	-	2,401,879
Total	2,401,879	1,896,139	4,298,018

12 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.

At October 31, 2014, the Company's held-for-trading investments in Aben, have been measured at fair value on a recurring basis and are classified as as Level 1.

Fair Values
As at October 31, 2014, 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 financial assets or liabilities classified as held-for-trading or available-for-sale, other than the Aben and Patriot shares.

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.

Interest Rate Risk
The Company is exposed to interest rate risk on its cash and cash equivalents held at October 31, 2014. A 100 basis point (1%) increase or decrease in the interest rate in 2014 would have resulted in approximately an $8,390 change in the Company's reported loss for the year ended October 31, 2014 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 maintaining 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, 2014 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.

13 Commitments and Contingencies

The following table sets out the fiscal year cash commitments of the Company as of October 31, 2014 and does not consider any subsequent events.

$	2014	2015	2016	Thereafter	Total
Flume option payments	35,000	60,000	50,000	-	145,000
Total	35,000	60,000	50,000	-	145,000

Flume

Subsequent to year end, Bearing exercised its option agreement to acquire the Flume property. The outstanding balance of $145,000 was waived in return for an additional 0.5% NSR. Bearing now owns the Flume property subject to a 2.5% NSR. The NSR can be reduced at any time to 1% NSR by paying to $1,500,000.

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.