

Condensed Consolidated Financial Statements

For the Quarter ended January 31, 2015

(Expressed in Canadian dollars, except where indicated)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Bearing Resources Ltd.

Condensed Consolidated Statement of Financial Position

As at January 31, 2015 and October 31, 2014

(Expressed in Canadian dollars, except where indicated)

	January 31, 2015 $	October 31, 2014 $
Assets		
Current assets		
Cash and cash equivalents	677,784	728,975
Accounts receivable and prepaid expenses	2,094	4,819
Investments	7,201	7,201
	687,079	740,995
Non-current assets		
Reclamation bonds and deposits	21,918	21,867
Mineral property interests (note 4)	593,386	593,386
	1,302,383	1,356,248
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	14,266	17,491
	14,266	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")	4,853	5,286
Deficit	(12,417,617)	(12,367,410)
	1,288,117	1,338,757
	1,302,383	1,356,248

Contingencies (note 10)

Approved by the Board of Directors

"Eduard Epshtein"
Director

"Amar Balaggan"
Director

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

Bearing Resources Ltd.

Condensed Consolidated Statement of Loss and Comprehensive Loss

For the three months ended January 31, 2015 and 2014

(Expressed in Canadian dollars, except where indicated)

Expenditures	**Three Months Ended January 31, 2015**	**Three Months Ended January 31, 2014**
	$	**$**
Exploration costs (note 3)	17,858	4,339
Corporate and other costs		
Audit, filing and legal fees	5,562	11,781
Consulting and labour	31,664	42,583
Depreciation and amortization	-	5,230
Finance income	(2,454)	(2,694)
Other costs	(7,915)	(5,272)
Rent and office costs	5,493	17,886
Share-based payment expense (note 6)	-	(32,432)
Unrealized loss on held-for-trading investment	-	-
	32,349	37,082
Loss for the period	50,207	41,421
Other comprehensive income		
Items that may be reclassified subsequently to loss for the period		
Foreign currency translation adjustment	433	(743)
	433	(743)
Comprehensive loss for the period	50,640	40,678
Basic and diluted loss per share ($ per share)	$0.00	$0.00
Weighted average shares outstanding (000's)	25,889,648	25,889648

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

Bearing Resources Ltd.

Condensed Consolidated Statement of Shareholders' Equity

For the three months ended January 31, 2015 and 2014

(Expressed in Canadian dollars, except where indicated)

	Common shares					
	No. of shares	Amount	Contributed Surplus	AOCI	Deficit	Shareholders' equity
	#	$	$	$	$	$
Balance – November 1, 2013	25,889,648	8,677,789	5,007,069	4,511	(12,111,358)	1,578,011
Share-based payments	-	-	(32,432)	-	-	(32,432)
Comprehensive income (loss)	-	-	-	743	(41,421)	(40,678)
Balance – January 31, 2014	25,889,648	8,677,789	4,974,637	5,254	(12,152,779)	1,504,901
Balance – November 30, 2014	25,889,648	8,677,789	5,023,092	5,286	(12,367,410)	1,338,757
Share-based payments	-	-	-	-	-	-
Comprehensive income (loss)	-	-	-	(433)	(50,207)	(50,640)
Balance – January 31, 2015	25,889,648	8,677,789	5,023,092	4,853	(12,417,617)	1,288,117

Bearing Resources Ltd.

Condensed Consolidated Statement of Cash Flow

For the three months ended January 31, 2015 and 2014

(Expressed in Canadian dollars, except where indicated)

	Three Months Ended January 31, 2015 $	Three Months Ended January 31, 2014 $
Cash flows from operating activities		
Loss for the period	(50,207)	(41,421)
Items not affecting cash		
Depreciation and amortization	-	5,230
Share-based payment expense	-	(32,432)
Unrealized loss on held-for-trading investment	-	-
	(50,207)	(68,623)
Change in non-cash operating working capital		
Decrease (increase) in accounts receivable & prepaid expenses	2,673	9,251
Increase (decrease) in accounts payable & accrued liabilities	(3,224)	(12,609)
	(50,758)	(71,981)
Cash flows from financing activities		
Share issuances, net	-	-
	-	-
Cash flows from investing activities		
Receipts from capital asset dispositions	-	9,110
	-	9,110
Effect of exchange rate changes on cash and equivalents	(433)	123
Increase in cash and cash equivalents	(51,191)	(62,748)
Cash and cash equivalents - Beginning of period	728,975	948,931
Cash and cash equivalents - End of period	677,784	886,183

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 interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34- Interim Financial Reporting. The accounting policies followed in these condensed interim consolidated financial statements are consistent with those of the previous financial year, except as described below.

(i) 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 did not result in any changes to its accounting treatment.

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, 2015 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) 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 4. Costs on Mt. Polley are included under the "Other" heading on the following table:

3 Mineral property interests (continued)

	For the three months ended January 31, 2015				
$	**OctDome**	**Yukon**	**Mexico**	**Other**	**Total**
Drilling	-	-	-	-	-
General & administration	1,096	-	16,262	-	17,358
Geology & geochemistry	500	-	-	-	500
	1,596	-	16,262	-	17,858

	For the three months ended January 31, 2014				
$	**OctDome**	**Yukon**	**Mexico**	**Other**	**Total**
Drilling	314	-	-	-	314
General & administration	-	-	4,025	-	4,025
Geology & geochemistry	-	-	-	-	-
	314	-	4,025	-	4,339

4 Mineral property interests

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

$	**Mexico**	**OctDome**	**Mt Polley**	**Other**	**Total**
October 31, 2013	-	555,057	13,325	25,004	593,386
Acquisition costs	-	-	-	-	-
October 31, 2014	-	555,057	13,325	25,004	593,386
Acquisition costs	-	-	-	-	-
January 31, 2015	-	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.

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.

4 Mineral property interests (continued)

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 (a 2% NSR on the VF property) and Precipitate Gold Corporation ("Precipitate") (a 2% NRS on the Jay East Property). In July 2013, the Company wrote down acquisition costs on its Yukon properties (excluding Flume) to $4.

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.

5 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.

6 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.

	January 31, 2015		October 31, 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
Forfeited	-	-	-	-
Expired	-	-	(1,190,000)	(0.15)
Outstanding - October 31	1,300,000	0.09	1,300,000	0.09

As of January 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		

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.

6 Share stock options (continued)

For the period ended January 31, 2015 total share-based compensation expense was nil (2014: ($32,432)).

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

7 Related party transactions

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

$	Three Months Ended January 31, 2015	Three Months Ended January 31, 2014
Short-term employee benefits	27,921	37,905
Share-based payment expense	-	-
Total key management personnel	27,921	37,905

8 Geographic segmented information

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

$	Mexico	Canada	Total
January 31, 2015			
Non-current assets	-	615,253	615,253
October 31, 2014			
Non-current assets	-	615,253	615,253

9 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 January 31, 2015, 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

9 Financial instruments (continued)

As at January 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 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 January 31, 2015. A 100 basis point (1%) increase or decrease in the interest rate in 2014 would have resulted in approximately an $7,034 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 January 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.

10 Commitments and Contingencies

The following table sets out the fiscal year cash commitments of the Company as of January 31, 2015 and does not consider any subsequent events.

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.