



Bearing Resources Ltd.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended January 31, 2017

(Unaudited - Expressed in Canadian dollars)

Bearing Resources Ltd.Condensed Consolidated Interim Statement of Financial Position
(Expressed in Canadian dollars)

As at	Note	January 31, 2017 (unaudited) \$	October 31, 2016 (audited) \$
ASSETS			
Current assets			
Cash		2,516,943	1,856,756
Accounts receivable		15,654	18,032
Prepaid expense		28,339	24,337
Investment in marketable securities	3	712,851	600,001
		3,273,787	2,499,126
Non-current assets			
Reclamation bond		21,993	21,993
Exploration and evaluation assets	4	4	4
		3,295,784	2,521,123
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		90,123	45,779
Deposits received	5	52,850	-
		142,973	45,779
SHAREHOLDERS' EQUITY			
Common shares	7	10,475,766	9,677,738
Contributed surplus	7	6,423,453	5,770,948
Deficit		(13,746,408)	(12,973,342)
Total shareholders' equity		3,152,811	2,475,344
Total liabilities and shareholders' equity		3,295,784	2,521,123

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Commitment (Note 9)

Subsequent Events (Note 10)

These consolidated financial statements were approved for issuance by the Board of Directors on March 20, 2017 and signed on its behalf by:

/s/ Kirk Shaw
Director

/s/ Jeremy Poirier
Director

Bearing Resources Ltd.Condensed Consolidated Interim Statement of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

For the three months ended January 31	Note	2017 \$	2016 \$
Exploration costs			
Expenditures		-	6,376
Operating expenses			
Consulting	6	253,154	11,303
Investor relations and communication		25,878	-
Management		36,700	-
Office and general		13,775	3,760
Merger related costs	9	54,796	-
Professional fees		34,300	6,318
Regulatory and filing		17,920	809
Share-based payment expense	7	362,711	-
Travel		46,782	-
		(846,016)	(22,190)
Other income			
Foreign exchange gain		668	5,488
Interest income		2,282	35
Recovery on exploration and evaluation asset	5	10,000	-
Unrealized gain on investment	4	60,000	-
		72,950	5,523
Net loss for the period		(773,066)	(23,043)
Other comprehensive expense			
Items that may be reclassified subsequently to loss for the period			
Foreign currency translation adjustment		-	(310)
Comprehensive loss		(773,066)	(23,353)
Basic and diluted loss per common share		(0.04)	(0.00)
Weighted average number of common shares outstanding		20,363,716	6,472,412

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Bearing Resources Ltd.

Condensed Consolidated Interim Statement of Shareholders' Equity

For the three months ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

	Common Shares		Contributed Surplus	AOCI	Deficit	Shareholders' equity
	No. of shares	Amount				
	#	\$				
Balance, October 31, 2015	6,472,412	8,677,789	5,023,092	3,267	(12,877,689)	826,459
Comprehensive loss for the period				(310)	(23,043)	(23,353)
Balance, January 31, 2016	6,472,412	8,677,789	5,023,092	2,957	(12,900,732)	803,106
Issued for cash pursuant to private placement	12,000,000	1,104,000	456,000	-	-	1,560,000
Share issuance costs	-	(87,541)	-	-	-	(87,541)
Finders warrants	-	(16,510)	16,510	-	-	-
Share-based payment expense	-	-	275,346	-	-	275,346
Disposition of Mexican subsidiaries	-	-	-	(2,957)	-	(2,957)
Net loss for the period	-	-	-	-	(72,610)	(72,610)
Balance, October 31, 2016	18,472,412	9,677,738	5,770,948	-	(12,973,342)	2,475,344
Issued for cash pursuant to private placement <i>[note 7]</i>	2,865,000	888,433	257,567	-	-	1,146,000
Share issuance costs <i>[note 7]</i>	-	(68,178)	-	-	-	(68,178)
Finders warrants <i>[note 7]</i>	-	(42,617)	42,617	-	-	-
Share-based payment expense <i>[note 7]</i>	-	-	362,711	-	-	362,711
Options exercised <i>[note 7]</i>	50,000	20,390	(10,390)	-	-	10,000
Net loss for the period	-	-	-	-	(773,066)	(773,066)
Balance, January 31, 2017	21,387,412	10,475,766	6,423,453	-	(13,746,408)	3,152,811

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Bearing Resources Ltd.

Statements of Cash Flow

For the three months ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Net loss for the period	(773,066)	(23,043)
Add items not affecting cash:		
Share-based payment expense	362,711	-
Unrealized gain on investment	(60,000)	-
Unrealized foreign exchange	-	(5,488)
Changes in non-cash working capital items relating to operations:		
Accounts receivable	2,378	2,721
Prepaid expenses and other	(4,002)	-
Accounts payable and accrued liabilities	29,944	5,998
Cash used in operating activities	(442,035)	(19,812)
FINANCING ACTIVITIES		
Issuance of common shares	1,092,222	-
Proceeds from options exercised	10,000	-
Cash provided by financing activities	1,102,222	-
Effect of exchange rate changes on cash	-	5,178
Increase (decrease) in cash	660,187	(14,634)
Cash, beginning of the period	1,856,756	573,816
Cash, end of the period	2,516,943	559,182

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Bearing Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Business Description

Bearing Resources Ltd. (the "Company") is engaged in the exploration and development of mineral properties. The Company's registered office is 2600-1066 West Hastings Street, Vancouver, British Columbia, Canada.

On September 23, 2016, the Company completed a transaction with Commander Resources Ltd. ("Commander") whereby Bearing transferred certain of its Canadian mineral property interests to its wholly owned subsidiaries, BRZ Mex Holdings Ltd. ("BRZM") and Minera BRG SA de CV ("Mexican subsidiaries"). Subsequent to the transfer of the mineral property interests, Bearing transferred its shareholdings in the Mexican subsidiaries to Commander in exchange for 12,000,000 common shares of Commander and payment of \$15,000 ("Commander Agreement")(note 4).

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34 – Interim Financial Reporting. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those of the previous financial year.

The condensed consolidated interim financial statements of the Company for the three months ended January 31, 2017, were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 20, 2017. These condensed consolidated interim financial statements do not contain disclosures required under IFRS and should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the year ended October 31, 2016.

3. INVESTMENT IN MARKETABLE SECURITIES

			January 31, 2017	October 31, 2016
	Number of shares			
Commander Resources Ltd.				
Fair value at inception	12,000,000	\$	720,000	\$ 720,000
Unrealized loss			(60,000)	(120,000)
Fair value, end of the period			660,000	600,000
Golden Predator Mining Corp.				
Fair value at agreement date [note 5]	35,000	\$	21,700	\$ -
Unrealized gain			31,150	-
			52,850	-
Patriot Minefinders Inc.				
Fair value, end of the period	1,200,000		1	1
		\$	712,851	\$ 600,001

Bearing Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

4. MINERAL PROPERTY INTERESTS

	October Dome	Mt Polley	Yukon	Total
Balance, October 31, 2015	\$ 210,000	\$ 13,325	\$ 25,004	\$ 248,329
Disposition of mineral property interests in connection with the Commander Agreement [note 1]	(210,000)	(13,325)	(25,000)	(248,325)
Balance, October 31, 2016 and January 31, 2017	\$ -	\$ -	\$ 4	\$ 4

5. DEPOSITS RECEIVED

On January 3, 2017, the Company entered into a property purchase agreement with Golden Predator Mining Corp. ("Golden"), pursuant to which Golden has agreed to purchase all of the Company's interest in certain mineral claims in the Yukon Territory. As partial consideration for the purchase agreement, Golden will pay to the Company an aggregate fee of \$275,000, payable over 48 months from the execution date of the purchase agreement. In addition, Golden will issue shares according to the following schedule:

- (i) 35,000 common shares on date of execution (issued)
- (ii) 50,000 common shares 8 months after date of execution; and
- (iii) Common shares equal to \$600,000 on the 20 month, 32 month and 48 month anniversary of the execution date.

Under the terms of the purchase agreement, Golden will also grant to the Company a 2% net smelter royalty ("NSR") on certain claims and a 1% NSR on the remaining claims. Golden has the right to re-purchase 50% of the NSR for \$1,000,000 at any time.

During the three months ended January 31, 2017, the Company received \$10,000 (non-refundable) and 35,000 common shares, measured at a fair value of \$0.62. The non-refundable cash payment has been recognized as a recovery on exploration and evaluation asset. Upon completion of the Li3 transaction [Note 9], the shares received will become non-refundable and will be recognized as a recovery on exploration and evaluation asset.

6. RELATED PARTY DISCLOSURE

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Three months ended January 31, 2017	Three months ended January 31, 2016
Consulting	\$ 1,750	\$ 9,239
Management	32,200	-
	<u>\$ 33,950</u>	<u>\$ 9,239</u>

As at January 31, 2017, included in accounts payable and accrued liabilities is \$10,050 (2016 - \$2,730) owing to related parties for accrued management, consulting and expense reimbursements.

Bearing Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

7. SHARE CAPITAL

Common shares

During the 3 months ended January 31, 2017, the company issues 2,865,000 units for gross proceeds of \$1,146,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire an additional share of the Company for a period of one year from the date of issuance at an exercise price of \$0.80 per warrant. Total proceeds were allocated based on the proportionate fair value of the common share and the warrant, with \$257,567 of the proceeds allocated to the warrant and \$888,433 allocated to the common share.

In conjunction with the financing, the Company paid aggregate finder's fees of \$68,178 and issued 147,000 broker's warrants having a fair value of \$42,617 and having the same terms as the warrants issued as units pursuant to this private placement.

On November 15, 2016, the Company issued 50,000 common shares pursuant to the exercise of stock options at \$0.20 per share for proceeds of \$10,000. Previously recognized grant date fair value of \$10,390 was reclassified from contributed surplus to common shares.

Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	Number	Weighted Average Exercise Price
Balance, October 31, 2016	12,147,000	\$ 0.25
Private placement of equity units	1,432,500	0.80
Brokers' warrants issued as finders' fees	147,000	0.80
Balance, January 31, 2017	13,726,500	\$ 0.31

	Number	Exercise Price
Date of Expiry		
October 21, 2017	12,147,000	\$ 0.25
December 12, 2017	1,517,000	0.80
December 16, 2017	62,500	0.80
Total warrants issued and exercisable	13,726,500	

The fair value of the broker warrants of \$42,617 issued in connection with the private placement were calculated using the Black-Scholes Option Pricing Model with the following assumptions: stock price \$0.50, exercise price \$0.80, term of 1 year, volatility of 191.53%, dividend yield of 0% and a risk-free interest rate of 0.62.

As of January 31, 2017, the weighted average remaining life for outstanding warrants was 0.74 years.

Bearing Resources Ltd.

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7. SHARE CAPITAL (CONTINUED)

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.

Stock option transactions and the number of stock options outstanding are summarized below:

	Number	Weighted Average Exercise Price \$
Balance, October 31, 2015	325,000	0.36
Forfeited	(25,000)	0.20
Expired	(125,000)	0.60
Granted	1,325,000	0.26
Balance, October 31, 2016	1,500,000	0.25
Granted	650,000	0.54
Exercised	(50,000)	0.20
Balance, January 31, 2017	2,100,000	0.34

Date of Expiry	Exercise Price	Number of Options Issued and Exercisable
August 1, 2019	\$0.20	125,000
October 24, 2021	\$0.26	1,325,000
December 2, 2021	\$0.50	125,000
January 4, 2022	\$0.50	125,000
January 5, 2022	\$0.55	125,000
January 6, 2022	\$0.58	225,000
January 9, 2022	\$0.59	50,000
Balance, January 31, 2017		2,100,000

As of January 31, 2017, the weighted average remaining life for outstanding options was 4.66 years.

During the three months ended January 31, 2017, the Company recorded share-based payments of \$362,711 (2016 - \$nil) for options granted during the period that were measured using the Black-Scholes Option Pricing Model with the following weighted-average assumptions:

	2017	2016
Share price	0.59	-
Exercise price	0.54	-
Expected life	5 years	-
Annualized volatility	169.14%	-
Expected dividend yield	0%	-
Risk-free interest rate	1.08%	-
Fair value per option	\$0.56	-

Bearing Resources Ltd.

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The fair value of the Company's financial instruments is approximated by their carrying value due to their short-term nature.

IFRS 13 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 – inputs for the asset or liability that are not based upon observable market data.

The fair value of cash and marketable securities (with the exception of shares in Patriot Minefinders Inc.) are based on Level 1 inputs. The Company's investment in the shares of Patriot Minefinders Inc. are classified as a level 3 financial instrument. There are no level 2 financial instruments.

9. COMMITMENT

On January 27, 2017, the Company entered into a definitive agreement and plan of merger with Li3. Pursuant to the agreement, a newly-formed wholly owned subsidiary of the Company will merge with Li3, with Li3 surviving the merger as a wholly owned subsidiary of the Company. At the effective time of the merger, each common share of Li3 will be converted into the right to receive common shares of the Company for an aggregate of 16,000,000 shares. As a result Li3 shareholders will receive approximately 43% of the Company's issued common shares. Option and warrant holders of Li3 will also receive the right to receive options and warrants of the Company on a one to one basis.

In connection with the agreement with Li3, the Company has agreed to repay the principal of \$525,000 of convertible debt owed by Li3 plus a 22% interest bonus. In addition, the Company agreed to pay the legal expenses of the convertible note holders' up to a maximum of USD\$15,000 and pay USD\$30,000 to cover the convertible debt holders' representative. Approximately USD\$350,000 of the outstanding debt and interest will be settled with the issuance of units at a price of \$0.40 each. Each unit will be comprised of one common share and one-half warrant. Each whole warrant will entitle the holder to acquire an additional common share for one year following the close of the proposed transaction.

During the three months ended January 31, 2017 the company incurred \$54,796 in legal fees related to the agreement.

10. SUBSEQUENT EVENTS

[a] On February 7, 2017, the Company entered into an asset purchase agreement to acquire a 100% interest in 81 lode claims located in Esmeralda County, Nevada. To complete the purchase, the Company will pay US \$60,000 in cash and issue 1,400,000 common shares of the Company.

[b] Subsequent to January 31, 2017, the Company issued 1,410,245 common shares pursuant to the exercise of 1,410,245 warrants for proceeds of \$352,561.