



Condensed Consolidated Interim Financial Statements
For the Nine Months Ended July 31, 2016

(Unaudited)

(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 condensed consolidated interim financial statements of Bearing Resources Ltd. (the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three and nine months ended July 31, 2016 and 2015 have not been reviewed or audited by the Company's independent auditors.

Bearing Resources Ltd.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars, except where indicated)

As at	July 31, 2016	October 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 461,096	\$ 573,816
Accounts receivable and prepaid expenses	7,458	4,790
Investments	1	1
	<u>468,555</u>	<u>578,607</u>
Non-current assets		
Reclamation bonds and deposits	21,957	21,942
Mineral property interests (note 4)	248,329	248,329
	<u>\$ 738,841</u>	<u>\$ 848,878</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 30,024	\$ 22,419
Shareholders' Equity		
Common shares	8,677,789	8,677,789
Contributed surplus	5,023,092	5,023,092
Accumulated other comprehensive income ("AOCI")	1,946	3,267
Deficit	<u>(12,994,010)</u>	<u>(12,877,689)</u>
	<u>708,817</u>	<u>826,459</u>
	<u>\$ 738,841</u>	<u>\$ 848,878</u>

Contingencies (note 11)

Subsequent events (note 12)

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on September 27, 2016 and signed on its behalf by:

"Kirk Shaw"

Director

"Jeremy Poirier"

Director

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

	Three Months Ended July 31, 2016	Three Months Ended July 31, 2015	Nine Months Ended July 31, 2016	Nine Months Ended July 31, 2015
Expenditures				
Exploration costs				
Expenditures (note 3)	\$ 5,715	\$ 8,191	\$ 22,246	\$(393)
Write-downs of mineral property interests	-	-	-	345,057
	5,715	8,191	22,246	344,664
Corporate and other costs				
Audit, filing and legal fees	25,209	16,265	50,108	42,530
Consulting and labour	12,689	19,898	32,789	83,899
Finance income	(38)	(741)	(109)	(5,368)
Foreign exchange (gain)	(2,906)	(5,790)	200	(9,431)
Realized loss on disposal of shares	-	1,570	-	1,570
Rent and office costs	4,033	5,733	11,088	16,392
	38,987		94,076	
Loss for the period	\$ 44,701	\$ 45,125	\$ 116,321	\$ 474,256
Other comprehensive income				
Foreign currency translation adjustment	365	(768)	1,321	1,490
Comprehensive loss for the period	\$ 45,066	\$ 44,358	\$ 117,642	\$ 475,746
Basic and diluted loss per share	\$ 0.01	\$ 0.01	\$ 0.02	0.07
Weighted average shares outstanding	6,472,418	6,472,418	6,472,418	6,472,418

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

Bearing Resources Ltd.

Condensed Consolidated Interim Statement of Shareholders' Equity

(Unaudited - Expressed in Canadian dollars, except where indicated)

	Common shares		Contributed Surplus	AOCI	Deficit	Shareholders' equity
	No. of shares	Amount \$				
Balance, October 31, 2014	6,472,418	8,677,789	5,023,092	5,286	(12,367,410)	1,338,757
Comprehensive income (loss)	-	-	-	(1,490)	(474,256)	(475,746)
Balance, July 31, 2015	6,472,418	8,677,789	5,023,092	3,796	(12,841,666)	863,011
Comprehensive income (loss)	-	-	-	(529)	(36,023)	(36,552)
Balance, October 31, 2015	6,472,418	8,677,789	5,023,092	3,267	(12,877,689)	826,459
Comprehensive income (loss)	-	-	-	(1,321)	(116,321)	(117,642)
Balance, July 31, 2016	6,472,418	8,677,789	5,023,092	1,946	(12,944,010)	708,817

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

Bearing Resources Ltd.

Condensed Consolidated Interim Statement of Cash Flow

(Unaudited - Expressed in Canadian dollars, except where indicated)

	For the Nine Months Ended July 31, 2016	For the Nine Months Ended July 31, 2015
Cash flows from operating activities		
Loss for the period	\$ (116,321)	\$ (474,256)
Items not affecting cash		
Loss on disposal of shares	-	1,570
Mineral Property write-down	-	345,057
Unrealized foreign exchange (gain)	200	(10,663)
Change in non-cash operating working capital		
Decrease (increase) in accounts receivable & prepaid expenses	(2,683)	(3,699)
Increase (decrease) in accounts payable & accrued liabilities	7,605	2,005
	(111,199)	(139,986)
Cash flows from investing activities		
Proceeds from capital dispositions/investment	-	5,630
	-	(139,986)
Effect of exchange rate changes on cash and equivalents	1,521	9,173
Decrease in cash and cash equivalents	(112,720)	(125,183)
Cash and cash equivalents - Beginning of period	573,816	728,975
Cash and cash equivalents - End of period	\$ 461,096	\$ 603,792

OTHER SUPPLEMENT INFORMATION

Interest paid	\$	-	\$	-
Income taxes paid	\$	-	\$	-

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 Nine Months Ended July 31, 2016

(Expressed in Canadian dollars, except where indicated)

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").

On May 5, 2015, the Company announced its proposal to complete a corporate reorganization (the "Reorganization") that would have transformed it from a mineral exploration company to a film, television and digital media company. The Reorganization would have included 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"). On March 14, 2016, the Company announced the termination of this Reorganization with Odyssey but, subject to regulatory approval, is still pursuing the disposition of the Company's mineral properties with Commander whereby Bearing would receive 13,000,000 common shares of Commander and \$15,000 in cash (note 12).

On August 22, 2016, the Company consolidated its common shares on the basis of 4 pre-consolidation common shares to 1 post-consolidation common share. All the figures as to the number of common shares, stock options, prices of issued shares, exercise prices of stock options, as well as income (loss) per share, in the unaudited condensed consolidated interim financial statements are post-consolidation amounts and the prior year comparatives have been retroactively restated to present the post-consolidation amounts.

2. Significant accounting policies

Basis of presentation

These condensed interim 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.

These condensed interim consolidated financial statements were approved for issue on September 27, 2016 by the Audit Committee on behalf of the Board of Directors. The condensed interim consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with the Company's audited annual consolidated financial statements and the notes thereto for the year ended October 31, 2015.

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.

Bearing Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended July 31, 2016

(Expressed in Canadian dollars, except where indicated)

3. Exploration costs (continued)

For the three months ended July 31, 2016 (\$)	OctDome	Mexico	Other	Total
General & administration	-	3,365	-	3,365
Property Investigation	-	-	2,350	2,350
	-	3,365	2,350	5,715
For the three months ended July 31, 2015 (\$)	OctDome	Mexico	Other	Total
General & administration	-	8,191	-	8,191
	-	8,191	-	8,191
For the nine months ended July 31, 2016 (\$)	OctDome	Mexico	Other	Total
General & administration	-	11,047	-	11,047
Property Investigation	-	-	11,198	11,198
	-	11,047	11,198	22,246
For the nine months ended July 31, 2015 (\$)	OctDome	Mexico	Other	Total
General & administration	4,674	(5,567)	-	(893)
Geology & geochemistry	500	-	-	500
	5,174	(5,567)	-	(393)

4 Mineral property interests

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

\$	OctDome	Mt Polley	Other	Total
October 31, 2014	555,057	13,325	25,004	593,386
Write-downs (recoveries)	(345,057)	-	-	(345,057)
October 31, 2015	210,000	13,325	25,004	248,329
July 31, 2016	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 (note 12).

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.

Bearing Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended July 31, 2016

(Expressed in Canadian dollars, except where indicated)

4. 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 (note 12).

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 , under an option agreement that was terminated in 2014 (note 12).

5. Common shares*Authorized*

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

Effective August 22, 2016, the Company consolidated its issued and outstanding common shares and stock options on the basis of one post-consolidation common share for every four pre-consolidation common shares.

As a result of the share consolidations, the number of shares and options presented in these condensed consolidated interim financial statements and the exercise price for each option and warrant, and the calculated weighted average number of common shares issued and outstanding for the purpose of loss per share calculation are based on the post-consolidation shares for all years presented.

6. Share stock 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.

	2016		2015	
	Number of shares	Weighted average exercise price \$	Number of shares	Weighted average exercise price \$
Outstanding - October 31	325,000	0.36	325,000	0.36
Expired	(125,000)	0.60	-	-
Outstanding, July 31	200,000	0.20	325,000	0.36

As of July 31, 2016, the following stock options were outstanding:

Number of options Outstanding	Number of options vested and exercisable	Exercise price \$	Expiry Date
200,000	200,000	0.20	August 1, 2019

For the nine months ended April 30, 2016 total share-based compensation expense was \$nil (2015 - \$nil).

Bearing Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended July 31, 2016

(Expressed in Canadian dollars, except where indicated)

7. Related party transactions

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

\$	Three Months Ended July 31, 2016	Three Months Ended July 31, 2015	Nine Months Ended July 31, 2016	Nine Months Ended July 31, 2015
Short-term employee benefits	9,250	17,716	32,188	73,569
Share-based payment expense	-	-	-	-
Total key management personnel	9,250	17,716	32,188	73,569

8. Geographic segmented information

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

\$	Canada	Total
July 31, 2016		
Non-current assets	270,183	270,183
October 31, 2015		
Non-current assets	270,183	270,183

9. 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 find new projects and continue to explore and develop its projects for the benefit of its stakeholders.

10. 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 July 31, 2016, 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.

Bearing Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended July 31, 2016(Expressed in Canadian dollars, except where indicated)

10. Financial instruments (continued)**Interest Rate Risk**

The Company is exposed to interest rate risk on its cash and cash equivalents held at July 31, 2016. A 100 basis point (1%) increase or decrease in the interest rate in 2016 would have resulted in approximately an \$3,458 change in the Company's reported loss for the period ended July 31, 2016 based on its closing balance.

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 July 31, 2016 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.

11. Commitments and contingencies

As part of the Arrangement, the Company agreed to indemnify Levon from any tax liabilities associated with the transfer of the assets to the Company 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.

12. Subsequent events

On September 23, 2016 Commander Resources Ltd. ("Commander") acquired all of the Company's mineral assets in Mexico and Canada with the exception of four 100% owned properties (HY-Jay, VBA, VM and Big), all in the Yukon,, in exchange for 12 million common shares of Commander and a cash payment of \$15,000.