Bearing Resources Ltd.
Management Discussion & Analysis
For the year ended October 31, 2016

This Management Discussion & Analysis ("MD&A") is provided to enable the reader to assess material changes in financial condition and results of operations of Bearing Resources Ltd ("Bearing" or the "Company") for the year ended October 31, 2016. This MD&A should be read in conjunction with the audited consolidated financial statements of the company for the year ended October 31, 2016, prepared in accordance with international financial reporting standards ("IFRS") as issued by the international accounting standards board ("IASB"). This MD&A complements and supplements, but does not form part of the company's consolidated financial statements.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 15. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

This MD&A is prepared in conformity with National Instrument 51-102F1. All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. This MD&A has taken into account information available up to and including February 28, 2017.

BUSINESS OVERVIEW

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 March 14, 2016, it terminated a proposed corporate reorganization (the "Reorganization") that would have changed the company's business from mineral exploration into 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 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.

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 the MD&A and audited consolidated financial statements and the exercise price for each option, 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.

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 (BRZ.V).

SUBSEQUENT EVENTS

[a] 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.

[b] On December 12, 2016, the Company closed the first tranche of a non-brokered private placement and raised $1,096,000 by issuing 2,740,000 units. 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.

On December 16, 2016, the Company closed a second tranche of the private placement. An additional 125,000 units at a price of $0.40 per unit for total gross proceeds of $50,000 was raised.

In total the Company raised an aggregate 2,865,000 units under both tranches of the private placement for gross proceeds of $1,146,000. A total of 147,000 finder's warrants were issued. These finder's warrants had the same terms as the warrants issued as part of the units.

[c] 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:

- 35,000 common shares on date of execution (Issued January, 2017);
- 50,000 common shares 8 months after date of execution; and
- 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.

[d] On November 23, 2016 Bearing entered into a letter of intent (the "LOI") pursuant to which Bearing was granted the exclusive right to negotiate the acquisition of Li3 Energy Inc. ("Li3") for a period of 30 days. Under the terms of the LOI, the anticipated compensation to be paid by Bearing would be the issuance of 16,000,000 common shares and the assumption of the all of the debts and liabilities of Li3, in an aggregate amount not to exceed $1.7 million. On December 7 2016, Bearing announced it had entered agreements with holders of convertible notes of Li3. Pursuant to such agreements, on closing of the acquisition of Li3, Bearing agreed to repay the outstanding US$525,000 owed to the noteholders plus accrued interest in addition to a 22% bonus payment (collectively, the "Outstanding Debt"). Bearing also agreed to cover the noteholders legal expenses up to US$15,000. Approximately US$350,000 of the Outstanding Debt would be settled by the issuance of units of the Company to be issued 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.

On January 27, 2017, the Company entered into a definitive agreement and plan of merger with Li3. Pursuant to the definitive 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. Closing of the transaction remains subject to Li3 shareholder approval.

[e] 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.

[f] Subsequent to October 31, 2016, the Company issued 1,410,245 common shares pursuant to the exercise of 1,410,245 warrants for proceeds of $352,561.

[g] Subsequent to October 31, 2016, the Company granted:

125,000 stock options at an exercise price of $0.50 per option,
125,000 stock options at an exercise price of $0.55 per option,
225,000 stock options at an exercise price of $0.58 per option
50,000 stock options at an exercise price of $0.59 per option, and
125,000 stock options at an exercise price of $0.62 per option.

Each option entitles the holder to acquire one common share of the Company for a period of five years from the grant date.

NI 43-101 QUALIFIED PERSONS

Robert Cameron, PGeo, a qualified person as defined by National Instrument 43-101, has reviewed the scientific and technical information that forms the basis for the technical disclosure in this MD&A and has approved the disclosure with respect thereto herein. Mr. Cameron is not independent of the Company, as he is the former President and Chief Executive Officer and holds incentive stock options.

OUTLOOK

Bearing is an exploration and development company working to close the pending transaction with Li3 in the next two quarters. The Li3 Definitive Agreement will enable it to acquire an interest in the advanced-stage Maricunga project located in Chile, which represents one of the highest-grade lithium brine development opportunities in the Americas. When the transaction completes, the Company plans to focus on working with its partners to advance the pre-production lithium project in Chile.

The Company may need additional funding in the near future through either equity or debt financing to acquire new projects and further develop its remaining portfolio. Many factors influence the Company's ability to raise funds, including the health of the capital market, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the funding of new projects. Management is approaching all identifiable sources of equity capital, but there is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable.

MINERAL PROPERTIES

Exploration related 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.

The company currently retains 4 mineral properties, all in the Yukon Canada. The Yukon properties include the, HY Jay, VM, VBA and Big properties.

HY and Jay Property

The Company has a 100% interest in the HY and Jay claims, subject to a 2% NSR on a portion of the Hy claims. Work to date on the HY-Jay property by Bearing and previous owners has outlined three areas of anomalous gold in rock and soil at the Zig Zag, East Ridge and West zones. The East Ridge and West zones are highlighted by 0.9-kilometre- and 1.4-kilometre-long gold and arsenic soil geochemical anomalies. Of 298 rock Grab samples collected from the property 26 returned values greater than 1 gram per tonne grab sample 73723 collected in 1997 from the West zone returned 144.1 g/t gold (Bearing news releases of Nov. 24, 2011, and Dec. 12, 2011). The 2011 discovery of the Zig Zag gold zone returned significant gold assays from grab samples of quartz-arsenopyrite vein material collected from a large field of metasediment and phyllite subcrop and float boulders. Grab samples are selective by nature and are unlikely to represent average grades of sampling on the entire property.

Subsequent to year end Golden Predator Mining Corp. ("Golden Predator") has entered into a mineral property purchase agreement with Bearing Resources Ltd. pursuant to which Golden Predator agreed to purchase all of Bearing Resources' undivided interest in the property for total cash payments in the amount of $275,000, payable over a 48-month period from the execution date of the agreement. In addition, Golden Predator will issue a combined total of 35,000 common shares to the Company upon TSX Venture Exchange approval, and a further 50,000 common shares on the date that is eight months from the execution date. Golden Predator has also agreed to issue up to $600,000 worth of common shares of the company to the vendor on the dates that are 20 months, 32 months and 48 months from the execution date, at a price per share equal to the 21-day volume-weighted average price as at the date of issuance, subject to a floor price equal to the minimum price permitted under the TSX-V policies. The transaction is subject to completion of the Li3 transaction.

Bearing will retain a 2-per-cent net smelter return royalty on certain of the claims and a 1-per-cent net smelter returns royalty on the remaining claims. Golden Predator may repurchase 50 per cent of the NSR, at any time, for the purchase price of $1-million. Completion of the acquisition and the obligation to make any payments other than the initial cash payment and share issuance are conditional upon completion by Bearing Resources of its transaction with Li3 Energy Inc.

<u>Chile Pending Transaction</u>

Bearing has entered into a definitive agreement to acquire Li3 Energy Inc and its interest in the Maricunga Project (the "**Li3 Definitive Agreement**"). Li3 currently holds a 17.7% interest in the Maricunga Project along with Minera Salar Blanco ("**MSB**") and Lithium Power International Limited ("**Lithium Power**") at 32.3% and 50% respectively pursuant to a joint venture arrangement (the "**Joint Venture**"). Under the terms of the Joint Venture, Lithium Power has agreed to fund exploration and development costs with both Li3 and MSB having a free carry until the completion of a definitive feasibility study.

The Maricunga lithium brine project is comprised of 4,463 hectares of old code and new code tenements covering a portion of the Maricunga Salar in northern Chile. Sampling to date by the joint venture indicates potential for high lithium grades from brine within the salar. Over US$30 million has been invested in the project to date by Li3 Energy Corp and the current JV partner Lithium Power International Limited. The project is comprised of a number of tenements some of which some are grandfathered under a previous mining code which allows for the immediate exploitation of lithium.

A significant exploration and development program is underway with a goal of delivery of a Definitive Feasibility Study (DFS) in 2018. Drilling by the Joint Venture has recently generated the following drill results which were reported on in several press releases since January 17, 2017.

Hole	Tenement	Total Depth (m)	Assay Interval (m)	Lithium (mg/L avg)	Potassium (mg/L avg)	Lithium (mg/L max)
M10	Cocina	200	40	1,239	8,611	1,571
M1	Cocina	77	75	1,447	9,903	1,946
M2	Cocina	198	190	931	6,605	1,700
S5	Salamina	200	186	1,005	6,934	1,270
S3	San Francisco	200	186	1,040	7,708	1,240
S13	San Francisco	200	186	999	7,294	1,260
S6	San Francisco	200	186	1,368	9,468	3,375
M1A	Cocina	200	192	822	6,104	2,006
S2	Cocina	200	192	954	6,580	1,940
S18	Litio	173	168	1,382	11,041	1,740
S19	Cocina	360	336	975	7,273	1,614
P4	Cocina	180	Pumping well averaging 25 litres per second			

Source: Lithium Power International Ltd. Press Releases

<u>Properties sold during the year ended October 31, 2016</u>

On June 23, 2016, Commander and Bearing along with Bearing's wholly-owned subsidiary BRZ Mex Holdings Ltd. ("BRZM") executed an Asset Purchase Agreement (the "Agreement") wherein Commander acquired 100% of the issued and outstanding shares of BRZM which included BRZM's wholly-owned subsidiary, Minera BRG SA de CV., ("Minera BRG"). BRZM and its subsidiary together hold a 100% interest of four exploration stage properties in Canada and

Mexico: October Dome (BC), Mt. Polley (BC), Flume (Yukon) and Pedro (Durango, Mexico). In addition, three royalty interests were also acquired. One of these royalties includes a production-defined royalty on a portion of the Boundary Zone deposit at the Mt. Polley Mine in BC owned by Imperial Metals Corporation.

On September 23, 2016, the transaction in connection with the Agreement was completed. As consideration, the Company received 12,000,000 common shares of Commander and $15,000.

Pedro Property, Mexico

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

October Dome, Canada

The 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.

On 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 then proposed Commander transaction.

Mt.Polley, Canada

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 90% interest in 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.

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.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements for the year ended October 31, 2016, have been prepared on a going concern basis, which assumes that the Company will continue in operation in the foreseeable future and will be able to realize its assets and settle its liabilities in the normal course of business. At October 31, 2016, the Company had a working capital of $2,453,347 (October 31, 2015 – $556,188). The Company had a deficit of $12,973,342 as at October 31, 2016 (October 31, 2015 – $12,877,689).

Cash outflow for the year from operating activities was $204,519 (2015: $169,403) principally comprised of public company regulatory related costs, office costs and administrative labour. Costs are lower than the previous year as a result of continuing cost reduction initiatives. There were $1,472,459 cash inflows from financing activities (2015: $0). 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.

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.

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.

ANNUAL FINANCIAL INFORMATION

As at	October 31, 2016	October 31, 2015	October 31, 2014
Cash	1,856,756	573,816	728,975
Accounts receivable	18,032	4,790	4,819
Prepaid expense	24,337	-	-
Investments	600,001	1	7,201
Reclamation bonds and deposits	21,993	21,942	21,867
Mineral property interests	4	248,329	593,386
Total Assets	2,521,123	848,878	1,356,248
Accounts payable and accrued liabilities	45,779	22,419	17,491
Common shares	9,677,738	8,677,789	8,677,789
Contributed surplus	5,770,948	5,023,092	5,023,092
AOCI	-	3,267	5,286
Deficit	(12,973,342)	(12,877,689)	(12,367,410)
Shareholders' Equity	2,475,344	826,459	1,338,757
Total Liabilities and Shareholders' Equity	2,521,123	848,878	1,356,248

For the year ended	October 31, 2016	October 31, 2015	October 31, 2014
Total Revenue	-	-	-
Operating expenses	445,137	178,050	238,501
Exploration Related costs	22,442	346,702	17,551
Other income (expense)	371,926	(14,473)	-
Net loss	95,653	510,279	256,052
Total Comprehensive loss	98,920	512,298	255,277
Basic and diluted loss per common share	0.01	0.08	0.01

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA

The Company incurred total comprehensive loss of $98,920, during the year ended October 31, 2016, a decrease of $413,378, as compared to the total comprehensive loss of $512,298 for the year ended October 31, 2015. The increase in comprehensive loss attributable to shareholders of the Company for the year ended October 30, 2016 was mainly impacted by the following factors:

During the year ended October 31, 2016, the Company recognized a $488,129 gain related to the disposition of the Company's Mexican subsidiaries.

Share based payment expense of $275,346 in the year ended October 31, 2016 is compared to $nil for the year ended October 31, 2015. There were no stock options issued during the prior year ended October 31, 2015.

Audit, filing and legal fees increased by $32,579, to $89,026 for the year ended October 31, 2016, from $56,447 for the year ended October 31, 2015, due to the increased legal activities related to the annual general meeting, property sales, property investigation and an overall increase in business activity.

During the year ended October 31, 2016, the Company recognized a $120,000 fair value loss on its investment which are held for trading. During the year the Company received 12,000,000 common shares of Commander Resources Ltd. as compensation for mineral properties sold. The fair value of these shares at the time of sale was $720,000 whereas the fair value of these shares at October 31, 2016 was $600,000. This change in fair value resulted in the unrealized loss on investments.

The realized loss on disposition of shares of $1,570 in the year ended October 31, 2105 is compared to $nil for the year ended October 31, 2016. There were no share sales during the year ended October 31, 2015.

The Company incurred a total comprehensive gain of $18,722 during the three months ended October 31, 2016, an increase in the comprehensive gain of $55,274 when compared to the comprehensive loss of $36,552 for the three months ended October 31, 2015. The change was impacted by the following principle factors:

During the three months ended October 31, 2016 the Company recognized a $488,129 gain related to the sale of the Company's Mexican subsidiaries.

Share based payment expense of $275,346 in the three months ended October 31, 2016 is compared to nil for the three months ended October 31, 2015. There were no stock options issued during the prior three months ended October 31, 2015.

Audit, filing and legal fees increased by $25,001, to $38,918 for the three months ended October 31, 2016, from $13,917 for the three months ended October 31, 2015, due to the increased legal activities related to the annual general meeting, property sales, property investigation and an overall increase in business activity.

During the three months ended October 31, 2016, the Company recognized a $120,000 fair value loss on its investment which are held for trading. During the three months the Company received 12,000,000 common shares of Commander Resources Ltd. as compensation for mineral properties sold. The fair value of these shares at the time of sale was $720,000 whereas the fair value of these shares at October 31, 2016 was $600,000. This change in fair value resulted in the unrealized loss on investments.

Summary of quarterly results

The following table provides summary financial data for the Company's most recent eight quarters derived from the Company's unaudited condensed consolidated interim financial statements prepared in accordance with IAS 34.

	Quarter ended	Revenue	Exploration expenditures	Net gain (loss)	Net comprehensive gain (loss)	Basic and diluted gain (loss) per common share
Q4/16	October 31, 2016	$ -	$ 196	$ 20,668	$ 18,722	$ 0.00
Q3/16	July 31, 2016	-	5,715	(44,701)	(45,066)	(0.01)
Q2/16	April 30, 2016	-	10,155	(48,577)	(49,222)	(0.01)
Q1/16	January 31, 2016	-	6,376	(23,043)	(23,353)	(0.00)
Q4/15	October 31, 2015	-	2,038	(36,023)	(36,552)	(0.01)
Q3/15	July 31, 2015	-	8,191	(45,126)	(44,358)	(0.01)
Q2/15	April 30, 2015	-	(26,442)	(378,923)	(380,748)	(0.06)
Q1/15	January 31, 2015	-	17,858	(50,207)	(50,640)	(0.00)

As at	Quarter ended	Total Assets	Exploration Assets	Working capital
/16	October 31, 2016	$ 2,515,123	$ 4	$ 2,453,347
Q3/16	July 31, 2016	738,841	248,329	438,531
Q2/16	April 30, 2016	765,869	248,329	483,634
Q1/16	January 31, 2016	831,522	248,329	539,239
Q4/15	October 31, 2015	848,878	248,329	556,188
Q3/15	July 31, 2015	882,507	248,329	592,782
Q2/15	April 30, 2015	927,503	248,329	637,186
Q1/15	January 31, 2015	1,302,383	593,386	672,813

The primary factors affecting the magnitude and variations of the Company's losses are as follows:

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

In Q4/16 the Company had a $488,129 gain related to the sale of the Company's Mexican subsidiaries. This gain was combined with share based payment expense of $275,346 and an unrealized loss on investments of $120,000 where there were no similar expense in previous 7 quarters.

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. The expenditures in Q3 2015 and Q1 2016 relate principally to the payment of mining rights to maintain our claims in Mexico. In Q2 2016 the Company evaluated an exploration opportunity that did not culminate in a deal occurring.

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 general meeting. Q3 and Q4 2015 include the cost of an auditor review of the interim consolidated financial statements in connection with the subsequently terminated transaction with Odyssey. Expenditures in Q4 2015 and Q1 2016 were principally associated with maintaining the company in good standing. Included in Q2 2016 were legal costs associated with a property acquisition that didn't transpire.

Effective May 1, 2015, the President and CEO agreed to pay on "as needed basis" which further reduced the consulting and labour costs in Q3 2015.

OUTSTANDING SHARE DATA

As at February 28 2016, there are:

- 22,797,663 (October 31, 2016: 18,472,412) common shares outstanding;
- There were 2,100,000 stock options issued and outstanding (October 31, 2016 – 1,500,000)
- There were 12,169,255 warrants outstanding (October 31, 2016 – 12,147,000)

On October 21, 2016, the Company completed a non-brokered private placement and issued in aggregate 12,000,000 units at a price of $0.13 per unit for gross proceeds of $1,560,000. Each unit consists of one common share and one share purchase warrant. Each 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 $0.25 per share. In conjunction with the financing, the Company paid aggregate finder's fees of $87,541 and issued 147,000 broker's warrants having a fair value of $16,510 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.

On November 15, 2016 the Company raised an aggregate 2,865,000 units under both tranches of a private placement 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. A total of 147,000 finder's warrants were issued. These finder's warrants had the same terms as the warrants issued as part of the units.

Subsequent to October 31, 2016, the Company issued 1,410,245 common shares pursuant to the exercise of 1,410,245 warrants for proceeds of $352,561.

RELATED PARTY TRANSACTIONS

The Company considers the Jeremy Poirier, CEO, Robert Cameron, former CEO, Ann Fehr, CFO and Damian Towns, former CFO to be key management personnel.

	Year ended October 31, 2016	Year ended October 31, 2015
Consulting and labour	$ 52,392	$ 86,285
Share-based payment expense	220,277	-
Total key management personnel	$ 272,669	$ 86,285

As at October 31, 2016, the Company included in accounts payable and accrued liabilities is $2,730 (2015 - $nil) owing to Fehr & Associates, a Company controlled by Ann Fehr for accrued consulting and professional fees and expense reimbursements during the year ended October 31, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the year ended October 31, 2016.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the consolidated financial statements for the year ended October 31, 2016.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

FINANCIAL INSTRUMENTS

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 are based on Level 1 inputs. There are no level 2 or 3 financial instruments.

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.

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.

Market risk
[i] Interest rate risk
The Company is exposed to interest rate risk on its cash and cash equivalents held at October 31, 2016. A 100 basis point (1%) increase or decrease in the interest rate in 2016 would have resulted in approximately a $3,257 change in the Company's reported loss for the year ended October 31, 2016 based on its closing balance during the fiscal year.

[ii] Currency risk
As at October 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.

[iii] Price Risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

CRITICAL ACCOUNTING POLICIES

Estimates, risks and uncertainties
The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

- Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

    - The Company determined that the transfer of the shares of BRZM represented a loss of control of the subsidiary resulting in the de-recognition of the assets and liabilities of BRZM from the consolidated financial statements.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

- Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted

  Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

  The Company has not recorded any deferred tax assets.

- Management uses the Black-Scholes Option Pricing Model for valuation of share based compensation and brokers' warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations and equity reserves.

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.

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 the Company's functional currency. The Company's Mexican subsidiaries had 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 consolidated financial statements of subsidiaries that have a functional currency other than the Canadian dollar were 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%.

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.

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 the gross proceeds and the 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 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 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 Standards Not Yet Effective

At the date of the approval of the consolidated financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

IFRS 9 – Financial Instruments.

This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal.

The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

This standard is effective for reporting periods beginning on or after January 1, 2018.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

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 July 31, 2016. 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 consolidated 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 consolidated 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, 2016, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

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, former President and Chief Executive Officer of the Company, 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.

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.

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.

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.

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.

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.

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.

Risks associated with foreign operations
The Company is currently working to having active projects in Chile and the USA. Accordingly, the Company is subject to all of the risks normally associated with the exploration, development and production of mineral properties in these jurisdiction. The Company's operations could be adversely impacted by political instability, foreign policies, differing business environments and changes in government regulations relating to foreign investment, corporate organization and governance, commerce, taxation, trade and the mining industry. The economies in foreign jurisdictions may differ in many respects, including the level of government intervention, level of development, maturity of the legal system and control of foreign exchange. Any changes in foreign regulations or shifts in political conditions are beyond the Company's control and there is no assurance that current and future mineral operations will not be adversely impacted by foreign political, social or economic changes.

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.

APPROVAL

The Company's Board of Directors has approved the Company's consolidated financial statements for the year ended October 31, 2016. The Company's Board of Directors has also approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and is available on www.sedar.com and the Company's website www.bearingresources.ca.