



Bearing Lithium Corp.

Condensed Consolidated Interim Financial Statements

For the Six Months Ended April 30, 2017

(Unaudited - Expressed in Canadian dollars)

**Bearing Lithium Corp.**Condensed Consolidated Interim Statements of Financial Position  
(Expressed in Canadian dollars)

As at	Note	April 30, 2017 (unaudited) \$	October 31, 2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		2,143,760	1,856,756
Accounts receivable		23,442	18,032
Prepaid expense		19,701	24,337
Investment in marketable securities	3	581,285	600,001
		<b>2,768,188</b>	<b>2,499,126</b>
<b>Non-current assets</b>			
Reclamation bond		21,993	21,993
Exploration and evaluation assets	4	1,677,904	4
		<b>4,468,085</b>	<b>2,521,123</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		241,025	45,779
Deposits received	5	46,550	-
		<b>287,575</b>	<b>45,779</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common shares	7	12,687,096	9,677,738
Contributed surplus	7	6,320,030	5,770,948
Share to be issued	7	12,500	-
Deficit		(14,839,116)	(12,973,342)
<b>Total shareholders' equity</b>		<b>4,180,510</b>	<b>2,475,344</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,468,085</b>	<b>2,521,123</b>

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

Commitment (Note 9)  
Subsequent Events (Note 11)

These consolidated financial statements were approved for issuance by the Board of Directors on June 29, 2017 and signed on its behalf by:

/s/ Kirk Shaw  
Director

/s/ Jeremy Poirier  
Director

**Bearing Lithium Corp.**

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

	Note	Three Months Ended April 30, 2017 \$	Three Months Ended April 30, 2016 \$	Six Months Ended April 30, 2017 \$	Six Months Ended April 30, 2017 \$
<b>Exploration costs</b>					
Expenditures		-	10,155	-	16,531
<b>Operating expenses</b>					
Consulting	6	410,797	8,796	663,951	20,100
Investor communications		71,794	-	97,672	-
Management		84,420	-	121,120	-
Merger related costs		241,243	-	296,039	-
Office and general		11,788	3,295	25,563	7,055
Professional fees		36,926	10,011	71,226	16,328
Regulatory and filing		28,766	7,761	46,686	8,571
Share-based payment expense	7	-	-	362,711	-
Travel		87,588	-	134,370	-
		(973,322)	(40,018)	(1,819,338)	(68,585)
<b>Other income</b>					
Foreign exchange loss		(8,844)	(8,594)	(8,176)	(3,106)
Interest income		4,109	36	6,391	71
Recovery on exploration and evaluation asset	5	-	-	10,000	-
Gain on disposal of marketable securities		3,594	-	3,594	-
Unrealized loss on investment	4	(118,245)	-	(58,245)	-
		(119,386)	(8,558)	(46,436)	(3,035)
<b>Net loss for the period</b>		<b>(1,092,708)</b>	<b>(48,576)</b>	<b>(1,865,774)</b>	<b>(71,620)</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to loss for the period</b>					
Foreign currency translation adjustment		-	(645)	-	(956)
<b>Comprehensive loss</b>		<b>(1,092,708)</b>	<b>(49,221)</b>	<b>(1,865,774)</b>	<b>(72,576)</b>
<b>Basic and diluted loss per common share</b>		<b>(0.05)</b>	<b>(0.01)</b>	<b>(0.09)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>		<b>23,518,685</b>	<b>6,472,418</b>	<b>21,770,121</b>	<b>6,472,418</b>

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

## Bearing Lithium Corp.

Condensed Consolidated Interim Statement of Shareholders' Equity

For the six months ended April 30, 2017 and 2016

(Unaudited - Expressed in Canadian dollars)

	<u>Common Shares</u>						
	No. of shares	Amount	Contributed Surplus	Share to be issued	AOCI	Deficit	Shareholders ' equity
	#	\$	\$		\$	\$	\$
<b>Balance, October 31, 2015</b>	<b>6,472,418</b>	<b>8,677,789</b>	<b>5,023,092</b>	-	<b>3,267</b>	<b>(12,877,689)</b>	<b>826,459</b>
Comprehensive loss for the period					(956)	(71,620)	(72,576)
<b>Balance, April 30, 2016</b>	<b>6,472,418</b>	<b>8,677,789</b>	<b>5,023,092</b>	-	<b>2,311</b>	<b>(12,949,309)</b>	<b>753,883</b>
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	-	-	-	-	(2,311)	-	(2,311)
Net loss for the period	-	-	-	-	-	(24,033)	(24,033)
<b>Balance, October 31, 2016</b>	<b>18,472,418</b>	<b>9,677,738</b>	<b>5,770,948</b>	-	-	<b>(12,973,342)</b>	<b>2,475,344</b>
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>	250,000	106,563	(42,563)	-	-	-	64,000
Warrants exercised <i>[note 7]</i>	1,831,628	529,157	(71,250)	-	-	-	457,907
Shares issued for mineral claims <i>[note 4]</i>	1,400,000	1,596,000	-	-	-	-	1,596,000
Share to be issued <i>[note 7]</i>	-	-	-	12,500	-	-	12,500
Net loss for the period	-	-	-	-	-	(1,865,774)	(1,865,774)
<b>Balance, April 30, 2017</b>	<b>24,819,046</b>	<b>12,687,096</b>	<b>6,320,030</b>	<b>12,500</b>	-	<b>(14,839,116)</b>	<b>4,180,510</b>

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

**Bearing Lithium Corp.**

Condensed Consolidated Interim Statement of Cash Flows

**For the six months ended April 30, 2017 and 2016**

(Unaudited - Expressed in Canadian dollars)

	2017 \$	2016 \$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(1,865,774)	(71,620)
Add items not affecting cash:		
Gain on sale of marketable securities	(3,594)	-
Share-based payment expense	362,711	-
Unrealized loss on investments	58,245	-
Unrealized foreign exchange	-	3,106
Changes in non-cash working capital items relating to operations:		
Accounts receivable	(5,410)	(6,460)
Prepaid expenses and other	4,636	-
Accounts payable and accrued liabilities	112,946	(10,433)
<b>Cash used in operating activities</b>	<b>(1,336,240)</b>	<b>(85,407)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities	10,615	-
<b>Cash provided by investing activities</b>	<b>10,615</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares, net	1,078,222	-
Proceeds from options exercised	64,000	-
Proceeds from warrants exercised	457,907	-
Proceeds from shares to be issued	12,500	-
<b>Cash provided by financing activities</b>	<b>1,612,629</b>	<b>-</b>
<b>Effect of exchange rate changes on cash</b>	<b>-</b>	<b>(4,062)</b>
<b>Increase (decrease) in cash</b>	<b>287,004</b>	<b>(89,469)</b>
<b>Cash, beginning of the period</b>	<b>1,856,756</b>	<b>573,816</b>
<b>Cash, end of the period</b>	<b>2,143,760</b>	<b>484,347</b>

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

## Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

### 1. NATURE OF OPERATIONS

#### Business Description

Bearing Lithium Corp. (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.

### 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 six months ended April 30, 2017, were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 29, 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

		April 30, 2017	October 31, 2016
	Number of shares		
<b>Commander Resources Ltd.</b>			
Fair value at inception	12,000,000	\$ 720,000	\$ 720,000
Disposal	(117,000)	(7,020)	-
Adjusted cost base	11,883,000	712,980	720,000
Unrealized loss		(178,245)	(120,000)
Fair value, end of the period		534,735	600,000
<b>Golden Predator Mining Corp.</b>			
Fair value at agreement date [note 5]	35,000	21,700	-
Unrealized gain		24,850	-
		46,550	-
<b>Rise Gold Corp.</b>			
Fair value, beginning of period	15,000	1	1
Disposal	(15,000)	(1)	-
Fair value, end of the period	-	-	-
		\$ 581,285	\$ 600,001

## Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

### 4. MINERAL PROPERTY INTERESTS

	Yukon	Fish Lake Valley Nevada	Total
<b>Balance, October 31, 2016</b>	\$ 4	\$ -	\$ 4
Asset Purchase Agreement for claims located in Esmeralda County, Nevada [note 4[a]]		1,677,900	1,677,900
<b>Balance, April 30, 2017</b>	\$ 4	\$ 1,677,900	\$ 1,677,904

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 (CDN \$81,900) in cash and issued 1,400,000 common shares of the Company with a fair value of \$1,596,000 [Note 7]. On April 5, 2017, the Quit Claim deed transferring title of claims was signed.

### 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 six months ended April 30, 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 against the exploration and evaluation assets. Upon completion of the Li3 transaction [Note 9], the shares received will become non-refundable and will be recognized as a recovery against the exploration and evaluation assets.

## Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

### 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 April 30, 2017	Three Months ended April 30, 2016	Six Months Ended April 30, 2017	Six Months Ended April 30, 2016
Management	\$ 84,420	\$ -	\$ 131,120	\$ -
Consulting	-	13,700	1,750	22,939
	<b>\$ 84,420</b>	<b>\$ 13,700</b>	<b>\$ 132,870</b>	<b>\$ 22,939</b>

As at April 30, 2017, included in accounts payable and accrued liabilities is \$40,771 (2016 - \$2,730) owing to related parties for accrued management and expense reimbursements. The amount is non-interest bearing and has no terms of repayments.

### 7. SHARE CAPITAL

#### Common shares

During the six months ended April 30, 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 share purchase 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 measured at a fair value of \$42,617 and having the same terms as the warrants issued as units pursuant to this financing.

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 \$1,001 was reclassified from contributed surplus to common shares.

On March 10, 2017, the Company issued 1,400,000 common shares of the Company with a fair value of \$1,596,000 pursuant to an asset purchase agreement signed February 7, 2017 [note 4].

On March 23, 2017, the Company issued 200,000 common shares pursuant to the exercise of stock options at \$0.27 per share for proceeds of \$54,000. Previously recognized grant date fair value of \$41,562 was reclassified from contributed surplus to common shares.

During the six months ended April 30, 2017, the Company issued 1,831,628 common shares pursuant to the exercise of warrants at \$0.25 per share for proceeds of \$457,907. Previously recognized grant date fair value of \$71,250 was reclassified from contributed surplus to common shares. The Company also received \$12,500 for a warrant exercise where the shares were not issued until after period end.



## Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2017 and 2016

(Unaudited - Expressed in Canadian Dollars)

### 7. SHARE CAPITAL (CONTINUED)

#### Warrants

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

	Number	Weighted Average Exercise Price
<b>Balance, October 31, 2016</b>	<b>12,147,000</b>	<b>\$ 0.25</b>
Private placement of equity units	1,432,500	0.80
Brokers' warrants issued as finders' fees	147,000	0.80
Exercised	(1,831,628)	(0.25)
<b>Balance, April 30, 2017</b>	<b>11,894,872</b>	<b>\$ 0.32</b>

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 April 30, 2017, the weighted average remaining life for outstanding warrants was 0.50 years.

#### 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
		\$
<b>Balance, October 31, 2015</b>	<b>325,000</b>	<b>0.36</b>
Forfeited	(25,000)	0.20
Expired	(125,000)	0.60
Granted	1,325,000	0.27
<b>Balance, October 31, 2016</b>	<b>1,500,000</b>	<b>0.26</b>
Granted	650,000	0.54
Exercised	(250,000)	0.26
<b>Balance, April 30, 2017</b>	<b>1,900,000</b>	<b>0.43</b>

As of April 30, 2017, the weighted average remaining life for outstanding options was 4.40 years.

The fair value of the stock options issued during the six months ended April 30, 2017 of \$362,711 (2016 - \$nil) were calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions: stock price \$0.59, exercise price \$0.54, term of 5 year, volatility of 169.14%, dividend yield of 0% and a risk-free interest rate of 1.08%.

## **Bearing Lithium Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

**For the six months ended April 30, 2017 and 2016**

(Unaudited - Expressed in Canadian Dollars)

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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 Rise Gold Corp.) are based on Level 1 inputs. The Company's investment in the shares of Rise Gold Corp. 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 Energy Inc. ("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.

### **10. SEGMENTED INFORMATION**

The Company operates in two reportable operating segments, being mineral exploration and development in Canada (Yukon) and United States of America (Nevada).

## Bearing Lithium Corp.

Notes to the Condensed Consolidated Interim Financial Statements

**For the six months ended April 30, 2017 and 2016**

(Unaudited - Expressed in Canadian Dollars)

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### 11. SUBSEQUENT EVENTS

- [a] Subsequent to April 30, 2017, the Company issued 2,667,585 common shares pursuant to the exercise of 2,667,585 warrants for proceeds of \$666,896.
- [b] On May 8, 2017, in connection with the acquisition of 81 lode claims located in Esmeralda County, Nevada (the "Acquisition"), the Company issued 73,990 common shares with a fair value of \$63,631.
- [c] The Company entered into a revised settlement agreement with a holder of outstanding convertible notes issued by Li3 Energy Inc. Under the terms of the prior agreements [note 9], the majority of the Li3 Energy Inc. convertible note holders agreed to receive units for settlement of their convertible debt, however one note holder requested to receive cash for USD\$175,000 in principal owing and the outstanding interest and penalties (an aggregate of USD\$234,850 or CDN\$322,073) ("Cash settlement").

Under the terms of the revised settlement agreement, the note holder has agreed to accept units in lieu of the Cash settlement. The units will be issued at a deemed price of \$0.71 per unit. Each unit consists of one common share and half of a common share purchase warrant exercisable at \$0.88 for 18 months following the Company's receipt of the final approval of the TSX Venture exchange of the settlement of the convertible debt plus a 22% interest bonus and the issuance of units.

- [d] On May 25, 2017 ("Effective date"), the Company granted 150,000 incentive stock options at an exercise price of \$0.83, with 75,000 options vesting after three and six months from the Effective date, respectively, exercisable for a period of 5 years.