

Bearing Lithium Corp.
Management Discussion & Analysis
For the six months ended April 30, 2018

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 Lithium Corp. ("Bearing" or the "Company") for the six months ended April 30, 2018. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended April 30, 2018 and the audited consolidated financial statements of the company for the year ended October 31, 2017, 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 condensed consolidated interim 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 11. 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 May 28, 2018.

BUSINESS OVERVIEW

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).

Bearing Lithium Corp. ("Bearing" or the "Company") is a Canadian based company which is focused on exploration for precious and base metals in North and South America.

On September 28, 2017 the Company and Li3 Energy, Inc. "Li3" entered into an agreement and plan of merger (the "Merger Agreement") whereby Bearing acquired all the issued and outstanding shares of Li3. Pursuant to the Merger Agreement, Bearing, LI Acquisition Corporation ("Sub"), a newly formed wholly owned subsidiary of the Company, merged with and into Li3 (the "Merger"), with Li3 surviving the Merger as a wholly owned subsidiary of Bearing. In exchange the Li3 common stock was converted into an aggregate of 16,000,000 Bearing common shares of the Company.

As a result of the acquisition, Bearing holds 17.67% interest in Minera Salar Blanco S.A. ("MSB SA") through its ownership of Li3. MSB SA's primary asset is a lithium and potassium exploration project located in the northeast section of the Salar de Maricunga in Region III of Atacama in northern Chile, the ("Maricunga project"). In February 2018, Lithium Power International (LPI), the Company's joint venture partner in the Maricunga project agreed to accelerate its outstanding payments of US\$7.53 million by March 1st, 2018 to satisfy its earn-in. The Maricunga project is held by joint-venture company, MSB SA, which is owned by Bearing Lithium (17.7%), Minera Salar Blanco SpA (32.3%) and LPI(50%).

Including the US\$7.53 million pre-payment by LPI, the joint-venture operating company (MSB SA) will have a treasury of approximately US\$9.7 million. Based on current budgets and development timelines, the project is fully-funded without any expected contribution from Bearing Lithium or MSB for the 2018 development program which includes the delivery of the Definitive Feasibility Study (DFS), completion of environmental studies and submission of permits. Any expenditures in excess of the current treasury would require approval from at least five out of the six board members of the joint-venture company and contributions would be pro-rated based on ownership interests. To continue developing the property from the permit stage into a producing mine, the Company will need to fund its 17.7% share of the development costs or risk dilution of its 17.7% ownership interest. The required funding will be determined based on an annual business plan with an itemized project budget.

HIGHLIGHTS

- During the six months ended April 30, 2018, the Company issued 100,000 common shares pursuant to the exercise of stock options at \$0.23 per share for proceeds of \$23,500. Previously recognized grant date fair value of \$11,392 was reclassified from contributed surplus to common shares.
- During the six months ended April 30, 2018, the Company issued 433,000 common shares pursuant to the exercise of stock options at \$0.80 per share for proceeds of \$346,400. Previously recognized grant date fair value of \$93,875 was reclassified from contributed surplus to common shares.
- During the six months ended April 30, 2018, First Division Ventures Inc. exercised its option to acquire a 100% interest in certain mining claims of the Fish Lake Valley Property by paying \$20,000 and issuing 20,000 common shares. On May 2, 2018, First Division and Bearing entered into an amending agreement whereby the acquisition by First Division would be reduced to a 50% interest in the 81 lode claims in the Esmeralda County, Nevada.
- The Company announced that its Board of Directors has approved, in principle, a strategic reorganization of the Company's assets pursuant to which the Company would spin off its interests in exploration projects in the gold district of the Yukon and a lithium project in Nevada into a newly incorporated subsidiary. Bearing will continue to hold its interest in the Maricunga lithium project as well as the marketable securities it currently holds.

NI 43-101 QUALIFIED PERSONS

Don Hains, 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.

OUTLOOK

Bearing is an exploration and development company. The Li3 Definitive Agreement has enabled 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. With the transaction now completed, the Company plans to focus on working with its partners to advance the pre-production lithium project in Chile. Bearing has a free carry through Definitive Feasibility Study (DFS) permitting and filing of environmental reports. With the pre-payment by LPI to MSB SA, the project is fully-funded without any required contribution from Bearing Lithium or MSB for the 2018 development program.

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 concentrated on the acquisition of Li3 and the Maricunga project. The Company is focused on the Maricunga project and currently has elected to reduce its exploration activities on other projects in an effort to preserve its cash and maintain its treasury. The company plans to advance any projects through JV or Earn in strategies.

The company currently retains 5 mineral properties, with 4 in the Yukon Canada and 1 in Nevada. The Yukon properties include the, HY Jay, VM, VBA and Big properties and the Nevada property is located at Fish Lake in Esmeralda County.

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 Lithium Corp. pursuant to which Golden Predator agreed to purchase all of the Company's 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.

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 was conditional upon completion of the Company's transaction with Li3 Energy Inc.

Fish Lake Valley Property

The Company entered into an asset purchase agreement to acquire a 100% interest in 81 lode claims located in Esmeralda County, Nevada.

The claims cover 1,620 acres in the north-eastern corner of Fish Lake Valley, situated in central-western Nevada. The claims lie on tuffaceous sedimentary rocks of the Esmeralda Formation which are considered to be prospective lithium, boron and potassium mineralization.

The Company entered into an option agreement dated September 25, 2017 with First Division Ventures Inc. ("First Division") to acquire a 100% interest in certain mining claims. The terms of the Agreement provide that in order for First Division to exercise the Option, it must make a cash payment in the initial amount of \$20,000 (received) and issue 20,000 common shares to Bearing (received), and thereafter issue an additional 4,000,000 common shares to Bearing by the third anniversary of the Agreement. First Division must also carry out a \$3,000,000 work program on the Claims prior to the third anniversary of the Agreement: \$120,000 within the first year, \$800,000 during the second year and \$2,000,000 by the end of the third year. The Company retains a 3% NSR. The NSR is not subject to a buy-back or repurchase right.

On May 2, 2018, First Division and Bearing entered into an amending agreement whereby the acquisition by First Division would be reduced to a 50% interest in the 81 lode claims in the Esmeralda County, Nevada. The consideration required to obtain the 50% interest would include the consideration already received of \$20,000 and 20,000 common shares to Bearing. The remaining consideration would be reduced as follows: additional 3,000,000 common shares to Bearing on or before September 25, 2020. First Division must also carry out a \$1,500,000 work program on the Claims prior to the third anniversary of the Agreement: \$60,000 on or before September 25, 2018, \$440,000 on or before September 25, 2019 and \$1,000,000 on or before September 25, 2020. In order for the obligation to be satisfied, the shares of First Division must be listed on an Exchange.

Maricunga Project

On September 28, 2017 Bearing acquired Li3 Energy Inc and its interest in the Maricunga Project. 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\$40 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 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 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

During the six month period ended April 30, 2018 the company announced the results from a Preliminary Economic Assessment ("PEA") prepared in accordance with National Instrument 43-101 on the Maricunga Lithium brine project located in Chile. The following are the NI 43-101 Preliminary Economic Assessment (PEA) Highlights:

- The Maricunga Lithium Brine Project's Preliminary Economic Assessment (PEA) supports 20,000 tonnes per annum(t/a) production of lithium carbonate (LCE) and 74,000t/a potassium chloride fertilizer (KCl) over 20 years.
- Project NPV is estimated to be US\$1.049B before tax at 8% discount rate, providing an IRR of 23.4%.
- Payback in 2 years and 11 months based on a 2-year ramp up period.
- Project operating cost places Maricunga among most efficient producers with lithium carbonate production cost of US\$2,938 per tonne (/t) FOB in Chile, reducing to US\$2,635/t with credits from KCl by-product.
- Project development cost estimated at US\$366M excluding KCl, plus indirect costs of 14.2% (US\$55M) and 18.6% (US\$83M) contingency.
- The project is progressing to a feasibility study, providing improved certainty regarding reserves, metallurgical design, equipment and operational risks.
- Conventional evaporation pond and process technology used to minimise operational risks.
- PEA completed by Tier-1 engineering consultancy WorleyParsons to international standards. Accuracy of operating and capital cost estimates expected within a +/- 25% range.

In February 2018, Lithium Power International (LPI), the Company's joint venture partner in the Maricunga project agreed to accelerate its outstanding payments of US\$7.53 million by March 1st, 2018 to satisfy its earn-in. Including the US\$7.53 million pre-payment by LPI, MSB SA will have a treasury of approximately US\$9.7 million. Based on current budgets and development timelines, the project is fully-funded for the 2018 development program which includes the delivery of the Definitive Feasibility Study (DFS), completion of environmental studies and submission of permits.

On April 5, 2018 the Company reported that a second sample of lithium carbonate with a lithium carbonate purity of 99.9% was produced by Veolia Water Technologies utilizing concentrated brine from the Maricunga project. This is a subsequent sample to the one on February re, 2018 where a 99.4% purity lithium carbonate was produced.

Mineral property sale transaction

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 (issued); 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 year ended October 31, 2017, the Company received \$30,000 and 85,000 common shares, measured at a fair value of \$65,700. The non-refundable cash payment was recognized as a recovery on exploration and evaluation asset. Upon completion of the Li3 transaction, the shares received became non-refundable and were be recognized as a recovery on exploration and evaluation asset.

LIQUIDITY AND CAPITAL RESOURCES

The Company's condensed consolidated interim financial statements for the six months ended April 30, 2018, have been prepared on a going concern basis, which assumes that the Company will continue to be 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 April 30, 2018, the Company had a working capital of \$1,463,819 (October 31, 2017 – \$2,109,983). The Company had a deficit of \$19,828,503 as at April 30, 2018 (October 31, 2017 – \$17,965,125).

For the six months ended April 30, 2018, cash outflow for the year from operating activities was \$1,723,305 (2017 - \$442,035) principally comprised of consulting fees, audit and legal fees, management fees, public company regulatory related costs and office costs. Costs are higher than the previous year as a result of increased operating activities. There were \$369,900 (2017 - \$1,102,222) cash inflows from financing activities. The Company believes it has sufficient cash to maintain its current portfolio of exploration properties and meet its working capital requirements for the next twelve months. There were 184,530 cash inflows from investing activities derived primarily from the sale of marketable securities and receiving option payments from its First Division option agreement.

On November 22, 2017 the Company paid US\$620,963 (Cdn\$792,348) to settle the balance outstanding owed on the loan from Minera Salar Blanco SpA to Li3 Energy, Inc.

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 Lithium Corp., 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, 2017 | October 31, 2016 | October 31, 2015 |
|---|---------------------|---------------------|---------------------|
| Cash | 2,601,164 | 1,856,756 | 573,816 |
| Accounts receivable | 89,775 | 18,032 | 4,790 |
| Prepaid expense | 217,669 | 24,337 | - |
| Investments | 403,540 | 600,001 | 1 |
| Reclamation bonds and deposits | 21,993 | 21,993 | 21,942 |
| Mineral property interests | 120,504 | 4 | 248,329 |
| Investment in MSB SA | 16,362,380 | - | - |
| Total Assets | 19,817,025 | 2,521,123 | 848,878 |
| Accounts payable and accrued liabilities | 1,202,165 | 45,779 | 22,419 |
| Common shares | 30,204,541 | 9,677,738 | 8,677,789 |
| Contributed surplus | 6,440,175 | 5,770,948 | 5,023,092 |
| AOCI | (64,731) | - | 3,267 |
| Deficit | (17,965,125) | (12,973,342) | (12,877,689) |
| Shareholders' Equity | 18,614,860 | 2,475,344 | 826,459 |
| Total Liabilities and Shareholders' Equity | 19,817,025 | 2,521,123 | 848,878 |

| For the year ended | October 31, 2017 | October 31, 2016 | October 31, 2015 |
|---|---------------------|---------------------|---------------------|
| Total Revenue | - | - | - |
| Operating expenses | 3,425,764 | 445,137 | 178,050 |
| Exploration Related costs | 12,054 | 22,442 | 346,702 |
| Other income (expense) | (1,553,965) | 371,926 | (14,473) |
| Net loss | 4,991,783 | 95,653 | 510,279 |
| Total Comprehensive loss | 5,055,514 | 98,920 | 512,298 |
| Basic and diluted loss per common share | 0.20 | 0.01 | 0.08 |

RESULTS OF OPERATIONS AND SELECT FINANCIAL DATA

For six months ended April 30, 2018 compared to six months ended April 30, 2017

During the six months ended April 30, 2018, the Company incurred a net loss of \$1,863,378 (2017 – \$1,865,774). While the loss is similar to that of the corresponding period in 2017, the six months ended April 30, 2018 include stock-based compensation of 825,638 compared to only 362,711 for the corresponding period, this difference was partly compensated by an expense of \$296,039 related to merger costs incurred related to the acquisition of Li3.

Consulting and management fees decreased by \$42,389 for the current period, the Company increased time commitment to support the Company plans for the future, however, the comparative period was higher due to the time spent related to the acquisition of Li3; professional increased by \$10,692; travel and office expense decreased by \$95,019 as for the comparative period there was significant traveling related to the acquisition of Li3; regulator and filing stayed relatively unchanged with a slight increased of \$100; and investor communications decreased by \$17,477. These overall decreases were related to the acquisition of Li3 during the year ended October 31, 2017.

During the six months ended the April 30, 2018 company also recognized a non-cash share based payment expense of \$825,638 (2017 - \$362,711) as a result of options granted during the year ended October 31, 2017 which vested in the current period.

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 |
|-------|------------------|---------|--------------------------|-----------------|-------------------------------|--|
| Q2/18 | April 30, 2018 | \$ - | \$ - | \$ (254,092) | \$ (266,306) | \$ (0.00) |
| Q1/18 | January 31, 2018 | - | - | (1,609,286) | (1,596,896) | (0.03) |
| Q4/17 | October 31, 2017 | - | - | (2,252,999) | (2,317,730) | (0.06) |
| Q3/17 | July 31, 2017 | - | - | (873,010) | (873,010) | (0.03) |
| Q2/17 | April 30, 2017 | - | - | (1,092,708) | (1,092,708) | (0.05) |
| Q1/17 | January 31, 2017 | - | - | (773,066) | (773,066) | (0.04) |
| 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) |

| As at | Quarter ended | Total Assets | Exploration Assets | Working capital |
|-------|------------------|---------------|--------------------|-----------------|
| Q2/18 | April 30, 2018 | \$ 18,260,648 | \$ 100,004 | \$ 1,463,819 |
| Q1/18 | January 31, 2018 | 18,535,467 | 120,504 | 1,708,625 |
| Q4/17 | October 31, 2017 | 19,817,025 | 120,504 | 2,109,983 |
| Q3/17 | July 31, 2017 | 6,401,439 | 1,745,198 | 1,822,614 |
| Q2/17 | April 30, 2017 | 4,468,085 | 1,677,904 | 2,480,613 |
| Q1/17 | January 31, 2017 | 3,295,784 | 4 | 3,130,814 |
| Q4/16 | October 31, 2016 | 2,521,123 | 4 | 2,453,347 |
| Q3/16 | July 31, 2016 | 738,841 | 248,329 | 438,531 |

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

For the six months ended April 30, 2018, expenditures incurred by the Company, excluding stock-based compensation, decreased compared to the previous three quarters due to the Company completing an equity financing, entering into a mineral property asset sale agreement and working towards completion of the Li3 transaction during the year ended October 31, 2017. As a result of these activities, the Company experienced decreases in the following expense categories during Q2/18 compared to Q2/17: consulting fees decreased by 374,574, professional fees decreased by \$13,026; travel and office expense decreased by \$76,485 and during Q2 /17 the Company incurred merger expenditures of 241,243 which were not incurred during the current period.

In Q2/18, in addition to the aforementioned changes in expenditures, the company recognized a loss on disposition of marketable securities of \$31,870 (2017 – gain of \$3,594) and unrealized gain on marketable securities of \$25,150 (2017 – loss of \$118,245).

In Q4/17 the Company had a one-time \$1,624,694 impairment charge on its Fish Lake Valley property as a result of the agreement it entered into to option it out. The Company determined that the current value of the acquisition to be received of \$120,500 represented the fair value of the property and as such the above-mentioned impairment charge was recognized, during Q2/18 the company received a cash payment of \$20,000 and 20,000 shares of First Division valued at \$500 related to the option agreement with First Division. These amounts were recorded as a reduction of the carrying value of the property.

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 6 quarters.

As the Company is in the exploration stage it has no revenues. Audit, filing and legal fees in in Q3 and Q4 2017 are up due to the costs associated with the acquisition of Li3 which include the cost of an auditor review of the proforma consolidated financial statements in connection acquisition of Li3.

OUTSTANDING SHARE DATA

As at May 28, 2018, there are:

- 55,187,131 (April 30, 2018: 55,187,131) common shares outstanding;
- There were 3,835,000 stock options issued and outstanding (April 30, 2018– 2,905,000)
- There were 842,786 warrants outstanding (April 30, 2018 – 842,786)

During the six months ended April 30, 2018, the company issued 533,000 shares for gross proceeds of \$369,900 pursuant to the exercise of 433,000 warrants at \$0.80 for proceeds of 346,400 and 100,000 options at 0.23 for proceeds of \$23,500. Previously recognized grant date fair value of \$105,268 was reclassified from contributed surplus to common shares.

SUBSEQUENT EVENTS

Subsequent to April 30, 2018 the Board of Directors approved the grant of 930,000 incentive options including 700,000 Options to be issued to directors and officers. The Options are exercisable on or before May 4, 2022 at an exercise price of \$0.38.

RELATED PARTY TRANSACTIONS

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:

| | Six months ended April 30, | |
|---------------------------|----------------------------|-------------------|
| | 2018 | 2017 |
| Consulting and management | \$ 141,531 | \$ 132,870 |
| Stock Based Compensation | 175,177 | - |
| | \$ 316,708 | \$ 132,870 |

As at April 30, 2018, included in accounts payable and accrued liabilities is \$35,768 (2017 - \$27,077) owing to related parties for accrued management, consulting and expense reimbursements.

- i. The Company entered into a consulting service agreement with Jeremy Poirier and Nico Consulting Ltd. on December 1, 2016. Mr. Poirier is the Chief Executive Officer of the Company. Pursuant to this consulting agreement, Mr. Poirier is compensated at a rate of \$12,000 per month. During the six months ended April 30, 2018, Nico Consulting Ltd. charged total consulting fees of \$72,000 (2017 - \$21,500) for management services.
- ii. The Company entered into a consulting service agreement with Ann Fehr and Fehr & Associates on December 1, 2016. Mrs. Fehr is the Chief Financial Officer of the Company. Pursuant to this consulting agreement, Mrs. Fehr is compensated at a rate of \$100 per hour. Fehr & Associates also provides book-keeping services to the Company for \$2,000 per month. During the six months ended April 30, 2018, Fehr & Associates charged total consulting fees of \$ 34,043 (2017 - \$15,200) for management, administration and accounting services of which \$14,214 (2017 - \$ 2,000) was related to book-keeping and administration services.

As of October 31, 2017, the Company has included in its accounts payable and accrued liabilities \$35,768 (October 31, 2017 - \$14,061) due to Fehr & Associates.

- iii. The Company entered into a consulting service agreement with Benjamin Asuncion and PI Holdings Ltd. on January 1, 2017. Mr. Asuncion is the Vice President, Business Development of the Company. Pursuant to this consulting agreement, Mr. Asuncion is compensated at a rate of \$8,500 per month. During the six months ended April 30, 2018, PI Holdings Ltd. charged total consulting fees of \$51,000 (2017 - \$nil) for management services.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the six months ended April 30, 2018.

PROPOSED TRANSACTIONS

The Company is proposing to enter into a Plan of Arrangement whereby certain assets would be transferred into a subsidiary ("SpinCo"). Shareholders of Bearing would exchange their existing common shares of Bearing for the same number of new common shares of Bearing (having the identical terms of the existing Bearing common shares) and common shares of SpinCo as described in the management information circular dated May 28, 2018. The transaction is subject to court and Shareholder approval. All other current transactions are fully disclosed in the condensed consolidated interim financial statements for the six months ended April 30, 2018.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the condensed consolidated interim 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 condensed consolidated interim 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 and are summarized as follows:

| | | Level 1 | | Level 2 | | Level 3 |
|-----------------------------|----|-------------|----|---------|----|---------|
| April 30, 2018 | | | | | | |
| Held for trade | \$ | 1,659,015 | \$ | - | \$ | - |
| Loans and receivables | | 75,510 | | - | | - |
| Other financial liabilities | \$ | (312,452) | \$ | - | \$ | - |
| October 31, 2017 | | | | | | |
| Held for trade | \$ | 3,004,704 | \$ | - | \$ | - |
| Loans and receivables | | 86,962 | | - | | - |
| Other financial liabilities | \$ | (1,202,165) | \$ | - | \$ | - |

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 level 3 financial instruments.

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.

The most significant risks and uncertainties that the Company is exposed to (in no particular order) are as follows:

- General economic and financial market conditions
- Disclosure Controls And Internal Control Financial Reporting
- NI 43-101 Compliance Requirements
- Government Laws, Regulation & Permitting
- Additional Financings
- Key Management and Competition
- Title to Properties
- Commodity Prices
- Conflicts of Interest
- Risks associated with foreign operations
- Dependence on the Maricunga Project

The Company has investigated its right to explore and exploit its mineral properties and, to the best of its knowledge, has direct or indirect title to the mineral properties. However, the results of the Company's investigations should not be construed as a guarantee of title.

Please refer to the MD&A as at October 31, 2017 for an expanded discussion of risks.

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 condensed consolidated interim financial statements for the six months ended April 30, 2018. 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.