Condensed Interim Consolidated

Financial Statements

SOLID RESOURCES

Nine months ended September 30, 2012

(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

SOLID RESOURCES LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars - unaudited)

	Notes	September 30, 2012	December 31, 2011
ASSETS			
Current assets			
Cash		$ 629,007	$ 264,735
Prepaids		10,840	4,300
Receivables	4	23,239	23,344
Total current assets		663,086	292,379
Exploration and evaluation assets	5	3,726,679	3,353,605
TOTAL ASSETS		$ 4,389,765	$ 3,645,984
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 57,829	$ 159,395
TOTAL LIABILIITES		57,829	159,395
EQUITY			
Share capital	8	23,977,994	22,631,570
Reserves	9	5,029,701	4,811,711
Subscription advances		-	155,000
Distribution to shareholders	5	(1,055,808)	(1,055,808)
Deficit		(23,619,951)	(23,055,884)
TOTAL EQUITY		4,331,936	3,486,589
TOTAL LIABILITIES AND EQUITY		$ 4,389,765	$ 3,645,984

Nature and continuance of operations (Note 1)
Subsequent event (Note 14)

On behalf of the Board:

"Rick Gliege" Director   *"Greg Pendura"* Director

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

SOLID RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars - unaudited)

	Notes	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Expenses					
Consulting fees	10	$ 26,703	$ 52,296	$ 79,858	$ 97,563
Depreciation		-	128	-	384
Interest and bank charges		187	441	619	1,401
Investor relations		18,117	79,769	30,790	301,247
Management fees	10	57,000	15,000	155,000	105,000
Office and general		9,524	44,250	36,231	73,190
Professional fees		3,107	11,914	14,202	56,805
Project investigation		-	49,110	-	49,110
Share-based payments	9	28,575	-	183,697	109,923
Transfer agent and filing fees		1,292	23,557	34,586	48,829
Travel		8,297	8,419	23,044	62,433
		152,802	284,884	558,027	905,885
Loss before other items		(152,802)	(284,884)	(558,027)	(905,885)
Other items					
Unrealized foreign exchange loss		(1,018)	(2,416)	(6,040)	(3,665)
Loss and comprehensive loss for the period		(153,820)	(287,300)	(564,067)	(909,550)
Basic and diluted loss per common share	7	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		108,342,715	94,206,413	102,946,625	86,330,368

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

SOLID RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUIITY
(Expressed in Canadian dollars - unaudited)

	Share Capital						
	Number of Shares	Amount	Reserves	Subscription Advances	Distribution to Shareholders	Deficit	Total
Balance at December 31, 2010	79,372,848	$ 22,017,434	$ 3,845,241	$ -	$ -	$ (21,822,639)	$ 4,040,036
Private placement	10,000,000	1,000,000	-	-	-	-	1,000,000
Exercise of warrants	4,539,000	439,900	-	-	-	-	439,900
Share issuance costs	-	(7,266)	7,266	-	-	-	-
Share-based payments	-	-	109,923	-	-	-	109,923
Comprehensive loss for the period	-	-	-	-	-	(909,550)	(909,550)
Balance at September 30, 2011	93,911,848	$ 23,450,068	3,962,430	-	-	(22,732,189)	4,680,309
Warrant issuance	-	(808,348)	808,348	-	-	-	-
Share issuance costs	-	(10,150)	-	-	-	-	(10,150)
Share-based payments	-	-	40,933	-	-	-	40,933
Subscription advances	-	-	-	155,000	-	-	155,000
Distribution to shareholders	-	-	-	-	(1,055,808)	-	(1,055,808)
Comprehensive loss for the period	-	-	-	-	-	(323,695)	(323,695)
Balance at December 31, 2011	93,911,848	22,631,570	4,811,711	155,000	(1,055,808)	(23,055,884)	$ 3,486,589
Private placement	14,129,200	1,412,920	-	(155,000)	-	-	1,257,920
Cancelation of shares	(200,000)	(20,000)	-	-	-	-	(20,000)
Exercise of warrants	501,667	50,167	-	-	-	-	50,167
Warrant issuance	-	(34,293)	34,293	-	-	-	-
Share issuance costs	-	(62,370)	-	-	-	-	(62,370)
Share-based payments	-	-	183,697	-	-	-	183,697
Comprehensive loss for the period	-	-	-	-	-	(564,067)	(564,067)
Balance at September 30, 2012	108,342,715	$ 23,977,994	$ 5,029,701	$ -	$ (1,055,808)	$ (23,619,951)	$ 4,331,936

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

SOLID RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars - unaudited)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Cash provided by (used in):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (558,027)	$ (909,550)
Items not affecting cash:		
Depreciation	-	384
Share-based payments	183,697	109,923
Changes in non-cash working capital items:		
Receivables	105	702
Prepaids	(6,540)	(600)
Accounts payable and accrued liabilities	(101,566)	(30,562)
Net cash used in operating activities	(482,331)	(829,703)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(373,074)	(1,368,482)
Net cash used in investing activities	(373,074)	(1,368,482)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	1,237,920	1,439,900
Share issuance costs	(62,370)	-
Exercise of warrants	50,167	-
Net cash provided by financing activities	1,225,717	1,439,900
Change in cash for the period	370,312	(758,285)
Effect of exchange rate fluctuations on cash held	(6,040)	-
Cash, beginning of period	264,735	964,378
Cash, end of period	$ 629,007	$ 206,093

Supplemental disclosure with respect to cash flows (Note 13)

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

1. Nature and continuance of operations

Solid Resources Ltd. (the "Company") is incorporated under the laws of the Province of Alberta, Canada. Its shares are listed for trading on the TSX Venture Exchange and on the Frankfurt Stock Exchange where its common shares trade under the symbol "SRW". The Company is involved in the exploration and development of mineral resource properties and does not currently have a recurring revenue stream. The registered head office and principal address and records office of the Company are located at 600, 815 – 8 Avenue SW; Calgary, AB; T2P 3P2.

The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising of exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

The condensed interim consolidated financial statements were authorized for issue on November 28, 2012 by the Board of Directors of the Company.

2. Significant accounting policies and basis of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *"Interim Financial Reporting"* ("IAS 34") as issued by the International Financial Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

(b) Basis of presentation

The financial statements have been prepared using the same accounting policies and methods as those used in the financial statements for the year ended December 31, 2011, except for the impact of the adoption of the accounting standard described below. These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value and are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2011.

2. Significant accounting policies and basis of preparation (cont'd)

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. Subsidiaries are all entities controlled by the Company. Control exists when the Company has the power to, directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

The consolidated financial statements at September 30, 2012 include, on a consolidated basis, the assets, liabilities, revenues and expenses of the Company, and its wholly-owned subsidiaries.

All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

(d) Comprehensive income (loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the changes in equity which results from transactions and events from sources other than the Company's shareholders. For the periods presented, comprehensive loss was the same as net loss.

(d) Comparative figures

Certain comparative figures have been reclassified to conform with presentation adopted for the current period.

3. New standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2012 and have not been applied in preparing these interim financial statements. None of these are expected to have a material effect on the financial statements of the Company.

<u>Effective for annual periods beginning on or after July 1, 2012:</u>

Amended standard IAS 1 Presentation of Financial Statements
The amendment to IAS 1 revises the presentation of other comprehensive income.

<u>Effective for annual periods beginning on or after January 1, 2013:</u>

Amended standard IFRS 7 Financial Instruments: Disclosures
The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities.

New standard IFRS 10 Consolidated Financial Statements
IFRS 10 outlines the principles for the presentation and preparation of consolidated financial statements.

New standard IFRS 11 Joint Arrangements
IFRS 11 defines the two types of joint arrangements (joint operations and joint ventures) and outlines how to determine the type of joint arrangement entered into and the principles for accounting for each type of joint arrangement.

3. New standards, amendments and interpretations not yet effective (cont'd)

Effective for annual periods beginning on or after January 1, 2013 (cont'd):

New standard IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 outlines the disclosures required in order to provide users of financial statements with the information necessary to evaluate an entity's interest in other entities, the corresponding risks related to those interests and the effects of those interests on the entity's financial position, financial performance and cash flows.

New standard IFRS 13 Fair Value Measurement
IFRS 13 defines fair value, summarizes the methods of determining fair value and outlines the required fair value disclosures. IFRS 13 is utilized when another IFRS standard requires or allows fair value measurements or disclosures about fair value measurements.

Amended standard IAS 27 Separate Financial Statements
IAS 27 outlines the accounting principles to be applied with regards to investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate, nonconsolidated, financial statements. The previous standard was titled *IAS 27 Consolidated and Separate Financial Statements*.

Amended standard IAS 28 Investments in Associates and Joint Ventures
IAS 28 outlines the accounting treatment and corresponding application of the equity method of accounting in investments in associates and joint ventures. The previous standard was titled *IAS 28 Investments in Associates*.

Effective for annual periods beginning on or after January 1, 2014:

Amended standard IAS 32 Financial Instruments: Presentation
The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities.

Effective for annual periods beginning on or after January 1, 2015:

Amended standard IFRS 7 Financial Instruments: Disclosures
The amendments to IFRS 7 outlines the disclosures required when initially applying *IFRS 9 Financial Instruments.*

New standard IFRS 9 Financial Instruments
Partial replacement.

(Expressed in Canadian dollars - unaudited)

4. Receivables

	September 30, 2012	December 31, 2011
Sales and other taxes receivables	$ 23,239	$ 23,344

5. Exploration and evaluation assets

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing.

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

	Doade-Presqueira, Spain	**Peru Gold & Copper**	**Total**
Balance, December 31, 2010	$ 1,977,555	$ 458,995	$ 2,036,550
Additions:			
Geological fees and expenses	342,910	41,880	384,790
Mining rights and taxes	57,168	-	57,168
Drilling, sampling and assay	875,097	-	875,097
Total additions	1,275,175	41,880	1,317,055
Balance, December 31, 2011	3,252,730	100,875	3,353,605
Additions:			
Geological fees and expenses	191,602	24,299	215,901
Mining rights and taxes	25,158	-	25,158
Drilling, sampling and assay	132,015	-	132,015
Total additions	348,775	24,299	373,074
Balance, September 30, 2012	**$ 3,601,505**	**$ 125,174**	**$ 3,726,679**

(Expressed in Canadian dollars - unaudited)

5. Exploration and evaluation assets (cont'd)

Doade-Presqueira, Spain

The Company has 100% interest in this concession which is located in Northwestern Spain and is 4,902 hectares (12,108 acres) in size. This property is under exploration for Lithium, Tantalum, Tin, Rubidium, and Cesium. Two drilling programs consisting of a total of 17 holes drilled, sampled, and assayed have been completed to date.

Peru Gold & Copper Property

The Company entered into a binding option agreement with an arm's length third party (the "Optionor") pursuant to which it acquired the option to purchase a metallic mining license, covering an area of 1,000 hectares, located in Northwest Peru. Under the terms of the option agreement, the Company has the right to purchase the license by paying the Optionor a total of US$500,000. The first cash payment of US$4,000 has already been paid to the Optionor.

Bear Property, Northwest Territories, Canada

During the fiscal year 2009, the Company entered into a letter of intent (the "Letter of Intent") dated April 30, 2010 with Golden Lion Resources Inc. now known as Silver Bear Mines Inc. ("Silver Bear") with respect to the proposed transfer of all of the Company's 49% interest in the Bear mineral property located in the Northwest Territories (the "Bear Property") to Silver Bear. The purchase price for the 49% interest in the Bear Property is $3,000,000, and was payable: (i) by the assumption of debt (the "Assumed Debt") owing by the Company to certain lenders in the aggregate amount of $1,930,172; and (ii) by the issuance and delivery of common shares in the capital of Silver Bear ("Silver Bear Shares") having an aggregate value of $1,055,808, which Silver Bear Shares will be distributed to the shareholders of the Company in a tax effective manner. The actual number (not to exceed 2,000,000) and deemed price of the Silver Bear Shares shall be determined at or before the time of execution of the definitive agreement(s) for the proposed transaction.

Concurrently with the execution of the Letter of Intent, the Company entered into a debt assumption agreement, pursuant to which Silver Bear assumed the Assumed Debt effective as of April 30, 2010 and the lenders released the Company from any further obligations under the Assumed Debt.

In 2010, the Company recorded a sale or disposal of asset of $6,381,971 for a net book value of $nil.

In 2011, the Company distributed 1,250,000 shares of Silver Bear Mines Inc. valued at $1,055,808 to its shareholders. The amount has been included in distribution to shareholders.

6. Accounts payables and accrued liabilities

		September 30, 2012		December 31, 2011
Accounts payables	$	57,829	$	134,395
Accrued liabilities		-		25,000
	$	57,829	$	159,395

7. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2012 was based on the loss attributable to common shareholders of $564,067 (2011 - $909,550) and the weighted average number of common shares outstanding of 102,946,625 (2011 - 86,330,368).

Diluted loss per share did not include the effect of 9,950,000 stock options, 44,262,533 share purchase warrants and 626,500 finders' warrants as the effect would be anti-dilutive.

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2012 there were 108,342,715 issued and fully paid common shares (December 31, 2011 - 93,911,848).

Please refer to the Condensed Interim Consolidated Statements of Changes in Equity for a summary of changes in share capital and reserves for the nine months ended September 30, 2012. Reserves relate to stock options, agent's unit options, and compensatory warrants that have been issued by the Company.

Private placement

<u>Nine months ended September 30, 2012</u>

i) On January 6, 2012, the Company closed a non-brokered private placement of 3,129,200 units at a price of $0.10 per unit for gross proceeds of $312,920. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one additional common share for a period of 24 months after the closing at a price of $0.15 per common share, subject to earlier termination in the event that the closing price exceeds $0.25 for 20 consecutive trading days. In connection with the offering, the Company paid finders fees of $9,520.

ii) On May 10, 2012, the Company closed a non-brokered private placement of 11,000,000 units at a price of $0.10 per unit for gross proceeds of $1,100,000. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share at a price of $0.15 at any time prior to the date that is twenty four months from the date of the issuance of the units, subject to earlier termination in the event that the closing price exceeds $0.25 for 20 consecutive trading days. The securities issued in connection with the offering are subject to a four month hold period expiring on September 11, 2012.

    In connection with this offering, the Company paid finders fees of $52,850 and 525,000 finder's warrants, with each finder's warrant entitling the holder to purchase one common share at an exercise price of $0.15 per common share for a period of 24 months after the closing and are subject to the early termination clause as outlined in the previous paragraph.

    The fair value of the finders' warrants, being $34,293 was determined using the Black-Scholes option pricing model weighted average assumptions with volatility of 131%, average risk free interest rate of 1.21%, expected life of 2 years and a dividend rate of 0%.

(Expressed in Canadian dollars - unaudited)

8. Share capital (cont'd)

Private placement (cont'd)

Year Ended December 31, 2011

On July 15, 2011, the Company issued a total of 10,000,000 units at a price of $0.10 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one additional common share until July 15, 2013 at a price of $0.15 per common share. The Company issued 101,500 finder's warrants, with each finder's warrant entitling the holder to purchase one common share at an exercise price of $0.15 per common share until July 15, 2013

The fair value of the finders' warrants, being $7,266 was determined using the Black-Scholes option pricing model weighted average assumptions with volatility of 167%, average risk free interest rate of 1.41%, expected life of 2 years and a dividend rate of 0%.

The fair value of the private placement warrants, being $808,348 was determined using the Black-Scholes option pricing model weighted average assumptions with a volatility of 167%, average risk free interest rate of 1.41%, expected life of 2 years, and a dividend rate of 0%.

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2010	50,553,333	$	0.15
Granted	10,000,000		0.11
Exercised	(6,839,000)		0.11
Expired or cancelled	(23,381,000)		0.10
Balance, December 31, 2011	30,333,333	$	0.12
Granted	14,129,200		0.15
Expired or cancelled	(200,000)		0.15
Balance outstanding, September 30, 2012	44,262,533	$	0.13
Balance exercisable, September 30, 2012	33,262,533	$	0.12

Nine Months ended September 30, 2012

i) In conjunction with private placement on January 6, 2012, the Company issued 3,129,200 warrants that are exercisable into one additional common share at a price of $0.15 per common share, until January 6, 2014.

ii) In conjunction with private placement on May 10, 2012, the Company issued 11,000,000 warrants that are exercisable into one additional common share at a price of $0.15 per common share, until May 10, 2014.

iii) The expiry date of the 20,333,333 warrants previously set to expire on May 17, 2012 has been extended to May 17, 2013. The warrants were issued as part of a non-brokered private placement completed by the Company in November, 2010, and are exercisable for common shares of the Company at a price of $0.10 per share. All other terms and conditions of the warrants remain unchanged.

Year Ended December 31, 2011

In conjunction with private placement described earlier, the Company issued 10,000,000 warrants and 101,500 finder's warrants that are exercisable into one additional common share at a price of $0.15 per common share, until November 16, 2013.

(Expressed in Canadian dollars - unaudited)

8. Share capital (cont'd)

Finders' warrants

Finders' warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2010	589,167	$	0.10
Granted	101,500		0.15
Balance, December 31, 2011	690,667	$	0.11
Granted	525,000		0.15
Exercised	(501,667)		0.10
Expired or cancelled	(87,500)		0.10
Balance outstanding, September 30, 2012	626,500	$	0.15
Balance exercisable, September 30, 2012	626,500	$	0.15

9. Share-based payments

Stock options

The Company follows the policies of the TSX Venture Exchange, under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option equals the market price of the Company's common shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. The vesting period for all options is at the discretion of the board of directors.

The changes in options are as follows:

	Nine Months Ended September 30, 2012			Year Ended December 31, 2011		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	7,700,000	$	0.16	6,700,000	$	0.17
Options granted	2,250,000		0.10	1,150,000		0.12
Options cancelled/expired	-		-	(150,000)		0.25
Options outstanding, end of period	9,950,000	$	0.15	7,700,000	$	0.16
Options exercisable, end of period	9,387,500	$	0.15	7,700,000	$	0.16

<u>Nine months ended September 30, 2012</u>

On March 14, 2012, the Company granted an aggregate of 2,250,000 stock options to directors, officers and consultants of the Company. The options are at an exercise price of $0.10 per share and valid for a period of five years from the date of the grant and vest 25% on grant and 25% quarterly thereafter.

(Expressed in Canadian dollars - unaudited)

9. Share-based payments (cont'd)

Stock options (cont'd)

Year Ended December 31, 2011

i) On January 7, 2011, the Company granted stock options to purchase up to 500,000 common shares of the Company at a price of $0.135 per share to consultants, such stock options expiring on January 7, 2016; and

i) On March 24, 2011, granted stock options to purchase up to 200,000 common shares of the Company at a price of $0.12 per common share to consultants, such stock options expiring on March 24, 2016.

iii) On September 1, 2011, the Company granted 450,000 stock options at an exercise price of $0.10 to directors and officers of the Company, such options expiring on September 1, 2016.

The total share-based payments recognized during the nine months ended September 30, 2012, under the fair value method was $195,943 (2011 - $109,923). The Company expensed during the nine months ended was $183,697 (2011 - $109,923) leaving an unamortized balance of $12,246 (2011 - $nil).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the nine months ended September 30, 2012 and 2011:

	2012	2011
Risk-free interest rate	1.45%	1.00%
Expected life of options	5 years	3 years
Annualized volatility	192%	217%
Dividend rate	0.00%	0.00%

Reserves

The reserves record items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

10. Related party transactions

The Company entered into the following transactions with related parties:

Key management personnel compensation

	Nine Months Ended	
	September 30, 2012	September 30, 2011
Short-term employee benefits - management	$ 155,000	$ 90,000
Short-term employee benefits - consulting	36,000	81,000
Share-based payments - officers	89,807	-
Share-based payments - directors	40,822	-
Total	$ 321,629	$ 171,000

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

11. Management of capital

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash balances and components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2012. The Company is not subject to externally imposed capital requirements.

12. Financial risk management

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is classified as Level 1.

As at September 30, 2012, the carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity.

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

12. Financial risk management (cont'd)

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to $100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institution and for receivables by standard credit checks. At September 30, 2012, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As at September 30, 2012, the Company had a cash balance of $629,007 (December 31, 2011 - $264,735) to settle current liabilities of $57,829 (December 31, 2011 - $159,395).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest risk

The Company has cash balances and interest-bearing loans payable. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of September 30, 2012, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company does not have any balances denominated in a foreign currency and believes it has no significant foreign currency risk.

c) 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. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(Expressed in Canadian dollars - unaudited)

13. Supplemental disclosure with respect to cash flows

The Company incurred the following non-cash transactions that are not reflected in the statement of cash flows:

	Nine Months Ended	
	September 30, 2012	September 30, 2011
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

During the nine months ended September 30, 2012, the significant non-cash transactions were as follows:

a) Issued 525,000 finder's warrants having a fair value of $34,923 in connection with the private placement of May 10, 2012 as described in Note 8.

b) Transferred 155,000 from subscriptions advances to common shares of the Company.

There were no significant non-cash transactions for the nine months ended September 30, 2011.

14. Subsequent event

Subsequent to the nine month period ended September 30, 2012, the Company entered into a binding option agreement with Lorente Y Pallares SL (the "Optionor") pursuant to which it acquired the option to purchase 100% of the sixty-two (62) iron ore concessions and metallic mining licenses, covering an area of 1,030 hectares, located in south eastern Spain.

Under the terms of the option agreement, Solid has the right to purchase the licenses during the one year term, by paying the Optionor a total of € 900,000 (approx. $1,160,000) and an additional € 2,100,000 (approx. $2,700,000), upon one of the 62 concessions going into production. The exercise of the option will be subject to acceptance by the TSX Venture Exchange.

In 1975, all 62 concessions were grouped together in one single subsidiary of Altos Hornos de Vizcaya called Agrupacion Minera, SA., who exploited one of the open pit mines – Mina Maria, for its own needs until 1985.