Condensed Interim Consolidated Financial Statements

IBERIAN Minerals

Nine months Ended September 30, 2014

(Expressed in Canadian dollars)

(Unaudited - prepared by management)

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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed 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 interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

IBERIAN MINERALS LTD.

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

	Notes		September 30, 2014		December 31, 2013
ASSETS					
Current assets					
Cash and cash equivalents		$	130,013	$	643,603
Receivables	4		8,906		20,114
Prepaids			7,693		4,417
Total current assets			146,612		668,134
Non-current assets					
Restricted cash	5		75,507		-
Exploration and evaluation assets	5		5,374,994		4,701,565
Total non-current assets			5,450,501		4,701,565
TOTAL ASSETS		$	5,597,113	$	5,369,699
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6	$	354,597	$	170,956
Loans from related party	8, 12		78,814		-
Non-convertible secured debentures	7		356,904		-
TOTAL LIABILIITES			790,315		170,956
EQUITY					
Share capital	9		26,489,585		24,483,666
Subscription advances	9		-		781,711
Reserves			6,644,827		6,200,783
Deficit			(28,327,614)		(26,267,417)
TOTAL EQUITY			4,806,798		5,198,743
TOTAL LIABILITIES AND EQUITY		$	5,597,113	$	5,369,699

Nature and continuance of operations (Note 1)

Subsequent event (Note 16)

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.

IBERIAN MINERALS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars - Unaudited)

	Notes	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine months Ended September 30, 2014	Nine months Ended September 30, 2013
Expenses					
Consulting fees		$ 23,311	$ 55,343	$ 140,344	$ 93,343
Interest and finance costs		48,740	-	48,740	-
Investor relations		11,126	50,484	24,703	127,216
Management fees	11	82,500	63,000	228,000	189,000
Office and general		32,637	17,248	107,265	48,710
Professional fees		289,563	26,756	954,072	40,116
Project investigation		-	30,210	-	91,462
Share-based payments	10	8,160	21,704	440,052	332,876
Transfer agent and filing fees		6,639	10,358	27,151	34,961
Travel		27,563	50,282	65,675	85,596
		530,239	325,385	2,036,002	1,043,280
Loss before other items		(530,239)	(325,385)	(2,036,002)	(1,043,280)
Other items					
Foreign exchange gain (loss)		(4,522)	584	(15,412)	(3,674)
Write-down of exploration and evaluation assets	5	(3,027)	-	(8,783)	-
Loss and comprehensive loss for the period		(537,788)	(324,801)	(2,060,197)	(1,046,954)
Basic and diluted loss per common share	11	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		145,564,524	124,107,830	142,779,208	118,540,817

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

IBERIAN MINERALS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUIITY
(Expressed in Canadian dollars - Unaudited)

	Share Capital					
	Number of Shares	Amount	Subscription Advances	Reserves	Deficit	Total
Balance at December 31, 2012	108,342,715	$ 22,922,186	$ -	$ 5,017,415	$ (23,890,879)	$ 4,048,722
Private placements	18,979,164	1,575,000	-	-	-	1,575,000
Share issuance costs	-	(59,395)	-	-	-	(59,395)
Exercise of warrants	292,500	33,875	-	-	-	33,875
Share-based payments	-	-	-	332,876	-	332,876
Loss for the period	-	-	-	-	(1,046,954)	(1,046,954)
Balance at September 30, 2013	127,614,379	24,471,666	-	5,350,291	(24,937,833)	4,884,124
Exercise of warrants	80,000	12,000	-	-	-	12,000
Share subscription advances	-	-	781,711	-	-	781,711
Share-based payments	-	-	-	850,492	-	850,492
Loss for the period	-	-	-	-	(1,329,584)	(1,329,584)
Balance at December 31, 2013	127,694,379	24,483,666	781,711	6,200,783	(26,267,417)	5,198,743
Private placements	14,791,667	1,690,000	(781,711)	-	-	908,289
Share issuance costs	-	(103,831)	-	10,992	-	(92,839)
Bonus shares granted to debenture holders (Note 7)	350,000	26,250	-	-	-	26,250
Exercise of warrants	2,510,000	376,500	-	-	-	376,500
Exercise of stock options	100,000	17,000	-	(7,000)	-	10,000
Share-based payments	-	-	-	440,052	-	440,052
Loss for the period	-	-	-	-	(2,060,197)	(2,060,197)
Balance at September 30, 2014	145,446,046	$ 26,489,585	$ -	$ 6,644,827	$ (28,327,614)	$ 4,806,798

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

IBERIAN MINERALS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars - Unaudited)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine months Ended September 30, 2014	Nine months Ended September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (537,788)	$ (324,801)	$ (2,060,197)	$ (1,046,954)
Items not affecting cash:				
Share-based payments	8,160	21,704	440,052	332,876
Write-down of exploration and evaluation assets	3,027	-	8,783	-
Accrued interest	7,238	-	7,238	-
FMV of bonus shares in debenture offering	26,250	-	26,250	-
Changes in non-cash working capital items:				
Receivables	(8,905)	(1,437)	11,209	7,018
Prepaids	34,805	3,276	(3,277)	(3,276)
Accounts payable and accrued liabilities	160,118	(38,724)	88,931	(70,286)
	(307,095)	(339,982)	(1,481,011)	(780,622)
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets	(165,534)	(72,580)	(314,618)	(438,865)
Acquisition of subsidiary (Note 5)	-	-	(348,391)	-
	(165,534)	(72,580)	(663,009)	(438,865)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	-	700,000	908,289	1,575,000
Share issuance costs	-	(33,285)	(92,839)	(59,395)
Debenture	350,000	-	350,000	-
Loans payable	78,480	-	78,480	-
Exercise of options	10,000	-	10,000	-
Exercise of warrants	-	13,875	376,500	33,875
	438,480	680,590	1,630,430	1,549,480
Change in cash and cash equivalents for the period	(34,149)	268,028	(513,590)	329,993
Cash and cash equivalents, beginning of the period	164,162	84,816	643,603	22,851
Cash and cash equivalents, end of the period	$ 130,013	$ 352,844	$ 130,013	$ 352,844

Supplemental disclosure with respect to cash flows (Note 15)

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") was incorporated under the laws of the Province of Alberta, Canada. On June 12, 2014, the Company changed its name from Solid Resources Ltd. to Iberian Minerals Ltd. Its shares are listed for trading on the TSX Venture Exchange where its common shares trade under the symbol "IML" and effective October 31, 2014, the Company additionally commenced trading in the United States on the OTCQB venture marketplace under the symbol "SLDRF". 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 Suite 600, 815 – 8th 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 approved for issue on November 27, 2014 by the Board of Directors of the Company.

2. Significant accounting policies

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.

Basis of presentation

The financial statements have been prepared using the same accounting policies and methods as those used in the audited financial statements for the year ended December 31, 2013, 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 audited financial statements for the year ended December 31, 2013.

(Expressed in Canadian dollars - Unaudited)

2. Significant accounting policies (cont'd)

Basis of consolidation

The condensed interim consolidated financial statements include, on a consolidated basis, the assets, liabilities, revenues and expenses of the Company and its wholly-owned subsidiaries, Solid Mines Espana S.A, ,Magnetitas del Cehegin, SLU., and Cehegin Iron Ore Holdings, all incorporated in Spain.

A subsidiary is consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date on which control ceases.

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

3. New standards, amendments and interpretations not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below

i) IFRS 9 *'Financial Instruments: Classification and Measurement'* – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

ii) IFRS 32 *'Financial Instruments: Presentation'* - effective for annual periods beginning on or after January 1, 2014, is amended to provide guidance on the offsetting of financial assets and financial liabilities.

The Company has not yet begun the process of assessing the impact that the new and amended standards, that are effective for annual periods beginning on or after January 1, 2014, will have on its financial statements or whether to early adopt any of the new requirements. The Company does not expect the impact of such changes on the consolidated financial statements to be material, although additional disclosure may be required.

4. Receivables

	September 30, 2014	December 31, 2013
Sales taxes receivables	$ 8,906	$ 20,114
Total	8,906	20,114

(Expressed in Canadian dollars - Unaudited)

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:

	Cehegin, Spain	Doade-Presqueira, Spain	Peru Gold & Copper	Total
Balance, December 31, 2012	$ -	$ 3,959,945	$ 136,768	$ 4,096,713
Additions:				
Geological fees and expenses	-	301,824	16,525	318,349
Mining rights and taxes	-	23,545	-	23,545
Drilling, sampling and assay	-	416,251	-	416,251
Total additions	-	741,620	16,525	758,145
Write-off of exploration and evaluation assets	-	-	(153,293)	(153,293)
Balance, December 31, 2013	-	4,701,565	-	4,701,565
Additions:				
Geological fees and expenses	39,016	171,357	8,783	219,156
Mining rights and taxes	354,344	-	-	354,344
Drilling, sampling and assay	-	108,712	-	108,712
Total additions	393,360	280,069	8,783	682,212
Write-off of exploration and evaluation assets	-	-	(8,783)	(8,783)
Balance, September 30, 2014	$ 393,360	$ 4,981,634	$ -	$ 5,374,994

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.

The surrounding schist also contains significant quantities of lithium, rubidium, and cesium. The mineralized pegmatites are located in a northerly trending belt approximately 0.6 km wide and 15 km in length

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets (cont'd)

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. Although the agreement expired on December 31, 2012, by mutual consent it has remained in force.

During the year ended December 31, 2013, the Company has changed its focus on exploring and developing the Doade-Presqueira and the Cehegín Iron Ore Concessions in Spain; accordingly, all related capitalized costs of $153,293 were considered to be fully impaired.

During the nine months ended September 30, 2014, costs of $8,783 were also written-down.

The Cehegín Iron Ore Concession, Spain

On October 21, 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.

On March 13, 2014 the Company's wholly-owned subsidiary, Solid Mines Espana, S.A.U. ("SME"), acquired all of the issued and outstanding shares of Lorente y Pallares, S.L. ("LyP"), a private Spanish company, in an arm's length transaction. LyP holds all of the rights and interests associated with the Cehegin 62 iron ore concessions in south-eastern Spain. In total the Cehegin iron ore property represents 62 exploitation concessions representing a surface area of 1,030 Hectares. The Company has applied for an expansion of the local area creating a continuous area of 6,900 hectares.

The purchase price for the acquisition was €135,000 (CAD - $208,238), plus the repayment of mortgage debt in the amount of €45,000 (CAD - $69,412) In addition a security payment in the amount of €45,861 (CAD - $70,741) was given to a financial institution for future environmental restoration purposes and is now registered as an asset to SME. These amounts were paid on the closing representing a total price of €225,861 (CAD - $348,391).

The allocation of the purchase price for net assets acquired based on estimates of fair value at the acquisition date are as follows:

Cash	$	30,791	
Restricted Cash		79,962*	(*As at September 30, 2014 - $75,507)
Exploration and evaluation assets		326,245	
Accounts payable and accrued liabilities		(19,195)	
Mortgage payable		(69,412)	
Net identifiable assets acquired	$	348,391	

SME will be required to pay an additional amount of up to €2,700,000 once a mining permit is submitted and granted for all 62 concessions, an improvement over the previously announced cost of €3,000,000. If SME proceeds with the new magnetite mining project, this additional payment would be made within four months from the decision notice date on which the permits or licenses are issued. This additional amount will be reduced to €1,800,000 if SME proceeds with the project, but does not obtain all mining permits for the total 62 concessions in its initial submission for permitting. No net royalties will be due on any proceeds from commercialization of the project.

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets (cont'd)

The Cehegín Iron Ore Concession, Spain (cont'd)

Co-operation Agreement with Glencore

On October 21, 2013, the Company signed a definitive and exclusive Co-operation Agreement with a wholly owned subsidiary of Glencore Xstrata plc ("Glencore", for joint due diligence of the Cehegin Project. Glencore is one of the world's largest global diversified natural resource companies. The Agreement also provides for the potential formation of a joint venture company to progress development of the formerly producing Cehegin Iron Ore Mine located in the Province of Murcia, south-eastern Spain.

Upon of the execution of the Agreement, Iberian ~~has~~ had also issued to Glencore twelve million (12,000,000) purchase warrants to purchase an equivalent number of common shares in the capital of Iberian, at an exercise price of $0.19 which expired on October 18, 2014 and $0.26 during the period from October 19, 2014 until the expiry date of October 18, 2015. The warrants will only vest and be exercisable as to 50% on the signing of the Agreement and as to 50% on Glencore contributing its share of costs for the initial exploration and study phase of the development programme

The Company expensed a fair value of $839,165 to project investigations, which represents 50% of the warrants issued upon signing of the Agreement. The fair value of these warrants was determined using the Black-Scholes option pricing model weighted average assumptions with volatility of 157%, average risk free interest rate of 1.18%, expected life of 2 years, forfeiture rate of 0% and a dividend rate of 0%.

Joint Venture with Glencore

The Company has completed a due diligence study with Glencore which includes and analysis of the now completed 3D modelling of the historical drilling, the historical production data, logistics, environmental, production capital expenditure and the impact to the region and surrounding communities. Based on the conclusions and recommendations of the study, Iberian Minerals and Glencore have signed a definitive and exclusive Joint Venture Agreement (the "JVA"), which was announced on June 26, 2014. The Company plans to submit the documentation to obtain the necessary permits to commence a work program with an objective of increasing our knowledge of the resource potential within the concessions.

Under the terms of the JVA Glencore was granted a 20% interest in the Cehegin Project, with Iberian retaining an 80% interest. The joint venture will progress exploration and phased development studies with the objective of identifying and constructing a new iron ore mine. The Company and Glencore will jointly pursue third party financing when required and Glencore will purchase exclusively all production.

6. Accounts payables and accrued liabilities

	September 30, 2014	December 31, 2013
Accounts payables	$ 263,492	$ 42,650
Accrued liabilities	91,105	128,306
	$ 354,597	$ 170,956

(Expressed in Canadian dollars - Unaudited)

7. Non-convertible secured debentures

On August 15, 2014, the Company announced the closing of the non-convertible secured debentures in the principal amount of $350,000. The debentures mature on January 31, 2015 and bear interest at the rate of 15% per annum. The Company can redeem the debentures at any time upon ten days prior written notice. The payment of the debentures is secured by a security interest granted by the Company in respect of all present and after-acquired personal property of the Company, excluding the shares held of its foreign subsidiaries. Subsequent to the quarter, the Company has amended the terms of debentures sold pursuant to a previous debt offering such that the maturity date of such debentures has been extended to mature on October 31, 2015. All other terms of the debentures remain the same. These original debentures

The debenture holders shall be entitled to convert the principal amount into common shares at a conversion price as follows: (i) if the Company completes a public financing, the conversion price will be equal to the public financing price; and (ii) if the Company does not complete a public financing, the holder may convert following the expiry of the resale restriction period with a conversion price equal to the last closing price of the common shares on the TSX Venture Exchange before the expiry of the resale restriction period. Finders acting in connection with the Offering received aggregate fees of $14,000.

The subscribers received a bonus of an aggregate of 350,000 common shares. The bonus shares are subject to resale restrictions in Canada that expires four months plus one day from the closing date.

Interest payable on debentures at September 30, 2014 was $6,904.

8. Loans from related party

	September 30, 2014	December 31, 2013
Loans payable	$ 78,480	$ -
Accrued interest	334	-
	$ 78,814	$ -

A non-arms length individual, related to an officer of the Company, loaned $78,480 unsecured bearing simple interest at 10% per annum with no fixed terms of repayment.

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2014, there were 145,446,046 issued and fully paid common shares (December 31, 2013 - 127,694,379).

Please refer to the Consolidated Statements of Changes in Equity for a summary of changes in share capital and reserves for the nine months ended September 30, 2014. Reserves relate to stock options, agent's unit options, and compensatory warrants that have been issued by the Company.

Private placements

For the nine months ended September 30, 2014

i) On January 7, 2014, the Company completed a non-brokered private placement of 10,541,667 units representing gross proceeds of $1,265,000. Each unit consists of one share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one (1) common share in the share capital of the Corporation at an exercise price of $0.20 per Common Share during the first year following the date of closing and at $0.26 per Common Share during the subsequent year up to a period of two years following the date of closing. The warrants are subject to an accelerated expiry stating that if at any time after the standard four month hold period the closing price of the Company's common shares on the TSX Venture Exchange exceeds $0.40 for any 10 consecutive trading days,

   Finders acting in connection with the Offering received aggregate fees of $71,589 and 218,050 finder's warrants, with each finder's warrant entitling the holder to purchase one (1) common share in the share capital of the Corporation at an exercise price of $0.20 per Common Share during the first year following the date of closing and at $0.26 per Common Share during the subsequent year up to a period of two years following the date of closing.

   The fair value of the finders' warrants, being $10,992 was determined using the Black-Scholes option pricing model weighted average assumptions with volatility of 93.4%, average risk free interest rate of 1.25%, expected life of 2 years, forfeiture rate of 0% and a dividend rate of 0%.

ii) On February 20, 2014, the Company completed a non-brokered private placement for a total of 4,250,000 common shares in the capital of the Corporation representing gross proceeds of $425,000. The Offering did not include any share purchase warrants. In connection with this offering, finders' fees of $21,250 in cash were paid.

Other issuance

iii) The Company issued 2,510,000 common shares as a result of warrant exercises.

iv) The Company issued 100,000 common shares as a result of stock option exercises.

v) As detailed in Note 7, the Company issued an aggregate of 350,000 common shares to non-convertible debenture subscribers.

9. Share capital (cont'd)

Year ended December 31, 2013

i) On January 24, 2013, the Company closed the non-brokered private placement of 4,166,664 units at a price of $0.06 per unit for aggregate gross proceeds of $250,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.15 at any time prior twenty four months from the date of the issuance of the units, subject to earlier termination in the event that the closing price (or closing bid price on days when there are no trades) of the common shares on the TSX Venture Exchange exceeds $0.25 for 20 consecutive trading days, then upon the Company sending subscribers written notice of such date and issuing a news release announcing such date, the Warrant will only be exercisable for a period of 30 days following the date on which such written notice is sent to the subscribers.

Private placements

ii) On March 22, 2013, the Company closed the first tranche of its previously announced non-brokered private placement consisting of up to 6,250,000 units ("Units") at a price of $0.08 per unit for gross proceeds of up to $500,000. Each unit is comprised of one common share of the Company and one share purchase warrant.

The Company issued 3,837,500 units for total gross proceeds of $307,000 pursuant to the first tranche. The securities issued pursuant to the first tranche are subject to a four month hold period from the date of closing and the warrants are exercisable to acquire an additional common share at a price of $0.15 until March 22, 2015. The warrants are subject to an accelerated expiry stating that if at any time, after the standard 4 month hold period, the closing price of the Company's common shares on the TSX Venture Exchange exceeds $0.25 for any 20 consecutive trading days, the warrant holder will be given notice that the warrants will expire 30 days following the date of such notice. The Company paid finders' fees of $13,930 cash.

iii) On April 22, 2013, the Company completed of the second tranche of its previously announced non-brokered private placement for a total of 3,975,000 units representing gross proceeds of $318,000. Each unit consists of one share and one share purchase warrant, with each warrant exercisable to acquire an additional share until April 22, 2015. The warrants are subject to an accelerated expiry stating that if at any time, after the standard 4 month hold period, the closing price of the Company's common shares on the TSX Venture Exchange exceeds $0.25 for any 20 consecutive trading days, the warrant holder will be given notice that the warrants will expire 30 days following the date of such notice. The Company paid a finders' fee of $12,180 cash

On closing and when combined with the previous tranche, the Company will have issued a total of 7,812,500 units for gross proceeds of $625,000.

iv) On August 14, 2013, the Company completed a non-brokered private placement of 7,000,000 units at a subscription price of $0.10 per unit for total gross proceeds of $700,000. Each unit consists of one share and one share purchase warrant, with each warrant exercisable to acquire an additional share until August 14, 2015. The warrants are subject to an accelerated expiry stating that if at any time, after the standard 4 month hold period, the closing price of the Company's common shares on the TSX Venture Exchange exceeds $0.25 for any 10 consecutive trading days, the warrant holder will be given notice that the warrants will expire 30 days following the date of such notice. The Company paid finder's fees of $33,285 cash.

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, forfeiture rate of 0% and a dividend rate of 0%.

(Expressed in Canadian dollars - Unaudited)

9. Share capital (cont'd)

Warrants

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

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance outstanding, December 31, 2012	44,262,533	$ 0.13	
Granted on private placement	4,166,664	0.15	January 21, 2015
Granted on private placement	3,837,500	0.15	March 22, 2015
Granted on private placement	3,975,000	0.15	April 22, 2015
Granted on private placement	7,000,000	0.15	August 14, 2015
Issued to Glencore (Note 5)	12,000,000	0.19	October 18, 2015
Exercised	(372,500)	(0.12)	
Expired or cancelled	(20,133,333)	(0.10)	
Balance outstanding, December 31, 2013	54,735,864	$ 0.16	
Granted on private placement	10,759,717	0.20	January 7, 2016
Exercised	(2,510,000)	(0.15)	
Expired or cancelled	(21,767,250)	(0.15)	
Balance outstanding, September 30, 2014	41,218,331	$ 0.17	
Balance exercisable, September 30, 2014	41,218,331	$ 0.17	

Finders' warrants

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

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, December 31, 2012	626,500	$ 0.15	
Expired or cancelled	(101,500)	-	
Balance, December 31, 2013	525,000	0.15	May 10, 2014
Granted	218,050	0.20	January 7, 2016
Expired or cancelled	(525,000)	(0.15)	
Balance outstanding, September 30, 2014	218,050	$ 0.20	
Balance exercisable, September 30, 2014	218,050	$ 0.20	

(Expressed in Canadian dollars - Unaudited)

10. 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, 2014			Year ended December 31, 2013		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	13,250,000	$	0. 13	10,200,000	$	0. 14
Granted	4,150,000		0.13	4,100,000		0.11
Exercised	100,000		0.10	-		-
Options cancelled/expired	(1,500,000)		(0.16)	(1,050,000)		(0.20)
Options outstanding, end of period	16,000,000	$	0.13	13,250,000	$	0.13
Options exercisable, end of period	15,875,000	$	0.13	12,975,000	$	0.13

During the nine months ended September 30, 2014:

a) On January 2, 2014, the Company granted 3,950,000 stock options to directors, officers, employees and various consultants of the Company. The options are at an exercise price of $0.13 per share and valid for a period of five years from the date of the grant. The 3,425,000 options vest upon grant and 525,000 vest in quarterly installments thereafter.

b) On March 27, 2014, the Company granted 200,000 stock options to an officer of the Company. The options are at an exercise price of $0.13 per share and valid for a period of five years from the date of the grant. The options vest upon grant.

During the year ended December 31, 2013:

a) On February 15, 2013, the Company granted 3,650,000 stock options to directors, officers, employees and various 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. The options vest 25% upon grant and 25% quarterly thereafter.

b) On September 12, 2013, the Company granted 250,000 stock options to a consultant of the Company. The options are at an exercise price of $0.17 per share and valid for a period of five years from the date of the grant. The options vest 25% upon grant and 25% quarterly thereafter.

c) On October 1, 2013, the Company granted 200,000 stock options to a consultant of the Company. The options are at an exercise price of $0.18 per share and valid for a period of five years from the date of the grant. The options vest 25% upon grant and 25% quarterly thereafter

(Expressed in Canadian dollars - Unaudited)

10. Share-based payments (cont'd)

Stock options (cont'd)

The stock options outstanding and exercisable at September 30, 2014 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
250,000	250,000	$ 0.10	October 7, 2014
300,000	300,000	$ 0.165	November 24, 2014
1,500,000	1,500,000	$ 0.29	February 11, 2015
3,100,000	3,100,000	$ 0.10	December 17, 2015
100,000	100,000	$ 0.135	January 7, 2016
200,000	200,000	$ 0.12	March 24, 2016
450,000	450,000	$ 0.10	September 1, 2016
2,250,000	2,250,000	$ 0.10	March 12, 2017
250,000	250,000	$ 0.10	November 20, 2017
3,650,000	3,650,000	$ 0.10	February 15, 2018
3,750,000	3,625,000	$ 0.13	January 2, 2019
200,000	200,000	$ 0.13	March 27, 2019
16,000,000	15,875,000		

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.

The total share-based payments recognized during the nine months ended September 30, 2014, under the fair value method was $443,549 (2013 - $358,860) for the options granted during the period. The Company expensed during the nine months period was $440,052 (2013 - $332,876) leaving an unamortized balance of $3,497_ (December 31, 2013 - $25,573).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the nine months ended September 30, 2014 and 2013:

	2014	2013
Risk-free interest rate	1.25%	1.14%
Expected life of options	5 years	5 years
Annualized volatility	142%	191%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

(Expressed in Canadian dollars - Unaudited)

11. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2014 was based on the loss attributable to common shareholders of $2,060,197 (2013 - $1,046,954) and the weighted average number of common shares outstanding of 142,779,208 (2013 - 118,540,817).

Diluted loss per share did not include the effect of 16,000,000 stock options, 41,218,331 share purchase warrants and 218,050 finders' warrants as the effect would be anti-dilutive.

12. Related party transactions

The Company entered into the following transactions with related parties:

Key management personnel compensation

	Nine months ended	
	September 30, 2014	September 30, 2013
Short-term employee benefits - management	$ 228,000	$ 189,000
Short-term employee benefits – directors	41,606	20,000
Share-based payments – officers	171,764	75,837
Share-based payments – directors	85,266	34,472
Total	$ 526,636	$ 319,309

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.

Related party balances

The amounts due to officers of the Company are as follows:

	September 30, 2014	**December 31, 2013**
Included in accounts payables and accrued liabilities(i)	$ 54,741	$ 380
Loans from related party (Note 8)	78,814	-
	$ 133,555	$ 380

(i) These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

13. 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, 2014. The Company is not subject to externally imposed capital requirements.

14. 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.

At September 30, 2014, 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

14. 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 Canadian and Spanish 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, 2014, 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.

At September 30, 2014, the Company had a cash balance of $130,013 (December 31, 2013 - $643,603) to settle current liabilities of $790,315 (December 31, 2013 - $170,956). Subsequent to the quarter**,** the Company announced the completion of a debt offering of secured non-convertible debentures of the Company for aggregate gross proceeds of up to 275,000, additionally, the previous $350,000 secured non-convertible debenture was rolled over, amending the maturity date from January 31, 2015 to October 31, 2015. All other terms and conditions regarding the initial debenture remain in effect. The debentures will mature on October 31, 2015 and will bear interest at the rate of 15% per annum. The redemption and conversion terms are described in the Note 16.

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 and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At September 30, 2014, the Company was not exposed to significant interest rate risk.

The Company has significant operating expenditures which are denominated in Euro ("EUR"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities. The Company is principally engaged in the acquisition, exploration and development of mineral properties in Spain and Peru.

14. Financial risk management (cont'd)

Financial assets

The Canadian dollar equivalent of the amounts denominated in foreign currencies as at September 30, 2014 and December 31, 2013 are as follows:

September 30, 2014		**EUR**
Cash	$	102,297

December 31, 2013		**EUR**
Cash	$	13,983

Financial liabilities

The exposure of the Company's financial liabilities to currency risk are as follows:

September 30, 2014		**EUR**
Accounts payable and accrued liabilities	$	60,163

December 31, 2013		**EUR**
Accounts payable and accrued liabilities	$	103,307

Sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in Euro. At September 30, 2014, net financial liabilities totalling $42,134 were held in Euro.

Based on the above net exposure as at September 30, 2014 and assuming all other variables remain constant, a 2% depreciation or appreciation of the Euro against the Canadian dollar would result in an increase or decrease of approximately $843 in the Company's loss and comprehensive loss.

b) 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)

15. 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, 2014	September 30, 2013
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

During the nine months ended September 30, 2014, the significant non-cash transactions were as follows:

a) Issued 218,050 finder's warrants having a fair value of $10,992 in connection with the private placement of January 7, 2014 described in Note 7.

b) Included in exploration and evaluation assets is $52,951which is included in accounts payable and accrued liabilities.

c) Transfer of $7,000 to capital stock from contributed surplus for stock options exercised

d) Issued 350,000 common shares to non-convertible debenture subscribers with a fair value of $26,250

During the nine months ended September 30, 2013, there were no significant non-cash transactions.

16. Subsequent events

Subsequent to the quarter-end:

i) On November 5, 2014, the Company announced a debt offering of secured non-convertible debentures of the Company for aggregate gross proceeds of up to $275,001. The debentures will mature on October 31, 2015 and will bear interest at the rate of 15% per annum.

Further to non-convertible debentures described in Note 7, the Company has amended the terms of debentures sold pursuant to a previous debt offering such that the maturity date of such debentures has been extended to mature on October 31, 2015. All other terms of the debentures remain the same. These original debentures will rank equally with those being sold under the Company's second debt offering discussed above.

The Company can redeem the debentures at any time upon ten days prior written notice. The payment of the debentures shall be secured by a security interest granted by the Company in respect of all present and after-acquired personal property of the Company, excluding the shares held of its foreign subsidiaries.

Subscribers will be entitled to receive a bonus of common shares which number will be equal to 10% of the principal amount subscribed for, divided by $0.10. On November 17, 2014, the Company issued 275,001 shares to the debenture holders. Bonus shares are subject to resale restrictions in Canada that expires four months plus one day from the closing date.

The Company intends to expend the proceeds of the debt offering for general corporate and working capital purposes.

ii) On November 21, 2014, the Company settled $70,260 of debt to arm's length parties by issuing 800,000 shares at a deemed price of $0.088 per share.