



**MANAGEMENT'S DISCUSSION & ANALYSIS**

**SEPTEMBER 30, 2014**

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

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## **Introduction and Background**

The Management's Discussion & Analysis is a discussion and assessment of the results to date and future prospects of Iberian Minerals Ltd. and its subsidiaries ("Iberian" or the "Company"). The information provided herein should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2014 and audited financial statements for the year ended December 31, 2013 and related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. The effective date of this report is November 27, 2014.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See "Forward-Looking Information and Statements" herein.

On June 12, 2014, the Company changed its name from Solid Resources Ltd. to Iberian Minerals Ltd to better reflect the Company's focus and commitment on the development of mineral assets in Spain. The common shares of the Company began trading under the new name on the TSX Venture Exchange and trading symbol "IML" at market open on June 13, 2014. There was no consolidation or change in the share capital. Common share certificates bearing the previous company name "Solid Resources Ltd.", continue to be valid in the settlement of trades in common shares and will only be replaced with certificates bearing the new name against transfer.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

Iberian is a Canadian junior mining company focused in Spain on the exploration and development of rare and industrial metals. The Company is currently in the late stages of potential re-opening the Cehegin iron ore mine in south-eastern Spain and is applying for an exploitation permit on its Alberta-1 tantalum/tin and lithium property in north-western Spain.

## **Overall Performance**

The Company was incorporated under the laws of the Province of Alberta, Canada. Its shares are listed for trading on the TSX Venture Exchange. Effective October 31, 2014 the Company additionally commenced trading in the United States on the OTCQB venture marketplace under the symbol SLDRF. The rationale for the OTCQB listing was to provide U.S. based shareholders with a readily accessible platform to buy and sell Iberian Minerals shares. The Company is involved in the exploration and development of mineral resource properties and does not currently have a recurring revenue stream. In addition, the Company's goals are to prospect for mineral resource properties that exhibit the potential for development into profit producing mines, obtain the rights to such properties, conduct sampling, drilling, and assaying programs to establish mineral resources and reserves, and generate revenue for the benefit of its shareholders.

At September 30, 2014, there were 145,446,046 common shares issued and outstanding. There have been issuances of new securities during the past year in order to finance working capital and exploration work programs on the Company's properties. . With properties consisting of various metals, there is a possibility that Iberian will generate revenue from operations in the future. Management believes in diversification in terms of both mineral deposit types and geographical location.

## ***Exploration and Evaluation Assets***

Management has worked diligently to identify mineral resource properties that indicated potential for commercial ore bodies. Exploration programs and technical studies aimed at determining the existence, grade, and economic feasibility of mineral deposits are being carried out. Mining activities are generally required to comply with varying levels of regulatory and environmental requirements that vary by jurisdiction. Sufficient capital must be raised to carry out the programs. The accompanying discussions below address the status of each project and management's current beliefs with respect to each project.

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

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***The Doade-Presqueira Property, Spain***

The Company has 100% interest in this concession which is located in northwestern Spain and is 3,690 hectares in size. This property is under exploration for lithium, tantalum, tin, rubidium and cesium. During 2011, 31 holes (3500 metres) were drilled, sampled, and assayed were completed and the results were filed on SEDAR and portions of it are posted on the Company's website ([www.solidresources.com](http://www.solidresources.com)).

1,570 meters were drilled during the 2012 exploration program.

The Company reports its results on the property on a regular basis or as assays results come available on the Company's website and are press released and filed on SEDAR.

The Company has received a technical report (NI 43-101) for the Alberta-1 (Doade-Presqueiras) property, prepared by Stanley C. Bartlett M.Sc., PGeo, of Micon International Co Limited, in the United Kingdom, dated May 23, 2014, which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) on May 23, 2014.

***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.

During the year ended December 31, 2013, as 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 for the Peru Gold & Copper property of \$153,293 were considered to be fully impaired.

***The Cehegín Iron Ore Concessions, 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 Cehegín 62 iron ore concessions in south-eastern Spain. In total the Cehegín 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.

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

---

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).

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.

The magnetite concessions are located in the province of Murcia, region of Cehegín, in the triangle formed by the towns of Calasparra, Cehegín and Mula in south eastern Spain. The geological formation where the magnetite mineralization is located in the various fields is a Triassic Keuper facies associated with ophitic sub volcanic rock. The concessions were formally owned by the Spanish ironworks company, Altos Hornos de Vizcaya, which was the largest industrial company in Spain for much of the twentieth century. 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.

The 62 separate concessions, which were mined for iron ore during the 20th century, offer excellent infrastructure, including hydro, water and a railway, approximately 12 km away, connecting at the rail station in the municipality of Calasparra, to the deep sea port of Cartagena, 100 km away.

Production can commence on the existing permitted concessions upon the Company updating the viability and environmental studies to the satisfaction of the local mining and environmental authorities and upon suitable financing being available.

The Company's Spanish Geological team has finalized the analysis of the 38,000 meters of historical drilling on the Cehegín Iron Ore concessions. 100% of the drill holes on three of the 62 concessions have been digitized allowing for the completion of 3D modelling. The Company's analysis confirms a vast expansion of the ore bodies which are open in all directions including depth.

The Company will continue its policy of continuous contact with local and regional authorities of all levels to ensure an alliance of mutual benefit. Politically, there is a strong commitment for the economic development of this region.

The Cehegín iron ore concession has a good infrastructure and access by rail to the deep sea Port of Cartagena, 104 Km away from the property. The concession is located in the south eastern area of the mineral rich Iberian Peninsula; this region has a long history of iron ore production that was once the dominant supplier to all of Europe. The Company was able to obtain all of the detailed historical mining and exploration data, compiled by the previous operational owner, Altos Hornos de Vizcaya. This valuable data will result in significant savings in exploration costs and advance the timeline to production.

The Company has received a technical report (NI 43-101) for the Cehegín property, prepared by Stanley C. Bartlett M.Sc., PGeo of Micon International Co Limited, in the United Kingdom, dated April 28, 2014, which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) on May 20, 2014.

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

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**Co-operation Agreement with Glencore**

On October 21, 2013, the Company signed a definitive and exclusive Co-operation Agreement (the "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

**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 proposed Project is to be carried out in 4 Phases. During Phase 1, Iberian and Glencore would determine the potential feasibility of the Project. Following the completion of the due diligence during Phase 1, Glencore will then either elect to proceed with Phase 2, in which case the parties will enter into the JVA, or terminate the Agreement.

During Phase 2, the parties will form a joint venture company (the "JV Company") to carry out the Project, which will initially be owned 80% by Iberian and 20% by Glencore. The ownership of the JV Company will be subject to change based on the terms of the JVA, which will depend on further funding requirements. Iberian will transfer all of its rights in the Cehegin Iron Ore concessions in south-eastern Spain to the JV Company. During Phase 2, the parties will prepare an Exploration and Concept Study. During Phase 3, the parties will prepare a Pre-Feasibility Study. During Phase 4, the parties will prepare a Feasibility Study and raise funding for the Project.

Significant terms of the potential JVA are:

- Glencore to hold a 20% interest, with Iberian maintaining an 80% interest.
- Glencore to purchase exclusively all production.
- Agreement to jointly pursue third party financing when required.
- Dilution of non-financing partner(s) at fair market value.

**Selected Annual Financial Information**

	December 31, 2013	December 31, 2012	December 31, 2011

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

Revenues from continuing operations	\$ -	\$ -	\$ -
Loss and comprehensive loss	(2,376,538)	(834,995)	(1,233,245)
Loss per share - basic and diluted	(0.02)	(0.01)	(0.01)
Exploration and evaluation assets	4,701,565	4,096,713	3,353,605
Total assets	5,369,699	4,139,838	3,645,984
Total liabilities	170,956	91,116	159,395
Total cash dividend paid	-	-	-
Working capital (deficiency)	497,178	(47,991)	132,984

**Summary of Quarterly Results**

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

	Sept 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss for the period	(537,788)	(734,291)	(788,117)	(1,329,584)	(324,801)	(228,863)	(493,290)	(270,928)
Loss per share (basic & diluted)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)

Fluctuations in the Company's expenditures reflect the variations in the timing of exploration activities and general corporate operations, and the timing of share-based payments and write-down of certain exploration and evaluation assets.

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

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**Results of Operations**

This review of the results of operations should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended September 30, 2014:

*Financial results*

The Company had no operating revenue for the nine months ended September 30, 2014 and 2013. For the nine months ended September 30, 2014, the Company incurred a net loss of \$2,060,197 (\$0.01 loss per share) compared to a net loss of \$1,046,954 (\$0.01 loss per share) for the nine months ended September 30, 2013. The loss is comprised of general and administrative expenses of \$2,036,002 (2013 - \$1,043,280). This loss is attributed to the Company's investigation and evaluation of the European and U.S. capital markets.

During the nine months ended September 30, 2014, consulting fees of \$140,344 (2013 - \$93,343), management fees of \$228,000 (2013 - \$189,000), office and general costs of \$107,265 (2013 - \$48,710), investor relations costs of \$24,703 (2013 - \$127,216), professional fees of \$954,072 (2013 - \$40,116), and travel expenses of \$65,675 (2013 - \$85,596) were generally higher to support the increased corporate activity during the period as compared to the same period in 2013.

The professional fees increased as the Company retained various professionals, including Fox-Davies Capital, a specialist resources broker based in London, to broaden investor awareness in the London capital markets and undertake to provide improved access to new and existing sources of capital and offer the Company greater flexibility and opportunities to fund its aggressive growth plans for both the Cehegin Iron Ore and Alberta-1 tin/tantalum Spanish projects, along with improving liquidity for the Company's shareholders

Share-based payments of \$440,052 (2013 - \$332,876) increased as the number of stock options granted during the current period was greater than those granted or vested during the same period in 2013.

Foreign exchange gain was \$15,412 for the nine months ended September 30, 2014 from a foreign exchange loss of \$3,674 for the nine months ended September 30, 2013. The exchange rate loss is due to fluctuations in the foreign exchange rate between the Canadian dollar and the Euro.

**Exploration and Evaluation Assets**

For the nine months ended September 30, 2014, the Cehegin total expenditures were \$393,360 (2013 - \$nil), comprised of geological fees and expenses of \$39,016 and mining rights and taxes of \$354,344. During 2013, as the Company did not have title to the property, all costs relating to due diligence was expensed to project investigations.

The Doade-Presqueira project's total expenditures were \$280,069 (2013 - \$475,425), comprised of geological fees and expenses \$171,357 (2013 - 217,766), mining rights and taxes \$nil (2013 - \$59,484) and drilling, sampling and assay \$108,712 (2013 - \$198,175).

During the year ended December 31, 2013, the Company has changed its focus on exploring and developing the Doade-Presqueira and the Cehegin Iron Ore Concessions in Spain; accordingly, all Peru Gold and Copper project's related capitalized costs were fully impaired. Expenses of \$8,783 for the nine months ended September 30, 2014, were also written down. No more costs are expected to be incurred on this property.

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

---

**Liquidity and Capital Resources**

At September 30, 2014, the Company's cash position was \$130,013 (December 31, 2013 - \$643,603) and the working capital deficiency was \$643,703 as compared to working capital of \$497,178 at December 31, 2013.

Net cash used in operating activities for the nine months ended September 30, 2014 was \$1,481,011 (2013 - \$780,622) which relates primarily to general and administrative expenses of \$2,036,002 (2013 - \$1,043,280).

Net cash used in investing activities for the nine months ended September 30, 2014 was \$663,009 (2013 - \$438,865) which relates primarily to expenditure on exploration and evaluation assets of \$314,618 (2013 - \$438,865).

Net cash from financing activities for the nine months ended September 30, 2014 was \$1,630,430 (2013 - \$1,549,480) was primarily the result of issuance of shares on private placement of \$908,289 (2013 - \$1,575,000), net of share issuance costs of \$92,839 (2013 - \$59,395), a debenture issue of \$350,000 (2013 - \$nil), loans payable for \$78,480 (2013 - \$nil), exercise of options for \$10,000 (2013 - \$nil) and exercise of warrants for \$376,500 (2013 - \$33,875).

The Company is in an exploration phase and is not generating revenue as yet, it is expected that the working capital balance will follow a cycle of reduction and replenishment. Management currently follows a policy of raising only sufficient capital to carry out its near term plans. This policy is meant to minimize dilution of shareholders' positions by raising capital when the stock price is at higher levels.

Historically, the Company has been successful in raising working capital through private placements and loans to fund its operations and exploration programs and will need to raise more working capital through private placements or debt financing to continue operations and exploration and development programs. Management has undertaken an awareness program throughout Europe to inform these potential investors of the Company's uniquely located Spanish assets. Effective October 31, 2014, the Company began trading on the U.S. OTCQB venture marketplace, which is the premier marketplace for entrepreneurial and development-stage companies for U.S. investors. This will provide U.S. based shareholders with a readily accessible platform to buy or sell Iberian Minerals Shares. The Company will also undertake awareness program throughout the U.S. to compliment this listing.



**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

**Transactions with Related Parties**

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
<b>Total</b>	<b>\$ 526,636</b>	<b>\$ 319,309</b>

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:

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
Included in accounts payables and accrued liabilities <sup>(i)</sup>	\$ 54,741	\$ 380
Loans from related party <sup>(ii)</sup>	78,814	-
	<b>\$ 133,555</b>	<b>\$ 380</b>

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

<sup>(ii)</sup> 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.

**Changes in Accounting Policies Including Initial Adoption**

***Future Accounting Pronouncements***

A number of new standards, amendments to standards and interpretations, described in the notes to the condensed interim consolidated financial statements, are not yet effective as of the date of this report, and were not applied in preparing the consolidated financial statements. The Company is currently assessing the impact that these standards will have on the consolidated financial statements.

**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.

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.

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

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**Financial risks**

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

- Credit risk
- Liquidity risk
- Market risk

*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, 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.

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 offering and amended debenture was approved by the TSX Venture Exchange. 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 subsequent event note of the condensed interim consolidated financial statements for the period ended September 30, 2014.

The Company also received approval from the TSX Venture Exchange on a settlement of debt of CDN\$70,260 to arm's length parties by way of the issuance of 800,000 shares at a deemed price of \$0.088 per share.

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

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

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relevant business entities. The Company is principally engaged in the acquisition, exploration and development of mineral properties in Spain and Peru.

*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:

<b>September 30, 2014</b>	<b>EUR</b>
Cash	\$ 102,297
Receivables	-

<b>December 31, 2013</b>	<b>EUR</b>
Cash	\$ 13,983

*Financial liabilities*

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

<b>September 30, 2014</b>	<b>EUR</b>
Accounts payable and accrued liabilities	\$ 60,163

  

<b>December 31, 2013</b>	<b>EUR</b>
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 totaling \$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.

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

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**Capital Commitments**

The Company had no commitments for property and equipment expenditures for fiscal 2014. The Company expects that any property and equipment expenditures incurred, based on future needs, will be funded from working capital and/or from operating or capital leases.

**Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements.

**Proposed Transactions**

At the date of this MD&A, there are no disclosable transactions that the board of directors or senior management are aware of.

**Critical Accounting Estimates**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

**Outstanding Share Data**

*Authorized share capital*

Unlimited number of common shares without par value.

*Common shares*

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

At November 27, 2014 (date of report), there are 146,521,047 common shares, as the Company issued 275,001 shares to the debenture holders of November 5, 2014 and issued 800,000 shares as a result of debt settlement, described in Note 16 of the condensed interim consolidated financial statements for the period ended September 30, 2014.

*Stock options*

At September 30, 2014, there were 16,000,000 stock options outstanding, of which 15,875,000 are exercisable at weighted average price of \$0.13.

At November 27, 2014 (date of report), as subsequent to the quarter, 550,000 options cancelled unexercised, there were 15,450,000 stock options outstanding and exercisable at weighted average price of \$0.13,.

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

---

***Warrants***

At September 30, 2014 and November 27, 2014 (date of report), there were 41,218,331 warrants outstanding and exercisable at weighted average exercise price of \$0.17.

***Agent's warrants***

At September 30, 2014 and November 27, 2014 (date of report), there were 218,050 finders' warrants outstanding and exercisable at weighted average exercise price of \$0.20.

**Risk and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance nor are they inclusive of all the risks and uncertainties the Company may be subject to as other risks may apply: the risks associated with our dependence on the Doade-Presqueira and the Cehegín Iron Ore Concessions in Spain; geological exploration and development; changes in law, unrest and political instability; environmental permits for development of the Company's properties cannot be obtained or renewed on terms satisfactory to the Company and other land title permitting and licensing risks; continued negative operating cash flow and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks..

**Forward-Looking Information and Statements**

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements relating to: the future opportunities for the Company; the business strategy of the Company; and the competitive advantage of the Company.

In addition, forward looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of services, the ability to obtain financing on acceptable terms, the actual results of exploration projects being equivalent to or better than estimated results in technical reports or prior exploration results, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, these assumptions may prove to be incorrect.

By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the Company's beliefs, plans, objectives

**Iberian Minerals Ltd.**  
**Management's Discussion & Analysis**  
**Nine months ended September 30, 2014**

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and expectations, including, among other things: general economic and market factors, including business competition, changes in government regulations or in tax laws; the early stage development of the Company and its projects; general political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. These factors should not be considered exhaustive. Many of these risk factors are beyond the Company's control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon the Company's assessment of all information available at that time.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

**Additional Information**

The Company's publicly filed documents are available on SEDAR at [www.sedar.com](http://www.sedar.com) and more information is also available on Company's website at [www.solidresources.com](http://www.solidresources.com).