

**Condensed Interim Consolidated Financial Statements**



**Three months ended March 31, 2015**

(Expressed in Canadian dollars)

(Unaudited)

## **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	March 31, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 684,148	\$ 52,824
Receivables	4	5,372,058	7,130
Prepays		33,054	29,401
<b>Total current assets</b>		<b>6,089,260</b>	<b>89,355</b>
<b>Non-current assets</b>			
Restricted cash	5	62,903	64,811
Exploration and evaluation assets	5	521,248	5,490,204
<b>Total non-current assets</b>		<b>584,151</b>	<b>5,555,015</b>
<b>TOTAL ASSETS</b>		<b>\$ 6,673,411</b>	<b>\$ 5,644,370</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 310,641	\$ 461,476
Non-convertible secured debentures	7	-	625,000
<b>TOTAL LIABILITIES</b>		<b>310,641</b>	<b>1,086,476</b>
<b>EQUITY</b>			
Share capital	8	27,172,940	26,579,695
Reserves		6,681,416	6,672,505
Deficit		(27,491,586)	(28,694,306)
<b>TOTAL EQUITY</b>		<b>6,362,770</b>	<b>4,557,894</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 6,673,411</b>	<b>\$ 5,644,370</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 15)

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 INCOME AND COMPREHENSIVE INCOME**  
(Expressed in Canadian dollars - Unaudited)

	Notes	Three months ended March 31, 2015	Three months ended March 31, 2014
<b>Expenses</b>			
Consulting fees	11	\$ 87,005	\$ 67,856
Interest and finance costs		17,836	-
Investor relations		2,093	5,032
Management fees	11	82,500	63,000
Office and general		54,751	15,807
Professional fees		(31,303)	174,760
Share-based payments	9	8,911	416,737
Transfer agent and filing fees		14,284	16,693
Travel		22,096	24,217
		258,173	784,102
<b>Loss before other items</b>		(258,173)	(784,102)
<b>Other items</b>			
Foreign exchange gain (loss)		(136,130)	(1,734)
Gain on sale of exploration and evaluation assets	5	1,597,023	-
Write-down of exploration and evaluation assets	5	-	(2,281)
<b>Income (loss) and comprehensive income (loss) for the period</b>		1,202,720	(788,117)
<b>Basic and diluted income (loss) per common share</b>	10	\$ 0.01	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>		149,854,380	138,974,472

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

**IBERIAN MINERALS LTD.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars - Unaudited)

	Share Capital					
	Number of Shares	Amount	Reserves	Subscription Advances	Deficit	Total
<b>Balance at December 31, 2013</b>	127,694,379	24,483,666	6,200,783	781,711	(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)
Share-based payments	-	-	416,737	-	-	416,737
Comprehensive loss for the period	-	-	-	-	(788,117)	(788,117)
<b>Balance at March 31, 2014</b>	142,486,046	26,069,835	6,628,512	-	(27,055,534)	5,642,813
Private placements	1,425,001	162,811	-	-	-	162,811
Share issuance costs	-	(46,451)	-	-	-	(46,451)
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	-	-	50,993	-	-	50,993
Comprehensive loss for the period	-	-	-	-	(1,638,772)	(1,638,772)
<b>Balance at December 31, 2014</b>	146,521,047	26,579,695	6,672,505	-	(28,694,306)	4,557,894
Private placements	12,000,000	600,000	-	-	-	600,000
Share issuance costs	-	(6,755)	-	-	-	(6,755)
Share-based payments	-	-	8,911	-	-	8,911
Comprehensive income for the period	-	-	-	-	1,202,720	1,202,720
<b>Balance at March 31, 2015</b>	158,521,047	\$ 27,172,940	\$ 6,681,416	\$ -	\$ (27,491,586)	\$ 6,362,770

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

**IBERIAN MINERALS LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	Three months ended March 31, 2015	Three months ended March 31, 2014
<b>Cash provided by (used in)</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) for the period	\$ 1,202,720	\$ (788,117)
Items not affecting cash:		
Share-based payments	8,911	416,737
Write-down of exploration and evaluation assets	-	2,281
Foreign exchange	136,130	-
Gain on sale of exploration and evaluation assets	(1,597,023)	-
Changes in non-cash working capital items:		
Receivables	14,487	10,339
Prepays	(3,652)	3,205
Environmental security deposit	-	(69,297)
Accounts payable and accrued liabilities	(206,065)	152,439
	(444,492)	(272,413)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(267,828)	(685,434)
	(267,828)	(685,434)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	600,000	908,289
Share issuance costs	(6,755)	(92,839)
Deposit received on sale of asset (note 5)	1,375,400	-
Debenture repayment	(625,000)	-
	1,343,645	815,450
<b>Change in cash for the period</b>	<b>631,325</b>	<b>(142,397)</b>
<b>Cash, beginning of the period</b>	<b>52,824</b>	<b>643,603</b>
<b>Cash, end of the period</b>	<b>\$ 684,149</b>	<b>\$ 501,206</b>

**Supplemental disclosure with respect to cash flows (Note 14)**

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

## **IBERIAN MINERALS LTD.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

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#### **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 – 8<sup>th</sup> 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.

After sale of Alberta-1 for EUR5 million (CAD - \$6,858,000), as described in Note 5, management believes it has adequate funds available to meet its operating and planned exploration and development program requirements for the current and next fiscal year.

The condensed interim consolidated financial statements were authorized for issue on June 2, 2015 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.

## **IBERIAN MINERALS LTD.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

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#### **2. Significant accounting policies (cont'd)**

##### ***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, 2014, 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, 2014.

##### ***Basis of consolidation***

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

Subsidiary is an entity 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. Subsidiary is fully 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**

The following new standards were adopted during the three months ended March 31, 2015:

*IFRS 7 – Financial Instruments: Disclosure* applies to additional disclosures required on transition from IAS 39 to IFRS 9. IFRS 7 was adopted effective January 1, 2015 and had no significant impact on the Company's financial statements.

*IFRS 9 'Financial Instruments: Classification and Measurement'* introduced new requirements for the classification and measurement of financial instruments. IFRS 9 was adopted effective January 1, 2015 and had no significant impact on the Company's financial statements.

The following new standards, and amendments to standards and interpretations, are not yet effective for the current period and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below

*IAS 16 & IAS 38 – Classification of Acceptable Methods of Depreciation and Amortization* clarifies that the use of a revenue-based depreciation and amortization method is not appropriated, and provides a rebuttable presumption for intangible assets. The effective date of IAS 16 & IAS 38 is January 1, 2016.



**IBERIAN MINERALS LTD.**

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

**4. Receivables**

	March 31, 2015	December 31, 2014
Sales and other taxes receivables	21,617	7,130
Receivable from sale of Alberta-1 property (note 5)	5,350,441	-
	\$ 5,372,058	\$ 7,130

**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	Total
<b>Balance, December 31, 2013</b>	\$ -	\$ 4,701,565	\$ 4,701,565
Additions:			
Acquisition costs	249,075	-	249,075
Geological fees and expenses	146,869	157,177	304,046
Mining rights and taxes	46,294	-	46,294
Drilling, sampling and assay	19,591	169,633	189,224
Total additions	461,829	326,810	788,639
<b>Balance, December 31, 2014</b>	461,829	5,028,375	5,490,204
Additions:			
Geological fees and expenses	-	180,906	180,906
Mining rights and taxes	-	181,959	181,959
Drilling, sampling and assay	59,419	228,556	287,975
Total additions	59,419	591,421	650,840
Sale of property	-	(5,619,796)	(5,619,796)
<b>Balance, March 31, 2015</b>	\$ 521,248	\$ -	\$ 521,248

**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.

## IBERIAN MINERALS LTD.

### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

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#### 5. Exploration and evaluation assets (cont'd)

##### Doade-Presqueira, Spain (cont'd)

On March 2, 2015, the Company entered into a definitive purchase and sale agreement with an arm's length third party with respect to the Company's 100% interest in the Alberta 1 Project. The Company's Alberta 1 Project is a tin, tantalum and lithium exploration project located in the Region of Galicia, northwest Spain, which is the subject of an exploration permit covering 123 mining units.

Iberian sold 100% interest in the Alberta 1 Project, for a total purchase price of EUR5,000,000 (CAD - \$6,858,000) cash, all of which is payable by closing. On March 17, 2015, the Company received conditional acceptance on the transaction. The Exchange's final acceptance of the transaction is subject to certain limited conditions, including all applicable regulatory approvals. The closing of the sale is expected to occur no later than June 2015. In the unlikely event the purchaser, after using its best efforts and exhausting all legal and regulatory recourse, over a period of many years, is unable to obtain a mining permit for the project, the Company would be required to refund EUR1,000,000 to the purchaser.

During the quarter, the Company received a deposit of EUR1,000,000 (\$1,375,400 CAD) and subsequent to the quarter-end, the Company received additional EUR2,000,000 (\$2,675,221 CAD) from the purchaser. A further payment of EUR2,000,000 (\$2,675,221 CAD) is expected to be received upon closing.

Based on the current Spanish tax laws, the Company estimates income taxes of EUR10,000 (\$13,754 CAD) would be payable on this sale.

##### The Cehegín Iron Ore Concession, Spain

On October 21, 2012, the Company entered into a binding option agreement with "MDC", a private Spanish company, Magnetitas del Cehegín S.L. ("MDC"), 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"), completed the transaction by acquiring all of the issued and outstanding shares LyP in an arm's length transaction. 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 EUR135,000 (CAD - \$208,173), plus the repayment of mortgage debt in the amount of EUR45,000 (CAD - \$68,580) In addition a security payment in the amount of EUR45,861 (CAD - \$70,350) 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 EUR225,861 (CAD - \$347,103).

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

Cash	\$	27,899	
Restricted cash		70,349	(\$62,903 as at March 31, 2015)
Deposits/ guarantees		27,270	
Exploration and evaluation assets		249,075	
Accounts payable and accrued liabilities		(27,490)	
<hr/>			
Net identifiable assets acquired	\$	347,103	

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## **IBERIAN MINERALS LTD.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

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#### **5. Exploration and evaluation assets (cont'd)**

SME will be required to pay an additional amount of up to EUR2,700,000 once a mining permit is submitted and granted for all 62 concessions, an improvement over the previously announced cost of EUR3,000,000. 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 EUR1,800,000 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.

##### *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. 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 the execution of the Agreement, Iberian has 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.

During the year ended December 31, 2014, 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 completed a due diligence study with Glencore which included an analysis of 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 signed a definitive and exclusive Joint Venture Agreement (the "JVA"), effective June 20, 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.

The joint arrangement required the formation of a separate entity, Cehegin Iron Ore Holdings, S.L., with offices in the city of Salamanca, Spain. Under the terms of the JVA, the Company has an 80% interest and Glencore 20%. The purpose of the arrangement is to investigate and potentially develop an export iron ore operation. Glencore has exclusive life of mine offtake rights for 100% of the projects products, and accordingly, the arrangement has been accounted for as a joint operation.

##### **Peru Gold & Copper Property**

Due to the Company's focus on further expanding its focus on exploring and developing Spanish assets, no further work or significant expenditures are being allocated towards the Peru property at this time. By mutual consent the agreement for the right to purchase the license has remained in force.

**IBERIAN MINERALS LTD.**

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

**6. Accounts payables and accrued liabilities**

	December 31, 2014	December 31, 2014
Accounts payables	\$ 286,455	\$ 423,662
Accrued liabilities	10,432	37,814
Accrual for taxes payable on sale of Alberta-1 property (note 5)	13,754	-
	\$ 310,641	\$ 461,476

**7. Non-convertible secured debentures**

- i) On August 15, 2014, the Company issued first non-convertible secured debentures (“first debentures”) in the principal amount of \$350,000. The debentures mature on October 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.

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.

- ii) On November 5, 2014, the Company issued second secured non-convertible debentures (“second debentures”) of the Company for aggregate gross proceeds of \$275,001. The debentures will mature on October 31, 2015 and will bear interest at the rate of 15% per annum.

All the terms of the second debentures are the same and will rank equally as that of first debentures discussed above.

On November 17, 2014, the subscribers received a bonus of an aggregate of 275,001 common shares. The bonus shares are subject to resale restrictions in Canada that expires four months plus one day from the closing date. Finders acting in connection with the Offering received aggregate fees of \$17,500.

On March 3, 2015, the Company delivered notice for the early redemption of the aggregate principal amount of \$625,000 of non-convertible secured debentures plus accrued interest of \$29,229. All interest on the debentures ceased from and after the Redemption Date of March 3, 2015

Interest payable on debentures at March 31, 2015 was \$nil (December 31, 2014 - \$13,287) as the debentures have been repaid

## **IBERIAN MINERALS LTD.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

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#### **8. Share capital**

##### *Authorized share capital*

Unlimited number of common shares without par value.

##### *Issued share capital*

At March 31, 2015, there were 158,521,047 issued and fully paid common shares (December 31, 2014 - 146,521,047).

Please refer to the Consolidated Statements of Changes in Equity for a summary of changes in share capital and reserves for the three months ended March 31, 2015. Reserves relate to stock options, agent's unit options, and compensatory warrants that have been issued by the Company.

##### *Private placements*

*For the three months ended March 31, 2015*

- i) On March 6, 2015, the Iberian Minerals completed a non-brokered private placement for a total of 12,000,000 Units in the capital of the Company representing gross proceeds of \$600,000.

Each Unit will consist of one common share in the capital of Iberian Minerals and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one common share in the share capital of the Company (a "Warrant Share") at an exercise price of \$0.07 per Warrant Share during the first year following the date of closing and at \$0.10 per Warrant 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 if: during the period from six months after the closing date to one year after the closing date, the closing price (or closing bid price on days when there are no trades) of the common shares of the Corporation on the TSX Venture Exchange is \$0.09 or greater for any 10 consecutive trading days; or during the period from six months after the closing date to two years after the closing date, the closing price (or closing bid price on days when there are no trades) of the common shares of the Corporation on the TSX Venture Exchange is \$0.125 or greater for any 10 consecutive trading days, then in either case upon the Corporation issuing a news release announcing the Corporation's election to accelerate the expiry of the Warrants, the Warrants will only be exercisable for a period of 30 days following the date of such news release, following which the Warrants will expire.

The securities issued in connection with the private placement will be subject to a four month hold period. The Company also paid a finder's fee of \$6,755 cash.

## **IBERIAN MINERALS LTD.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

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#### **8. Share capital (cont'd)**

*For the year ended December 31, 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 issuances***

- 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 625,001 common shares to non-convertible debenture subscribers.
- vi) On November 21, 2014, the Company settled \$70,260 of debt to arm's length parties by issuing 800,000 shares at a fair market value \$63,860 and a gain on settlement of debt of \$6,400.

**IBERIAN MINERALS LTD.**

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

**8. 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, 2013	54,735,864	\$ 0.16	
Granted on private placement	10,541,667	0.20	January 7, 2016
Exercised	(2,510,000)	(0.15)	
Expired or cancelled	(21,549,200)	(0.15)	
Balance outstanding, December 31, 2014	41,218,331	\$ 0.17	
Granted on private placement	6,000,000	0.085	March 6, 2017
Exercised	-	-	
Expired or cancelled	(7,761,664)	(0.15)	
Balance outstanding, March 31, 2015	39,456,667	\$ 0.16	
Balance exercisable, March 31, 2015	39,456,667	\$ 0.15	

*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, 2013	525,000	0.15	
Granted	218,050	0.20	January 7, 2016
Expired or cancelled	(525,000)	(0.15)	
Balance outstanding, December 31, 2014 and March 31, 2015	218,050	\$ 0.20	
Balance exercisable, December 31, 2014 and March 31, 2015	218,050	\$ 0.20	

**IBERIAN MINERALS LTD.**

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

**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:

	Three months ended March 31, 2015		Years ended December 31, 2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	15,450,000	\$ 0.12	13,250,000	\$ 0.13
Granted	100,000	0.10	4,150,000	0.13
Exercised	-	-	(100,000)	0.10
Options cancelled/expired	(1,500,000)	(0.29)	(1,850,000)	(0.16)
Options outstanding, end of period	14,050,000	\$ 0.10	15,450,000	\$ 0.12
Options exercisable, end of period	13,975,000	\$ 0.10	15,450,000	\$ 0.12

During the three months ended March 31, 2015:

- a) On February 25, 2015, the Company announced that 100,000 share purchase options had been granted to a director. The options expire at the end of five years with an exercise price of \$0.10 per share.

During the year ended December 31, 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. All options had vested as at December 31, 2014.
- 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.



**IBERIAN MINERALS LTD.**

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

**9. Share-based payments (cont'd)***Stock options (cont'd)*

The stock options outstanding and exercisable at March 31, 2015 are as follows:

<b>Number of Options Outstanding</b>	<b>Number of Options Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
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 14, 2017
250,000	250,000	\$ 0.10	November 20, 2017
3,650,000	3,650,000	\$ 0.10	February 15, 2018
3,750,000	3,750,000	\$ 0.13	January 2, 2019
200,000	200,000	\$ 0.13	March 27, 2019
100,000	25,000	\$ 0.10	February 25, 2020
14,050,000	13,975,000		

*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 three months ended March 31, 2015, under the fair value method was \$8,911 (2014 - \$443,549) for the options granted during the period. The Company expensed during the three months ended was \$8,911 (2014 - \$416,737).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the three months ended March 31, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Risk-free interest rate	0.74%	1.25%
Expected life of options	5 years	5 years
Annualized volatility	142.6%	142.2%
Dividend rate	0.00%	0.00%

**10. Basic and diluted income (loss) per share**

The calculation of basic and diluted income per share for the three months ended March 31, 2015 was based on the income attributable to common shareholders of \$1,202,720 (2014 - loss of \$788,117) and the weighted average number of common shares outstanding of 149,854,380 (2014 - 138,974,472).

Diluted income per share did not include the effect of 14,050,000 stock options, 39,456,667 share purchase warrants and 218,050 finders' warrants as the effect would be anti-dilutive.

## IBERIAN MINERALS LTD.

### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

#### 11. Related party transactions

The Company entered into the following transactions with related parties:

##### *Key management personnel compensation*

	Three months ended	
	March 31, 2015	March 31, 2014
Employee benefits - management	\$ 82,500	\$ 63,000
Employee benefits - directors	19,547	21,000
Share-based payments - officers	-	171,764
Share-based payments - directors	8,911	85,266
Total	\$ 110,958	\$ 341,030

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:

	March 31, 2015	December 31, 2014
Included in accounts payables and accrued liabilities <sup>(i)</sup>	\$ 4,290	\$ 107,937
	\$ 4,290	\$ 107,937

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

#### 12. 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 three months ended March 31, 2015. The Company is not subject to externally imposed capital requirements.

## **IBERIAN MINERALS LTD.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

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#### **13. 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 March 31, 2015, 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

##### *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 March 31, 2015, 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 March 31, 2015, the Company had a cash balance of \$654,148 (December 31, 2014 - \$52,824) to settle current liabilities of \$310,641 (December 31, 2014 - \$1,086,476). The Company expects to receive approximately \$5,350,441 from the sale of Alberta-1 property (notes 4 and 5) and thus has sufficient working capital to meet its operating and planned exploration program requirements for the current and next fiscal year.

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.

## IBERIAN MINERALS LTD.

### NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

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#### *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 March 31, 2015, 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.

#### *Financial assets*

The Canadian dollar equivalent of the amounts denominated in foreign currencies as at March 31, 2015 and 2014 are as follows:

<b>March 31, 2015</b>	<b>EUR</b>
Cash	\$ 622,456

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<b>December 31, 2014</b>	<b>EUR</b>
Cash	\$ 15,821

#### *Financial liabilities*

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

<b>March 31, 2015</b>	<b>EUR</b>
Accounts payable and accrued liabilities	\$ 13,463

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<b>December 31, 2014</b>	<b>EUR</b>
Accounts payable and accrued liabilities	\$ 54,006

#### *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. As at March 31, 2015, net financial assets totalling \$608,993 were held in Euro.

Based on the above net exposure as at March 31, 2015 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 \$12,178 in the Company's income and comprehensive income.

**IBERIAN MINERALS LTD.**

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars - Unaudited)

Three Months Ended March 31, 2015

**13. Financial risk management (cont'd)**

## 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.

**14. 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:

	Three months ended	
	March 31, 2015	March 31, 2014
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 29,229	\$ -

During the three months ended March 31, 2015, there were no significant non-cash transactions

During the three months ended March 31, 2014, the significant non-cash transactions were as follows:

- Exploration and evaluation assets of \$192,479 included in accounts payable and accrued liabilities.
- Issued 218,050 finder's warrants having a fair value of \$10,992 in connection with the private placement.

**15. Subsequent events**

Subsequent to the year-end:

- On April 6, 2015, the Company issued an aggregate of 859,090 common shares of the Company at a deemed price of \$0.055 to settle outstanding debt of \$47,250.
- The Company received EUR2 million (\$2,675,221 CAD) of the EUR4 million (\$5,350,441 CAD) receivable for the sale of Alberta-1 property (notes 4 and 5).