Consolidated Financial Statements

IBERIAN Minerals

Year ended December 31, 2015

(Expressed in Canadian dollars)

K. R. MARGETSON LTD.

Chartered Professional Accountant

210, 905 West Pender Street
Vancouver BC V6C 1L6
Tel: 604.641.4450
Fax: (toll free) 1.855-603-3228

Report of Independent Registered Public Accounting Firm

To the Shareholders of
Iberian Minerals Ltd.:

I have audited the consolidated statements of changes in financial position of Iberian Minerals Ltd. as at December 31, 2015 and 2014 and the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with international financial accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Iberian Minerals Ltd. as at December 31, 2015 and 2014 and the results of its operations changes in shareholders' equity and cash flows and for the years then ended in accordance with International Financial Reporting Standards.

/s/ K. R. Margetson Ltd.

Chartered Professional Accountant

Vancouver, Canada
April 28, 2016

IBERIAN MINERALS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes		December 31, 2015		December 31, 2014
ASSETS					
Current assets					
Cash and cash equivalents		$	4,166,361	$	52,824
Receivables	4		312,718		7,130
Prepaid expenses and deposits			110,051		29,401
Total current assets			4,589,130		89,355
Non-current assets					
Restricted cash and guarantee deposits	5		111,192		64,811
Exploration and evaluation assets	5		980,020		5,490,204
Equipment	6, 7		2,505,115		-
Patents	6, 8		25,543		-
Technology	6, 9		4,917,410		-
Deferred taxes	6,20		723,280		-
Total non-current assets			9,262,560		5,555,015
TOTAL ASSETS		$	13,851,690	$	5,644,370
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	10	$	512,186	$	461,476
Loans payable	11		255,346		-
Non-convertible secured debentures	12		-		625,000
TOTAL LIABILIITES			767,532		1,086,476
EQUITY					
Share capital	13		34,799,983		26,579,695
Reserves	14		7,317,057		6,672,505
Deficit			(29,032,882)		(28,694,306)
TOTAL EQUITY			13,084,158		4,557,894
TOTAL LIABILITIES AND EQUITY		$	13,851,690	$	5,644,370

Nature and continuance of operations (Note 1)
Subsequent event (Note 23)

On behalf of the Board:

"Rick Purdy" Director *"Greg Pendura"* Director

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

IBERIAN MINERALS LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Expenses			
Consulting fees	14, 16	$ 334,022	$ 154,268
Interest and finance costs		17,246	108,588
Investor relations		135,285	38,398
Management and director fees	14, 16	377,177	375,259
Office and general		200,657	89,529
Professional fees		335,636	99,059
Project investigations		210,225	47,063
Share-based payments	14	654,350	467,730
Stock exchange listing project costs		-	953,786
Transfer agent and filing fees		33,156	31,845
Travel		96,222	42,785
		2,393,976	2,408,310
Loss before other items		(2,393,976)	(2,408,310)
Other items			
Interest and other income		23,648	6,400
Foreign exchange gain (loss)		119,973	(24,979)
Gain on sale of exploration and evaluation assets (Note 5)		1,911,779	-
Loss and comprehensive loss for the year		(338,576)	(2,426,889)
Basic and diluted loss per common share	15	$ (0.00)	$ (0.02)
Weighted average number of common shares outstanding		159,278,940	136,751,259

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

IBERIAN MINERALS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUIITY
(Expressed in Canadian dollars - Unaudited)

	Share Capital										
	Number of Shares		Amount		Reserves		Subscription Advances		Deficit		Total
Balance at December 31, 2013	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)
Bonus shares granted to debenture holders (Note 8)	625,001		52,500		-		-		-		52,500
Settlement of debt	800,000		63,860		-		-		-		63,860
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	-		-		467,730		-		-		467,730
Comprehensive loss for the year	-		-		-		-		(2,426,889)		(2,426,889)
Balance at December 31, 2014	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)
Settlement of debt	859,090		47,250		-		-		-		47,250
Acquisition of Mineworx (Note 6)	83,999,943		7,559,995		-		-		-		7,559,995
Exercise of stock options	100,000		19,798		(9,798)		-		-		10,000
Share-based payments	-		-		654,350		-				654,350
Comprehensive loss for the year	-		-		-		-		(338,576)		(338,576)
Balance at December 31, 2015	243,480,080	$	34,799,983	$	7,317,057	$	-	$	(29,032,882)	$	13,084,158

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

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

	Year ended December 31, 2015	Year ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (338,576)	$ (2,426,889)
Items not affecting cash:		
Share-based payments	654,350	467,730
Gain on sale of exploration and evaluation assets	(1,911,779)	-
Accrued interest	-	11,075
Gain on debt settlement	-	(6,400)
Foreign exchange change on asset acquisition	(4,465)	30,523
Fair value of bonus shares in debenture offering	-	52,500
Changes in non-cash working capital items:		
Receivables	(55,379)	12,985
Prepaid expense and deposits	(50,543)	138
Accounts payable and accrued liabilities	(113,383)	285,797
	(1,819,775)	(1,572,541)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries (Note 5)	(381,349)	(387,783)
Expenditures on exploration and evaluation assets	(757,868)	(446,330)
Sale of exploration and evaluation assets	7,114,565	-
Purchase of equipment	(9,206)	-
	5,966,142	(834,113)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	600,000	908,289
Share issuance costs	(6,755)	(92,839)
Debenture	(636,075)	613,925
Exercise of options	10,000	10,000
Exercise of warrants	-	376,500
	(32,830)	1,815,875
Change in cash for the year	4,113,537	(590,779)
Cash, beginning of the year	52,824	643,603
Cash, end of the year	$ 4,166,361	$ 52,824

Supplemental disclosure with respect to cash flows (Note 21)

The accompanying notes are an integral part of these 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. ("Iberian") 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 102, 1603 – 91 Street, Edmonton, Alberta, T6X 0W8.

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 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 consolidated financial statements were authorized for issue on April 28, 2015 by the Board of Directors of the Company.

2. Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board effective as of December 31, 2015.

The 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. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. Significant accounting policies (cont'd)

Basis of consolidation

The consolidated financial statements include, on a consolidated basis, the assets, liabilities, revenues and expenses and expenses of the Company and its wholly-owned subsidiaries in Spain and Canada.

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.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated 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 consolidated 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.

Significant estimates used in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are as follows:

a) The recoverability of the carrying value of exploration and evaluation assets.

   The Company is required to review the carrying value of its evaluation and exploration assets for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds the estimated fair value is charged to the statement of loss and comprehensive loss.

   Evaluating the recoverability during the exploration and evaluation phase requires judgements in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities and the impact of the current and expected future metal process to potential reserves.

b) The inputs used in the Black Scholes valuation model (volatility; interest rate; expected life and dividend yield) and forfeiture rates in accounting for share based payment transactions.

   Estimating the fair value of granted stock options, warrants issued for finders' fees and the warrant liability required determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The estimate of share based compensation also requires determining the most appropriate inputs to the valuation model including the dividend yield, and estimating the forfeiture rate for options with vesting conditions.

2. Significant accounting policies (cont'd)

c) Determination that there no material restoration, rehabilitation and environmental exposure exists based on the facts and circumstances.

The Company make the determination of its obligations for future restoration, rehabilitation and environmental exposure based on factual information, circumstances and documentation provided from mining authorities in the exploration and evaluation asset's mining jurisdiction. Beyond this, if able to, management will attempt to present a reliable estimate of an obligation that is considered necessary.

d) The allocation of fair value to assets obtained on the acquisition of Mineworx Technologies Inc.

The Company estimated fair value of equipment based on replacement value. For patents, the fair value represented the costs incurred in a applying for the patent. The fair value of the technology was recognized as the residual costs after the other identifiable assets were determined. Its value was compared to the future expected discounted cash flows resulting from the application of the technology.

Management must also make significant judgments or assessments as to how financial assets and liabilities are categorized.

Significant judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

b) The estimated useful lives and residual value of property, plant and equipment

Equipment is depreciated over its useful life. Estimated useful lives are determined based on current facts and past management experience, and take into consideration the anticipated physical life of the asset, the potential for technology obsolescence and regulations.

c) The recoverability and measurement of deferred tax assets and liabilities

Tax interpretations, regulations, and legislation in the various jurisdictions operates are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

d) The categorization of joint arrangements as to joint operations or joint venture

The classification of joint arrangements depends upon an analysis of the terms of the joint arrangement and whether joint control exists and the rights and obligations of the parties as to asset ownership and revenue allocation.

2. Significant accounting policies (cont'd)

Foreign currency translation

The Company's reporting currency and the functional currency is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in loss for the period.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Pre-exploration Costs
Pre-exploration costs are expensed in the year in which they are incurred

Technology

Technology assets are the cost of intangible assets acquired during the share exchange with Mineworx Technologies Inc. The assets represent the expected cash flows from the application of the proprietary mineral extraction equipment and the Company will amortize it based on it estimated useful life, which has yet to be determined. In addition, the asset will be reviewed for impairment, should discounted expected cash flows not support the carrying value.

2. Significant accounting policies (cont'd)

Joint arrangements

The Company has entered into joint arrangements in order to assist in the financing of exploration and evaluation expenditures. It accounts for such arrangements as required under IFRS 11 *Joint Arrangements.* This authority requires the Company to determine if the arrangement is one of joint control, and if so, is it a joint operation or a joint venture.
An arrangement determined to be a joint operation requires each joint operator to recognize its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly and its expenses, including its share of any expenses incurred jointly. Revenue is recorded according to the terms of the arrangement.

An arrangement determined to be a joint venture, require call for the investment to be recognized using equity accounting.

Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no asset retirement obligations as of December 31, 2015 and 2014.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

2. Significant accounting policies (cont'd)

Impairment of assets

At the end of each reporting period the carrying amounts of the Company' assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash and equivalents and deposits are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At December 31, 2015 and 2014, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. Significant accounting policies (cont'd)

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At December 31, 2015 and 2014, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, deposit on share purchase, and notes payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company's cash is classified as FVTPL.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Share capital

The Company's common shares and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are charged directly to share capital.

2. Significant accounting policies (cont'd)

Share-based payments

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Comprehensive income (loss)

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

(Expressed in Canadian dollars)

2. Significant accounting policies (cont'd)

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. New standards, amendments and interpretations

The following new standards were adopted during the year:

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 year and have not been applied in preparing these financial statements.

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.

The Company has not yet begun the process of assessing the impact of other new and amended standards that are effective for annual periods beginning on or after January 1, 2016, 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

	December 31, 2015	December 31, 2014
Sales and other taxes receivables	$ 107,312	$ 7,130
Deposits refundable from government agency	205,308	-
Total	$ 312,620	$ 7,130

(Expressed in Canadian dollars)

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	Sierra de Caurío, Spain	Other Property Spain	Doade-Presqueira, Spain	Total
Balance, December 31, 2013	$ -	$ -	$ 26,763	$ 4,674,802	$ 4,701,565
Additions:					
Acquisition costs	249,075	-	-	-	249,075
Geological fees and expenses	76,517	-	-	227,529	304,046
Mining rights and taxes	46,294	-	-	-	46,294
Field costs	19,591	-	-	169,633	189,224
Total additions	391,477	-	-	397,162	788,639
Balance, December 31, 2014	391,477	-	26,763	5,071,964	5,490,204
Additions:					
Geological fees and expenses	315,263	14,307	-	348,712	678,282
Mining rights and taxes	11,771	215,065	-	2,233	229,069
Field costs	3,746	1,628	-	6,453	11,827
Total additions	330,780	231,000	-	357,398	919,178
Sale of property	-	-	-	(5,429,362)	(5,248,592)
Balance, December 31, 2015	$ 722,257	$ 231,000	$ 26,763	$ -	$ 980,020

(Expressed in Canadian dollars)

5. Exploration and evaluation assets (cont'd)

The Cehegín Iron Ore Concession, Spain

On October 21, 2012, the Company entered into a binding option agreement with "), a private Spanish company, Magnetitas del Cehegin 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.

CAD - $208,173), plus the repayment of mortgage debt in the amount of €45,000 (CAD - $68,580) In addition a security payment in the amount of €45,861 (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 €225,861 (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
Deposits/ guarantees		27,270
Exploration and evaluation assets		249,075
Accounts payable and accrued liabilities		(27,490)
Net identifiable assets acquired	$	347,103

SME will be required to pay an additional amount of up to EUR 2,700,000 once a mining permit is submitted and granted for all 62 concessions, an improvement over the previously announced cost of EUR 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 EUR 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.

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 of 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.

(Expressed in Canadian dollars)

5. Exploration and evaluation assets (cont'd)

Co-operation Agreement with Glencore (cont'd)

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%.

In September 2015, the Company regained a 100% interest in Cehegin Iron Ore Holdings, S.L. ("CIOH") the Spanish holding company formed under the terms of the Joint Venture Agreement ("the JVA") with Glencore International AG. ("Glencore"), which was announced on June 26, 2014. By mutual agreement, Iberian Minerals 100% wholly owned Spanish subsidiary Solid Mines Espana ("SME") has acquired Glencore's 20% interest in CIOH for nominal consideration and now maintains 100% ownership in the Cehegin Iron Ore Project located in the Province of Murcia, south-eastern Spain. In connection with the acquisition of Glencore's 20% interest in CIOH, each of the parties have agreed to terminate all agreements related to the JVA, with the exception of Glencore's exclusive off-take agreement, which will remain in effect.

The Sierra de Caurío Concessions, Spain

On July 29, 2015, the Company acquired 100% of Compañía Minera Sierra de Caurío, S.L., which currently holds an option to purchase nine gold - copper - silver Caurio concessions owned by Carolines del Narcea, S.L. The nine concessions, totalling 3,413 Ha, are located between the El Valle - Boinás and Carles gold mines in the northern province of Asturia. The Company made a cash payment of EUR190,000 (CAD271,415) to Sierra de Caurío to purchase the company and assume the binding option agreement.
The allocation of the purchase price for net assets acquired based on estimates of fair value at the acquisition date are as follows:

Cash	$	3,087
Receivables		37,395
Prepaid expenses		15,868
Exploration and evaluation assets		215,065
Net identifiable assets acquired	$	271,415

On November 19, 2015, the Company re-negotiated the payment terms for an option to purchase nine gold-copper-silver Caurio concessions owned by Carolines del Narcea, S.L. (the "Optionor").

Under the terms of the new option agreement, the Company has the right to option a 95% interest in the property during a three-year term ending June 30, 2018 by paying the Optionor 50% of the original EUR 50,000 for a total of EUR25,000 for the next eight months, effective November 1, 2015 to June 30, 2016 and thereafter payment will be EUR25,000 every six months until the expiry of the option agreement. The terms of the new option agreement will see the exercise price of for the property reduced by 50% of the original amount of EUR7M to EUR3.5M, less amounts paid.

All of the re-negotiated payments in the new option agreement will be adjusted upwards if the price of gold, determined by the London Bullion Market Association, exceeds US$1,350 per ounce and is based on the pre-determined gold price multiplier index set out in the agreement.

5. Exploration and evaluation assets (cont'd)

Aroche Wollastonite Concession

On November 10, 2015, the Company entered into a binding option agreement with Explotaciones Aroche, S.L. pursuant to which it acquired the option to purchase the mining rights of the Aroche Wollastonite Concession ("Aroche") consisting of five (5) mining grids totaling approximately 150 hectares or 370 acres, located 2 kms south of the town of Aroche in the province of Huelva, south western Spain.

Under the terms of the three-year option agreement, ending November 6, 2018, the Company will be responsible to pay all exploration, general and administration expenses plus capital expenditures and governmental fees on Aroche. The Company will make a onetime cash payment of EUR100,000 (CAD - $151,260) to the Explotaciones Aroche, S.L once the exploitation permit for Aroche has been obtained. The Company has the right to terminate the agreement at its discretion at any time with no penalties. The Optionor will maintain a 10% interest in Aroche. The option agreement allows for an extension of the three-year term in the event of unintentional causes of delay relating to Iberian completing its due diligence, investigation of mineral extensions, confirmation of historical estimates and exploitation permitting of the wollastonite.

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.
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.

During the first quarter of 2015, the Company sold 100% interest in the Alberta 1 Project, for a total purchase price of EUR5,000,000 (CAD - $6,992,500) cash. The Company has received the full proceeds. 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.

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.

(Expressed in Canadian dollars)

6. Acquisition of Mineworx

On November 16, 2015, the Company entered into an amalgamation agreement with Mineworx Technologies Inc., a private arm's length mining and technology company ("Mineworx") and a newly incorporated subsidiary of Iberian ("Subco"), pursuant to which Iberian has agreed to acquire all of the outstanding shares of Mineworx by way of a three-cornered amalgamation. Under the terms of the Amalgamation Agreement, Mineworx and Subco will amalgamate under the *Business Corporations Act (British Columbia)* and continue as one corporation, which is a wholly-owned subsidiary of Iberian and will carry on the business of Mineworx following the completion of the acquisition

On December 21, 2015, the Company acquired Mineworx and the Mineworx shareholders received approximately 2.53646 common shares of the Iberian Minerals for every one Mineworx common share. In connection with the Transaction, Iberian issued 83,999,943 Iberian Minerals shares to the Mineworx shareholders

The acquisition has been accounted for as a business combination with Iberian being the acquirer and December 21, 2015 being the acquisition date. The price of $7,559,995 was determined as that was the fair value of the shares of Iberian that were issued at the acquisition date

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

Cash	$ 54,710	
Receivables	7,506	
Prepaid expenses	34,887	
Equipment	2,488,152	
Patents	25,543	
Technology	4,917,410	
Deferred tax	723,280	
Accounts payable and accrued liabilities	(691,493)	(Includes a loan to the Company for $167,731)
Net identifiable assets acquired	$ 7,559,995	

7. Equipment

The equipment cost of $2,505,115 (2014 - $nil) were acquired in the Mineworx acquisition which consists of the following assets:

Office furniture	$	9,007
Computer hardware		22,208
Machinery		1,579,450
Tools and Equipment		894,450
Total	$	2,505,115

(Expressed in Canadian dollars)

8. Patents

The patent costs of $25,543 (2014 - $nil) represent the costs of applying for a patent on the Company's mineral extraction equipment. The patent has not been issued as yet.

9. Technology

The technology costs of $4,917,410 (2014 - $nil) represent the cost of the intangible assets acquired in the Mineworx acquisition. The asset will be amortized over its expected useful life, which has expected cash flow accruing to the Company from the business of operating the mineral extraction equipment**.**

10. Accounts payables and accrued liabilities

		December 31, 2015		December 31, 2014
Accounts payables	$	450,877	$	423,662
Accrued liabilities		61,309		37,814
	$	512,186	$	461,476

11. Loans payable

The loans payable of $255,346 (2014 - $nil) are non-interest bearing, unsecured and have no fixed term of repayment.

12. 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 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 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.

The Company retired the debenture and interest on March 4, 2015.

13. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2015, there were 243,480,080 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 year ended December 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 year ended December 31, 2015

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 consisted of one common share in the capital of Iberian Minerals and one-half of one common share purchase warrant. Each whole warrant entitled 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 Company also paid a finder's fee of $6,755 cash.

Other issuance

i) 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

ii) On December 21, 2015, the Company the Company issued 83,999,943 common shares of the Company at a deemed price of $0.059 in the acquisition of Mineworx for a total cost of $7,559,995.

iii) On December 21, 2015, 100,000 stock options were exercised at a price of $0.10 for proceeds of $10,000. At the time of granting, their value was determined to be $9,798.

13. 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.

(Expressed in Canadian dollars)

13. 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
Expired or cancelled	(23,676,664)	0.17	
Balance outstanding, December 31, 2015	23,541,667	0.15	
Balance exercisable, December 31, 2015	23,541,667	$ 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 and exercisable, December 31, 2014	218,050	$ 0.20	
Balance outstanding and exercisable, December 31, 2015	218,050	$ 0.26	

(Expressed in Canadian dollars)

14. 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:

	Years ended December 31, 2015			Year 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	11,150,000		0.10	4,150,000		0.13
Exercised	(100,000)		0.10	(100,000)		0.10
Options cancelled/expired	(5,150,000)		(0.16)	(1,850,000)		(0.16)
Options outstanding, end of period	21,350,000	$	0.11	15,450,000	$	0.12
Options exercisable, end of period	20,562,500	$	0.11	15,450,000	$	0.12

During the year ended December 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.

b) On June 20, 2015, the Company granted 4,250,000 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 3,425,000 options vest upon grant and 825,000 vest in quarterly installments thereafter.

c) On September 8, 2015, the Company granted 500,000 stock options to an officer 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.

d) On December 17, 2015, the Company granted 5,950,000 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.

e) On December 21, 2015, the Company granted 350,000 stock options to employees 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 in quarterly installments.

(Expressed in Canadian dollars)

14. Share-based payments (cont'd)

Stock options *(cont'd)*

During the years 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.

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

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
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
3,450,000	3,450,000	$ 0.10	February 15, 2018
3,550,000	3,550,000	$ 0.13	January 2, 2019
200,000	200,000	$ 0.13	March 27, 2019
100,000	100,000	$ 0.10	February 25, 2020
4,250,000	3,975,000	$ 0.10	June 20, 2020
500,000	250,000	$ 0.10	September 8, 2020
5,950,000	5,950,000	$ 0.10	December 17, 2020
350,000	87,500	$ 0.10	December 21, 2020
21,350,000	20,562,500		

(Expressed in Canadian dollars)

14. Share-based payments (cont'd)

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 year ended December 31, 2015, under the fair value method was $677,572 (2014 - $467,730) for the options granted during the year. The Company expensed during the year ended was $654,350 (2014 - $443,549) leaving an unamortized balance of $23,222 (2014 - $nil).

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

	2015	**2014**
Risk-free interest rate	0.84%	1.25%
Expected life of options	5 years	5 years
Annualized volatility	130.1%	142.2%
Dividend rate	0.00%	0.00%

15. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2015 was based on the loss attributable to common shareholders of $338,576 (2014 - $2,426,889) and the weighted average number of common shares outstanding of 159,278,940 (2014 - 136,751,259).

Diluted loss per share did not include the effect of 21,350,000 stock options, 23,541,667 share purchase warrants and 218,050 finders' warrants as the effect would be anti-dilutive.

16. Related Parties

The Company entered into the following transactions with related parties:

Key management personnel compensation

	Year ended	
	December 31, 2015	December 31, 2014
Employee benefit - management	$ 329,250	$ 310,500
Employee benefits - directors	35,427	64,759
Share-based payments - officers	281,815	171,764
Share-based payments - directors	256,432	85,266
Total	$ 902,924	$ 632,289

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.

(Expressed in Canadian dollars)

16. Related Parties (cont'd)

Related party balances

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

		December 31, 2015		December 31, 2014
Included in accounts payables and accrued liabilities[(i)]	$	11,341	$	107,937
Included in loans payable		48,482		-
	$	59,823	$	107,937

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

17. 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 year ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

18. 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 December 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 December 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 December 31, 2015, the Company had a cash balance of $4,166,361 (2014 - $52,824) to settle current liabilities of $767,532 (2014 - $1,086,476).

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

19. Financial risk management (cont'd)

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 December 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 December 31, 2015 and 2014 are as follows:

December 31, 2015	**EUR**	**USD**
Cash	$ 3,838,670	$ 100,386
Receivables / prepaid expenses	353,298	34,659
Total	4,191,968	135,045

December 31, 2014	**EUR**	**USD**
Cash	$ 15,821	$ -

Financial liabilities

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

December 31, 2015	**EUR**	**USD**
Accounts payable and accruals	$53,678	$ 112,762
Loans payable	-	13,864
Total	53,678	126,626

December 31, 2014	**EUR**	**USD**
Accounts payable and accruals	$ 15,821	$ 162,017

19. Financial risk management (cont'd)

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 December 31, 2015, net financial liabilities totalling $3,784,992 were held in Euro.

Based on the above net exposure as at December 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 $75,700 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.

20. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	December 31, 2015	**December 31, 2014**
Net loss	$ (338,578)	$ (2,426,889)
Statutory tax rate	26 – 30 %	26 – 30 %
Expected income tax recovery at the statutory tax rate	$ (88,000)	$ (622,000)
Expenses not deductible for income tax purposes	125,000	330,000
Finance fees charged to equity	(10,000)	(22,000)
Revision to account estimates	-	(59,000)
Change in tax assets not recognized, before tax assets purchased	27,000	373,000
Income tax recovery	$ -	$ -

The components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2015	**December 31, 2014**
Non-capital losses	$ 3,291,000	$ 2,322,000
Impairment of note receivable for accounting	819,000	819,000
Intangible assets	(128,000)	-
Other	25,000	32,000
Deferred exploration costs	1,059,000	(205,000)
	5,066,000	2,968,000
Valuation allowance	(4,342,720)	(2,968,000)
Net deferred income tax asset	$ 723,280	$ -

(Expressed in Canadian dollars)

20. Income tax expense and deferred tax assets and liabilities (cont'd)

The Company has non-capital loss carry forwards that can be used against future taxable income of $9,019,944 (2014 - $8,932,557) expiring beginning 2024. The Company's subsidiary, Mineworx, has non-capital losses carried forward of $2,811,945.

Except for the deferred taxes recognized on the purchase of Mineworx, the Company has not recognized any future benefit for the tax losses as it is not considered likely that they will be utilized.

Deferred taxes on the purchase of Mineworx were recognized even though Mineworx had not had profitable operations. The basis for recognizing these taxes is as follows:

- Prior to the acquisition, Mineworx was in the business of developing and testing its mineral extracting equipment. The equipment had not been put in the field to produce income. The business combination will provide financing and assistance in marketing the equipment that had not previously been available. The cash flow analysis developed by management used to evaluate the technology are based on expected cash flows being produced by Mineworx, and,

- The value of the losses carry-forward was a determining factor in the purchase price.

21. Supplemental disclosure with respect to cash flows

	Year ended	
	December 31, 2015	December 31, 2014
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ 17,768	$ -

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

During the year ended December 31, 2015, the significant non-cash transactions were as follows:

a) Issued 859,090 common shares of the Company at a deemed price of $0.055 to settle outstanding debt of $47,250.

b) Issued 83,999,943 common shares of the Company at a deemed price of $0.09 in the acquisition of Mineworx for a total cost of $7,559,995. Included in the purchase were $8,154,385 in assets and $463,682 in liabilities. Although Mineworx had $54,762 in cash at the time of acquisition, the Company had advanced $227,811, leaving net cash expenditure of $173,101.

c) Purchased Compañía Minera Sierra de Caurío, S.L., for a net cash expenditure of $268,328.

d) Transfer of $9,798 to share capital from reserves for stock options exercised.

e) Included in accounts payable was $9,233 in amounts that were capitalized. $1,475 was in exploration and evaluation assets and $7,757 in equipment.

(Expressed in Canadian dollars)

During the year ended December 31, 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.

b) Included in exploration and evaluation assets is $55,230 which is included in accounts payable and accrued liabilities.

c) Transfer of $7,000 share capital from reserves for stock options exercised.

d) Issued 625,001 common shares to non-convertible debenture subscribers with a fair value of $46,100.

e) Issued 800,000 common shares for debt with a fair value of $63,860.

22. Segmented information

The Company has two operating segments, exploration and development of mineral properties in Spain and mineral extraction through use of its proprietary equipment in North America. For the year ended December 31, 2015, the non-current assets were as follows:

	North America	Spain	Total
Restricted cash and guarantee deposits	$ -	$ 111,192	$ 111,192
Exploration and evaluation assets	-	980,020	980,020
Equipment	2,505,115	-	2,505,115
Patents	25,543	-	25,543
Technology	4,917,410	-	4,917,410
Deferred tax	723,280	-	723,280
Total	$ 8,171,348	$ 1,091,212	$ 9,262,560

For the year ended December 31, 2015, the loss for North America operating segment was $566,024 and for the Spain operating segment, there was a profit of $227,446.

For the year ended December 31, 2014, the Company had only one operating segment which was in Spain.

23. Subsequent event

On January 29, 2016, Iberian Minerals, received approval from the exchange to extend the expiry date of the share purchase warrants that were issued as part of a non-brokered private placement completed by the Company in August 2013. The expiry date for the 7,000,000 common share warrants previously set to expire on February 14, 2016 has been extended to February 14, 2017. All other terms and conditions of the warrants remain unchanged.