

SOLID RESOURCES LTD.

Unaudited Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated 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 consolidated interim financial statements have been prepared by and are the responsibility of the management.

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

SOLID RESOURCES LTD.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

	Notes	September 30, 2011	December 31, 2010 (Note 14)	January 1, 2010 (Note 14)
ASSETS				
Current assets				
Cash		\$ 206,093	\$ 964,378	\$ 484,019
Prepaid		7,600	7,000	5,364
Receivables	4	41,471	42,173	59,132
Total current assets		255,164	1,013,551	548,515
Investment in Silver Bear Mines Ltd.	5	1,055,808	1,055,808	-
Capital assets		2,176	2,560	6,946
Exploration and evaluation assets	5	3,405,032	2,036,550	8,198,478
		4,463,016	3,094,918	8,205,424
TOTAL ASSETS		\$ 4,718,180	\$ 4,108,469	\$ 8,753,939
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	6	\$ 37,871	\$ 68,433	\$ 541,675
Deposit on share purchase		-	-	50,000
Notes payable	7	-	-	1,665,739
TOTAL LIABILITIES		37,871	68,433	2,257,414
SHAREHOLDERS' EQUITY				
Share capital	9	23,450,068	22,017,434	19,883,175
Reserves		3,962,430	3,845,241	2,439,722
Deficit		(22,732,189)	(21,822,639)	(15,826,372)
TOTAL EQUITY		4,680,309	4,040,036	6,496,525
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,718,180	\$ 4,108,469	\$ 8,753,939

Nature and continuance of operations (Note 1)

Subsequent event (Note 15)

On behalf of the Board:

“Rick Gliege”

Director

“Greg Pendura”

Director

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

SOLID RESOURCES LTD.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2011 and 2010

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Expenses				
Administrative and general	\$ 235,205	\$ 417,936	\$ 745,067	\$ 1,278,618
Amortization	128	1,422	384	4,265
Interest on note payable	-	85,116	-	126,805
Other interest and bank charges	441	382	1,401	1,653
Stock-based compensation	-	-	109,923	10,942
	235,774	504,856	856,775	1,422,283
Loss before the following items	(235,774)	(504,856)	(856,775)	(1,422,283)
Other income (expenses)				
Foreign exchange	(2,416)	(13,211)	(3,665)	(68,744)
Impairment of mining properties	-	840	-	(75,000)
Project investigation costs	(49,110)	-	(49,110)	-
Other	-	-	-	4,840
	(287,300)	(517,227)	(909,550)	(1,561,187)
Loss before income taxes	(287,300)	(517,227)	(909,550)	(1,561,187)
Income taxes				
Current	-	-	-	77,047
	-	-	-	77,047
Loss and comprehensive loss for the period	\$ (287,300)	\$ (517,227)	\$ (909,550)	\$ (1,638,234)
Basic and diluted loss per common share (Note 8)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding	94,206,413	55,515,953	86,330,368	51,752,392

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

SOLID RESOURCES LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

	Share capital				
	Number of shares	Amount	Stock option reserve	Deficit	Total
Balance at January 1, 2010	46,349,515	\$ 19,883,175	\$ 2,439,722	\$ (15,826,372)	\$ 6,496,525
Private placement	8,100,000	810,000	-	-	810,000
Exercise of warrants	1,050,000	80,000	-	-	80,000
Finders fees for the Peru property	1,000,000	210,000	-	-	210,000
Share issue costs	-	(58,500)	-	-	(58,500)
Stock-based compensation	-	-	10,942	-	10,942
Comprehensive loss for the period	-	-	-	(1,638,234)	(1,638,234)
Balance at September 30, 2010	56,499,515	\$ 20,924,675	\$ 2,450,664	\$ (17,464,606)	\$ 5,910,733
Private placement	20,833,333	1,250,000	-	-	1,250,000
Exercise of warrants	2,040,000	224,000	-	-	224,000
Share issue costs	-	(381,241)	-	-	(381,241)
Stock-based compensation	-	-	1,394,577	-	1,394,577
Comprehensive loss for the period	-	-	-	(4,358,033)	(4,358,033)
Balance at December 31, 2010	79,372,848	\$ 22,017,434	\$ 3,845,241	\$ (21,822,639)	\$ 4,040,036
Private placement	10,000,000	1,000,000	-	-	1,000,000
Exercise of warrants	4,539,000	439,900	-	-	439,900
Share issue costs	-	(7,266)	7,266	-	-
Stock-based compensation	-	-	109,923	-	109,923
Comprehensive loss for the period	-	-	-	(909,550)	(909,550)
Balance at September 30, 2011	93,911,848	\$ 23,450,068	\$ 3,962,430	\$ (22,732,189)	\$ 4,680,309

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

SOLID RESOURCES LTD.

Condensed Consolidated Interim Statements of Cash Flows

For the three and nine months ended September 30, 2011 and 2010

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (287,300)	\$ (517,227)	\$ (909,550)	\$ (1,638,234)
Items not affecting cash:				
Amortization	128	1,422	384	4,265
Impairment of mining properties	-	-	-	-
Stock-based compensation	-	-	109,923	10,942
Changes in non-cash working capital items:				
Decrease (increase) in receivables	75,046	-	702	59,072
Decrease (increase) in prepaid	15,500	-	(600)	(8,439)
Increase (decrease) in accounts payable and accrued liabilities	<u>(208,857)</u>	<u>272,828</u>	<u>(30,562)</u>	<u>351,754</u>
Net cash used in operating activities	<u>(405,483)</u>	<u>(242,977)</u>	<u>(829,703)</u>	<u>(1,220,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets	<u>(275,576)</u>	<u>(12,596)</u>	<u>(1,368,482)</u>	<u>(143,068)</u>
Net cash used in investing activities	<u>(275,576)</u>	<u>(12,596)</u>	<u>(1,368,482)</u>	<u>(143,068)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of share capital	770,000	210,000	1,439,900	933,000
Share issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,500</u>
Net cash provided by financing activities	<u>770,000</u>	<u>210,000</u>	<u>1,439,900</u>	<u>991,500</u>
Change in cash for the period	88,941	(45,573)	(758,285)	(372,208)
Cash, beginning of period	<u>117,152</u>	<u>157,384</u>	<u>964,378</u>	<u>484,019</u>
Cash, end of period	<u>\$ 206,093</u>	<u>\$ 111,811</u>	<u>\$ 206,093</u>	<u>\$ 111,811</u>

Supplemental disclosure with respect to cash flows (Note 13)

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

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

1. Nature and continuance of operations

Solid Resources Ltd. (the Company) is incorporated under the laws of the Province of Alberta, Canada. Its shares are listed for trading on the TSX Venture Exchange and on the Frankfurt Stock Exchange. The Company is involved in the exploration and development of mineral resource properties and does not currently have a recurring revenue stream where its common shares trade under the symbol “SRW”. The registered, head office, principal address and records office of the Company are located at 607-233 Robson St, Vancouver, BC V6B 0E8.

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 unaudited condensed consolidated interim 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 condensed consolidated interim financial statements.

2. Significant accounting policies and basis of preparation

The condensed consolidated interim financial statements were authorized for issue on August 29, 2011 by the Board of Directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by Canada on January 1, 2011. This represents the Company’s first application of IFRS as at and for the nine months ended September 30, 2011, including 2010 comparative periods. The financial statements have been prepared in accordance with IFRS 1, “First-time Adoption of International Reporting Standards” and with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the international Accounting Standards Board (“IASB”).

A summary of the Company’s significant accounting policies under IFRS is presented in Note 3. These policies have been applied retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The impact of the transition from GAAP to IFRS is explained in Note 14.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

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

Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim 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 condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

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

Foreign currency translation

The Company's reporting currency and the functional currency of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

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 profit and 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.

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

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

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

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized as its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with site closure and reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and the Company's estimates are reviewed at the end of each reporting period for changes in regulatory requirements, effects of inflation and changes in estimates.

The Company had no asset retirement obligations as of September 30, 2011 and December 31, 2010 and January 1, 2010.

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.

Impairment of assets

At the end of each reporting period the carrying amounts of the Company's 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.

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

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

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 September 30, 2011, 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.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At September 30, 2011, 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, advances from related party, and loans 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.

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 stock-based compensation 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.

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

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

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 periods presented, comprehensive loss was the same as net loss.

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.

Comparative figures

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

3. New standards, amendments and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2011 and have not been applied in preparing these interim financial statements. None of these are expected to have a material effect on the financial statements of the Company.

Financial instruments disclosure

In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

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

Joint ventures

The IASB issued Exposure Draft 9 – Joint Arrangements (“ED-9”) in September 2007. ED-9 proposed to eliminate the Company’s choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The IASB plans on publishing the final standard during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact that ED-9 and the final standard are expected to have on its financial statements.

Income taxes

In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after July 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

Consolidation

On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB’s project to replace current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC-12, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

Financial instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

4. Receivables

	September 30, 2011	December 31, 2010	January 1, 2010
Sales and other taxes receivables	\$ 41,471	\$ 42,173	\$ 59,132

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

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5. Exploration and evaluation assets

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

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

	Doade- Presqueira, Spain	Peru Gold & Copper	Bear Canada	Sunset West Canada	Total
Balance January 1, 2010	\$ 1,741,507	\$ -	\$ 6,381,971	\$ 75,000	\$ 8,198,478
Additions 2010					
Geological fees and expenses	229,096	54,995	-	-	284,091
Mining rights and taxes	6,952	4,000	-	-	10,952
Sale	-	-	(6,381,971)	-	(6,381,971)
Write-down or impairment	-	-	-	(75,000)	(75,000)
Balance December 31, 2010	1,977,555	58,995	-	-	2,036,550
Additions 2011					
Geological fees and expenses	356,721	41,904	-	-	398,625
Mining rights and taxes	37,064	-	-	-	37,064
Drilling, sampling and assay	932,793	-	-	-	932,793
Balance September 30, 2011	\$ 3,304,133	\$ 100,899	\$ -	\$ -	\$ 3,405,032

Doade-Presqueira, Spain

The Company has 100% interest in this concession which is located in Northwestern Spain and is 4,902 hectares (12,108 acres) in size. This property is under exploration for Lithium, Tantalum, Tin, Rubidium, and Cesium. Two drilling programs consisting of a total of 17 holes drilled, sampled, and assayed have been completed to date. Property investigation costs are bonus fees paid to the geologist that initially identified the project. Such fees became payable once a certain stage of advancement had been reached.

Peru Gold & Copper Property

The Company entered into a binding option agreement with an arm's length third party (the "Optionor") pursuant to which it acquired the option to purchase a metallic mining license, covering an area of 1,000 hectares, located in Northwest Peru. Under the terms of the option agreement, the Company has the right to purchase the license, during the three year term, by paying the Optionor a total of US\$500,000, to be paid in tranches over the course of the period ending on December 2012. The first cash payment of US\$4,000 has already been paid to the Optionor.

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

5. Exploration and evaluation assets (cont'd)

Bear Property, Northwest Territories, Canada

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

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

The Board of Directors of the Company have unanimously approved the Letter of Intent and the proposed sale of the Company’s 49% interest in the Bear Property. The completion of the proposed purchase transaction is subject to a number of conditions including, negotiation and execution of definitive agreements (which has been signed subsequent to the year-end) and receipt of all requisite regulatory approvals, including the TSX Venture Exchange.

As such, the Company recorded a sale or disposal of asset of \$6,381,971 for a net book value of \$nil for the year ended December 31, 2010.

On February 15, 2011, the Company received the requisite shareholder approval for the sale of the Bear Property at the annual general and special meeting held on December 13, 2010. The purchase price for the 49% interest in the Bear Property is \$3,000,000 and shall be payable: (i) by the assumption of debt (the “Assumed Debt”) owing by the Corporation to certain lenders in the aggregate amount of \$1,930,172; and (ii) by the issuance and delivery of 1,250,000 common shares of in the capital of Silver Bear (“Silver Bear Shares”) having an aggregate value of \$1,055,808.

Sunset West, Northwest Territories, Canada

On September 26, 2008, the Company advanced a loan in the principal sum of \$75,000 to Bearing Gold Resources Corp. (“Bearing Gold”). In 2009, the Company forgave the loan in exchange for Bearing Gold’s rights, title and interest in its Sunset West Property. Sunset West comprises an 850 hectare mineral claim located approximately 110 kilometers Northeast of Yellowknife, Northwest Territories, Canada and is prospective for Silver, Lead and Zinc. During the year, the Company decided to release its interest in this property and recorded an impairment of \$75,000, resulting in a net book value of \$nil as at December 31, 2010.

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

6. Accounts payables and accrued liabilities

	September 30, 2011	December 31, 2010	January 1, 2010
Accounts payables	\$ 37,871	\$ 63,433	\$ 150,637
Accrued liabilities	-	5,000	26,010
Interest payable	-	-	365,028
	\$ 37,871	\$ 68,433	\$ 541,675

7. Notes payable:

	September 30, 2011	December 31, 2010	January 1, 2010
Notes payable	\$ -	\$ -	\$ 1,665,739

As discussed in note 5, the Company signed a letter of intent as approved by the Board of Directors with Silver Bear to sell the Company's 49% interest in the Bear Property. Concurrently with the execution of the Letter of Intent, the Company entered into a debt assumption agreement, pursuant to which Silver Bear assumed the Assumed Debt effective as of April 30, 2010 and the lenders released the Company from any further obligations under the Assumed Debt.

8. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine month period ended September 30, 2011 was based on the loss attributable to common shareholders of \$0.01 (2010 - \$0.03) and the weighted average number of common shares outstanding of 86,330,368 (2010 – 51,752,392).

Diluted loss per share did not include the effect of 7,700,000 stock options as the effect would be anti-dilutive.

9. Share capital***Authorized share capital***

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2011 there were 93,911,848 issued and fully paid common shares (December 31, 2010 – 79,372,848 and January 1, 2010 – 46,349,515).

Please refer to the Interim Statement of Changes in Equity for a summary of changes in share capital and reserves for the nine months ended September 30, 2011. Reserves relate to stock options, agent's unit options, and compensatory warrants that have been issued by the Company.

During the quarter, on July 15, 2011, the Company issued a total of 10,000,000 Units at a price of \$0.10 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one additional Common Share until November 16, 2011 at a price of \$0.15 per Common Share. The Company issued 101,500 finder's warrants, with each finder's warrant entitling the holder to purchase one Common Share at an exercise price of \$0.15 per Common Share until November 16, 2011

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

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

9. Share capital (cont'd)***Stock options***

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

The changes in options are as follows:

	Nine months period Ended September 30, 2011		Year Ended December 31, 2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	6,700,000	\$ 0.17	1,800,000	\$ 0.16
Options granted	1,150,000	\$ 0.12	7,050,000	0.21
Options cancelled/expired	(150,000)	-	(2,150,000)	0.29
Options outstanding, end of period	7,700,000	\$ 0.16	6,700,000	\$ 0.17
Options exercisable, end of period	6,492,500	\$ 0.17	6,700,000	\$ 0.17

During the nine month period ended September 30, 2011:

- i) On January 7, 2011, the Company granted stock options to purchase up to 500,000 common shares of the Company at a price of \$0.135 per share to consultants, such stock options expiring on January 7, 2016; and
- ii) On March 24, 2011, granted stock options to purchase up to 200,000 common shares of the Company at a price of \$0.12 per common share to consultants, such stock options expiring on March 24, 2016.
- iii) On September 1, 2011, the Company granted 450,000 stock options at an exercise price of \$0.10 to directors and officers of the Company, such options expiring on September 1, 2016.

All stock options issued during the nine month period ended September 30, 2011 vest 25% upon grant and 25% every three months thereafter.

Stock-based compensation

The total stock-based compensation expensed during the nine month period ended September 30, 2011, under the fair value method was \$109,923 (2010 - \$10,942).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the nine months ended September 30, 2011 and 2010:

	2011	2010
Risk-free interest rate	1.00%	0.25%
Expected life of options	3 years	5 years
Annualized volatility	217%	150%
Dividend rate	0.00%	0.00%

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

Stock option reserve

The stock option reserve records items recognized as stock-based compensation 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.

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2010	24,710,000	\$ 0.15
Granted	28,933,333	0.11
Exercised	<u>(3,090,000)</u>	<u>0.10</u>
Balance, December 31, 2010	50,553,333	\$ 0.13
Granted on private placement	10,000,000	0.15
Exercised	(4,539,000)	0.10
Expired or cancelled	<u>(7,271,833)</u>	<u>0.20</u>
Balance outstanding, September 30, 2011	48,742,500	\$ 0.13
Balance exercisable, September 30, 2011	38,742,500	\$ 0.12

During the nine month period ended September 30, 2011, in conjunction with private placement described earlier, the Company issued 10,000,000 warrants and 101,500 finder's warrants that are exercisable into one additional common share at a price of \$0.15 per common share, until November 16, 2013.

During the year ended December 31, 2010 – On February 9, 2010, the Company issued 8,100,000 units comprising of one common share and one warrant entitling the holder to purchase one additional common share at a price of \$0.12 until February 8, 2011. On November 18, 2010, the Company issued 28,833,333 units comprising of one common share and one warrant entitling the holder to purchase one additional common share at a price of \$0.10 until May 17, 2012. In addition, the Company issued 589,167 finders' warrants entitling the holder to purchase one additional common share at a price of \$0.10 until May 17, 2012.

Finders' warrants transactions are summarized as follows:

	Number of Finders' warrants	Weighted Average Exercise Price
Balance, January 1, 2010	-	\$ -
Granted on private placement dated January 16, 2010	<u>589,167</u>	<u>0.10</u>
Balance, December 31, 2010	589,167	0.10
Granted on private placement dated July 16, 2011	<u>101,500</u>	<u>0.15</u>
Balance outstanding, September 30, 2011	<u>690,167</u>	<u>0.11</u>
Balance exercisable, September 30, 2011	589,167	0.10

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

10. Related party transactions

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$90,000 (2010 - \$6,000) to the chief executive officer and director of the Company.
- b) Paid or accrued consulting fees of \$45,000 (2010 - \$15,000) to an operational and financial officer and director of the Company.
- c) Paid or accrued consulting fees of \$36,000 (2010 - \$nil) to a director of the Company.
- d) Paid or accrued professional fees of \$22,500 (2010 - \$nil) to a director of the Company.

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.

Key management personnel compensation

	Nine month periods ended	
	September 30, 2011	September 30, 2010
Short-term employee benefits – management fees	\$ 90,000	\$ 6,000
– salary	20,000	-
– consulting fees	83,500	15,000

11. Management of Capital

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

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

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

There were no changes in the Company's approach to capital management during the nine month period ended September 30, 2011. The Company is not subject to externally imposed capital requirements.

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

12. Financial risk management

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

Cash is classified as Level 1.

As at September 30, 2011, the carrying values of cash, receivables and accounts payable and accrued liabilities, due to related parties and loans payable 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 September 30, 2011, the Company's exposure to credit risk is minimal

Liquidity risk

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

As at September 30, 2011, the Company had cash balance of \$206,093 (December 31, 2010 - \$964,378 and January 1, 2010 - \$484,019) to settle current liabilities of \$37,871 (December 31, 2010 - \$68,433 and January 1, 2010 - \$541,675).

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

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

12. 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 risk

The Company has cash balances and interest-bearing loans payable. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of September 30, 2011, the Company did not have any investments in investment-grade short-term deposit certificates. The Company's loans payable bear interest at fixed interest rates, and as such, the Company is not exposed to interest rate risk on its loans payable.

b) Foreign currency risk

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

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. Supplemental disclosure with respect to cash flows

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

	Nine month periods ended	
	September 30, 2011	September 30, 2010
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

There were no significant non-cash transactions for the periods ended September 30, 2011 and 2010

SOLID RESOURCES LTD.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

September 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

14. Transition to IFRS

As stated in Note 2, these condensed consolidated interim financial statements are for the period covered by the Company's first annual financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the periods ended September 30, 2011 and 2010, and the opening IFRS statement of financial position on January 1, 2010 (the "Transition Date"), and December 31, 2010.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- a) to apply the requirements of IFRS 2, Share-based Payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.
- b) IFRS 3 "Business Combinations" has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.
- c) to apply the requirements of IAS 23, Borrowing Costs, as of the Transition Date.

In preparing the condensed consolidated interim financial statements, the Company has determined that there are no adjustments required for amounts reported previously in financial statements that were prepared in accordance with Canadian GAAP. As a result, the Company has not presented any reconciliations.

15. Subsequent event

Subsequent to nine month period ended September 30, 2011:

- i) On November 8, 2011, the Company announced that it intends to proceed with a private placement offering of units ("Units") at a subscription price of \$0.10 per Unit. Each Unit will consist of one common share in the capital of Solid and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share in the capital of Solid at a price of \$0.15 until the date that is twenty-four months from the initial Closing Date. The amount to be raised under the private placement is up to \$1,000,000 for a total of up to 10,000,000 common shares.

The securities issued in connection with the private placement will be subject to a four month hold period. A finder's fee may be payable on a portion of the financing up to a maximum of 7% cash and 7% brokers warrants of the gross proceeds. Completion of the offering is subject to all required regulatory approvals, including the acceptance of the TSX Venture Exchange.