



**INTERIM QUARTERLY HIGHLIGHTS**

**MARCH 31, 2016**

**Iberian Minerals Ltd.**  
**Quarterly Highlights**  
**Three months ended March 31, 2016**

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## **Introduction**

This Interim Quarterly Highlights has been prepared to provide material updates and analysis of the business operations, financial condition, financial performance, cash flows, liquidity, and capital resources of Iberian Minerals Ltd. and its subsidiaries (“Iberian” or the “Company”).

The information provided herein should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2016 and the Annual MD&A for the year ended December 31, 2015.

The statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Iberian Minerals is listed on the TSX Venture Exchange under the symbol “IML” and on the OTCQB Exchange under the symbol “SLDRF”. The Company is engaged in the development and deployment of innovative mining technologies and the exploration, acquisition and development of mineral properties. For the purposes of this report Iberian is classified as a “venture issuer” for the purposes of National Instrument 51-102.

Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. The effective date of this report is May 27, 2016.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See “Forward-Looking Information and Statements” herein. Iberian Minerals is listed on the TSX Venture Exchange under the symbol “IML” and on the OTCQB Exchange under the symbol “SLDRF”.

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

## **Background**

In late 2015, the Company implemented a strategy to pursue and investigate a new paradigm being created in the mining sector to complement its Spanish mineral assets and current business model.

In December 2015, the Company acquired Mineworx Technologies Inc., who has developed the HM X-tract, a unique, patent-pending, portable, heavy mineral extraction process and an innovative new business model for the gold and precious metals mining sector. Mineworx will operate as a 100% wholly owned subsidiary of Iberian Minerals.

The Mineworx unique business model is to seek out advanced-stage mineral deposits on which to employ its portable processing technologies, and to partner with the existing owners and operators to advance these deposits to profitable production in a timely and cost effective manner. The model offers operators accelerated production timelines, lower cut off grades, reduced infrastructure, shorter permitting periods, improved market valuations, lower operating costs, lower environmental impact and lower economic risks.

The unique, integrated water clarification and filtration technologies allow operators to recycle most of the process water used at a typical mine site. This conserves water, minimizes environmental discharge and significantly reduces or eliminates the necessity for tailings ponds.

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**Overall Performance**

During 2016, Iberian has been working on moving the technology acquired in the Mineworx transaction forward towards commercial production. To accomplish this goal, the following primary activities have been undertaken:

**Fabrication Shop** – A 7,000 square foot fabrication shop was opened in January 2016 in Coquitlam, British Columbia to commence construction of the second HM X-tract machine that will be capable of processing hard rock material deposits.

**Site Investigation** – the Company has been focused on evaluating potential alluvial gold properties in the south western United States, where there are literally thousands of small to mid size gold mining opportunities in which the HM X-tract portable unit can advance projects for property owners who may be having difficulty advancing their deposits due to financial, environmental or logistical reasons. In May 2016 an agreement was reached with Vulture Peak Gold Inc. to locate the HM X-tract unit on its property in Wickenburg, Arizona. The Vulture Peak Mine is ideally suited to allow the HM X-tract unit to showcase its performance and operational capabilities in a large scale placer environment.

**Technology** – Potential new mining related technologies are being developed at the Company’s Coquitlam facilities. The Vulture Peak Mine will provide an excellent venue to allow real life testing and evaluation to establish their feasibility.

**Spanish Properties** – work continued to assess the quality and scope of the reserves on the mineral assets the Company has the rights to in Spain.

**Summary of Quarterly Results**

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

	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sept 30, 2014	Jun 30, 2014
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Income (loss) for the period	(758,174)	(593,166)	(53,093)	(895,037)	1,202,720	(366,692)	(537,788)	(734,291)
Income (loss) per share (basic & diluted)	(0.00)	(0.00)	(0.00)	(0.01)	0.01	(0.00)	(0.00)	(0.01)

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

**Financial results**

The Company had no operating revenue for the Three months ended March 31, 2016 and 2015. For the three months ended March 31, 2016, the Company incurred a net loss of \$758,174 (\$nil income per share) compared to a net income of \$1,202,720 (\$0.01 income per share) for the three months ended March 31, 2015. The net loss is a result of increased spending on wages, administration, and project investigations as compared to the gain record on the sale of the Alberta-1 property in 2015. These increased costs are a result of the planning work that is continuing to bring the technology acquired in the Mineworx transaction into commercial production.

Corporate activity was greatly increased in 2016 over the same period in 2015 and this is reflected in the increased spending in Management and employee costs \$167,164 (2015 - \$62,953), Office and general \$100,051 (2015 - \$54,751), and Professional fees \$87,499 (2015 – credit of \$31,303). The Project investigation costs of \$159,906 (2015 - \$nil) and Travel

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\$46,458 (2015 - \$22,096) allowed the Company to secure a contract in the second fiscal quarter to place its' first HM X-tract machine on a site to allow further development of the technologies and move forward to commercialization.

Director fees and Financing costs were both reduced to \$nil from \$19,547 and \$17,836 respectively in 2015 due to the retirement of the debenture and changing the board membership.

Share-based payments of \$15,605 was for unamortized options granted in 2015 as no new options were issued during the three months ended March 31, 2016. The \$8,911 in 2015 related to a small amount of options issued to a Director of the Company.

\$118,656 in Amortization and Depreciation was charged in the three months ending March 31, 2016 (2015 - \$nil) related to the equipment and technology acquired in the Mineworx transaction.

Foreign exchange gain was \$14,066 for the three months ended March 31, 2016 from a foreign exchange loss of \$136,130 for the three months ended March 31, 2015. The exchange rate loss is due to fluctuations in the foreign exchange rate between the Canadian dollar and the Euro.

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

For the three months ended March 31, 2016, the Cehegin total expenditures were \$28,452 (2015 - \$59,419), comprised of geological fees and expenses of \$20,284, mining rights and taxes of \$5,289, drilling, sampling and assay of \$2,879.

The Sierra de Caurio project's total expenditures were \$41 (2015 - \$nil),

#### **Equipment**

For the three months ended March 31, 2016, the expenditures on equipment was \$314,557 (2015 - \$nil). These expenditures were related to the work completed to date of the second HM X-tract machine, \$253,282, and opening of offices and facilities.

#### **Liquidity and Capital Resources**

At March 31, 2016, the Company's cash position was \$3,429,856 (December 31, 2015 - \$4,166,361) and the working capital was \$3,130,098 as compared to working capital of \$3,863,420 at December 31, 2015.

Net cash used in operating activities for the three months ended March 31, 2016 was \$577,023 (2015 - \$444,492) which relates primarily to general and administrative expenses, 2015 included the gain on sale of exploration and evaluation assets which occurred during the period.

Net cash used in investing activities for the three months ended March 31, 2016 was \$343,050 (2015 – provided \$1,107,572). The primary use of these funds was the construction of the second HM X-tract machine as compared to receiving the proceeds of from the sale of the Alberta-1 property in 2015.

Net cash provided by financing activities for the three months ended March 31, 2016 was \$183,568 (2015 – used \$31,755) was the exercising of warrants \$232,050 (2015 - \$nil) offset by partial repayment of loans acquired in the Mineworx transaction (2015 - \$nil). The 2015 use of cash was primarily the result of issuance of shares on private placement of \$600,000, net of share issuance costs of \$6,755, a debenture repayment of \$625,000.

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

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**Capital Commitments**

The Company had no commitments for property and equipment expenditures for fiscal 2016. The Company expects that any property and equipment expenditures incurred, based on future needs, will be funded from working capital and/or from operating or capital leases.

**Proposed Transactions**

There are no disclosable transactions that the board of directors or senior management are aware of.

**Outstanding Share Data**

*Authorized share capital*

Unlimited number of common shares without par value.

*Common shares*

At March 31, 2016, there were 246,795,080 issued and fully paid common shares.

*Stock options*

At March 31, 2016 there were 20,950,000 stock options outstanding; of which 20,650,000 are exercisable at weighted average price of \$0.11.

*Warrants*

At March 31, 2016 there were 20,226,667 warrants outstanding and exercisable at weighted average exercise price of \$0.20. During the period 10,541,667 warrants that were set to expire had their expiry date extended until January 7, 2017.

*Agent's warrants*

At March 31, 2016, there were no finders' warrants outstanding. 218,050 finders' warrants with weighted average exercise price of \$0.26 expired during the period.

**Off-Balance Sheet Arrangements**

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

**Forward-Looking Information and Statements**

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

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

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

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

### **Risk and Uncertainties**

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

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

### **Additional Information**

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