



IBERIAN
MINERALS



Iberian Minerals Corp.

Management's Discussion and Analysis
Three months ended March 31, 2009

Introduction

This management's discussion and analysis ("MD&A") of results, operations and financial condition of Iberian Minerals Corp. ("Iberian" or the "Company"), describes the operating and financial results of the Company and all of its subsidiaries for the three months ended March 31, 2009. This MD&A supplements, but does not form part of the March 31, 2009 unaudited interim consolidated financial statements of the Company, and should be read in conjunction with Iberian's Annual Information Form ("AIF") and Iberian's interim unaudited consolidated financial statements and related notes for the three months ended March 31, 2009, as well as the MD&A and the audited financial statements for the year ended December 31, 2008. The Company prepares and files its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The currency referred to in this document is the Canadian dollar and all holdings in foreign currencies by Iberian or its subsidiaries have been converted to Canadian dollars in accordance with foreign currency translation accounting as disclosed in Note 2 of the December 31, 2008 audited consolidated financial statements.

Trafigura means Trafigura Beheer B.V. (a related party by virtue of its significant shareholding in the Company). Trafigura owns approximately 42% of all outstanding common shares of the Company.

Forward-looking Statements

This MD&A includes certain "forward-looking statements" and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Assumptions upon which such forward-looking statements are based include that transactions will be completed, that all required third party regulatory and governmental approvals will be obtained. Many of these assumptions are based on factors and events that are not within the control of Iberian and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include changes in market conditions and other risk factors discussed or referred to in this MD&A and other documents filed with the applicable securities regulatory authorities and available at www.sedar.com. Although Iberian has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Iberian undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Highlights for the Three Months Ended March 31, 2009

During the three months ended March 31, 2009, the Company and its subsidiaries accomplished the following:

- On January 22, 2009, Compania Minera Condestable S.A. (“CMC”), of which the Company has 98.7% ownership, signed a collective labour agreement for three years with its workers.
- During the first quarter of 2009, CMC received both ISO 14001 and OHSAS 18001 certifications concerning environmental management systems, and occupational health and safety management systems for employees. These qualifications, along with a continuous record of excellent safety, led to the mine recently being chosen as winner of Peru’s Annual Safest Mine Award in the underground category.
- Both the copper circuit and polymetallic circuits at Aguas Teñidas project, held by Iberian’s wholly owned Spanish subsidiary Minas Aguas Teñidas S.A. (“MATSA”), were put into production.

Overview of the Three Months Ended March 31, 2009

During the three months ended March 31, 2009, the Company was in the final stages of the completion of the paste plant at MATSA. Capitalized expenditure for the three months ended March 31, 2009, amounted to approximately \$47.44 million, of which \$3.68 million was for mining interest, \$39.62 million for construction in progress and \$4.13 million for machinery and equipment.

Date of MD&A - This MD&A is dated May 29, 2009.

Overall Performance

Review of Results for the three months ended March 31, 2009

Iberian reported a net loss of \$60.49 million for the three months ended March 31, 2009, compared with a net loss of \$50.06 million for the corresponding period in 2008.

The results of operations include operations of CMC for the three months ended March 31, 2009 compared to the two months from February 1, 2008 to March 31, 2008. The main items with different comparatives as a result of the consolidation of the CMC results for the three month ended March 31, 2009 are as follows: (a) revenue of \$31.24 million (2008 – \$18.81 million); (b) cost of revenues \$23.15 million (2008 – \$19.08 million) resulting in a gross margin of \$8.08 million (2008 – loss on gross margin \$0.26 million); (c) finance charges of \$0.96 million (2008 - \$0.17 million); (d) unrealized loss on derivative instruments of \$64.77 million (2008 - \$54.55 million); (e) income tax expenses of \$4.13 million (2008 - \$1.75 million); and (f) future income tax recovery of \$22.04 million (2008 - \$19.08 million) .

The main factors that contributed to the consolidated loss in the three months ended March 31, 2009: (i) an unrealized loss on derivative instruments of \$88.00 million, the majority of which was CMC; (ii) administration costs of \$1.62 million; (iii) finance charge of \$0.96 million; (iv) convertible debenture interest and accretion of \$0.46 million; (v) foreign exchange loss of \$1.45 million and (vi) current tax expense of \$4.13 million. These were partially offset by CMC’s gross margin of \$8.08 million and future tax recovery of \$27.40 million.

A comparison of the results for the three months ended March 31, 2009 with those of the same period in 2008 is discussed below:

- (i) Stock based compensation of \$0.13 million increased from \$0.05 million in comparison with the same period in 2008. This increase is due to the timing of the vesting of stock options and their corresponding treatment as an expense for accounting purposes.
- (ii) Administrative costs totalled \$1.62 million for the three months ended March 31, 2009, compared with \$1.01 million for the same period in 2008. A breakdown of the administrative costs for the three months ended March 31, 2009 is set out below in section entitled “Administration and Other Expenses”. The

increase of \$0.61 million is due to the net impact of the following items for the three months ended March 31, 2009:

- (a) Accounting and corporate services were \$6 compared with \$44 in the same period in 2008.
- (b) Head office expenses were \$567 compared with \$245 in the same period in 2008. This increase of \$322 is mainly due to the increase in personnel expenses of approximately \$245 and increase in Directors' liability insurance and to a lesser extent due to the setting up of the new Iberian corporate office and its related expenses.
- (iii) Professional and consulting fees for the three months ended 2009 of \$790 increased by \$275 over the same period in 2008. Included in this are legal and audit fees of approximately \$186 (2008 - \$261) and consulting fees of approximately \$32 (2008 - \$252), for a total savings of \$295. This was offset by legal and tax consulting fees of approximately \$570 relating to the proposed "re-domiciling" of the parent company to Switzerland. Travel costs for 2009 of \$39 in comparison to the same period in 2008 of \$87 which resulted in a savings of \$48. The occupancy cost of \$103 in 2009 (2008 - \$26) is as a result of costs relating to the new premises and former corporate head office. Director's fees for 2009 were \$56 (2008 - \$12).
- (iv) Interest on the \$25.00 million, five year, convertible subordinated debenture issued to Dundee Resources Limited is payable semi-annually on July 26th and January 26th of each year. The actual interest from July 27, 2008 to January 26, 2009 was \$754 (2008 - \$756) and was paid by issuing 2,356,557 common shares (2008 - 675,146 common shares). Interest accrued for the three months ended March 31, 2009 was \$370 (2008 - \$374), the accretion attributable for the same period was \$92 (2008 - \$86) for a total interest expense of \$462 (2008 - \$460).
- (v) There was a foreign exchange loss of \$1,445 compared with \$9,116 in the same period in 2008. This loss arose from the Company's exposure to fluctuations in the value of the Euro and United States dollar against the Canadian dollar and Peruvian New soles against the United States dollar (which includes the translation of the future tax liability which resulted from the acquisition of CMC).

The comprehensive loss for three months ended March 31, 2009 of \$7,061 is the unrealized foreign currency translation loss resulting from the translation of CMC's United States dollar denominated assets and liabilities to Canadian dollars using the current rate method.

Segmented Information

	March 31, 2009			
	Corporate	Spain	Peru	Consolidated
Sales	\$ -	\$ -	\$ 31,238	\$ 31,238
Gross margin	\$ -	\$ -	\$ 8,085	\$ 8,085
Current assets	\$ 1,108	\$ 58,773	\$ 30,963	\$ 90,844
Property, plant and equipment	\$ 309	\$ 255,103	\$ 142,712	\$ 398,124
	March 31, 2008			
	Corporate	Spain	Peru	Consolidated
Sales	\$ -	\$ -	\$ 18,812	\$ 18,812
Gross margin	\$ -	\$ -	\$ (264)	\$ (264)
	December 31, 2008			
Current assets	\$ 2,408	\$ 116,484	\$ 63,258	\$ 182,150
	\$ 298	\$ 207,665	\$ 142,557	\$ 350,520

Cash Flows for the Three Months Ended March 31, 2009 Compared with the Three Months Ended March 31, 2008

During the three months ended March 31, 2009, cash flows from operations before changes in working capital was an inflow of \$12,515 compared to \$96 for the same period in 2008. The \$12,419 improvement was primarily the result of CMC's positive gross margin and lower loss on foreign exchange offset by higher unrealized loss on derivative financial instruments.

For the three months ended March 31, 2009, cash flow from operations after changes in working capital was an inflow of \$3,012 compared with an inflow of \$373 during the same period in 2008. The \$2,639 increase is primarily the result of \$10,368 decrease in trade payables and accrued liabilities related to operating activities offset by the improvements in cash flows from operating activities before working capital.

During the three months ended March 31, 2009, cash used in investing activities was an outflow of \$55,434 compared with \$40,511 in the same period in 2008. The cash used in 2009 was primarily for MATSA's capital expenditures of \$55,434. In the same period in 2008, \$39,538 was for capital expenditures and \$973 for prepaid acquisition costs relating to CMC.

Net cash used in financing activities was \$6,390 compared with an inflow of \$54,352 for the three months ended March 31, 2008. The majority of the outflow was from CMC's quarterly repayment of long-term syndicated loan. In the prior period comparison, the majority of the inflow was from a Trafigura bridge loan.

During the three months ended March 31, 2009, the Company had a net decrease in cash and cash equivalents of \$60,048 as compared with a net increase of \$14,662 during the same period in 2008. The effect of exchange rate fluctuations on cash held in foreign currencies was an outflow of \$1,236 compared with an inflow of \$448 in the same period in 2008, leaving cash and cash equivalents balance of \$17,349 as at March 31, 2009 as compared with a cash and cash equivalents balance of \$24,434 as at March 31, 2008.

Results of Operations

Financing Activities

There was no equity financing activity in the first quarter of 2009.

MATSA

MATSA produced 1,288 tonnes of copper concentrate and 847 tonnes of zinc concentrates for revenues of €1.88 million during the first quarter of 2009. Since the facilities have not achieved commercial production for accounting purposes, all expenses and revenue directly related to MATSA have been capitalized.

A total of 830 meters of horizontal development and 459 meters of vertical development were completed during the first quarter of 2009. Measures are in place to increase horizontal development to ensure future ore production will proceed as planned.

The development of the mine during the first quarter of 2009 focused on the completion of the polymetallic circuit, preparation of production stopes and new infrastructure, including electrical supply to the various sublevels, ventilation, compressed air supply, water supply and dewatering. With the granting of the underground operating mining permit in late January, stope mining was initiated on the 930 level with the extraction of more than 40,000 tonnes of copper ore from two small copper ore stopes. Ramp up in mine production continued through first quarter in conjunction with the commissioning of the process plant, with particular emphasis on the commissioning of the polymetallic flotation circuit.

Construction activities were nearing completion at the end of the first quarter of 2009. The paste fill plant, which will provide cemented paste fill for the underground operations, was the remaining major project to be completed at the end of the first quarter of 2009. It is expected to be completed and commissioned during the second quarter of 2009.

Spending on the Aguas Teñidas project totalled approximately \$47.44 million for the first quarter of 2009. The expenditures were allocated to mining interest in the amount of \$3.68 million, construction in progress of \$39.62 million and equipment of \$4.13 million.

At March 31, 2009, MATSA had 213 employees with an additional 489 contractors on site.

In the three months ended March 31, 2009, there was no material spending associated with the Investigation licenses (exploration) held by the Company. The Company intends to evaluate these various licenses, but at present no immediate material spending is contemplated.

CMC

The Condestable Mine has been in continuous production of copper/gold/silver since 1998.

The following are the highlights of CMC for the period January 1, 2009 to March 31, 2009:

- Revenues were approximately \$31.24 million.
- Production for the three months ended March 31, 2009 was:

Production	Unit	Three months ended March 31, 2009
Concentrate	DMT	24,339
Contained copper	t	6,114
Fine gold	oz	4,658
Fine silver	oz	61,697

- The cash operating cost "C3" at CMC is estimated at US\$ 1.05 per pound of copper produced. This is computed using all of the cash costs⁽¹⁾ for the Peruvian operations which include total production costs, including mining, processing, site administration and refining, depreciation and amortization, royalties, related head office and interest costs net of by-product credits.

(1) Cash cost is a non-GAAP measure. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. There is no direct comparable GAAP measure to this measure.

- CMC has a recovery rate of approximately 93% and an average copper grade of approximately 1.23%.
- On January 22, 2009, CMC and its workers signed a collective labour agreement for three years.
- In first quarter of 2009 CMC received both ISO 14001 and OHSAS 18001 certifications concerning environmental management systems, and occupational health and safety management systems for employees. These qualifications, along with a continuous record of excellent safety, led to the Mine recently being chosen as winner of Peru's Annual Safest Mine Award in the underground category.

Summary of Consolidated Quarterly Results

	First quarter March 31, 2009	Fourth quarter December 31, 2008 ⁽¹⁾	Third quarter September 30, 2008 ⁽¹⁾	Second quarter June 30, 2008 ⁽¹⁾
Revenues	\$ 31,238	\$ 22,400	\$ 27,501	\$ 29,153
Net income (loss)	(60,490)	(1,655)	158,795	(59,288)
Net income (loss) per share basic	(0.24)	(0.01)	0.62	(0.23)
Net income (loss) per share fully diluted	(0.24)	(0.01)	0.56	(0.23)
Total assets	510,866	591,068	837,487	754,990
Cash and cash equivalents	17,349	77,397	27,639	55,059
Shareholders' equity	\$ 246,263	\$ 298,791	\$ 237,788	\$ 83,448

	First quarter March 31, 2008 ⁽¹⁾	Fourth quarter December 31, 2007	Third quarter September 30, 2007	Second quarter June 30, 2007
Revenues	\$ 18,812	\$ –	\$ –	\$ –
Net income (loss)	(50,058)	(2,008)	(1,853)	(1,573)
Net income (loss) per share basic	(0.22)	(0.01)	(0.01)	(0.01)
Net income (loss) per share fully diluted	(0.22)	(0.01)	(0.01)	(0.01)
Total assets	622,492	170,059	162,335	150,674
Cash and cash equivalents	24,434	9,772	35,215	34,813
Shareholders' equity	\$ 139,150	\$ 111,214	\$ 111,114	\$ 109,724

(1) As described in Note 3 of the March 31, 2009 unaudited interim consolidated financial statements, the results for the four quarters of 2008 have been restated.

As seen above, the results in the first quarter of 2009 are comparable to the previous four quarters of 2008 with the exception of the first quarter of 2008 which reflects the operating results of CMC for the two month period from February 1, 2008 to March 31, 2008.

The following is an explanation of the first quarter of 2009:

- Revenue for the three months ended March 31, 2009 represents the revenue from CMC.
- The decrease in total assets was \$80.20 million is mainly due to the shift of the net position of derivatives from an asset position in prior quarter to a net liability position of \$68.99 million and usage of cash of \$60.05 million. This was partially offset by increase in property, plant and equipment of \$47.60 million (net of amortization of \$7.52 million) and a slight increase in inventories.
- The increase in shareholders' equity of \$52.53 million is as a result of an increase in share capital resulting from gain in the comprehensive income \$7.06 million offset by a loss of \$60.49 million and common shares issued for convertible debenture interest and stock compensation.

In the three quarters set out above for 2007, the Company recorded a net loss in each quarter. There have been increased losses by quarter in 2007 resulting mainly from a decrease in interest income, increase in stock option compensation expenses and general and administration expenses.

In the four quarters set out above for 2008, the Company recorded a net loss in the first two quarters of 2008. This is primarily from the unrealized losses on derivative financial instruments. The third and fourth quarter of 2008 recorded a net income, primarily from the unrealized and realized gains on derivative financial instruments, respectively.

Total assets have demonstrated a consistent and sustainable growth over the four quarters of 2007 reflecting the level of activity at the Aguas Teñidas mine site. The first three quarters of 2008 reflects the acquisition of CMC and to a lesser extent the level of activity at the Aguas Teñidas mine site. The fourth quarter of 2008 reflects the impairment on MATSA's long-lived assets of \$199.81 million and CMC's impairment on mining interests and goodwill of \$194.38 million.

Liquidity

Iberian reported working capital deficiency of \$26.23 million at March 31, 2009 compared with a working capital of \$63.18 million at December 31, 2008. The reason for this deficiency is primarily due to the change in value of the current portion of derivative instruments from an asset position of \$40.77 million to a net asset position of \$1.47 million, usage of cash of \$60.05 million and decrease of trade payables of \$11.98 million.

The Company had cash and cash equivalents of \$17.35 million at March 31, 2009 compared with \$77.40 million at December 31, 2008. Of this, the majority of approximately \$14.06 million is held in banks in Spain, approximately \$2.73 million is held in banks in Peru, and \$0.37 million is on deposit with a major bank in Canada.

To March 31, 2009, approximately US\$ 6.36 million was repaid by CMC in connection with the syndicated loan.

The Company will continue its efforts to raise funds for future developments and operations and to meet its ongoing financial obligations as they arise. There is however, no assurance that the Company will be successful in its efforts to raise additional funds, in which case, the Company may not be able to meet its financial and other obligations. The March 31, 2009 unaudited interim consolidated financial statements have been prepared on a going concern basis, as discussed in Note 1 of the March 31, 2009 unaudited interim consolidated financial statements.

Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the consolidated balance sheet.

As of March 31, 2009, the Company's total net debt (excluding cash and cash equivalents) is as follows:

	December 31, 2009	December 31, 2008
Trade payables and accrued liabilities	\$ 68,833	\$ 80,813
Convertible debenture	24,042	23,950
Current portion of long-term debt	41,856	38,153
Asset retirement obligation	8,105	7,893
Long-term debt	54,166	64,259
Future tax liability	46,881	74,553
Non-controlling interest	693	1,117
Total	\$ 244,576	\$ 290,738

The current portion of derivative receivable is \$7.86 million, current portion of derivative payables of \$6.39 million and the long-term portion of derivative payable amounted to \$13.64 million, for a total net payable of \$12.17 million.

In common with many public mining companies, the Company raises capital for its activities and projects as and when required. In the three months ended March 31, 2009, there were no equity fundraising activities.

Funding requirements

The Company's subsidiary CMC has adequate revenue to be self-sustaining. CMC has partially hedged its production so it is not fully exposed to changes in metal prices.

Capital Resources

At March 31, 2009, the Company had the following capital requirements under existing agreements.

- (i) Accounts payable in the normal course of business.
- (ii) Convertible debenture, refer to Note 9 of the March 31, 2009 unaudited interim consolidated financial statements.
- (iii) MATSA's capital commitments totalling approximately €15.03 million (\$25.11 million).
- (iv) The Company is committed to future minimum lease payments as follows:
 - 2009 - \$6,057; 2010 - \$4,525; 2011 - \$2,656; 2012 - \$697; and 2013 - \$288 for a total of \$14,223.
 - See Note 17 to the March 31, 2009 unaudited interim consolidated financial statements for detail of these commitments by country.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

The Company had the following transactions with related parties:

For the three months ended March 31, 2009, directors' fees of \$56 (2008 - \$12) were accrued during the period. Directors and related companies were also reimbursed for out-of-pocket expenses that occurred in the normal course of operations.

The Company pays funds to related parties in the course of carrying out the Company's business, in exchange for services rendered to the Company. If the Company was not paying these related parties for these services the Company would still have to pay individuals or entities in order to obtain these services and to carry out the business of the Company. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the Company and the related parties.

The Trafigura group provides management, operational, mining and administrative services to CMC. The amount charged for the three months ended March 31, 2009 is US\$ 187 (two months ended March 31, 2008 – US\$ 139) which includes out-of-pocket expenses. Included in payables at March 31, 2009 is \$73 due to Trafigura.

As at March 31, 2009, Trafigura has lent the Company €10,667 (\$17,824) to cover various social and environmental remediation guarantees at MATSA as detailed in Note 4). At March 31, 2009 this loan is still outstanding with \$535 included in interest payable. In 2008, Trafigura had lent the Company a bridge loan of \$40,000 with interest payable of \$375.

The Company's subsidiary MATSA has entered into hedge forward contracts with Trafigura. For more details see Note 11 of the March 31, 2009 unaudited interim consolidated financial statements.

Included in receivables is \$2,515, of which \$1,905 is due from Trafigura and \$610 from Cormin for copper concentrates.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Subsequent Events

On April 2, 2009, the Company, pursuant to a contractual pre-emptive right issued to Trafigura an aggregate of 1,706,472 common shares in consideration of payment of \$0.32 per share, for a total of \$546. After the share issuance, Trafigura holds 109,589,163 common shares representing approximately 42.2% of the issued and outstanding common shares of the Company.

On April 17, 2009, the Company received US \$19.8 million loan from Trafigura. This loan shall remain in force until the maturity date, which shall be the earlier of the Company receiving payment of Value Added Tax from the Spanish authorities or December 31, 2009. The effective interest rate is fixed at 6.10% per annum.

As part of the special business to be considered at the Company's Annual Meeting of Shareholders on June 10, 2009, the Company has asked the shareholders to approve a special resolution authorizing the re-domicile of the Company by way of corporate law continuance from being governed by the laws of Canada to those of Switzerland.

Critical Accounting Estimates

The preparation of the March 31, 2009 unaudited interim consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. There have been no material changes to the accounting estimates as discussed in the Management and Discussion analysis at December 31, 2008.

Changes in Accounting Policies and New Accounting Pronouncements

Goodwill, deferral of costs and internally developed intangible assets

In February 2008, the Canadian Institute of Chartered Accountants (“CICA”) issued Section 3064, “Goodwill and Intangible Assets,” which replaces Section 3062, “Goodwill and Other Intangible Assets.” This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, CICA Emerging Issues Committee Abstract 27, “Revenues and Expenditures in the Pre-operating Period,” (“EIC-27”) was withdrawn. The standard is effective for the Company’s fiscal year beginning January 1, 2009. Adoption of this standard did not have any impact to the Company’s consolidated financial statements.

Credit risk and the fair value of financial assets and financial liabilities

In addition, on January 20, 2009, the CICA issued Emerging Issues Committee (“EIC”) Abstract 173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” (“EIC173”), to be applied without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual consolidated financial statements. EIC 173 requires the Company to consider the Company’s own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The Company adopted EIC 173 in the quarter ended March 31, 2009 and there was no impact to the carrying amount of the Company’s financial instruments.

Mining exploration costs

On March 27, 2009, the EIC issued Abstract EIC-174, Mining Exploration Costs regarding the capitalization and impairment of exploration costs. This Abstract is to be applied to all financial statements issued after March 27, 2009. Upon adoption of EIC-174 there were no changes to the Company’s financial position or results of operations.

International Financial Reporting Standards (“IFRS”)

In 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed that the changeover to International Financial Reporting Standards (“IFRS”) from Canadian GAAP will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will adopt IFRS for its year beginning January 1, 2011. The adoption date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010, reconciliation from equity under Canadian GAAP to IFRS at the date of transition (January 1, 2010) and reconciliation from profit and loss under Canadian GAAP to IFRS for the prior year comparable quarter and year to date for 2010. The Company is in the process of assessing the differences between IFRS and the Company’s current accounting policies, as well as the alternatives available upon adoption, and has not quantified the effect of adopting IFRS.

Business Combinations

The Canadian Institute of Chartered Accountants (“CICA”) issued certain new accounting standard which will be in effect for fiscal years beginning on or after January 1, 2009 for accounting for business combinations. Section 1582 “Business Combinations” will require most assets acquired and liabilities assumed, including contingent liabilities to be measured at fair value and that all acquisition costs to be expensed.

Non-controlling Interests and Consolidated Financial Statements

Two new sections were added with an effective date of January 1, 2011 with early adoption permitted, consolidated financial statements and non-controlling interest:

- Section 1601, “Consolidated financial statements”, establishes the standards for preparing consolidated financial statements.
- Section 1602, “Non-controlling interests” will require that non-controlling interests be recognized as a separate component of equity and that net earnings be calculated without a deduction for non-controlling interest.

Financial Instruments and Other Instruments

The Company's financial instruments consisted of cash and cash equivalents, funds held in trust, restricted cash, receivables, payables and accruals and long-term debt. Unless otherwise noted, it is management's opinion that the Company is currently not exposed to significant interest or credit risks arising from these financial instruments. Some of the above noted items are denominated in United States dollars, Euros and Peruvian New soles. Balances are translated at the period end, based on the Company's policy as set out in Note 2 in the December 31, 2008 audited consolidated financial statements.

The Company estimates that the fair value of its cash and cash equivalents, funds held in trust, restricted cash, receivables, payables and accruals and long-term debt approximate the carrying value of the assets and liabilities.

The long-term investment consisted of shares of Richview Resources Inc. which the Company is holding for the long-term, as available-for-sale.

The long-term debt is mainly that of MATSA and the loan facility at CMC.

Interest Rate Risk

The Company is exposed to interest rate risk with regard to CMC's syndicated loan and MATSA's social and environmental loan as detailed in 8 (d) and (f) of the March 31, 2009 unaudited interim consolidated financial statements. The interest rate on these loans varies with LIBOR. If Libor increased or decreased by 10% in basis points, the pre-tax income effect for the three months ended would increase or decrease by approximately \$89.

Commodity Price and Forward Contract Risk

(a) MATSA

MATSA has a hedging program in support of its continued operations. As of March 31, 2009, the forward contracts in force at MATSA were as follows:

Copper	FMT (Fine metric tons)	Fixed price US\$/FMT
2009	10,475	3,636
2010	3,300	3,636

Copper call options sold	FMT (Fine metric tons)	Fixed price US\$/FMT
2010	3,000	3,850

Zinc	FMT (Fine metric tons)	Fixed price US\$/FMT
2009	8,275	1,163

For MATSA at March 31, 2009, if the spot price of copper, silver and gold had been 10% higher or lower while all other variables were held constant, the pre-tax income effect for the three months would increase or decrease by \$13.25 million as a result of the changes in the fair values of the derivative instruments.

During April and May of 2009, the forward contracts in force at MATSA have changed and are currently as follows:

Copper	FMT (Fine metric tons)	Fixed price US\$/FMT
2009	6,775	3,854
2010	7,900	3,820

Copper call options sold	FMT (Fine metric tons)	Fixed price US\$/FMT
2010	6,100	4,200

Zinc	FMT (Fine metric tons)	Fixed price US\$/FMT
2009	5,750	1,340
2010	6,600	1,330

Zinc call options sold	FMT (Fine metric tons)	Fixed price US\$/FMT
2010	4,900	1,500

(b) CMC

The Peruvian subsidiary of the Company, CMC has hedged a portion of its copper production. As at March 31, 2009 the following table summarizes the forward contracts in force with regards to the Company's Peruvian operations:

Copper	FMT (Fine metric tons)	Fixed price US\$/FMT
2009	15,025	4,419
2010	20,475	4,420
2011	20,625	3,492

Gold	Foz (Fine ounces)	Fixed price US\$/Foz
2009	1,800	741.50
2010	2,400	741.50
2011	2,400	741.50

Silver	Foz (Fine ounces)	Fixed price US\$/Foz
April 2009	8,518	13.89

For CMC, at March 31, 2009, if the spot price of copper, silver and gold had been 10% higher or lower while all other variables were held constant, the pre-tax income effect for the three months would increase or decrease by \$22.49 million as a result of the changes in the fair values of the derivative instruments.

Currency Fluctuations

Currency fluctuations may affect the Company's operations, financial position and results. The Company's financial results are reported and funds are held in Canadian dollars, while costs are primarily incurred in

United States (“US”) dollars, Swiss francs, Euros and Peruvian new soles. The effects on operating cost and cash flows, of the foreign exchange rate and the escalation of the Peruvian new soles are significant to the Company’s results. The appreciation of the Peruvian new soles against the US dollar would increase the cost of operations of the CMC Mine, which could materially and adversely affect the Company’s profitability, results of operation and financial condition. The appreciation of the US dollar or Euro against the Canadian dollar could also increase the actual capital and operating costs of the Company and materially and adversely affect the results presented in the Company’s financial statements. Currency rate fluctuations may also materially and adversely affect the Company’s future cash flow from operations, its results of operations, financial condition and prospects.

The Canadian dollar carrying amount of the Company’s foreign currency denominated financial assets and liabilities as at March 31, 2009 are as follows:

	Assets		Liabilities	
Euros	\$	70,626	\$	58,044
US dollars		320		8,737
New soles		3,339		16,899

Based on the financial instruments held at March 31, 2009, had the Canadian dollar weakened or strengthened by 10% against the US dollar and the Euros, the pre-tax effect on the Company’s loss would have been higher or lower in the case of Euro by \$1.26 million and the US dollar by \$0.84 million and in the case of Peruvian new soles to US dollar by \$1.36 million with all other variables held constant, as a result of foreign exchange gains or losses on translation of non-Canadian dollar denominated financial instruments.

Other MD&A Requirements

Additional Disclosure for Venture Issuers

Administration and Other Expenses

Three months ended March 31,	2009		2008	
Accounting and corporate services	\$	6	\$	44
Head office expenses		567		245
Professional and consulting fees		790		515
Transfer agent, listing and filing fees		19		35
Shareholders’ information		28		9
Travel		39		87
Advertising, promotion and public relations		13		41
Occupancy costs		103		26
Directors’ fees		56		12
	\$	1,621	\$	1,014

The table above includes the administrative expenses for the Company. In comparison with the equivalent numbers for the first quarter of 2008, the major increases are in office expense and professional and consulting fees, this is described above in section entitled “Overall Performance”.

Disclosure of Outstanding Share Data

	May 29, 2009
Common shares issued and outstanding	259,671,792
Exercisable stock options	7,195,000
Warrants	16,022,479
Special warrants	76,925,000
Potential dilution of convertible debenture	30,000,000
Total fully diluted shares at May 29, 2009	389,814,271

Iberian's common shares are traded on the TSX Venture Exchange under the symbol "IZN". On May 29, 2009, there were 259,671,792 issued and outstanding common shares, 7,195,000 stock options exercisable and expiring from September, 2009 to November 2013, 16,022,479 warrants outstanding and expiring in August 2009 and June 2013, 76,925,000 special warrants outstanding (as described in the Company's press release dated May 26, 2009) and a convertible debenture expiring in July 2011. This convertible debenture, if converted, would result in 20,000,000 shares and 10,000,000 warrants being issued. The number of fully diluted shares at May 28, 2009 is 389,814,271.

Outlook

Iberian expects a number of challenging quarters ahead as the effects of the global recession play out in the world economy. The Company's operations are subject to the fluctuations in the market prices of copper, zinc and lead and to some extent those of gold and silver.

CMC has been in continuous production since 1998. The outlook for CMC is positive in that it will continue to produce copper at similar levels to 2008. CMC is authorized to process 2.2 million tonnes of ore per year.

Construction activities at MATSA were nearing completion at the end of the first quarter of 2009. The paste fill plant, which will provide cemented paste fill for the underground operations, was the remaining major project to be completed at the end of the first quarter of 2009. It is expected to be completed and commissioned during the second quarter of 2009.

An application for a grant for approximately €10.00 million made to the regional government authorities was awarded during the first quarter of 2009.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.