



IBERIAN
MINERALS



Iberian Minerals Corp.

Consolidated Financial Statements
(Unaudited – Prepared by Management)
Three months ended March 31, 2009
(Expressed in thousands of Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Iberian Minerals Corp. were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in *Note 2* to the consolidated financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that: (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Company, as of the date of and for the years presented by the audited consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)

Daniel Vanin
President and Chief Executive Officer

(signed)

Harvey McKenzie
Chief Financial Officer

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3), if a reporting issuer engaged an auditor to perform a review of the interim financial statements and the auditor was unable to complete the review, the interim financial statements must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial statements and the reasons why the auditor was unable to complete the review.

Historically, the Company has not engaged its auditor to perform a review of the Company's unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor. However, due to the timing of the Company's expected filing of a short form prospectus, the Company engaged its auditors to perform such a review of the Company's unaudited interim consolidated financial statements as at March 31, 2009 and for the three months ended March 31, 2009 and 2008. Due to the timing of the prospectus and the engagement of the auditors, their review has not yet been completed.

IBERIAN MINERALS CORP.**Consolidated Balance Sheets***(expressed in thousands of Canadian dollars)**(Unaudited)*

	Notes	March 31, 2009	December 31, 2008
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		\$ 17,349	\$ 77,397
Restricted cash	4	8,661	8,628
Trade and other receivables	7 (a)	42,352	42,375
Prepaid and deposits		1,719	1,948
Inventories, net	5	12,905	11,031
Derivative instruments	11	7,858	40,771
		90,844	182,150
Restricted cash	4	21,559	21,992
Long-term investment	6	114	114
Property, plant and equipment		398,124	350,520
Other assets		225	219
Derivative instruments	11	—	36,073
		\$ 510,866	\$ 591,068
Liabilities			
<i>Current Liabilities</i>			
Trade payables and accrued liabilities	7 (b)	\$ 68,833	\$ 80,813
Current portion of long-term debt	8	41,856	38,153
Derivative instruments	11	6,386	—
		117,075	118,966
Long-term debt	8	54,166	64,259
Convertible debenture	9	24,042	23,950
Asset retirement obligation	10	8,105	7,893
Derivative instruments	11	13,641	1,539
Future income tax liability		46,881	74,553
Non-controlling interest		693	1,117
		264,603	292,277
Shareholders' Equity			
Share capital	12	234,554	233,800
Equity portion of convertible debenture	9	2,730	2,730
Contributed surplus		7,977	7,830
Warrants	14	1,715	1,715
Retained earnings (deficit)		(42,202)	18,288
Accumulated other comprehensive income		41,489	34,428
		246,263	298,791
		\$ 510,866	\$ 591,068

See accompanying notes to the consolidated financial statements.

Nature of operations and going concern (*Note 1*)

IBERIAN MINERALS CORP.**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)***(expressed in thousands of Canadian dollars)**(Unaudited)*

		(Restated, Note 3)	
	Notes	March 31, 2009	March 31, 2008
Revenues			
Sales		\$ 31,238	\$ 18,812
<i>Costs and expenses of mining operations</i>			
Operating costs		11,785	7,525
Asset retirement obligation accretion		104	62
Mine site depreciation and amortization		7,590	9,553
Mining royalty		660	309
Mine site administrative expenses		1,785	1,119
Employee profit sharing		1,229	508
		23,153	19,076
Gross margin		8,085	(264)
Expenses (other income)			
Stock option compensation	13	130	48
Administrative expenses	16	1,621	1,014
Finance charges		955	169
Convertible debenture interest and accretion	9	462	460
Foreign exchange loss		1,445	9,116
Unrealized loss on derivative financial instruments		87,998	56,548
Realized gain on derivative financial instruments		(352)	–
Corporate depreciation and amortization		19	4
Interest income		(11)	(242)
Total expenses (other income)		92,267	67,117
<i>Net loss before the following:</i>		(84,182)	(67,381)
Non-controlling interest		(424)	–
Current income tax expense		4,132	1,754
Future income tax recovery		(27,400)	(19,077)
Net loss for the period		\$ (60,490)	\$ (50,058)
Basic and diluted loss per share		\$ (0.24)	\$ (0.22)
Weighted average number of shares outstanding – basic and diluted		257,284,537	231,628,112

		(Restated, Note 3)	
		March 31, 2009	March 31, 2008
Net income (loss) for the period		\$ (60,490)	\$ (50,058)
Other comprehensive income (loss)			
Change in unrealized loss on long-term investment		–	(342)
Unrealized foreign currency translation		7,061	(5,527)
		7,061	(5,869)
Comprehensive Income (loss) for the period		\$ (53,429)	\$ (55,927)

See accompanying notes to the consolidated financial statements.

IBERIAN MINERALS CORP.**Consolidated Statements of Cash Flows***(expressed in thousands of Canadian dollars)**(Unaudited)*

		March 31, 2009	(Restated, Note 3) March 31, 2008
	Notes		
Cash provided by (used in)			
Operations			
Net loss for the period		\$ (60,490)	\$ (50,058)
Items not involving cash:			
Stock option compensation	13	130	100
Convertible debenture interest and accretion	9	846	842
Asset retirement obligation		104	164
Depreciation and amortization		7,609	9,557
Unrealized loss from derivative financial instruments		87,998	56,548
Foreign exchange		4,142	2,020
Non-controlling interest		(424)	–
Future income tax expense		(27,400)	(19,077)
		\$ 12,515	\$ 96
Trade and other receivables, prepaid and deposits		252	(40)
Inventories	5	259	–
Other assets		(6)	–
Trade payables and accrued liabilities		(10,368)	317
Restricted cash	4	360	–
		\$ 3,012	\$ 373
Investing			
Capital expenditures		(55,434)	(39,538)
Cash paid to acquire CMC		–	(973)
		\$ (55,434)	\$ (40,511)
Financing			
Operating loan advance		–	40,000
Proceeds from long term debt		–	14,352
Long term debt repayments		(6,390)	–
		\$ (6,390)	\$ 54,352
Effect of exchange rate changes on cash held in foreign currencies		(1,236)	448
Net change in cash and cash equivalents		(60,048)	14,662
Cash and cash equivalents, beginning of the period		77,397	9,772
Cash and cash equivalents, end of the period		\$ 17,349	\$ 24,434

See accompanying notes to the consolidated financial statements.

IBERIAN MINERALS CORP.
Consolidated Statement of Changes in Shareholders' Equity
(expressed in thousands of Canadian dollars)
(Unaudited)

Notes	March 31, 2009	December 31, 2008
Share capital		
Balance at beginning of the period	\$ 233,800	\$ 130,721
Acquisition of CMC	–	101,194
Convertible debenture interest	754	1,502
Exercise of stock options	–	245
Fair value of exercise of options	–	138
Balance at end of the period	\$ 234,554	\$ 233,800
Equity portion of convertible debentures		
Balance at beginning of the period	\$ 2,730	\$ 1,879
Issue of convertible debenture – equity portion	–	851
Balance at end of the period	\$ 2,730	\$ 2,730
Contributed surplus		
Balance at beginning of the period	\$ 7,830	\$ 6,548
Stock option compensation	13 147	1,420
Fair value of exercise of stock options		(138)
Balance at end of the period	\$ 7,977	\$ 7,830
Warrants		
Balance at beginning of the period	\$ 1,715	\$ 1,715
Balance at end of the period	\$ 1,715	\$ 1,715
Retained earnings (Deficit)		
Balance at beginning of period	\$ 18,288	\$ (29,506)
Loss for the period	(60,490)	47,794
Balance at end of the period	\$ (42,202)	\$ 18,288
Accumulated other comprehensive income (loss)		
Balance at beginning of the period	\$ 34,428	\$ (142)
Amounts reclassified into net loss		1,026
Change in unrealized loss on long term investment	–	(884)
Change in unrealized foreign currency translation gain	7,061	34,428
Balance at end of period	\$ 41,489	\$ 34,428
Total	\$ 246,263	\$ 298,791

See accompanying notes to the consolidated financial statements.

IBERIAN MINERALS CORP.
Notes to Consolidated Financial Statements
(expressed in thousands of Canadian dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Iberian Minerals Corp. (the "Company" or "Iberian") is a company involved in mining and development of base metal deposits in Spain and Peru.

The Company is currently in the process of completing the construction and commissioning of the Aguas Teñidas copper/zinc project ("Aguas Teñidas"), held by Iberian's wholly owned Spanish subsidiary Minas Aguas Teñidas S.A. ("MATSA") located in the region of Andalucía province of Huelva in southwest Spain. In August 2008, the Company filed a National Instrument ("NI") 43-101 report on the Aguas Teñidas mine.

The Company currently holds approximately 98.7% of the shares of Compania Minera Condestable S.A. ("CMC"), the owner and operator of the Condestable mine and lessee of the Raul mine (collectively the "Condestable Mine") located in Lima, Peru. Condestable's principal business is the mining, processing and sale of copper concentrates. It sells its concentrates to Consorcio Minero S.A. ("Cormin"), a subsidiary of Trafigura Beheer B.V. ("Trafigura") a company which controls approximately 42% of the outstanding shares of Iberian. In January 2009, the Company filed a NI 43-101 Report on the Condestable Mine.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital, Aguas Teñidas project requirements and develop the Condestable Mine in Peru and eventually to generate positive cash flows from MATSA. These unaudited interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments may be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared using the same accounting policies and methods as the consolidated financial statements of the Company for the year ended December 31, 2008. These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and do not contain all of the disclosures required for annual financial statements. As a result, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2008. These interim consolidated financial statements include any adjustments that are, in the opinion of management, necessary to fairly state the results of interim periods in accordance with GAAP.

Use of estimates

The preparation of financial statements in accordance 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 period. Management exercises significant judgment in the determination of the following estimates:

- The amount of reserves and resources used in the evaluation of carrying values and amortization rates,
- Quantities and net realizable value of inventories,
- Tax provisions and future income tax balances,
- Useful economic life of property, plant and equipment,
- Measurement of asset retirement obligations and other mine closure obligations,
- Stock-based compensation measurements,
- Financial and derivative instruments valuations,
- Assumptions used in impairment testing of all assets,
- Valuation of mineral exploration and development properties.

Actual results may differ significantly from these estimates.

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.

IBERIAN MINERALS CORP.
Notes to Consolidated Financial Statements
(expressed in thousands of Canadian dollars)
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 this EIC there were no changes to the Company's financial position or results of operations.

Future accounting changes

International Financial Reporting Standards ("IFRS")

In 2008, the 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.

3. RESTATEMENT

In previously released financial statements, the Company had not properly recognized the future tax assets related to CMC's unrealized losses on its derivative instruments and the impact is summarized as follows:

	March 31, 2008		
	As previously reported	Adjustment	As restated
Future income tax recovery	\$ (2,510)	\$ (16,567)	\$ (19,077)
Future tax liability	\$ (108,579)	\$ 18,067	\$ (90,512)
Other comprehensive (income) loss	\$ 7,509	\$ (1,499)	\$ 6,010
Basic and diluted loss per share	\$ (0.29)	\$ 0.07	\$ (0.22)

IBERIAN MINERALS CORP.
Notes to Consolidated Financial Statements
(expressed in thousands of Canadian dollars)
(Unaudited)

4. RESTRICTED CASH

	March 31, 2009	December 31, 2008
Peru (current)	\$ 8,596	\$ 8,563
Canada (current)	65	65
Spain (long-term)	21,559	21,992
Cash deposits held as security	\$ 30,220	\$ 30,620

- (a) As of March 31, 2009, the cash deposit held as security in Spain is comprised of three parts: (i) €2,235 (CAD\$ 3,735) in relation to a permit for the ore processing plant; (ii) €6,000 (CAD\$ 10,026) for expenses or actions, as required by the Mining Authority, according to the Mining regulations, that MATSA is bound to perform in the event of an “unexpected and sudden” abandonment of the MATSA plant. This also covers the negative social impact that such abandonment causes and (iii) €4,667 (CAD\$ 7,798) for restoration of the tailings facility.
- (b) The cash deposit in Peru in the amount of US\$ 6,815 (CAD\$ 8,596) is held in a debt service reserve account to satisfy the condition of the syndicated loan.

5. INVENTORIES

Inventories consist mainly of spare parts and supplies used for preventive maintenance of equipment and machinery of the concentrate plant and minerals exploitation, respectively. Management expects to use all the spare parts and supplies in the normal course of its operations. In addition, included in MATSA’s inventory are copper concentrates.

	March 31, 2009	December 31, 2008
Spare parts and supplies – CMC	\$ 4,503	\$ 4,762
Spare parts and supplies – MATSA	7,776	–
Copper concentrates – MATSA	626	6,269
	\$ 12,905	\$ 11,031

6. LONG TERM INVESTMENTS

Realized gains and losses are recorded in earnings when investments mature or on sale, calculated using the average cost of securities sold. Any unrealized decline in fair value judged to be other-than-temporary is recorded in the income statement.

7. TRADE PAYABLES AND TRADE AND OTHER RECEIVABLES

- (a) Trade and other receivables

	March 31, 2009	December 31, 2008
Trade receivables with related party	\$ 1,905	\$ –
VAT receivable	32,344	27,145
Deposits with suppliers	906	935
Other	285	–
Total MATSA receivables	\$ 35,440	\$ 28,080
Trade receivables with related party	\$ 610	\$ 492
VAT receivable	2,828	5,702
Other receivables	3,268	7,885
Total CMC receivables	\$ 6,706	\$ 14,079
GST receivable	\$ 72	\$ 82
Other receivables	134	134
Total head office receivables	\$ 206	\$ 216
Total accounts receivable	\$ 42,352	\$ 42,375

IBERIAN MINERALS CORP.
Notes to Consolidated Financial Statements
(expressed in thousands of Canadian dollars)
(Unaudited)

7. TRADE PAYABLES AND TRADE AND OTHER RECEIVABLES (continued)

(b) Trade payables and accrued liabilities

	March 31, 2009	December 31, 2008
Accounts payable suppliers	\$ 49,701	\$ 50,490
Deposits received	2,837	2,936
Taxes and social security	790	1,568
Interest payable with related party	535	364
Other	24	32
Total MATSA payables	\$ 53,887	\$ 55,390
Accounts payable suppliers	\$ 5,976	\$ 16,542
Taxes and social security	6,367	6,411
Interest payable	165	549
Other	545	-
Total CMC payables	\$ 13,053	\$ 23,502
Debenture interest	\$ 263	\$ 648
Accounts payable	304	175
Accrued liabilities	1,326	1,098
Total head office payables	\$ 1,893	\$ 1,921
Total accounts payable and accrued liabilities	\$ 68,833	\$ 80,813

8. LONG-TERM DEBT

	March 31, 2009	December 31, 2008
Spain		
Payments due arising from general creditors agreement	\$ 22	\$ 37
Fixed asset loan (a)	2,000	3,475
Loan facility (b)	1,836	652
La Caixa loan (c)	-	648
Social and environmental loan (d)	17,824	18,183
Obligations under capital leases (e)	774	1,037
	\$ 22,456	\$ 24,032
Peru		
Syndicated loans (f)	64,212	67,944
Obligations under capital leases (g)	9,354	10,436
	\$ 73,566	\$ 78,380
Total long-term debt	\$ 96,022	\$ 102,412
Amounts payable within twelve months	(41,856)	(38,153)
	\$ 54,166	\$ 64,259

- (a) Loan facility, issued by an unrelated third party, has a three year term, expiring in 2010. The principal outstanding is €0.82 million. Under the terms of the loan facility, the repayment of principal and interest will be as follows: interest in thirteen instalments until December 2008, the first instalment of €3,083 commenced in December 2007; and interest and principal in twenty four instalments until December 2010, the first monthly instalment of the principal and interest of €45 commenced in October 2008. The effective interest rate is fixed at 5.50% per annum. Interest on the loan facility for the three months ended March 31, 2009 was €12 (\$19).
- (b) In addition, a €1.10 million bond with a third party supplier is included in this amount with maturity date at the end of the construction phase.
- (c) Loan facility issued by an unrelated third party, had a 15 month term, expiring on January 1, 2010. The effective interest rate is fixed at 6.10% per annum. The principal amount of €0.40 million was fully repaid in January 2009 with interest of €6 (\$10).
- (d) An advance from Trafigura to MATSA in the amount of €10,667 (\$17,824) to cover various social and environmental remediation guarantees as detailed in Note 4. This loan has a ten year term with an effective interest rate fixed at USD Libor plus 4.00%. Interest on this loan for the three months ended March 31, 2009 was \$585.

IBERIAN MINERALS CORP.
Notes to Consolidated Financial Statements
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8. LONG-TERM DEBT (continued)

- (e) Obligations under capital leases in Spain are in respect of mining equipment with a third party. These leases have maturity dates up to November 2011 and are based on annual interest rates between 7.35% and 7.80%.
- (f) Pursuant to the acquisition of CMC, the Company and CMC arranged a US\$ 70.00 million syndicated loan with Societe Generale as the lead lender. This loan was fully advanced on May 21, 2008. The loan is repayable quarterly in equal amounts of US\$ 6,364 starting August 29, 2008 until fully repaid on February 28, 2011. The loan bears interest at a rate of three months Libor plus 2.25%. The interest is payable quarterly with the principal repayment. The proceeds of this loan have been used to fund the construction of the facilities at MATSA. Interest on this loan for the three months ended March 31, 2009 was US \$580.
- (g) The obligations under capital leases in Peru are in respect of mining equipment with various unrelated third parties. These leases have various maturity dates up to February 2010 and are based on annual interest rates between 6.75% and 8.65%.

9. CONVERTIBLE DEBENTURE

In connection with \$25.00 million of financing debt from Dundee Resources Limited, the actual interest from July 26, 2008 to January 26, 2009 was \$754 (2008 - \$756) and was paid by issuing 2,356,557 common shares (2008 - 675,146 common shares). The total accrued interest for the three months ended March 31, 2009 was \$370 (2008 - \$374). Interest payments on the debenture shall be paid by the Company in cash for the interest payments payable on July 26, 2009 and thereafter to and including the maturity date. The accretion attributable to the convertible debenture for the three months ended March 31, 2009 was \$92 (2008 - \$86) for a total interest expense on the consolidated statements of \$462 (2008 - \$460).

	March 31, 2009	December 31, 2008
Convertible debenture – Dundee Resources Limited		
Fair value of liability component	\$ 23,121	\$ 23,121
Add: accretion charges to date	921	829
	\$ 24,042	\$ 23,950
Equity portion of convertible debenture – Dundee Resources Limited	1,879	1,879
Equity portion of convertible debenture – MATSA	851	851
Total equity portion of convertible debentures	\$ 2,730	\$ 2,730

10. ASSET RETIREMENT OBLIGATION

The Company's asset retirement obligation arises from its obligations to undertake site reclamation and remediation in connection with its mining activities. The following table summarizes the movements in the asset retirement obligation:

	March 31, 2009	December 31, 2008
Balance, beginning of year	\$ 7,893	\$ 2,309
Recognition of new obligation	–	3,774
Related foreign exchange	62	1,162
Accretion expense	150	648
Total	\$ 8,105	\$ 7,893

As part of the licence to build and operate the mine at MATSA the Junta de Andalucía (local authority) has required MATSA to post bonds to cover restoration costs for the plant and tailings facilities as detailed in *Note 3*.

IBERIAN MINERALS CORP.
Notes to Consolidated Financial Statements
(expressed in thousands of Canadian dollars)
(Unaudited)

11. DERIVATIVE INSTRUMENTS

MATSA

The Company has a hedging program in support of the continued operations at Aguas Teñidas.

As of March 31, 2009, the MATSA derivative instruments were in a net loss position and recorded as a liability. As at December 31, 2008 derivative instruments were in a net gain position and recorded as an asset as follows:

	March 31, 2009	December 31, 2008
Current portion	\$ (6,386)	\$ 9,927
Long-term portion	(2,422)	236
	\$ (8,808)	\$ 10,163

The fair values have been calculated by using a discounted cash flow approach.

As of March 31, 2009, the forward contracts in force at MATSA were as follows:

Copper

Period	FMT (Fine metric tons)	Fixed price US\$/FMT
April 2009 – December 2009	10,475	3,636
January 2010 – March 2010	3,300	3,636

Copper LME options

Period	FMT (Fine metric tons)	Fixed price US\$/FMT
April 2010 – June 2010	3,000	3,850

Zinc

Period	FMT (Fine metric tons)	Fixed price US\$/FMT
April 2009 – June 2009	8,275	1,163

From time to time, MATSA will enter into arrangements to fix the exchange rate on certain of its US dollar denominated cash flows. As of March 31, 2009, there were no outstanding foreign exchange contracts.

CMC

As at March 31, 2009, the CMC derivative instruments were in a net loss position and recorded as a liability. As at December 31, 2008 derivative instruments were in a net gain position and recorded as an asset as follows:

	March 31, 2009	December 31, 2008
Current portion	\$ 7,858	\$ 30,844
Long-term portion	(11,219)	34,298
	\$ (3,361)	\$ 65,142

CMC has entered into hedge forward contracts with varying expiry dates through December 31, 2011 (see table below). The fair values have been calculated by using a discounted cash flow approach.

As of March 31, 2009, the forward contracts in force at CMC are as follows:

Copper

Period	FMT (Fine metric tons)	Fixed price US\$/FMT
April 2009 – December 2009	15,025	4,419.33
January 2010 – December 2010	20,475	4,419.50
January 2011 – December 2011	20,625	3,492.54

IBERIAN MINERALS CORP.
Notes to Consolidated Financial Statements
(expressed in thousands of Canadian dollars)
(Unaudited)

11. DERIVATIVE INSTRUMENTS (continued)

Gold

Period	Foz (Fine ounces)	Fixed price US\$/FOZ
April 2009 – December 2009	1,800	741.50
January 2010 – December 2010	2,400	741.50
January 2011 – December 2011	2,400	741.50

Silver

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

Total derivatives

As at March 31, 2009, total derivative instruments were in a net loss position and recorded as a liability. As at December 31, 2008 derivative instruments were in a net gain position and recorded as an asset as follows:

	March 31, 2009	December 31, 2008
Current portion of asset	\$ 7,858	\$ 40,771
Long-term portion of asset	–	36,073
Current portion of liability	(6,386)	–
Long-term portion of liability	(13,641)	(1,539)
	\$ (12,169)	\$ 75,305

12. SHARE CAPITAL

(a) Authorized capital - The number of authorized common shares is unlimited.

(b) Issued common shares

	Notes	Number of shares	Amount
Balance, December 31, 2007		187,635,426	\$ 130,721
Acquisition of Condestable		65,990,833	101,194
Convertible debenture interest	9	1,532,504	1,502
Exercise of stock options	13	450,000	245
Fair value of exercise of stock options		–	138
Balance, December 31, 2008		255,608,763	\$ 233,800
Convertible debenture interest	9	2,356,557	754
Balance, March 31, 2009		257,965,320	\$ 234,554

Trafigura has a pre-emptive right to maintain a 42% shareholding in the Company.

13. STOCK OPTIONS

The Company maintains an employee stock option plan under which the Board of Directors, or a committee appointed for such purpose, may from time to time grant to employees, officers, directors, or consultants of the Company, options to acquire common shares in such numbers, for such terms and at such exercise prices, as may be determined by the Board of Directors or such committee.

The stock option plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance for all purposes under the stock option plan shall be equal to 10% of the total issued and outstanding common shares and that the maximum number of common shares which may be reserved for issuance to any one optionee pursuant to share options may not exceed 5% of the common shares outstanding at the time of grant.

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13. STOCK OPTIONS (continued)

The terms of the options including when they vest is determined by the Board of Directors as they are granted.

The following table reflects the continuity of stock options for the three month period ended March 31, 2009 and the year ended December 31, 2008:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2007	13,490,000	\$ 1.14
Granted	1,955,000	1.01
Exercised	(450,000)	(0.54)
Cancelled/expired	(2,605,000)	(1.13)
Balance, December 31, 2008	12,390,000	\$ 1.14
Cancelled/expired	(4,030,000)	(1.03)
Balance, March 31, 2009	8,360,000	\$ 1.19

The following table reflects the actual stock options issued and outstanding as of March 31, 2009:

Expiry date	Weighted average exercise price (\$)	Remaining weighted average remaining contractual life (years)	Fair value per option (\$)	Number of options outstanding	Number of options vested	Number of options unvested
October 12, 2009	0.50	0.53	0.39	850,000	850,000	-
February 1, 2011	0.70	1.83	0.40	20,000	20,000	-
June 27, 2011	1.20	2.24	0.40	2,125,000	2,125,000	-
September 19, 2009	1.50	0.47	0.48	150,000	150,000	-
September 19, 2011	1.50	2.47	0.47	50,000	50,000	-
April 6, 2011	0.70	2.01	0.27	75,000	75,000	-
December 15, 2011	1.50	2.71	0.87	250,000	250,000	-
June 27, 2012	1.50	3.24	0.99	2,785,000	2,785,000	-
July 18, 2012	1.66	3.30	1.22	100,000	100,000	-
April 16, 2013	1.14	4.04	0.69	1,000,000	333,333	666,667
June 12, 2013	1.01	4.20	0.67	250,000	-	250,000
September 2, 2013	0.91	4.42	0.59	200,000	66,666	133,334
September 2, 2013	0.91	4.42	0.60	50,000	16,666	33,334
September 2, 2013	0.91	4.42	0.59	5,000	1,667	3,333
September 29, 2013	0.80	4.49	0.52	100,000	33,333	66,667
November 18, 2013	0.80	4.63	0.08	350,000	116,667	233,334
				8,360,000	6,973,332	1,386,669

The weighted average exercise price of options exercisable at March 31, 2009 is \$1.24.

The following table summarizes where stock option compensation was charged in the given periods:

Three months ended March 31,	2009	2008
Property, plant and equipment	\$ 17	\$ 276
Stock option compensation expense	123	48
Advertising, promotion and public relations expense	-	14
Office expenses	7	38
Total amount expensed	\$ 147	\$ 376

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14. WARRANTS

The following table sets out the warrant activity during the period ended March 31, 2009 and the years ended December 31, 2008:

	Number of warrants	Value
Balance, December 31, 2007	8,382,126	\$ 1,715
Issued in connection to the MATSA convertible debt June 27, 2008	7,640,353	N/A
Balance, March 31, 2009 and December 31, 2008	16,022,479	\$ 1,715

The following table reflects the actual warrants outstanding as of March 31, 2009:

Expiry date	Number of warrants	Exercise price (\$)	Fair value
August 16, 2009	3,479,525	2.20	\$ 798
August 16, 2009	3,479,525	2.60	632
August 31, 2009	711,538	2.20	159
August 31, 2009	711,538	2.60	126
June 30, 2013	7,640,353	1.30	N/A
	16,022,479		\$ 1,715

15. RELATED PARTY TRANSACTIONS

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 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 (2008 – 375).

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 (*Note 11*).

Included in receivables is \$2,515, of which \$1,905 is due from Trafigura and \$610 from Cormin for copper concentrates (*Note 7*).

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

16. ADMINISTRATIVE 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

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17. COMMITMENTS

The Company and its subsidiaries have entered into various leases for premises and equipment. In addition, MATSA has capital commitments totalling approximately \$25,108. At March 31, 2009, the Company and its subsidiaries were committed to future minimum lease payments as follows:

	Spain	Peru	Canada	Total
2009	\$ 952	\$ 4,729	\$ 376	\$ 6,057
2010	389	3,614	522	4,525
2011	250	1,858	548	2,656
2012	26	231	440	697
2013	—	—	288	288
	\$ 1,617	\$ 10,432	\$ 2,174	\$ 14,223

18. SUPPLEMENTARY CASH FLOW INFORMATION

The Company and its subsidiaries paid the following during the period:

Three months ended March 31,	2009	2008
Spain		
Interest	\$ 65	\$ 312
Peru		
Interest	767	253
Taxes (1)	1,447	2,422
Total interest	\$ 832	\$ 565
Total taxes (1)	\$ 1,447	\$ 2,422

(1) Cash taxes paid is net of any income taxes recovered.

19. SEGMENTED INFORMATION

The Company is engaged in mining, exploration and development of mineral properties, in Peru and Spain. The Company has reportable segments as identified by each of its mines including its significant investment in MATSA. Segments are operations reviewed by the executive management. Each segment is identified based on quantitative factors whereby its revenues or assets comprise 10% or more of the total revenues or assets of the Company.

	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			
	Corporate	Spain	Peru	Consolidated
Current assets	\$ 2,408	\$ 116,484	\$ 63,258	\$ 182,150
Property, plant and equipment	\$ 298	\$ 207,665	\$ 142,557	\$ 350,520

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

21. SUBSEQUENT EVENTS

- (a) 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.
- (b) 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.
- (c) 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.