

IBERIAN MINERALS CORP. – MANAGEMENT’S DISCUSSION AND ANALYSIS

QUARTER ENDED JUNE 30, 2007

Introduction

This management discussion and analysis (“MD&A”) of results, operations and financial condition of Iberian Minerals Corp. (“Iberian” or the “Company”, and formerly PGM Ventures Corporation) describes the operating and financial results of the Company for the quarter ended June 30th, 2007. This MD&A supplements, but does not form part of, the unaudited consolidated financial statements of the Company, and should be read in conjunction with Iberian’s unaudited consolidated financial statements and related notes for the quarter ended June 30th, 2007, as well as the results of fiscal years 2006 and 2005. 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, 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 3(k) of the annual audited consolidated financial statements.

Overview of the Second Quarter

During the second quarter of 2007, Iberian Minerals Corp. focused on: i) securing the remaining permits required to operate the Aguas Tenidas mine, ii) completion of the updated mine plan schedule and related technical report, and iii) accelerating the development and construction of the Aguas Tenidas mine.

In the first quarter the Company announced that it had received the building licence (Licencia de Obra) required for the construction of the Aguas Tenidas mine including the ore processing plant, the tailings facility and all surface infrastructure at the mine. Receipt of this permit allowed the mine construction process to proceed as planned. In April 2007, the Company announced that it had received the permit required to operate its ore processing plant. This permit is subject to a number of conditions usual for a permit of this type including the posting of €7.0 million in bonds. During June the Company announced that it had received the tailings plant permit from the Junta de Andalucía which will allow it to operate the tailings facility once construction is completed. Again this permit is subject to a number of conditions including the posting of €4.7 million in bonds.

As a subsequent event, the Company announced in a press release dated July, 23rd, 2007 that a sum of \$18,493,152 was received from Trafigura Beheer B.V. by way of release from escrow as a result of satisfying the escrow release condition which included the receipt of permits and licenses to construct and operate a process plant and tailings deposit at Aguas Tenidas. This sum represents the gross proceeds, plus accrued interest to July 20th, 2007, from the sale of an aggregate of 13,918,100 Special Warrants by Iberian to Trafigura at a price of \$1.30 per Special Warrant, which was completed on September 19th and October 20th, 2006. As a result of this release of funds from escrow Trafigura has informed Iberian that it owns or exercises control of 21.7% of Iberians issued and outstanding share capital.

As of August 29, 2007 the funds held in escrow pertaining to the special warrants held by Dundee resources have not been released. The Company's position is that the escrow release conditions have been met in full and the Company is in discussions with Dundee Resources. The balance of funds held in escrow at June 30th,2007 amounts to \$3,800,453 related to the special warrants held by Dundee Resources as described in Notes 9(i) and 17(c) of the June 30, 2007 financial statements.

In May, the Company issued a press release summarizing the results of the technical optimization process for the Aguas Tenidas project. This optimization included, amongst other areas, updated resource and reserve estimates, the design of a new access ramp, a detailed review of mine development and scheduling, the development of an updated mine plan and the completion of an updated financial model. While this has resulted in an increase in project capital and operating costs as expected, a financial analysis confirms continued strong project economics. Subsequent to June 30th the Company issued the related technical report on the Aguas Tenidas mine project prepared for Iberian by Adam Wheeler, Mining Consultant and RSG Global Consulting Pty Ltd. This report encapsulates all the work associated with the recent mine plan enhancements and together with the above mentioned press release is available on the internet at the Sedar website at www.sedar.com.

This updated information enabled the Company to proceed with finalizing arrangements for a project financing package, which is expected to consist of a combination of equity and conventional bank project financing.

Construction at the mine continued to progress satisfactorily during the second quarter. Project expenditure totalled \$26,919,737 during the quarter. Development of the two principal underground haulage ways progressed satisfactorily and core drilling underground commenced during the second quarter following completion of the preliminary investigation work on the copper stockworks. Progress on the plant and tailings dam under Aker Kvaerner continued during the second quarter. Site clearance and earthworks for the plant and tailings dam were completed. The civil works contract was awarded in May and work commenced in June. The Sag and Ball mills had been delivered to site prior to quarter end. The upgrading of site roads is progressing with the site access road to Valdelamusa now completed.

The Company continues to add steadily to its work force. At the end of the quarter the company had 54 employees with an additional 223 contractors on site.

1.1 Date of MD&A

This MD&A was prepared on August 29, 2007.

1.2 Overall Performance

Iberian Minerals Corp. incurred a net loss of \$1,572,990 for the three month ended June 30, 2007 compared to a net loss of \$1,865,409 for the corresponding period in 2006. The net loss

for the six months ended June 30, 2007 amounted to \$2,081,283 compared to a net loss of \$3,309,850 for the corresponding period of 2006.

Review of results for three months to June 2007

The main factors that contributed to the loss in the three months ended June 30, 2007 were Stock based compensation of \$1,342,315, Administrative and other \$592,860, and Convertible debenture interest and accretion of \$449,019. These costs were partially offset by and Foreign exchange gain of \$177,549 and interest income of \$633,655. A comparison of the results for the three months ended June 30, 2007 with those of the corresponding period 2006 is discussed below.

Stock based compensation amounted to \$1,342,315 an increase of \$216,937 over 2006. This increase is due to the timing of the vesting of stock options and their corresponding treatment as expense for accounting.

Administrative and other costs totalled \$592,860 for the quarter compared to \$706,889 for the corresponding period in 2006. A breakdown of Administrative and other costs for the three months are set out in section 1.15. The decrease of \$114,029 Administrative and other costs for the three months is due to the net impact of several main items as follows:

Professional and consulting fees at \$286,430 decreased by \$63,986 due to an overall reduction of fees compared to the second quarter of 2006. This decrease is a result of reduced consulting fees including audit fees in second quarter of 2007 compared to the prior period. Transfer agent, listing and filing fees decreased by \$84,338 from \$98,193 as a result of the Company's financings undertaken in the prior period. Shareholder information decreased by \$143,310 from \$159,479 in 2006 due to reduced level of costs incurred in the second quarter of 2007. The increased level of costs in 2006 was due to the requisite documentation issued to shareholders and the proxy solicitation in conjunction with the 2006 AGM. Travel costs for the three months ended June 30, 2007 were up by \$37,013 from \$19,181 as a result of increased travel arising from increased activity in MATSA. Occupancy cost of \$37,521 is accrued rent for the new Iberian Head Office (2006 - \$nil). Director fees for the three months ended is \$23,500 (2006 - \$nil). Capital tax of \$100,000 represents six months of estimated tax for 2007 (2006 - \$nil).

Interest on the Dundee Resources' convertible debenture totalled \$449,019 for the three months ended June 30, 2007, compared to \$nil for the corresponding period of 2006. The interest is payable semi-annually on July 26th and January 26th each year and the interest payable up to and including January 26th 2008 shall be paid in common shares at the prevailing market price per common share. The interest charge also includes an interest expense amounting to \$79,156, which relates to the accretion of this convertible loan as set out in Note 5 of the quarterly consolidated financial statements for the three months ended June 30, 2007.

There was a foreign exchange gain of \$177,549 compared to a loss of \$59,956 in the second quarter of 2006. This gain arises from the companies increased level of exposure to fluctuations in the value of the Euro against the Canadian Dollar.

Interest income increased from \$26,814 to \$633,655 reflecting the increased level of cash on deposit during the quarter. This increase in interest income reflects from the Company's increased level of cash holdings in 2007 resulting from the various financial undertakings during 2006.

This resulted in a net loss of \$1,572,990 for the three months ended June 30, 2007 compared to a net loss of \$1,865,409 for the corresponding period in 2006.

In addition, there is an amount of \$85,501 charged to Other Comprehensive Loss which relates to the unrealized loss on long term investments for the second quarter of 2007. Under new standards issued by the Canadian Institute of Chartered Accountants, as set out in Note 2 and effective from January 1st, 2007, all financial assets are to be measured at fair value and this loss is required to be presented outside the net loss of the Company within the category Other Comprehensive Loss.

Review of six months results to June 2007

The main factors that contributed to the loss in the six months ended June 30, 2007 were Stock based compensation of \$1,520,364, Administrative and other \$1,064,943, Convertible debenture interest and accretion of \$898,038, and a Foreign exchange loss of \$150,929. These costs were partially offset by interest income of \$1,552,991. A comparison of the results for the six months ended June 30, 2007 with those of the corresponding period 2006 is discussed below.

Stock option based compensation amounted to \$1,520,364 a decrease of \$460,056 most of which arose in the second quarter of 2006 due to the timing of the vesting of stock options.

Administrative and other costs totalled \$1,064,943 for the six months compared to \$1,194,263 for the corresponding period in 2006. A breakdown of Administrative and other costs for these periods is set out in section 1.15. The decrease of \$129,320 Administrative and other costs for the six months is due to the net impact of several main items as follows:

Professional and consulting fees at \$520,792 for the six months ended June 30, 2007 increased by \$33,941 over 2006. This increase was mainly due to increased legal and general consulting fees incurred during the first six months of 2007. Transfer agent, listing and filing fees decreased by \$122,750 from \$175,165 in 2006 reflecting increases in transactional volumes and increased levels of listing and filing fees in the prior period. Shareholders' information has decreased by \$155,314 in 2007 from \$174,641 in 2006 due to reduced level of costs incurred in the second quarter of 2007. Travel increased by \$61,738 to \$128,934 as a result of increased travel arising from increased activity in MATSA. Advertising, promotion and public relations decreased by \$64,634 to \$14,766 for the six month ended June 30, 2007 as a result of the reduction in fees. Occupancy costs have increased by \$37,791 in 2007 over \$4,500 in 2006 as a result of the new head office location in 2007. Directors fees for the six month ended were \$23,500 (2006- \$nil). Capital tax increased by \$150,000 which incorporates approximately \$50,000 from the 2005 filing period.

A flow-through interest penalty of \$46,766 was paid in the six months of 2006 to the Canada Revenue Agency and compared with a penalty of \$nil for the corresponding period of 2007. The 2006 charge arose as a result of flow-through funds raised by the Company in 2004 being spent in 2005. Under the flow-through programme a company can raise funds in one fiscal year, elect to spend the funds in the second fiscal year and elect to pay an interest penalty. The Company has spent the funds raised, filed the appropriate paperwork, and paid the interest penalty required, so the Company therefore has no further obligations with regard to the flow-through funds raised in 2004.

Interest on the Dundee Resources' convertible debenture totalled \$898,038 for the six months ended June 30, 2007, compared to \$nil for the corresponding period of 2006. The interest is payable semi-annually on July 26th and January 26th each year and the interest payable up to and including January 26th 2008 shall be paid in common shares at the prevailing market price per common share. The interest charge also includes an interest expense amounting to \$158,312, which relates to the accretion of this convertible loan as set out in Note 5 of the quarterly consolidated financial statements for the six months ended June 30, 2007.

There was a foreign exchange loss of \$150,929 during the six months compared to an exchange loss of \$167,540 in the corresponding period of 2006. The foreign exchange loss arises from the Company's increased level of exposure to fluctuations in the value of the Euro against the Canadian Dollar.

Interest income increased by \$1,520,618 to \$1,552,991 reflecting the increased level of cash on deposit during the six months ended of June 30, 2007 over the corresponding period of 2006. This increase in interest income reflects from the Company's increased level of cash holdings in 2007 resulting from the various financial undertakings during 2006.

The above resulted in a net loss of \$2,081,283 for the six months ended June 30th, 2007 compared to a net loss of \$3,309,850

In addition, there is an amount of \$228,000 for the first six months of 2007 charged to Other Comprehensive Loss which relates to the unrealized loss on long term investments. Under new standards issued by the Canadian Institute of Chartered Accountants, as set out in Note 2 and effective from January 1st, 2007, all financial assets are to be measured at fair value and this loss is required to be presented outside the net loss of the Company within the category Other Comprehensive Loss.

1.3 Selected Annual Information

Not applicable to quarterly MD&A.

1.4 Results of Operations

2007 Financing Activities

There were no equity financings during the second quarter of 2007. During 2006 Iberian raised \$76,476,540 gross from equity financings. This does not include escrowed proceeds totalling \$22,270,835 which proceeds continue to be held in trust at June 30th, 2007. Subsequent to June 30th, 2007 the Company announced that \$18,470,382 of the proceeds held in trust at June 30th, 2007 had been released from escrow.

2007 Selected Project Summaries

Project	Project Spending in Second Quarter
Aguas Tenidas	\$26,919,737
Various Investigation Licenses Spain	\$0
Sangold	\$0
Various Venezuela Projects	\$0

Aguas Tenidas

During the second quarter of 2007 the Company continued to focus on the development and construction of Aguas Tenidas. Following the receipt of the building license required for the construction of the mine in January 2007 the Company's wholly owned Spanish subsidiary MATSA was subsequently granted the permit to operate its ore processing plant in April 2007 and the permit to operate its planned tailings facility in June 2007 by the Junta de Andalucia. Both these permits are subject to conditions typical of a European mining permit including the posting of bonds totalling €7.0 million for the process plant permit and €4.7 million for the tailings facility permit. The receipt of these permits resulted in \$18,470,382 of the funds held in escrow at June 30th, 2007, totalling \$ 22,270,835, being released from escrow subsequent to June 30th, 2007. The amount received subsequent to June 30, 2007 included subsequent interest totalling \$18,493,152.

Development of the two principal underground haulage ways progressed satisfactorily during the second quarter. Meters advanced to June 30th, 2007 in the main ramp totalled 723 meters while the development of the second ramp had advanced to 728 meters by the end of the second quarter. The investigation gallery, which will be used for additional infill drilling in the near future, was further extended during the second quarter. Core drilling underground also commenced during the second quarter following completion of the preliminary investigation work on the copper stockworks. Subsequent to June 30th the Company reported the receipt of the initial assay results of the drilling programme.

During the second quarter the Company issued a press release releasing results of the technical optimization process for the Aguas Tenidas project including the development of an updated mine plan together with details of increased capital and operating costs. Subsequent to June 30th the Company issued a technical report on the Aguas Tenidas mine project prepared for Iberian by Adam Wheeler, Mining Consultant and RSG Global Consulting Pty Ltd. This report encapsulates all the work associated with the recent mine plan enhancements and together with the above mentioned press release is available on the internet at the Sedar website at www.sedar.com.

Progress on the plant and tailings dam under Aker Kvaerner continued during the second quarter. Site clearance and earthworks for the plant and tailings dam were completed. The civil works contract was awarded in May and work commenced in June. Orders were placed during the second quarter for the structural steelwork, conveyors package and the “tech taylor” valves. Much of the major equipment orders already placed are expected to be available ahead of the required installation dates. The Sag and Ball mills had been delivered to site prior to quarter end. The upgrading of site roads is progressing with the site access road to Valdelamusa now completed. Work also progressed on plant engineering and process design including the issue of specifications, technical bid analysis and evaluation.

MATSA continued to strengthen its project team during first quarter of 2007. At the same time Aker Kvaerner Engineering Services Ltd., whose UK subsidiary is responsible for plant design, continued to assemble its construction team on site in Spain.

Spending on the Aguas Tenidas project totalled \$26,919,737 during the second quarter of 2007. Professional services, investigation, research and development costs including owners costs totalled \$8,539,816 which was capitalized as Intangible fixed assets. Tangible fixed assets under construction expenditure totalled \$17,800,882 and primarily included mine development/ new ramp \$5,780,510, site and plant construction works \$4,426,210 and plant and equipment \$7,418,635. As the project continues to develop through 2007 the spending levels will continue to increase as the project demands increase. The construction and underground development of the second ramp, the advance of the exploration drive, and the construction of the surface facilities are all capital intensive activities. The Company has focused on funding sources to meet the budgetary demands of development, but if these sources do not deliver the funding required, or if further funding is required, the development plans for the project could be jeopardized.

As a subsequent event the Company announced there had been a fatality at the Aguas Tenidas mine on July 18th as a result of a rock fall. A full investigation is currently being carried out by the health and safety authorities in Spain.

Various Investigation Licenses in Spain

In the second quarter of 2007 there was no material spending associated with the Investigation Licenses held by the Company. The Company does intend to evaluate all of these licenses and filed a 43-101 report on the La Majada property with SEDAR on January 22, 2007.

Risks and Uncertainties

Iberian Minerals Corp. is a development stage company, and accordingly, is subject to a number of risks and uncertainties, any of which could have a material effect on its business, operations or future performance, including but not limited to: permitting risks, reliance on capital markets in order to meet its funding requirements both to continue as a going concern as well as to raise the significant amounts of capital required to develop the Aguas Tenidas project, commodity price and capital market volatility, possible challenges to the title to its properties, exploration and exploitation risks, country risk, uninsurable risks, environmental risks, changes

in the legal or political environment in which it operates, currency fluctuations and dilution. A summary of these risks and uncertainties has been included beginning on page 12 of this document and the reader is encouraged to read this section carefully.

1.5 Summary of Quarterly Results

	Quarter June 30 2007	Quarter March 31 2007	Quarter December 31 2006	Quarter September 30 2006
Revenue (including interest income)	\$633,655	\$919,336	\$598,822	\$566,291
Net income (loss)	(\$1,572,990)	(\$508,293)	(\$932,492)	(\$2,965,940)
Net income (loss) per share basic	(\$0.01)	\$0.00	\$0.00	(\$0.02)
Net income (loss) per share diluted	(\$0.01)	\$0.00	\$0.00	(\$0.02)
	Quarter June 30 2006	Quarter March 31 2006	Quarter December 31 2005	Quarter September 30 2005
Revenue (including interest income)	\$26,814	\$5,559	\$12,552	\$11,058
Net income (loss)	(\$1,865,409)	(\$1,444,441)	(\$3,776,358)	(\$4,102,487)
Net income (loss) per share basic	(\$0.02)	(\$0.02)	(\$0.06)	(\$0.06)
Net income (loss) per share diluted	(\$0.02)	(\$0.02)	(\$0.06)	(\$0.06)

Revenue arising from interest on funds on deposit remained relatively stable from the quarter ended September 30th, 2005 to the quarter ended June 30th 2006. The increased revenues for the quarters ended September 30th 2006 at \$ 566,291, December 31st 2006 \$598,822, March 31st 2007 \$919,336 and June 30th 2007 \$633,655 were as a result of interest earned on the higher cash amounts on deposit following the receipt of funds from the Company's various financings during 2006.

In the eight quarters set out above, the company recorded a net loss in each quarter. There have been increased losses for the third and fourth quarters of 2005 and in the third quarter of 2006. The loss in the third quarter of 2005 was due mainly to the write down of mining interests with approximately \$3 million related to Venezuela. The loss in the fourth quarter of 2005 was due mainly to the additional write offs of mining interests, most notably the Nixon Bartleman property and the Company's remaining Venezuelan projects together with the loss arising from the sale of the Thierry Mine. The increased loss during the third quarter of 2006 was due mainly to the write off of the Sangold property.

The loss of \$1,572,990 in the second quarter of 2007 is discussed in more detail in section 1.2.

1.6 Liquidity

Iberian Minerals Corp. reported a working capital of \$45,539,896 at June 30, 2007 compared with a working capital of \$80,673,861 at December 31, 2006. The company had cash and cash equivalents of \$34,813,051 at the end of the second quarter compared to \$61,952,395 at December 31, 2006. The reduction in the cash and working capital balances of the Company is due to the continued funding of MATSA project during the quarter.

There were no equity fundings during the second quarter or the first six month of 2007. Funds raised from the exercise of warrants and options totalled \$3,153,043 for the first six month of 2007 up \$2,287,517 over the first quarter. During 2006 Iberian raised \$76,476,540 gross in capital from financings. This does not include escrowed proceeds totalling \$22,270,835 which continued to be held in trust at June 30th 2007. These funds, which include accumulated interest, will be released from escrow subsequent to June 30, 2007 as final permit for the operation of the tailings management facility was announced in a press release dated June 25, 2007. As a subsequent event, the Company announced in a press release dated, July, 23rd, 2007 that a sum of \$18,493,152 was received from Trafigura Beheer B.V. by way of release from escrow. This sum represents the gross proceeds, plus accrued interest to July 20th, 2007, from the sale of an aggregate of 13,918,100 Special Warrants by Iberian to Trafigura at a price of \$1.30 per Special Warrant, which was completed on September 19th and October 20th, 2006.

As of August 29, 2007 the funds held in escrow pertaining to the special warrants held by Dundee Resources have not been released. The Company's position is that the escrow release conditions have been met in full and the Company is in discussions with Dundee Resources. The balance of funds held in escrow at June 30th, 2007 amounts to \$3,800,453 related to the special warrants held by Dundee Resources as described in Notes 9(i) and 17(c) of the June 30, 2007 financial statements.

During the second quarter the Company issued a press release releasing results of the technical optimization process for the Aguas Tenidas project including the development of an updated mine plan together with details of increased capital costs of US\$ 270 million. The Company expects to use a combination of equity and conventional bank financing to fund the project to commercial production. A variety of grants, 'soft' loans and low interest loans are available from the Spanish Government (at national and provincial level) and from the European Union. These potential sources of funding are being investigated and the Company is optimistic that some of them may be made available.

The Company is continuing its efforts to raise funds for future developments and operations and to meet its ongoing obligations as they arise. There is however, no assurance that the Company will be successful in its efforts, in which case, the Company may not be able to meet its obligations. The consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the June 30, 2007 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 on the consolidated balance sheet.

As of June 30th, 2007, the Company's net debt was \$40,949,844 and consists of the following:

Account	Balance June 30 2007	Balance December 31 2006
	\$	\$
Accounts payable and accrued liabilities	16,844,410	4,720,367
Convertible debenture (See Note 5 in Financials)	23,418,396	23,260,084
Current portion of long term debt	329,663	623,093
Long term debt (See Note 4 in Financials)	357,375	653,007
Total	40,949,844	29,256,551

In common with many junior public companies the Company raises capital for its activities and projects as and when required. No funds were raised during the first six months of 2007.

1.7 Capital Resources

At June 30th, 2007 the Company had the following capital requirements under existing arrangements.

- a) Accounts payable in the normal course of business; and
- b) Convertible Debenture.
- c) The Company's wholly owned subsidiary MATSA has now commenced the construction phase of the project and will require accordingly require funds. The sources of these funds will include those outlined in section 1.6 Liquidity.
- d) The Company's wholly owned subsidiary MATSA had capital commitments totalling \$52.0 million at June 30, 2007.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements

1.9 Transactions with Related Parties

The Company has the following transactions with related parties:

The Company has management agreements with Peter Miller and Norman Brewster for their services as President and CEO, and Chairman and Vice President respectively, whereby each receives annual fees of CDN \$240,000.

The fees paid for the six months ended June 30, 2007 to the directors, including the management agreements, and as disclosed in the financial statements were \$105,000 (2006 - \$220,500) and were paid to the following parties Peter Miller \$27,000 (2006 - \$81,000), Norman Brewster \$63,000 (2006 - \$127,500) and Peter Gleeson \$15,000 (2006 - \$12,000). Of the \$105,000, \$52,500 was paid during the three months ended June 30, 2007 and as follows: Peter Miller \$13,500 (2006 - \$85,000), Norman Brewster \$31,500 (2006 - \$100,000) and Peter Gleeson \$7,500 (2006 - \$8,000).

Additionally, the Company paid a total of \$234,000 (2006 - \$219,500) in consulting fees. The consulting fees were for services provided to MATSA and the Sangold project and have been capitalized to mining interests and to property plant and equipment. The \$234,000 was paid as follows: Peter Miller \$96,000 (2006 - \$94,000), Norman Brewster \$60,000 (2006 - \$47,500), Peter Gleeson \$48,000 (2006 - \$48,000) and Porphyry (a company in which Michael Newbury - holds an interest) \$30,000 (2006 - \$30,000). Of the \$234,000, \$117,000 was paid during the three months ended June 30, 2007 and as follows: Peter Miller \$48,000 (2006 - \$40,000), Norman Brewster \$30,000 (2006 - \$25,000), Peter Gleeson \$24,000 (2006 - \$32,000), and Porphyry \$15,000 (2006 - \$15,000).

The Company has an agreement with Billiken Management Services Inc. ("Billiken"), to manage exploration and development of various projects. Billiken employs individuals to manage programs on behalf of its clients and in turn charges a fee of 10% of expenses incurred on their behalf. Two of the shareholders of Billiken are the spouses of Peter Miller and Norman Brewster and if they were to act in conjunction with each other they would control Billiken, but they do not manage the day to day affairs of Billiken, as the day to day affairs of Billiken are carried out by the paid management of Billiken. For the six months ended June 30, 2007 the fees paid to Billiken by the Company totalled \$20,054 (2006 - \$19,913). Of the \$20,054, \$3,244 (2006 - \$8,632) was paid during the three months ended June 30, 2007. The Company also paid rent in the amount of \$7,950 (2006 \$4,500) for the first six months ended June 30, 2007 and \$3,180 (2006 - \$nil) for the three months ended June 30, 2007. Additionally, consulting fees of \$21,550 (2006 - \$14,000) to Billiken for the first six months ended June 30, 2007 and \$4,000 (2006 - \$8,000) for the three months ended June 30, 2007. These expenses were recorded in Administrative and other expenses. Due to the Company from Billiken at June 30, 2007, is an amount of \$146,013 (December 31, 2006 - \$150,053) representing advances against project costs incurred on behalf of the Company. Following a change in the ownership of Billiken Management Services Inc. effective May 31, 2007 Billiken ceased to be a related party of Iberian Minerals Corp. from that date.

The Company paid administrative and compliance fees in the amount of \$17,500 (2006 - \$Nil) to a company that is controlled by a family member of a director and were recorded as administrative and other expenses. Of the \$17,500, \$9,000 (2006 - nil) was paid during the three months ended June 30, 2007.

The Company also paid legal fees of \$189,803 (2006 - \$390,407) to McMillan Binch Mendelsohn LLP, a firm in which Carmen Diges is a partner. Of the \$189,803, \$75,550 (2006 -

\$166,483) was paid during the three months ended June 30, 2007. Ms. Diges acts as corporate secretary of the Company.

For the six months ended June 30, 2007 director fees amounted to \$ 23,500 (2006 - \$nil) as follows: Jack Gunter \$4,500 (2006 – \$nil), Jose Gomez-Arnau \$5,000 (2006 –\$ nil), Murray John \$4,500 (2006 – \$nil), Maurice Stekel \$5,500 (2006 – \$nil) and Jeremy Weir \$4,000 (2006 – \$nil). Non-executive directors are compensated \$500 per meeting attended. Officers and directors of the company are reimbursed for out of pocket expenses incurred on behalf of the Company.

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 were 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.

There were no private placements during the second quarter of 2007. During the corresponding period of 2006 the Company carried out no private placement transactions in which parties related to Iberian participated.

As a subsequent event, the Company announced in a press release dated July, 23rd, 2007 that a sum of \$18,493,152 was received from Trafigura Beheer B.V. by way of release from escrow as a result of satisfying the escrow release condition which included the receipt of permits and licenses to construct and operate a process plant and tailings deposit at Aguas Tenidas. This sum represents the gross proceeds, plus accrued interest to July 20th, 2007, from the sale of an aggregate of 13,918,100 Special Warrants by Iberian to Trafigura at a price of \$1.30 per Special Warrant, which was completed on September 19th and October 20th, 2006. As a result of this release of funds from escrow Trafigura has informed Iberian that it owns or exercises control of 21.7% of Iberians issued and outstanding share capital.

1.10 Fourth Quarter - Not Applicable

1.11 Proposed Transactions

The Company presently has no planned or proposed business or asset acquisitions or dispositions.

1.12 Critical Accounting Estimates

Iberian did not rely on any critical accounting estimates in the most recent quarter.

1.13 Changes in Accounting Policies Including Initial Adoption

As a result of the adoption of Accounting Guideline 11, the Company has disclosed the cumulative financial results from inception in the Consolidated Statement of Loss, Consolidated

Statements of Changes in Shareholders' Equity, and Consolidated Statements of Cash Flows for the quarter end June 30, 2007.

The Company has also adopted the new standards for recognition and measurement of Financial Instruments effective January 1, 2007 as outlined in Note 2 of the Consolidated Financial Statements.

1.14 Financial Instruments and Other Instruments

The Company's current financial instruments consist of cash and cash equivalents, funds held in trust, mineral property settlement, accounts receivable, and accounts payable and accrued liabilities. The carrying values approximate the fair values of these financial instruments due to the short-term maturity of these items.

The long-term investment consists of shares of Richview Resources Inc. which the Company is holding for the long term. The fair value at June 30th 2007 has been written down to \$912,000 which is in compliance with the new standards issued by the Canadian Institute of Chartered Accountants as set out in Note 2 and effective from January 1, 2007 whereby all financial assets are to be measured at fair value. Regardless of these fluctuations in value the Company considers this to be a long term investment.

The long term debt is related to payments of the Spanish subsidiary. The fair value of this long-term debt is not readily determinable.

1.15 Other MD&A Requirements

1.15(a) Property, plant and equipment

	Balance at December 31 2006	Activity for Six Months Ended June 30 2007	Balance at June 30 2007	Activity for Six Months Ended 30-Jun 2006
Property, plant and equipment	\$65,435,458	\$22,601,893	\$88,037,351	\$710,171
Add: stock options compensation capitalized	\$0	\$653,637	\$653,637	\$0
Less: capital grants	\$(5,835,131)	\$0	\$(5,835,131)	\$(497,007)
Application of negative goodwill	\$(27,326,207)	\$0	\$(27,326,207)	\$0
Interest income	\$(103,331)	\$0	\$(103,331)	\$0
MATSA expenditures capitalized	\$15,878,609	\$15,743,040	\$31,621,649	\$4,119,508
Total	\$48,049,398	\$38,998,570	\$87,047,968	\$4,332,672

1.15(b) Administration and other

	Three Months Ended				Six Months Ended			
	June 30 2007		June 30 2006		June 30 2007		June 30 2006	
	\$	%	\$	%	\$	%	\$	%
Accounting and corporate services	5,277	1%	26,273	4%	44,373	4%	77,379	5%
Office expenses	53,135	9%	26,575	4%	68,545	6%	82,365	7%
Professional and consulting fees	286,430	49%	350,416	49%	520,792	49%	486,851	41%
Transfer agent, listing and filing fees	13,855	2%	98,193	14%	52,415	5%	175,165	15%
Shareholders' information	16,169	3%	159,479	22%	19,327	2%	174,641	15%
Travel	56,194	9%	19,181	3%	128,934	12%	67,196	6%
Advertising, promotion and public relations	779	0%	26,772	4%	14,766	1%	79,400	7%
Occupancy costs	37,521	6%	0	0%	42,291	4%	4,500	0%
Flow-through interest penalty	0	0%	0	0%	0	0%	46,766	4%
Director fees	23,500	4%	0	0%	23,500	2%	0	0%
Capital tax	100,000	17%	0	0%	150,000	15%	0	0%
Totals	592,860	100%	706,889	100%	1,064,943	100%	1,194,263	100%

Disclosure of Outstanding Share Data

Iberian is traded on the TSX Venture Exchange under the symbol IZN. On August 28, 2007 there were 182,805,983 shares issued, 15,050,000 stock options outstanding expiring from December 31, 2007 to July 2012, and 423,000 warrants outstanding expiring in September 2007. Fully diluted shares amounted to 239,507,553 at August 28, 2007.

Forward Looking Statements

This MD&A includes certain "Forward-Looking Statements" within the meaning of the US Private Securities Reform Act of 1995. Other than statements of historical fact, all statements are "Forward-Looking Statements" that involve such various known and unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove accurate. Results and future events could differ materially from those anticipated in such statements. Readers of this document are cautioned not to place undue reliance on these "Forward-Looking Statements".

RISKS AND UNCERTAINTIES

The business of Iberian is subject to a number of risks and uncertainties commensurate with its status as a junior exploration and development company. In addition to considering the information disclosed in the financial statements and in the other publicly filed documentation regarding the Company available at www.sedar.com, the reader should carefully consider the

following information. Any of these risk elements could have material adverse affects on the business of the Company.

Permitting Requirements

The Company is required to obtain certain permits for the construction and operation of the Aguas Tenidas project. The first permit to recommence commercial production at the mine was received May 23rd, 2006 and was press released. This was required in lieu of an initial production permit due to the previous operations carried out on the property by its predecessor in interest. The Company received, in January 2007, the construction licence required in order to build the processing plant, tailings facility and surface infrastructure. In April 2007 the Company received the operating permit for the ore processing plant and in June 2007 the Company received the operating permit for the tailings facility. The Company has now obtained all the required permits to construct and operate the Agues Tenidas mine in Spain.

Additional Funding Requirements

Notwithstanding the \$30 million underwritten private placement announced on May 16th, the \$25 million financing from Dundee Resources Ltd, the \$15 million private placement with Investec Bank and Trafigura Beheer B.V, the additional funding of \$17.4 million as part of the completion of the US\$20 million funding facility with Trafigura Beheer B.V, the exercise of pre-emptive rights held by Dundee Resources Limited and Trafigura Beheer B.V to acquire special warrants resulting in an aggregate investment of \$4,428,000, the bank loan facility being negotiated with Investec Bank and the potential of the Company being successful in its grant applications with the relevant Spanish authorities, the Company does have limited financial resources. There is no assurance that sufficient additional financing will be available to the Company on acceptable terms or at all. Failure to obtain such additional financing could result in a delay or the indefinite postponement of the Aguas Tenidas Project.

Commodity Price Volatility

The price of various commodities which the Company intends to exploit and subsequently market can fluctuate drastically, and is beyond the Company's control. The Company is specifically concerned with the price of Copper and Zinc with Lead, Silver and Gold providing useful by product revenues. While the Company would benefit from an increase in the value of these metals, the Company could be adversely affected by a decrease in the value of these metals. Were the prices of these metals to decline below the prices used for the determination of the positive feasibility study authored by SRK the economic viability of the project could be affected. The details of the pricing used in the feasibility study and the effect of fluctuations in commodity prices can be found in the press release of January 20th, 2006.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds concessions or mineral leases or licenses, there can be no assurance that the Company has valid title to such mineral properties

or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

Mineral Exploration and Exploitation

Mineral exploration and exploitation involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to i) establish mineral reserves and resources through drilling, ii) to develop metallurgical processes to extract the metal from the ore and iii) in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

Country Risk

Political and Economic Instability

The Company's mineral exploration and exploitation activities may be adversely affected by political instability and legal and economic uncertainty in the countries where the Company has operations. The risks associated with the Company's foreign operations may include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in laws, regulations and policies, taxation, price controls, exchange controls, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. These risks may limit or disrupt the Company's projects or operations, restrict the movement of funds or result in the deprivation of contractual rights. The Company presently holds assets in Ontario, which it considers to be extremely low risk with

reference to the above stipulated potential risks, and in Spain, in which the Company does not foresee country risk as being problematic, but country risk is out of the control of the Company.

Uninsurable Risks

Mineral exploration and exploitation activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position, and the value of the common shares of the Company. The Company does not maintain insurance against environmental risks.

Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities.

Environmental legislation is evolving in a manner which may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

Regulations and Permits

The Company's activities are subject to wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered

and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Currency Fluctuations

Currency fluctuations may affect costs at the Company's operations.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

IBERIAN MINERALS CORP.

(A development stage company)

Consolidated Financial Statements

(Unaudited)

Three and six months ended June 30, 2007

Responsibility for Consolidated Financial Statements

The accompanying unaudited consolidated interim financial statements for Iberian Minerals Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the audited December 31, 2006 consolidated financial statements. Only changes in accounting information have been disclosed in these unaudited interim consolidated financial statements. These unaudited interim consolidated financial statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of these unaudited interim consolidated financial statements, management is satisfied that these unaudited interim consolidated financial statements have been fairly presented.

IBERIAN MINERALS CORP.
(A development stage company)
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2007	December 31, 2006
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	34,813,051	61,952,395
Funds held in trust	22,270,835	21,793,530
Accounts receivable	5,122,847	2,159,591
Prepays	507,236	111,805
	62,713,969	86,017,321
Long-term investment	912,000	1,140,000
Property, plant and equipment (Note 3)	87,047,968	48,049,398
	150,673,937	135,206,719
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	16,844,410	4,720,367
Current portion of long-term debt (Note 4)	329,663	623,093
	17,174,073	5,343,460
Convertible debenture (Note 5)	23,418,396	23,260,084
Long-term debt (Note 4)	357,375	653,007
	40,949,844	29,256,551
SHAREHOLDERS' EQUITY		
Share capital (Note 6(b))	107,007,791	102,041,582
Shares to be issued (Note 11)	17,365,530	17,365,530
Equity portion of convertible debenture (Note 5)	1,878,878	1,878,878
Contributed surplus	4,810,301	2,629,300
Warrants (Note 8)	107,516	1,171,518
Special warrants (Note 9)	4,428,000	4,428,000
Deficit	(25,645,923)	(23,564,640)
Accumulated other comprehensive loss	(228,000)	-
	109,724,093	105,950,168
	150,673,937	135,206,719

See accompanying notes to consolidated financial statements

Nature of operations and going concern (Note 1)

Approved by the Board of Directors:

(signed) Peter M. Miller - Director

(signed) Norman Brewster - Director

IBERIAN MINERALS CORP.
(A development stage company)
CONSOLIDATED STATEMENTS OF LOSS
(UNAUDITED)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006	Cumulative from Inception
	\$	\$	\$	\$	\$
Expenses					
Stock option compensation (Note 7)	1,342,315	1,125,378	1,520,364	1,980,420	6,178,972
General and administration (Note 12)	592,860	706,889	1,064,943	1,194,263	11,727,086
Convertible debenture interest and accretion (Note 5)	449,019	-	898,038	-	1,686,315
Finance charges	-	-	-	-	1,581,707
Foreign exchange (gain) loss	(177,549)	59,956	150,929	167,540	287,945
Interest income	(633,655)	(26,814)	(1,552,991)	(32,373)	(2,827,380)
Loss on sale of mining interests	-	-	-	-	382,704
Loss on sale of marketable securities	-	-	-	-	59,738
	1,572,990	1,865,409	2,081,283	3,309,850	19,077,087
Net loss before the following	(1,572,990)	(1,865,409)	(2,081,283)	(3,309,850)	(19,077,087)
Write-off of mining interests	-	-	-	-	(8,965,799)
Write-down of long-term investment	-	-	-	-	(1,026,000)
Loss on sale of Thierry Mine, net of selling costs	-	-	-	-	(815,162)
Gain on dilution of interest - Simberi Gold Corporation	-	-	-	-	3,130,505
Miscellaneous	-	-	-	-	(39,033)
Gain on sale of Simberi Mining Property, net of selling costs	-	-	-	-	1,265,145
Net loss before non-controlling interest	(1,572,990)	(1,865,409)	(2,081,283)	(3,309,850)	(25,527,431)
Non-controlling interest share of income to date of disposal	-	-	-	-	499,941
Net loss before income taxes	(1,572,990)	(1,865,409)	(2,081,283)	(3,309,850)	(25,027,490)
Future income tax recovery	-	-	-	-	455,112
Net loss	(1,572,990)	(1,865,409)	(2,081,283)	(3,309,850)	(24,572,378)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.04)	
Weighted average number of shares outstanding	166,640,967	94,461,517	165,384,582	88,883,192	

See accompanying notes to consolidated financial statements

IBERIAN MINERALS CORP.

(A development stage company)

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE LOSS**(UNAUDITED)**

	Three months ended June 30, 2007	Six months ended June 30, 2007
	\$	\$
Net loss	(1,572,990)	(2,081,283)
Other comprehensive loss		
Increase in unrealized loss on long-term investment	(85,501)	(228,000)
Other comprehensive loss	(1,658,491)	(2,309,283)

IBERIAN MINERALS CORP.**(A development stage company)****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****(UNAUDITED)**

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six Months ended June 30 2007	Six months ended June 30, 2006	Cumulative from Inception
	\$	\$	\$	\$	\$
Share capital					
Balance at beginning of period	104,052,020	44,124,964	102,041,582	38,399,811	-
Private placements	-	22,500,000	-	28,976,540	57,648,585
Fair value of warrants issued	-	-	-	-	(4,865,304)
Cost of issue - cash	-	(2,542,739)	-	(3,101,525)	(5,360,878)
Cost of issue - non-cash items	-	(362,400)	-	(597,406)	(920,345)
Exercise of warrants	2,274,117	1,307,595	3,139,643	1,338,945	15,800,920
Fair value of exercise of warrants	668,254	494,950	1,057,002	506,005	5,544,998
Exercise of stock options	13,400	80,000	13,400	80,000	1,727,850
Fair value of exercise of stock options	-	51,385	-	51,385	398,972
Convertible debenture interest	-	-	756,164	-	756,164
Initial capitalization of the Company on May 16, 1997 as a result of the share exchange with Oravil	-	-	-	-	440,181
Issued as part of the amalgamation on June 27, 1997, to the former shareholders of Cadington Resources	-	-	-	-	395,059
Issued through private placement of special warrants	-	-	-	-	3,340,000
Common share issued pursuant to acquisition of Tafrent Gold Property	-	-	-	-	192,000
Common shares issued for Canadian exploration expenses	-	-	-	-	412,000
Common shares issued on conversion of debentures	-	-	-	-	325,000
Common shares issued on conversion of special warrants	-	-	-	-	155,000
Common shares issued for acquisition of properties	-	-	-	-	195,500
Common shares issued on conversion of special warrants and flow-through special warrants	-	-	-	-	1,221,241
Common shares issued on exercise of warrants and options	-	-	-	-	77,214
Asset acquisition - Nixon-Bartleman Property	-	-	-	-	123,000
	107,007,791	65,653,755	107,007,791	65,653,755	77,607,157

IBERIAN MINERALS CORP.**(A development stage company)****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****(UNAUDITED)**

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six Months ended June 30 2007	Six months ended June 30, 2006	Cumulative from Inception
	\$	\$	\$	\$	\$
Share capital (continued)					
Balance carryforward	107,007,791	65,653,755	107,007,791	65,653,755	77,607,157
Finder's fee - Simberi Gold Corporation acquisition	-	-	-	-	30,000
Incredible 14 concession rights	-	-	-	-	1,363,599
Prominsur C.A. acquisition	-	-	-	-	662,377
Botanamo and Incredible 14 concession property rights	-	-	-	-	898,708
Asset acquisition - Spain	-	-	-	-	3,984,617
Debt settlement	-	-	-	-	753,945
Restatement	-	-	-	-	(792,612)
Exercise of subscription receipts	-	-	-	-	22,500,000
Balance at end of period	107,007,791	65,653,755	107,007,791	65,653,755	107,007,791
Shares to be issued					
Balance at beginning of period	17,365,530	-	17,365,530	-	17,365,530
Balance at end of period	17,365,530	-	17,365,530	-	17,365,530
Subscription receipts					
Balance at beginning of period	-	-	-	-	-
Issue of subscription receipts	-	22,500,000	-	22,500,000	-
Balance at end of period	-	22,500,000	-	22,500,000	-
Equity portion of convertible debenture					
Balance at beginning of period	1,878,878	-	1,878,878	-	1,878,878
Balance at end of period	1,878,878	-	1,878,878	-	1,878,878
Contributed surplus					
Balance at beginning of period	2,888,747	1,761,204	2,629,300	906,162	-
Stock option compensation	1,921,554	1,125,378	2,174,001	1,980,420	6,615,119
Fair value of exercise of stock options	-	(51,385)	-	(51,385)	(398,972)
Expiry of warrants	-	-	7,000	-	311,408
Application of loss on disposition of Simberi	-	-	-	-	(1,717,254)
Balance at end of period	4,810,301	2,835,197	4,810,301	2,835,197	4,810,301

IBERIAN MINERALS CORP.**(A development stage company)****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****(UNAUDITED)**

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six Months ended June 30 2007	Six months ended June 30, 2006	Cumulative from Inception
	\$	\$	\$	\$	\$
Warrants					
Balance at beginning of period	775,770	4,989,310	1,171,518	4,765,359	-
Fair value of warrants issued	-	362,400	-	597,406	5,963,922
Fair value of warrants exercised	(668,254)	(494,950)	(1,057,002)	(506,005)	(5,544,998)
Warrants expired	-	-	(7,000)	-	(311,408)
Balance at end of period	107,516	4,856,760	107,516	4,856,760	107,516
Special warrants					
Balance at beginning of period	4,428,000	-	4,428,000	-	4,428,000
Balance at end of period	4,428,000	-	4,428,000	-	4,428,000
Deficit					
Balance at beginning of period	(24,072,933)	(17,800,799)	(23,564,640)	(16,356,358)	-
Loss for the period	(1,572,990)	(1,865,409)	(2,081,283)	(3,309,850)	(24,572,378)
Consideration paid to Cadington Resources Ltd.	-	-	-	-	(451,028)
Share issue and amalgamation costs	-	-	-	-	(622,517)
Balance at end of period	(25,645,923)	(19,666,208)	(25,645,923)	(19,666,208)	(25,645,923)
			Three months ended June 30, 2007	Six months ended June 30, 2007	
			\$	\$	
Other comprehensive loss					
Balance at beginning of period			(142,499)	-	
Increase in unrealized loss on long-term investment			(85,501)	(228,000)	
Balance at end of period			(228,000)	(228,000)	

See accompanying notes to consolidated financial statements

IBERIAN MINERALS CORP.
(A development stage company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six Months ended June 30 2007	Six months ended June 30, 2006	Cumulative from Inception
	\$	\$	\$	\$	\$
Cash Provided By (Used In)					
Operations					
Net loss	(1,572,990)	(1,865,409)	(2,081,283)	(3,309,850)	(24,572,378)
Items not involving cash:					
Stock option compensation (Note 7)	1,342,315	1,125,378	1,520,364	1,980,420	6,271,643
Write-off of mining interests	-	-	-	-	8,965,799
Abandonment of mining interests	-	-	-	-	516,204
Convertible debenture accretion (Note 5)	79,156	-	158,312	-	297,274
Write-off of marketable securities	-	-	-	-	505
Write-down of long-term investment	-	-	-	-	1,026,000
Write-down of marketable securities	-	-	-	-	11,400
Write-down of other assets	-	-	-	-	461,468
Loss on sale of the Thierry Mine, net of selling costs	-	-	-	-	815,162
Gain on sale of the Simberi Mining Property, net of selling costs	-	-	-	-	(1,265,145)
Gain on sale of mining interest	-	-	-	-	(133,500)
Gain on dilution of interest in subsidiary	-	-	-	-	(3,130,505)
Loss on sale of marketable securities	-	-	-	-	59,738
Non-controlling interest's share of income	-	-	-	-	(499,941)
Foreign exchange loss	-	-	-	-	510,497
Accrued interest	-	-	-	-	(6,350)
Interest expense from debt settlement	-	-	-	-	35,297
Shares issued for convertible debenture interest	-	-	756,164	-	756,164
Future income recovery	-	-	-	-	(455,112)
	(151,519)	(740,031)	353,557	(1,329,430)	(10,335,780)
Accounts receivable and prepaids	(1,655,237)	8,928	(3,358,688)	(148,933)	(5,101,218)
Accounts payable and accrued liabilities	9,099,450	(877,916)	12,124,043	(1,702,786)	12,995,873
Other assets	-	-	-	-	100,096
	7,292,694	(1,609,019)	9,118,912	(3,181,149)	(2,341,029)

IBERIAN MINERALS CORP.
(A development stage company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six Months ended June 30 2007	Six months ended June 30, 2006	Cumulative from Inception
	\$	\$	\$	\$	\$
Investing					
Capital expenditures on mining interests	-	(3,202)	-	(77,856)	(17,725,191)
Cash paid to acquire MATSA	-	-	-	(2,465,925)	(16,015,220)
Purchase of property, plant and equipment	(17,048,814)	(486,918)	(21,866,555)	(738,638)	(32,084,705)
Capital grants offset to property, plant and equipment	-	-	-	497,006	1,627,877
Non-controlling interest in Simberi Gold Corporation	-	-	-	-	1,119,860
Proceeds on sale of mining interest	-	-	-	-	15,000
Interest in Moroccan mining properties	-	-	-	-	(225,054)
Subordinated loans to Melmi	-	-	-	-	(2,278,643)
Consideration paid for Cadington Resources Ltd.	-	-	-	-	(451,028)
Capitalized operating expenses	(8,539,716)	(2,014,532)	(15,743,040)	(4,091,039)	(30,465,352)
Proceeds on sale of marketable securities, net	-	-	-	-	53,206
Cash acquired from subsidiary	-	-	-	-	1,014,491
Increase in net assets of existing and former subsidiary	-	-	-	-	8,668,429
	(25,588,530)	(2,504,652)	(37,609,595)	(6,876,452)	(86,746,330)

IBERIAN MINERALS CORP.
(A development stage company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six Months ended June 30 2007	Six months ended June 30, 2006	Cumulative from Inception
	\$	\$	\$	\$	\$
Financing					
Amount due to Simberi Gold Corporation	-	-	-	-	(393,800)
Proceeds from Simberi Gold Corporation settlement	-	-	-	-	882,000
Proceeds from convertible debenture	-	-	-	-	25,000,000
Funds held in trust	(158,691)	(22,500,000)	(477,305)	(18,498,650)	(18,269,485)
Shares issued for cash, net of share issue costs	2,287,517	21,344,856	3,153,043	27,293,960	90,527,042
Collection of mineral property settlement	-	302,450	-	302,450	581,500
Shares to be issued	-	-	-	-	17,365,530
Shares issued fro Cadington Resources	-	-	-	-	395,059
Share issue and amalgamation costs	-	-	-	-	(622,517)
Special warrant issue	-	-	-	-	8,241,884
Subscription receipts	-	22,500,000	-	22,500,000	-
Long-term debt	(60,908)	-	(589,062)	-	(1,030,009)
Term loan	-	-	-	-	700,000
Proceeds from sale of mining property	-	-	-	-	4,000,000
Proceeds from sale of Simberi Gold Corporation	-	-	-	-	940,000
Cash disposed of from Simberi Gold Corporation	-	-	-	-	(3,604,933)
Due to related parties	-	-	-	-	(76,524)
	2,067,918	21,647,306	2,086,676	31,597,760	124,635,747
Net change in cash and cash equivalents	(16,227,918)	17,533,635	(26,404,007)	21,540,159	35,548,388
Cash and cash equivalents, beginning of period	51,792,937	4,768,605	61,952,395	762,081	-
Effect of exchange rate changes on cash held in foreign currencies	(751,968)	-	(735,337)	-	(735,337)
Cash and cash equivalents, end of period	34,813,051	22,302,240	34,813,051	22,302,240	34,813,051

See accompanying notes to consolidated financial statements

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

1. NATURE OF OPERATIONS AND GOING CONCERN

Iberian Minerals Corp. (the "Company" or "Iberian") is a company involved in the evaluation, development and mining of base metal deposits in Spain. The Company's prime focus is continuing the development of its Aguas Teñidas copper/zinc project located in the Region of Andalucia, SW Spain. In January 2006, a feasibility study on the project was received from SRK Consulting (UK) Ltd of Cardiff ("SRK"), which demonstrated the technical feasibility and economic viability of the project. The mine has sufficient reserves for a 12 year operating life with a production rate of 1.70 million tonnes annually. The Company has also signed a long term offtake agreement with Trafigura Beheer BV ("Trafigura") for the sale of all its metal concentrates from Aguas Teñidas. The Company is in the process of arranging the financing required for the project through a combination of project bank debt, subordinated debt, and equity. The Company is listed on Tier 2 of the TSX Venture Exchange.

The recoverability of amounts shown as property, plant and equipment is dependent upon a number of factors including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying assets, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the three and six months ended June 30, 2007, the Company reported a loss of \$1,572,990 and \$2,081,283 respectively and an accumulated deficit of \$26 million at that date. In addition to its working capital requirements, the Company must secure sufficient funding to meet its spending obligations with respect to its Aguas Teñidas Project in order to take the mine into production. These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, the Company has \$35 million in cash and cash equivalents available for use as at June 30, 2007 to fund its Aguas Teñidas Project and working capital requirements. The Company's financing efforts to date, while substantial, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations and, accordingly, management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Management expects that the Company will be able to secure the necessary financing through a combination of the exercise of existing options and warrants for the purchase of common shares and issue of new equity or debt instruments. Nevertheless, there is no assurance that these initiatives will be successful.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and Aguas Teñidas Project requirements and eventually to generate positive cash flows, either from operations or sale of the Aguas Teñidas Project. These 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 could be material.

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2007 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2007.

The consolidated balance sheet at December 31, 2006 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2006, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2006.

Financial instruments, comprehensive income (loss) and hedges

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective January 1, 2007.

(a) Financial instruments - recognition and measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Comprehensive income (loss)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

(c) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

(d) Impact upon adoption of Sections 1530, 3855 and 3865

The primary impact on the consolidated financial statements resulting from the adoption of sections 1530 and 3855 is as follows:

(1) The Company's long-term investment is classified as "available-for-sale" and is measured at fair value. Changes in fair value are recognized in other comprehensive income (loss) until their disposition, at which time they are transferred to net income. Investments in securities having quoted market values and which are publicly traded on a recognized securities exchange and for which no sales restrictions apply are recorded at values based on the current bid prices.

The Company's investments in equity securities that do not have a quoted market price in an active market are measured at cost. As at December 31, 2006 and June 30, 2007, the Company did not have any such investments.

The Company designated its cash and cash equivalents and funds held in trust as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, convertible debenture and long-term debt are classified as other financial liabilities, which are measured at amortized cost.

(2) The Company has evaluated the impact of section 3865 on its consolidated financial statements and determined that no adjustments are currently required.

IBERIAN MINERALS CORP.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

On a quarterly basis, management of the Company review property, plant and equipment costs to ensure deferred expenditures include only costs that are eligible for capitalization.

	June 30, 2007	December 31, 2006
	\$	\$
Property, plant and equipment (1)	114,374,175	75,375,605
Less: negative goodwill	(27,326,207)	(27,326,207)
	87,047,968	48,049,398

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

3. PROPERTY, PLANT AND EQUIPMENT (continued)

(1) For a description of property, plant and equipment owned by the Company, refer to Note 7 of the audited consolidated financial statements as at December 31, 2006. Specific changes to property, plant and equipment that occurred from January 1, 2007 to June 30, 2007 are as follows:

On January 12, 2007, Iberian announced that it has received the building licence (Licencia de Obra) required for the construction of the ore processing plant, the tailings dam and all surface infrastructure at its Aguas Teñidas Project. The licence provides for certain requirements to be met by the Company, including posting certain guarantee and compensation amounts as provided for by applicable laws.

On April 24, 2007, Iberian announced that MATSA received the permit to operate its ore processing plant (Autorization de la Planta de Mineral) from the Director de Industria, Energia y Minas de la Junta de la Andalucia. This permit is subject to conditions typical of a European Union mining permit, including the posting of €7.02 million in bonds. As of June 30, 2007, no bonds have been posted.

On June 25, 2007, Iberian announced that MATSA received the permit required to operate the planned tailings facility at its Aguas Tenidas zinc/copper project in SW Spain. The permit is subject to various conditions usual for a permit of this type, including the posting of a guarantee by MATSA with the applicable regulatory authorities, certain insurance requirements and various technical baseline studies and posting of E4.7 million in bonds. As of June 30, 2007, no bonds have been posted.

As of June 30, 2007, Iberian has received all material permits to take the Aguas Teñidas Project into production. However, there are no assurances that production will occur.

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

4. LONG-TERM DEBT

	June 30, 2007	December 31, 2006
	\$	\$
Social security debt	5,411	334,499
Payments due arising from general creditors agreement	9,762	204,673
Finance leases	-	9,445
Government assistance	-	4,764
Fixed asset loan	671,865	722,719
	687,038	1,276,100
Amounts payable within one year	(329,663)	(623,093)
	357,375	653,007

5. CONVERTIBLE DEBENTURE

In fiscal 2006, the Company has received \$25,000,000 of financing from Dundee Resources Limited. ("Dundee Resources"). The financing is a \$25,000,000 subordinated convertible debenture (the "Debenture") issued at par. The Debenture bears interest at the rate of 6% per annum, payable semi-annually and due on July 26, 2011. The outstanding principal amount of the Debenture will be convertible at Dundee Resources' option at any time, in whole or in part, into units of the Company ("Units (i)") at a conversion price of \$1.25 per Unit (i) (the "Conversion Price"). Each Unit (i) will be comprised of one Common Share and one-half of a warrant ("Warrant"), with each Warrant being exercisable into one common share at an exercise price of \$2.00 for a period of two years after the date of issue of the warrants. At any time, after three years from the closing date of the financing, which is on July 20, 2006, the Company will be entitled to accelerate the conversion of the Debenture by giving 30 days notice, if the common shares have a closing price above \$2.00 for a period of 20 consecutive trading days. Dundee Resources is a private Canadian company and is the resource merchant banking arm of the Toronto Stock Exchange listed Dundee Corporation.

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

5. CONVERTIBLE DEBENTURE (continued)

As the unit is considered to be a compound financial instrument, the liability component and the equity components (the conversion right) are presented separately, as determined at July 26, 2006 (date of issue), using the relative fair value of the components. The liability component of \$23,121,122 was determined by discounting the future stream of interest and principal payments at the prevailing market rate at 8% for a comparative liability that does not have an associated equity component. The balance of \$1,878,878 was allocated to the conversion option and is included in Shareholders' Equity in the Consolidated Balance Sheet.

The debenture will be accreted to its face value at maturity over the term of the debt by way of a charge to interest expense. The actual interest from July 26, 2006 to January 26, 2007 was \$756,164 (2006 - \$nil) and was repaid by issuing 463,904 common shares. Accrued interest for the three and six months ended June 30, 2007 was estimated to be \$369,863 and \$739,726 respectively (2006 - \$nil and \$nil) and accretion to the convertible debenture for the three and six months ended June 30, 2007 was \$79,156 and \$158,312 (2006 - \$nil and \$nil) respectively for a total on the statement of operations and deficit of \$898,038 (2006 - \$nil).

The following is a summary of the above transactions:

	June 30, 2007	December 31, 2006
	\$	\$
Convertible debenture payable		
Fair value of liability component	23,121,122	23,121,122
Add: accretion charges	297,274	138,962
	23,418,396	23,260,084
Equity portion of convertible debenture		
Equity portion	1,878,878	1,878,878

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

6. SHARE CAPITAL

(a) Authorized capital

The number of authorized common shares is unlimited

(b) Issued common shares

	No. of Shares	Amount (\$)
Initial capitalization of the Company on May 16, 1997 as a result of the share exchange with Oravil	7,400,000	440,181
Issued as part of the amalgamation on June 27, 1997, to the former shareholders of Cadington Resources	438,955	395,059
Issued through private placement of special warrants	3,711,111	3,340,000
Balance, December 31, 1997	11,550,066	4,175,240
Adjustment	399	-
Balance, December 31, 1998	11,550,465	4,175,240
Shares issued pursuant to acquisition of Tafrent Gold Property	600,000	192,000
Balance, December 31, 1999	12,150,465	4,367,240
Consolidation of common shares	(10,935,089)	-
Common shares issued for Canadian exploration expenses	784,762	412,000
Balance, December 31, 2000	2,000,138	4,779,240
Common shares issued on conversion of debentures	472,410	325,000
Common shares issued on conversion of special warrants	369,048	155,000
Common shares issued for acquisition of property	40,000	8,000
Balance, December 31, 2001	2,881,596	5,267,240
Common shares issued on conversion of special warrants and flow-through special warrants	3,814,786	1,221,241
Common shares issued for cash	9,732,360	4,422,361
Common shares issued on exercise of warrants and options	174,190	77,214
Common shares issued for acquisition of property	250,000	187,500
Balance, December 31, 2002	16,852,932	11,175,556

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

6. SHARE CAPITAL (continued)

(b) Issued common shares (continued)

	No. of Shares	Amount (\$)
Balance, December 31, 2002	16,852,932	11,175,556
Private placement	1,081,081	400,000
Fair value of warrants issued	-	(65,946)
Private placement	1,250,142	350,030
Fair value of warrants issued	-	(131,265)
Private placement	899,089	395,534
Fair value of warrants issued	-	(86,762)
Exercise of stock options	10,000	4,000
Flow-through private placement	1,472,181	809,700
Fair value of warrants issued	-	(189,911)
Cost of issue - cash	-	(94,723)
Balance, December 31, 2003	21,565,425	12,566,213
Exercise of stock options	1,325,000	882,450
Fair value on exercise of stock options	-	7,490
Asset acquisition - Nixon-Bartleman Property	150,000	123,000
Finder's Fee - Simberi Gold Corporation acquisition	33,333	30,000
Acquisition of Billi-Ven Syndicate Inc.'s Botanamo and Increible 14 concession rights	1,553,072	1,363,599
Prominsur C.A. acquisition	743,826	662,377
Botanamo and Increible 14 concessions property rights	1,023,585	898,708
Private placement	3,126,600	1,563,300
Fair value of warrants issued	-	(747,257)
Private placement	9,090,909	4,000,000
Fair value of warrants issued	-	(1,918,182)
Private placement	304,000	133,760
Fair value of warrants issued	-	(64,144)
Private placement	700,000	350,000
Fair value of warrants issued	-	(89,250)
Private placement	4,614,000	2,306,960
Fair value of warrants issued	-	(588,285)
Asset acquisition - Spain	8,082,386	3,984,617
Cost of issue	-	(957,802)
Balance, December 31, 2004	52,312,136	24,507,554

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

6. SHARE CAPITAL (continued)

(b) Issued common shares (continued)

	No. of Shares	Amount (\$)
Balance, December 31, 2004	52,312,136	24,507,554
Private placement	1,080,000	540,000
Fair value of warrants issued	-	(144,180)
Exercise of warrants	2,472,226	1,322,485
Fair value of warrants exercised	-	296,749
Private placement	1,600,000	800,000
Fair value of warrants issued	-	(224,000)
Private placement	13,426,909	7,384,800
Private placement	1,877,846	1,220,600
Fair value of warrants issued	-	(235,670)
Debt settlement	1,159,915	753,945
Fair value of warrants issued	-	(380,452)
Private placement	4,700,000	3,995,000
Cost of issue - broker warrants	-	(322,939)
Cost of issue - cash	-	(1,114,081)
Share adjustment	(1)	-
Balance, December 31, 2005	78,629,031	38,399,811
Restatement	-	(337,500)
Restatement	-	(455,112)
Balance, December 31, 2005 restated	78,629,031	37,607,199
Exercise of warrants	18,737,383	11,338,792
Fair value of warrants exercised	-	4,191,247
Exercise of stock options	1,395,000	828,000
Fair value of exercise of stock options	-	391,482
Private placement	9,252,200	6,476,540
Private placement	10,000,000	7,500,000
Private placement	15,000,000	15,000,000
Exercise of subscription receipts	30,000,000	22,500,000
Cost of issue - agent's option certificates	-	(235,006)
Cost of issue - compensation options	-	(362,400)
Cost of issue - cash	-	(3,194,272)
Balance, December 31, 2006	163,013,614	102,041,582

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Three and six months ended June 30, 2007

6. SHARE CAPITAL (continued)

(b) Issued common shares (continued)

	No. of Shares	Amount (\$)
Balance, December 31, 2006	163,013,614	102,041,582
Exercise of warrants	4,456,585	3,139,643
Fair value of exercise of warrants	-	1,057,002
Exercise of stock options	20,000	13,400
Convertible debenture interest (Note 5)	463,904	756,164
Balance, June 30, 2007	167,954,103	107,007,791

7. STOCK OPTIONS

The following table reflects the continuity of stock options for the six months ended June 30, 2007:

	Number of Stock options	Weighted average exercise price (\$)
Balance, December 31, 2006	10,765,000	0.93
Granted (3)(5)(6)(7)	4,765,000	1.50
Exercised	(20,000)	(0.67)
Cancelled/Expired	(100,000)	(1.38)
Balance, June 30, 2007	15,410,000	1.10

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three and six months ended June 30, 2007

7. STOCK OPTIONS (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2007:

Expiry Date	Weighted Average Exercise Price	Fair Value (1)(2) per Option	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested
	\$	\$			
March 16, 2008 (a)	0.87	0.60	300,000	300,000	-
August 27, 2008 (b)	0.40	0.08	280,000	280,000	-
October 10, 2008 (c)	0.60	0.09	375,000	375,000	-
February 11, 2009 (d)	0.80	0.61	1,335,000	1,335,000	-
April 14, 2009 (e)	0.86	0.66	100,000	100,000	-
October 12, 2009 (f)	0.50	0.39	2,120,000	2,120,000	-
February 3, 2010 (g)	0.50	0.31	20,000	20,000	-
February 1, 2011 (h)	0.70	0.40	420,000	420,000	-
December 31, 2007 (i)	1.00	0.33	1,200,000	1,200,000	-
June 27, 2011 (j)	1.20	0.40	3,955,000	3,235,000	720,000
September 19, 2009 (k)	1.50	0.48	300,000	300,000	-
September 19, 2011 (l)(o)	1.50	0.47	180,000	95,000	85,000
April 6, 2011 (m)	0.70	0.27	75,000	75,000	-
December 15, 2011 (n)	1.50	0.87	250,000	83,000	167,000
June 27, 2012 (p)	1.50	0.99	4,400,000	1,617,500	2,782,500
June 27, 2012 (q)	1.65	0.96	100,000	-	100,000
			15,410,000	11,555,500	3,854,500

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Three and six months ended June 30, 2007

7. STOCK OPTIONS (continued)

Stock options have been expensed as follows:

	Number of active options valued	Cumulative expense from inception of stock options	Amount expensed	Remainder to be expensed	Exercise of stock options	Total stock option compensation
		\$	\$	\$	\$	\$
(a)	300,000	179,700	-	-	-	179,700
(b)	280,000	23,689	-	-	-	23,689
(c)	375,000	35,144	-	-	-	35,144
(d)	1,335,000	817,020	-	-	-	817,020
(e)	100,000	65,800	-	-	-	65,800
(f)	2,120,000	823,499	-	-	-	823,499
(g)	20,000	6,100	-	-	-	6,100
(h)	420,000	168,840	-	-	-	168,840
(i)	1,200,000	398,400	-	-	-	398,400
(j)	3,955,000	1,145,528	254,897	193,440	-	1,593,865
(k)/(8)	300,000	-	144,000	-	-	144,000
(l)/(o)/(7)(4)	180,000	-	65,137	18,593	-	83,730
(m)	75,000	13,550	6,775	-	-	20,325
(n)/(3)	250,000	-	106,720	110,780	-	217,500
(p)(5)	4,400,000	-	1,596,472	2,746,328	-	4,342,800
(q)(6)	100,000	-	-	98,433	-	98,433
	15,410,000	3,677,270	2,174,001	3,167,574	-	9,018,845

(1) Fair value is based on the Black-Scholes option pricing model. The weighted average fair value per option is \$0.98.

(2) Option pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

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7. STOCK OPTIONS (continued)

(3) On March 21, 2007, the Company granted 250,000 incentive stock options to employees, pursuant to the Company's Stock Option Plan, at an exercise price of \$1.50 per share. The options are exercisable for a period of 4.75 years. For the purposes of the 250,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 91%; risk-free interest rate of 4.11% and an expected average life of 4 years. The estimated value of \$217,500 will be charged to the appropriate expense category and credited to contributed surplus as the options vest. The options vest over two years as to one-third immediately, one-third after nine months and one-third after twenty-one months. For the three and six months ended June 30, 2007, the impact on earnings is \$78,010 and \$106,720 respectively. These amounts were charged to property, plant and equipment.

(4) For the three and six months ended June 30, 2007, the estimated fair market value of \$5,844 and \$51,532 respectively from previously issued options has been charged to property, plant and equipment and credited to contributed surplus.

(5) On June 27, 2007, the Company granted the following stock options: 2,120,000 to directors of the Company, 505,000 to employees and officers of the Company, 900,000 to directors of MATSA and 875,000 to officers, employees and consultants of MATSA. This is a total of 4,400,000 stock options, at a strike price of \$1.50 with a 5 year term. For the purposes of the 4,400,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 89%; risk-free interest rate of 4.62% and an expected average life of 4 years. The estimated value of \$4,342,800 will be charged to the appropriate expense category and credited to contributed surplus as the options vest. The options vest as follows: (1) 2,120,000 to directors of the Company - 50% at issue and 25% after September 28, 2007 and 25% after December 28, 2007; (2) 405,000 to employees and officers of the Company - 50% at issue and 25% after September 28, 2007 and 25% after December 28, 2007; (3) 900,000 to directors of MATSA and 875,000 to officers, employees and consultants of MATSA - 20% on date of grant, 20% on September 30, 2007 and the balance of 60% on June 30, 2008; and (4) 100,000 to employees and officers of the Company - 30% six months from date of grant, 30% twelve months from date of grant and 40% eighteen months from date of grant. For the three and six months ended June 30, 2007, the impact on earnings is \$1,596,473 and \$1,596,473 respectively. Of the amount, \$351,385 was charged to property, plant and equipment.

(6) On June 27, 2007, the Company granted 100,000 incentive stock options to a consultant for investor relation services. The incentive stock options are exercisable over five years at a price of \$1.65 per share. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 89%; risk-free interest rate of 4.62% and an expected average life of 4 years. The estimated value of \$96,100 will be classified as advertising, promotion and public relations and credited to contributed surplus as the options vest. The options vest over one year as to one-quarter after three months, one-quarter after six months, one-quarter after nine months and one-quarter after twelve months. For the three and six months ended June 30, 2007, the impact on earnings was \$nil.

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7. STOCK OPTIONS (continued)

(7) On June 27, 2007, the Company granted 15,000 incentive stock options to a consultant, pursuant to the Company's Stock Option Plan, at an exercise price of \$1.50 per share. The options are exercisable over a period of 4.25 years. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 78%; risk-free interest rate of 4.63% and an expected average life of 4 years. The estimated value was determined to be \$13,605. The options vest immediately. For the three and six months ended June 30, 2007, the impact on earnings was \$13,605 and \$13,605, respectively.

(8) During the three and six months ended June 30, 2007, the Company received all permits to take the Aguas Teñidas Project into production. As a result of this accomplishment, the stock options associated with this milestone have vested.

8. WARRANTS

The following table reflects the continuity of warrants for the six months ended June 30, 2007:

	Number of Warrants	Value
		\$
Balance, December 31, 2006	4,904,874	1,171,518
Exercised	(4,456,585)	(1,057,002)
Expired	(25,000)	(7,000)
Balance, June 30, 2007	423,289	107,516

The following table reflects the actual warrants outstanding as of June 30, 2007:

Expiry Date	Number of warrants	Exercise price (\$)	Black- Scholes Value (\$)
September 23, 2007	423,289	0.86	107,516

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9. SPECIAL WARRANTS

The following is a summary of special warrants:

(i) Dundee Resources has purchased 2,846,154 Special Warrants of Iberian at \$1.30 per Special Warrant, for a total additional investment of \$3,700,000. Each Special Warrant is comprised of one common share of the Company (a "Share"), one-quarter of one series 1 common share purchase warrant (the "Series 1 Warrant") and one-quarter of one series 2 common share purchase warrant (the "Series 2 Warrant"). Each whole Series 1 Warrant will entitle the holder at any time for a period of two years from the date of issuance thereof (the "Initial Exercise Period") to acquire one Share at an exercise price of \$2.20. Each whole Series 2 Warrant will entitle the holder at any time for a period of two years from the date of issuance thereof to acquire one Share at an exercise price of \$2.60. Notwithstanding the foregoing, each whole Series 2 Warrant is exercisable by the holder for an additional two years from the last day of the Initial Exercise Period if, during the Initial Exercise Period, the Company becomes classed as a Tier 1 Company on the TSX-V, lists on the Toronto Stock Exchange or is otherwise permitted by applicable regulations to issue common share purchase warrants exercisable for four years.

These special warrants expire August 31, 2007, see Note 17(c).

(ii) Trafigura has purchased 560,000 Special Warrants of Iberian at \$1.30 per Special Warrant, for a total additional investment of \$728,000, on the same terms as those stated above.

These special warrants expire August 31, 2007, see Note 17(d).

10. RELATED PARTY TRANSACTIONS

The Company has entered into management agreements with two directors whereby each director receives annual fees of US\$80,000. During fiscal 2004 this amount was changed to CDN\$120,000, and during 2006 the amount was changed to CDN\$240,000. Total consulting fees in the amount of \$105,000 (2006 - \$220,500) were paid or accrued to the director and to a company controlled by a director during the period and were recorded in general and administration expenses. The Company also accrued or paid directors and a company controlled by a director a total of \$234,000 (2006 - \$219,500) in consulting fees for services provided to exploration projects and MATSA.

The Company and MATSA paid fees to Billiken in the amount of \$20,054 (2006 - \$19,913) pursuant to the 10% cost charge. The Company also paid rent in the amount of \$7,950 (2006 - \$4,500) and consulting fees of \$21,550 (2006 - \$14,000) to Billiken. These expenses were recorded in general and administration expenses. As at June 30, 2007 a balance due from Billiken totaled \$146,013 (2006 - \$102,349) and this represents advances against costs incurred on mineral projects of the Company. These amounts are included in accounts receivable.

The Company paid administrative and compliance fees in the amount of \$17,500 (2006 - \$nil) to a company that is controlled by a family member of a director and was recorded in general and administration expenses.

The Company also paid or accrued legal fees of \$189,803 (2006 - \$390,407) to a law firm where a partner of the firm is the corporate secretary of the Company.

Director fees of \$23,500 (2006 - \$nil) were paid during the period and were recorded in general and administration.

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10. RELATED PARTY TRANSACTIONS (continued)

Directors and related companies were also reimbursed for out of pocket expenses that occurred in the normal course of operations.

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 related parties.

11. SHARES TO BE ISSUED

\$17,365,530 in subscription funds have been placed in escrow and will be released on: i) receipt of the final permit (Ampliacion de la Actividad en Mina de Aguas Tenidas con la Construcción de una planta de Tratamiento de Mineral y un Deposito de Estriles) (received - June 2007) for plant construction and tailings disposal being received by Aguas Tenidas, ii) the conversion of 30,000,000 subscription rights into a similar number of Iberian common shares (completed), and iii) TSXV Exchange approval.

12. GENERAL AND ADMINISTRATION

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
	\$	\$	\$	\$
Accounting and corporate services	5,277	26,273	44,373	77,379
Office expenses	53,135	26,575	68,545	82,365
Professional and consulting fees	286,430	350,416	520,792	486,851
Transfer agent, listing and filing fees	13,855	98,193	52,415	175,165
Shareholders' information	16,169	159,479	19,327	174,641
Travel	56,194	19,181	128,934	67,196
Advertising, promotion and public relations	779	26,772	14,766	79,400
Occupancy costs	37,521	-	42,291	4,500
Director fees	23,500	-	23,500	-
Capital tax	100,000	-	150,000	-
Flow-through interest penalty	-	-	-	46,766
	592,860	706,889	1,064,943	1,194,263

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13. SEGMENTED INFORMATION

Segmented assets

June 30, 2007

	Canada	Spain	Consolidated
	\$	\$	\$
Current assets	50,956,053	11,757,916	62,713,969
Long-term assets	936,264	87,023,704	87,959,968
	51,892,317	98,781,620	150,673,937

December 31, 2006

	Canada	Spain	Consolidated
	\$	\$	\$
Current assets	80,211,326	5,805,995	86,017,321
Long-term assets	1,140,000	48,049,398	49,189,398
	81,351,326	53,855,393	135,206,719

14. COMPARATIVE FIGURES

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

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15. CORRECTION OF ACCOUNTING ERRORS

(a) In 2004 the Company acquired various mining interests and issued shares as consideration. The value assigned to the shares was overstated by \$337,500, accordingly the carrying value of the mining interests and share capital were overstated by \$337,500. In 2005, the carrying value of the mining interests was charged to the statement of operations as they were deemed to be impaired, hence the amount of the write off of mining interests in 2005 was overstated by \$337,500.

(b) In 2005 the Company's consolidated financial statements did not reflect the application of EIC-146 on the flow-through financing that occurred during the period. EIC-146 requires that the tax impact to the Company of the renouncement is recorded on the date the Company renounces the tax deductions through a decrease in share capital and the recognition of a future income tax liability. Also in instances where the Company has sufficient available tax loss carry-forwards or other deductible temporary differences to offset the tax impact of the renouncement, a future income tax asset is recognized with an offsetting credit to the statement of operations.

(c) By correcting the errors in (a) and (b), the 2006 opening deficit has been reduced by \$792,612. As a result, the previously disclosed deficit of \$17,148,970 has been adjusted to \$16,356,358.

16. COMMITMENT

The Company leases premises under a lease that expires on February 28, 2012. Under the lease agreement, the Company has a commitment amounting to \$110,000 per annum. The Company's wholly owned subsidiary MATSA had capital commitments totalling \$52.0 million at June 30, 2007.

17. SUBSEQUENT EVENTS

(a) 100,000 options to purchase 100,000 common shares at a price of \$1.66 per share were granted subsequent to June 30, 2007. These options vest over an 18 month period and expire July 18, 2012.

(b) Subsequent to June 30, 2007, 20,000 stock options with an exercise price of \$0.50 and expire February 3, 2010 were exercised.

(c) As of August 29, 2007, the funds held in escrow pertaining to the special warrants held by Dundee Resources have not been released. The Company's position is that the escrow release conditions have been met in full and the Company is in discussions with Dundee Resources. The balance of funds held in escrow at June 30, 2007 amounts to \$3,800,453 related to the special warrants held by Dundee Resources as described in Note 9(i) of the June 30, 2007 unaudited financial statements.

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17. SUBSEQUENT EVENTS (continued)

(d) Iberian is pleased to announce that it received on July 20, 2007, the sum of \$18,493,152 from Trafigura as a result of satisfying the final release condition of the previously completed private placement of Special Warrants to Trafigura. These conditions were met by: i) the receipt of permits and licences to construct and operate a tailings deposit and a processing plant at the Aguas Tenidas project, and ii) the conversion of 30,000,000 subscription rights into a similar number of Iberian common shares, which was completed on November 17, 2006. This sum represents the gross proceeds, plus accrued interest, from the sale of an aggregate of 13,918,100 Special Warrants by Iberian to Trafigura at a price of \$1.30 per Special Warrant, which was completed on September 19, 2006 and October 20, 2006.

As a result of satisfying the escrow release conditions, each Special Warrant held by Trafigura shall automatically convert into one common share of Iberian (a "Share"), one quarter of one Series 1 common share purchase warrant (the "Series 1 Warrant") and one quarter of one series 2 common share purchase warrant (the "Series 2 Warrant"). Each whole Series 1 Warrant will entitle the holder at any time for a period of two years from the date of issuance thereof (the "Initial Exercise Period") to acquire one Share at an exercise price of \$2.20. Each whole Series 2 Warrant will entitle the holder at any time for a period of two years from the date of issuance thereof to acquire one Share at an exercise price of \$2.60. Notwithstanding the foregoing, each whole Series 2 Warrant is exercisable by the holder for an additional two years from the last day of the Initial Exercise Period if, during the Initial Exercise Period, Iberian becomes classed as a Tier 1 company on the TSX-V, lists on the Toronto Stock Exchange or is otherwise permitted by applicable regulations to issue common share purchase warrants exercisable for four years.

As a result of this release of funds from escrow, Trafigura has informed Iberian that it owns or exercises control over 38,429,858 shares of Iberian, representing 21.7% of its issued and outstanding share capital. Trafigura owns 22.3% of Iberian on a fully diluted basis.