

IBERIAN MINERALS CORP. – MANAGEMENT’S DISCUSSION AND ANALYSIS

QUARTER ENDED SEPTEMBER 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 September 30, 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 September 30, 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 Third Quarter

During the third quarter of 2007, Iberian Minerals Corp. focused on completion of the updated mine plan schedule and related technical report and accelerating the development and construction of the Aguas Tenidas mine.

On July 20, 2007 the company received \$18,493,152 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 processing plant and tailings deposit at Aguas Tenidas. This sum represents the gross proceeds, plus accrued interest to July 20, 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 19 and October 20, 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 Iberian’s issued and outstanding share capital.

Additionally, on September 5, 2007 the Company received \$3,830,084 from Dundee Resources Limited (“Dundee”) as a result of satisfying the final release condition of the previously completed private placement of Special Warrants to Dundee. 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 last year. This sum represents the gross proceeds, plus accrued interest, from the sale of an aggregate of 2,846,154 Special Warrants by Iberian to Dundee at a price of \$1.30 per Special Warrant, which was completed on September 19, 2006.

On September 18, 2007, Iberian Minerals Corp. entered into a Letter of Intent (the “LOI”) with Trafigura Beheer B.V. Amsterdam (“Trafigura”) under which Iberian has agreed to acquire

approximately 92% of the issued and outstanding shares of Compania Minera Condestable (“CMC”). Under the terms of the LOI, Trafigura has also agreed to provide Iberian with an unsecured loan of C\$20 million for the continued development of the Company’s Aguas Tenidas project. Trafigura currently holds approximately 20% of the issued and outstanding shares of the Company and is considered a related party under OSC Rule 61-501.

The table below shows recent production statistics for the Condestable Mine, which is wholly owned by CMC:

Production	Unit	2001	2002	2003	2004	2005	2006	2007
Ore treated	MT	639,871	713,633	867,845	1,006,435	1,319,704	1,500,154	739,560
Ore treated (daily average)	MT/D	1,753	1,955	2,378	2,757	3,616	4,110	4,063
Concentrate produced	MT	33,921	37,306	43,518	48,136	60,912	68,954	33,775
Fine copper produced	MT	9,101	9,531	11,295	12,590	15,922	18,267	8,456
Fine gold produced	OZ	5,269	7,493	8,263	9,767	11,360	13,501	5,918
Fine Silver produced	OZ	76,175	102,631	124,149	130,683	152,550	153,500	72,552

This transaction, if approved by Iberian shareholders, would immediately transform Iberian into a significant copper producer and help improve the Company’s ability to develop the Aguas Tenidas mine. It also increases Iberian’s operational expertise as well as further improves the Company’s potential for future growth.

Key Terms of the Transaction are as follows:

- Iberian will purchase approximately 92% of the issued and outstanding shares of CMC for consideration of US\$115 million by issuing approximately 66 million shares of Iberian to Trafigura at a deemed issue price of C\$1.80 per Iberian share. This deemed price per share represents a 38% premium to the trailing 20-day volume-weighted average trading price of Iberian on September 18, 2007 of C\$1.30 (the “Condestable Acquisition”).
- Trafigura will provide Iberian with an unsecured loan of C\$20 million which will be used for the continued development of the Aguas Tenidas project (the “Loan”). Trafigura has also agreed that in certain circumstances it will provide up to an additional C\$60 million in debt financing on the same terms and conditions as the Loan for the development of the Aguas Tenidas project as requested by Iberian.
- As a condition to closing the Condestable Acquisition, Trafigura will arrange for a pre-export finance contract in an amount of up to C\$85 million to repay the Loan and to fund the development of the Aguas Tenidas project.

- Trafigura retains a 46% net profit interest (“NPI”) in the Condestable project, commencing January 1, 2011 and ending December 31, 2014, providing mining operations continue to be economically feasible beyond 2011.
- Execution of the LOI has been approved by the Board of Directors of Iberian, upon recommendation of a special committee of the Board.
- Completion of the Condestable Acquisition is subject to Iberian minority shareholder approval.

On September 20, 2007, Iberian signed a revised and updated mandate letter with Investec Bank (UK) Ltd (“Investec”) to act as lead underwriter in providing debt and hedging facilities, which include the following:

- a) A five and a half year amortising term loan facility of US\$160 million. The facility will be repaid in semi-annual instalments starting on or before June 30, 2009;
- b) A cost overrun facility of US\$30 million, which will have the same tenure as the term loan and will be available to fund capital cost overruns and the debt service reserve account;
- c) A five and a half year convertible loan facility of US\$10 million which will be used alongside the term loan to fund development capital costs of the project.
- d) Arranging with a local Spanish bank for a VAT receivables facility of up to US\$20 million.

The terms and conditions, such as fees, hedging requirements and interest rates, of the credit facility reflect: i) those generally available today for base metal mines operating in a First World country, and ii) the results of the recently completed update to the January 2006 SRK Feasibility Report and the Company’s technical reports on the project.

In the first quarter of 2007 the Company 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 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 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.

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 things, 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. In the third quarter of 2007 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 www.sedar.com.

Construction at the mine continued to progress satisfactorily during the third quarter. Project expenditure totalled \$27,482,552 during the quarter which includes the asset retirement obligation amounting to \$2,263,548. Development of the two principal underground haulage ways progressed satisfactorily.

Progress on the plant and tailings facility continued during the third 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 asphalt access road from Valdelamusa now completed. The Company continues to add steadily to its work force. At the end of the quarter the company had 57 employees with an additional 316 contractors on site.

Exploration drilling underground commenced during the third quarter following completion of the preliminary investigation work on the copper stockworks.

As a subsequent event, on November 7, 2007, the Company hosted an official mine-reopening ceremony for its Aguas Tendias project in SW Spain. Attending the event was Manuel Chavez, the President of the Spanish Region of Andalucia and representatives of the Company's major shareholders.

1.1 Date of MD&A

This MD&A was prepared on November 28, 2007.

1.2 Overall Performance

Iberian Minerals Corp. incurred a net loss of \$1,853,143 for the three month ended September 30, 2007, compared to a net loss of \$2,965,940 for the corresponding period in 2006. The net loss for the nine months ended September 30, 2007 amounted to \$3,934,426, compared to a net loss of \$6,275,790 for the corresponding period of 2006. A decrease in the non-recurring net loss of \$2,417,050 in the third quarter ended and nine months ended September 30, 2007 is due to the fact that no financing charges (2006 - \$1,145,388) and no write-offs (\$1,271,662) of mining interest occurred in the third quarter and nine months ended September 30, 2007.

Review of results for three months to September 2007

The main non-recurring factors that contributed to the loss in the three months ended September 30, 2007 were: i) Stock based compensation of \$983,927, ii) Administrative and other costs \$814,090, and iii) Convertible debenture interest and accretion of \$468,557. These costs were partially offset by i) a Foreign exchange gain of \$39,949, and ii) interest income of \$373,482. A comparison of the results for the three months ended September 30, 2007 with those of the corresponding period in 2006 is discussed below.

Stock based compensation amounted to \$983,927 an increase of \$873,352 over 2006. This increase is due to the timing of the vesting of stock options and their corresponding treatment as an expense for accounting purposes.

Administrative and other costs totalled \$814,090 for the quarter, compared to \$679,060 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 increase of \$135,030 in Administrative and other costs for the three months is due to the net impact of the following items:

Office expenses were \$258,758 in the third quarter of 2007, compared to \$10,080 in 2006. The increase is due to setting up the new Iberian corporate office and related personnel expenses.

Professional and consulting fees at \$244,150 increased by \$70,562 as a result of increased legal fees in the third quarter of 2007. Transfer agent, listing and filing fees decreased by \$39,706 from \$39,941 as a result of no financings being undertaken in the current period. Shareholder information costs decreased by \$2,357 from \$15,351 in the third quarter of 2006. Travel costs for the three months ended September 30, 2007 were up by \$68,201 from \$46,024 as a result of increased travel arising from increased activity at Iberian's wholly owned Spanish subsidiary MATSA. The Occupancy cost of \$34,816 is accrued rent for the new Iberian Head Office (2006 - \$9,540). Director fees for the three months ended is \$18,500 (2006 - \$24,000). Capital tax of \$52,846 represents three months of estimated tax for 2007 (2006 - \$181,673).

Interest on the Dundee Resources' convertible debenture totalled \$468,557 for the three months ended September 30, 2007, compared to \$302,528 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 26, 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 \$86,365, which relates to the accretion of this convertible loan as set out in Note 6 of the quarterly consolidated financial statements for the three months ended September 30, 2007.

There was a foreign exchange gain of \$39,949 compared to a loss of \$23,018 in the third 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 decreased from \$566,291 in the third quarter of 2006 to \$373,482 reflecting the decreased level of cash on deposit during the quarter.

This resulted in a net loss of \$1,853,143 for the three months ended September 30, 2007 compared to a net loss of \$2,965,940 for the corresponding period in 2006.

In addition, there is an amount of \$28,500 charged to Other Comprehensive Loss which relates to the unrealized loss on long term investments for the third quarter of 2007. Under new standards issued by the Canadian Institute of Chartered Accountants, as set out in Note 2 and effective from January 1, 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 nine months results to September 2007

The main non-recurring factors that contributed to the loss in the nine months ended September 30, 2007 were: i) Stock based compensation of \$2,504,291, ii) Administrative and other \$1,879,033, iii) Convertible debenture interest and accretion of \$1,366,595, and iv) a Foreign exchange loss of \$110,980. These costs were partially offset by interest income of \$1,926,473. A comparison of the results for the nine months ended September 30, 2007 with those of the corresponding period 2006 is discussed below.

Stock option based compensation amounted to \$2,504,291 an increase of \$413,296 overall increases in stock options granted over 2006 and 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 \$1,879,033 for the nine months, compared to \$1,873,323 for the corresponding period in 2006. A breakdown of Administrative and other costs for these periods is set out in section 1.15. The increase of \$5,710 in Administrative and other costs for the nine months is due to the net impact of several main items as follows:

Office expenses are \$327,303 for the nine months ended in 2007 compared to \$65,964 in 2006. The increase is due to setting up the new Iberian corporate office and related personnel expenses.

Professional and consulting fees of \$764,942 for the nine months ended September 30, 2007 increased by \$82,428 over 2006. This increase was mainly due to increased legal and general consulting fees incurred during the first nine months of 2007. Transfer agent, listing and filing fees decreased by \$162,456 from \$215,106 in 2006, reflecting a decrease in transactional volumes and decreased levels of listing and filing fees in the current period. Shareholders' information has decreased by \$157,671 in 2007 from \$189,992 in 2006 due to reduced level of costs incurred over the prior period. Travel increased by \$103,458 to \$243,159 as a result of increased travel arising from increased activity in Iberian and MATSA. Advertising, promotion and public relations decreased by \$127,595 to \$65,168 for the nine month ended September 30, 2007 as a result of the reduction in fees. Occupancy costs have increased by \$63,067 in 2007 to \$77,107 in 2007 as a result of the new head office location in 2007. Directors fees for the nine month ended were \$42,000 (2006 - \$24,000). Capital tax increased by \$21,173 which incorporates approximately \$50,000 from the 2005 filing period recorded in 2007.

A flow-through interest penalty of \$46,766 was paid in the nine 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 \$1,366,595 for the nine months ended September 30, 2007, compared to \$302,528 for the corresponding period of 2006. The interest expenses represents a full nine months in 2007 as 2006 represents a stub period where the convertible debenture started in July 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 \$1,121,918, which relates to the accretion of this convertible loan as set out in Note 6 of the quarterly consolidated financial statements for the nine months ended September 30, 2007.

There was a foreign exchange loss of \$110,980 during the nine months, compared to an exchange loss of \$190,558 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 \$1,327,809 to \$1,926,473 reflecting the increased level of cash holdings during the nine months ended of September 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 \$3,934,426 for the nine months ended September 30, 2007 compared to a net loss of \$6,275,790 in 2006.

In addition, there is an amount of \$256,500 for the first nine 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 1, 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

All funds were released from escrow during the third quarter of 2007 when a sum of \$18,493,152 was received from Trafigura Beheer B.V. and a further sum of \$3,830,084 from Dundee Resources Limited ("Dundee") as a result of satisfying the final escrow release conditions. Secondly, MATSA secured a loan facility in relation to a permit for the ore processing plant and other associated costs for \$1,613,976. During 2006, Iberian raised \$76,476,540 gross from issues of new equity.

Aguas Tenidas

Throughout the third quarter of 2007 the Company continued to focus on the development and construction of the Aguas Tenidas project. 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 approximately €7.0 million for the process plant permit and €4.7 million for the tailings facility permit.

In the third quarter the receipt of these permits resulted in \$18,493,152 from Trafigura and \$3,830,084 from Dundee Resources Limited released from escrow.

Development of the two principal underground haulage ways progressed satisfactorily during the third quarter. Meters advanced to September 30, 2007 in the main ramp totalled 903 meters while the development of the second ramp had advanced to 1,221 meters by the end of the third quarter.

Progress on the plant and tailings facility continued during the third quarter. Site clearance and earthworks for the plant and tailings facility were completed. The civil works contract was awarded in May and work commenced in June. Orders were placed during the third quarter for mechanical installation, paste pumps and tank agitators. All orders for the critical items of major equipment have already been placed and these items 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 third 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.

The investigation gallery, which will be used for additional infill drilling in the near future, was further extended during the third quarter. Core drilling underground also continued during the third quarter following completion of the preliminary investigation work on the copper stockworks. The Company reported the receipt of the initial assay results of the drilling programme on July 25, 2007. 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 www.sedar.com.

Spending on the Aguas Tenidas project totalled \$27,482,552 during the third quarter of 2007, which includes the asset retirement obligation amounting to \$2,263,548. Professional services, investigation, research and development costs, including owner's costs, totalled \$4,170,862 which were capitalized as Intangible fixed assets. Tangible fixed assets under construction

expenditure totalled \$21,048,142 and included: i) mine development and new ramp construction of \$4,979,095, ii) site and plant construction works of \$4,270,228, and iii) plant, equipment and other assets under construction of \$10,482,061. As the project continues to develop through 2007 and 2008 the spending levels will continue to increase in response to the demands of the project. The construction of the second ramp, underground development, the advance of the investigation gallery, 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.

The Company announced there had been a fatality at the Aguas Tenidas mine on July 18, 2007 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 third quarter of 2007 there was no material spending associated with the Investigation Licenses held by the Company with respect to La Majada. The Company intends to evaluate these various licenses, but at present no immediate material spending is contemplated.

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 18 of this document and the reader is encouraged to read this section carefully.

1.5 Summary of Quarterly Results

	Third Quarter	Second Quarter	First Quarter	Forth Quarter
	September 30 2007	June 30 2007	March 31 2007	December 31 2006
Revenue (including interest income)	\$373,482	\$633,655	\$919,336	\$598,822
Net income (loss)	(\$1,853,143)	(\$1,572,990)	(\$508,293)	(\$932,492)
Net income (loss) per share basic	(\$0.01)	(\$0.01)	\$0.00	\$0.00
Net income (loss) per share diluted	(\$0.01)	(\$0.01)	\$0.00	\$0.00
Total Assets	\$162,334,589	\$150,673,937	\$139,005,659	\$135,206,719
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
	September 30 2006	June 30 2006	March 31 2006	December 31 2005
Revenue (including interest income)	\$566,291	\$26,814	\$5,559	\$12,552
Net income (loss)	(\$2,965,940)	(\$1,865,409)	(\$1,444,441)	(\$3,776,358)
Net income (loss) per share basic	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.06)
Net income (loss) per share diluted	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.06)
Total Assets	\$126,648,026	\$79,214,235	\$36,987,326	\$34,918,416

Revenue arising from interest on funds on deposit has declined in 2007 as a result of a decrease in cash holdings in the same period in 2007. Increased revenues reported for the quarters ended September 30, 2006 at \$566,291, December 31, 2006 \$598,822, March 31, 2007 \$919,336, and June 30, 2007 \$633,655 as a result of interest earned on 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 fourth quarters of 2005 and in the third quarter of 2006. 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 \$1,853,143 in the third quarter of 2007 is discussed in more detail in section 1.2.

Total Assets have demonstrated a consistent and sustainable growth over the last eight quarters with September 30, 2007 total assets at \$162,334,589. This reflects the level of activity at the Aguas Tenidas mine site.

1.6 Liquidity

Iberian Minerals Corp. reported a working capital of \$20,140,959 at September 30, 2007 compared with a working capital of \$80,673,861 at December 31, 2006. The company had cash and cash equivalents of \$35,215,068 at the end of the third quarter compared to \$61,952,395 at December 31, 2006. The majority of this cash is held on deposit with a major bank in Canada. The reduction in the cash and working capital balances of the Company is due to the continued funding of MATSA project during the period.

There were two significant equity fundings completed during the third quarter totalling \$23,884,811. The first was the funds released from escrow totalling \$22,270,835 where special warrants were exercised. The exercise of special warrants (13,918,100 at \$1.30) at \$18,093,530 to Trafigura Beheer B.V. and Dundee Resources Limited "Dundee" (2,846,154 at \$1.30) "Dundee") at \$3,700,000 were completed in the third quarter of 2007 as a result of satisfying the final release conditions from escrow. In addition to funds released from escrow the Company received \$477,305 as interest. Secondly, MATSA secured a loan facility in relation to a permit for the ore processing plant and other associated costs for \$1,613,976.

As a result of the signed revised mandate letter with Investec and the proposed acquisition of the Condestable mine approximately \$265 million will be available for funding. The estimated cash available to the Iberian group after the Acquisition will be approximately \$265 million, which will be comprised of the Investec loan of \$200 million, an \$85 million debt facility to be obtained in relation to the Acquisition, less the repayment of the short term borrowings of \$20 million. After completion of the Acquisition, the Iberian group will have approximately \$265 million available by way of loan facilities in order to achieve its short term business objectives, which will be focused on completing development of the Aguas Tenidas Project.

Funds raised from the exercise of warrants and options totalled \$3,988,071 in the first nine months of 2007, compared to \$10,120,262 over of the prior period. During 2006 Iberian raised \$76,476,540 gross in new equity capital from financings.

The Company is continuing its efforts to raise funds for future developments and operations and to meet its ongoing financial obligations as they arise. As a result of the signed revised mandate letter with Investec and the proposed acquisition of the Condestable mine, approximately \$265 million will be available for the Company's future funding requirements.

There is however, no assurance that the Company will be successful in its efforts to raise additional funds, in which case, the Company may not be able to meet its financial and other obligations. The consolidated financial statements have been prepared on a going concern basis, as discussed in Note 1 of the September 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 in the consolidated balance sheet.

As of September 30, 2007, the Company's net debt was \$48,957,593 and consisted of the following:

Account	Balance September 30 2007	Balance December 31 2006
	\$	\$
Accounts payable and accrued liabilities	23,158,019	4,720,367
Convertible debenture (See Note 6 in Financials)	23,504,761	23,260,084
Current portion of long term debt	406,387	623,093
Asset Retirement Obligation See Note 16 in the Financials)	2,263,548	0
Long term debt (See Note 5 in Financials)	1,888,426	653,007
Total	51,221,141	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 nine months of 2007.

1.7 Capital Resources

At September 30, 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 accordingly require funds. The sources of these funds will include those outlined in section 1.6 entitled Liquidity.
- d) The Company's wholly owned subsidiary MATSA had capital commitments totalling \$65 million at September 30, 2007. 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.

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 nine months ended September 30, 2007 to the directors, including the management agreements, and as disclosed in the financial statements were \$157,500 (2006 - \$271,500) and were paid to the following parties Peter Miller \$40,500 (2006 - \$103,000), Norman Brewster \$94,500 (2006 - \$147,500) and Peter Gleeson \$22,500 (2006 - \$16,000). Of the \$157,500, \$52,500 was paid during the three months ended September 30, 2007 and as follows: Peter Miller \$13,500 (2006 - \$22,000), Norman Brewster \$31,500 (2006 - \$20,000) and Peter Gleeson \$7,500 (2006 - \$4,000) and Porphyry (a company in which Michael Newbury holds an interest) \$nil (2006 - \$5,000).

Additionally, as disclosed in the financial statements, the Company paid a total of \$351,000 (2006 - \$328,500) in consulting fees. The consulting fees were for services provided to MATSA and the Sangold project, these have been capitalized to mining interests and to property plant and equipment. The \$351,000 was paid as follows: Peter Miller \$144,000 (2006 - \$132,000), Norman Brewster \$90,000 (2006 - \$87,500), Peter Gleeson \$72,000 (2006 - \$64,000), Babak Vahebzadeh \$nil (2006 - \$5,000) and Porphyry (a company in which Michael Newbury -holds an interest) \$45,000 (2006 - \$40,000). Of the \$351,000, \$117,000 was paid during the three months ended September 30, 2007 and as follows: Peter Miller \$48,000 (2006 - \$38,000), Norman Brewster \$30,000 (2006 - \$40,000), Peter Gleeson \$24,000 (2006 - \$16,000), Babak Vehebzadeh \$nil (2006 - \$5,000) and Prophyry (a company in which Michael Newbury holds an interest) \$15,000 (2006 - \$10,000).

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 usually charges a fee of 10% of expenses incurred on their behalf. Two of the past 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. 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. For the six months ended June 30, 2007 the fees paid to Billiken by the Company totalled \$20,054 (June 30, 2006 - \$19,913 and September 30, 2006 - \$27,826). Of the \$20,054, \$3,244 (June 30, 2006 - \$8,632 and September 30, 2006 - \$7,913) was paid during the three months ended June 30, 2007. The Company also paid rent in the amount of \$7,950 (June 30, 2006 - \$4,500 and September 30, 2006 - \$14,040) for the first six months ended June 30, 2007 and \$3,180 (June 30, 2006 - \$nil and September 30, 2006 - \$9,540) for the three months ended June 30, 2007. Additionally, consulting fees of \$21,550 (June 30, 2006 - \$14,000 and \$20,000) to Billiken for the first six

months ended June 30, 2007 and \$4,000 (June 30, 2006 – \$8,000 September 30, 2006 - \$6,000) 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.

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, \$nil (2006 – \$nil) was paid during the three months ended September 30, 2007.

The Company also paid legal fees of \$269,956 (2006 - \$486,993) to McMillan Binch Mendelsohn LLP, a firm in which Carmen Diges is a partner. Of the \$269,956, \$80,153 (2006 - \$96,586) was paid during the three months ended September 30, 2007. Ms. Diges acts as corporate secretary of the Company.

For the nine months ended September 30, 2007 director fees accrued to September 30, 2007 amounted to \$42,000 (2006 - \$24,000) as follows: Babak Vahebzadeh \$nil (2006 - \$8,500), John M. Maquire \$nil (2006 - \$6,500), Jack Gunter \$8,500 (2006 – \$6,000), Jose Gomez-Arnau \$8,500 (2006 –\$1,000), Murray John \$8,000 (2006 – \$1,000), Maurice Stekel \$10,500 (2006 – \$1,000), Jeremy Weir \$6,000 (2006 – \$nil), and a general accrual of \$500 (2006 - \$nil). Of the \$42,000, \$18,500 (2006 - \$24,000) was paid during the three months ended September 30, 2007 and as follows: Babak Vahebzadeh \$nil (2006 - \$8,500), John M. Maquire \$nil (2006 - \$6,500), Jack Gunter \$4,000 (2006 - \$6,000), Jose Gomez-Arnau \$3,500 (2006 - \$1,000), Murray John \$3,500 (2006 - \$1,000), Maurice Stekel \$5,000 (2006 - \$1,000), Jeremy Weir \$2,000 (2006 - \$nil), and a general accrual of \$500 (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.

During the third quarter, the Company announced in a press release dated July, 23, 2007 that a sum of \$18,493,152 had been received from Trafigura Beheer B.V. as a result of satisfying the escrow release conditions, 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 20, 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 19 and October 20, 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 Iberian's

issued and outstanding share capital. During the corresponding period of 2006, the Company carried out no private placement transactions in which parties related to Iberian participated.

1.10 Fourth Quarter - Not Applicable

1.11 Proposed Transactions

Other than the proposed acquisition of CMC as noted above, the Company presently has no planned or proposed business or asset acquisitions or dispositions.

1.12 Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity to Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 September 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, accounts receivable, accounts payable and accrued liabilities, and a convertible debenture. 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 September 30 2007 has been written down to \$883,500 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 Nine Months Ended September 30 2007	Balance at September 30 2007	Activity for Nine Months Ended September 30 2006
Property, plant and equipment	\$65,435,458	\$39,186,003	\$104,621,461	\$891,336
Add: stock options compensation capitalized	\$0	\$1,306,165	\$1,306,165	\$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
Amortization	\$0	\$(3,820)	\$(3,820)	
Asset Retirement Obligation	\$0	\$2,263,548	\$2,263,548	\$0
MATSA expenditures capitalized	\$15,878,609	\$23,729,226	\$39,607,835	\$6,568,032
Total	\$48,049,398	\$66,481,122	\$114,530,520	\$6,962,361

1.15(b) Administration and other expenses

	Third Quarter Ended				Nine Months Ended			
	2007		2006		2007		2006	
	\$	%	\$	%	\$	%	\$	%
Accounting and corporate services	23,344	3%	43,425	6%	67,717	4%	120,804	6%
Office expenses	258,758	33%	10,080	1%	327,303	17%	65,964	4%
Professional and consulting fees	244,150	30%	173,588	26%	764,942	41%	682,514	37%
Transfer agent, listing and filing fees	235	0%	39,941	6%	52,650	3%	215,106	11%
Shareholders' information	12,994	2%	15,351	2%	32,321	2%	189,992	10%
Travel	114,225	14%	46,024	7%	243,159	13%	139,701	7%
Advertising, promotion and public relations	50,402	6%	135,438	20%	65,168	3%	192,763	10%
Occupancy costs	34,816	4%	9,540	1%	77,107	4%	14,040	1%
Flow-through interest penalty	0	0%	0	0%	0	0%	46,766	2%
Director fees	18,500	2%	24,000	4%	42,000	2%	24,000	1%
Capital tax	52,846	6%	181,673	27%	202,846	11%	181,673	11%
Amortization	3,820	0%	0	0	3,820	0	0	0
Totals	814,090	100%	679,060	100%	1,879,033	100%	1,873,323	100%

Disclosure of Outstanding Share Data

Iberian is traded on the TSX Venture Exchange under the symbol IZN. On November 28, 2007 there were 186,435,426 shares issued, 14,690,000 stock options outstanding expiring from December 2007 to July 2012, and 8,382,126 warrants outstanding expiring in August 2009. The number of fully diluted shares amounted to 239,507,552 at November 28, 2007.

Forward Looking Statements

This MD&A includes certain “Forward-Looking Statements” within the meaning and “forward-looking information” under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as “plan”, “except”, “project”, “intend”, “believe”, “anticipate”, “estimate”, and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could

cause actual events or results to differ materially from those projected in the forward-looking statements. Assumptions upon which such forward-looking statements are based included that transactions will be completed, that all required third party regulatory and governmental approvals will be obtained. Many of these assumptions are based on factors and events that are not within the control of Iberian and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include changes in market conditions and other risk factors discussed or referred to in the annual Management's Discussion and Analysis for Iberian filed with the applicable securities regulatory authorities and available at www.sedar.com. Although Iberian has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Iberian undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

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 effects 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 23, 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 the Agues Tenidas mine in Spain. Final water and electrical permits are outstanding and receipt of these is expected in early 2008.

Additional Funding Requirements

In 2006, notwithstanding the \$30 million underwritten private placement announced on May 16, 2006, 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.

As a result of the signed revised mandate letter with Investec and the proposed acquisition of the Condestable mine approximately \$265 million will be available for funding. The estimated cash available to the Iberian group after the Acquisition will be approximately \$265 million, which is comprised of the Investec loan facility of \$200 million, the \$85 million debt facility to be obtained in relation to the Acquisition, less the repayment of the short term borrowings of \$20 million. After completion of the Acquisition, the Iberian group will have approximately \$265 million available by way of loan facilities in order to achieve its short term business objectives, which will be focused on completing development of the Aguas Tenidas Project.

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 report authored by SRK, the economic viability of the project could be affected. The details of the pricing used in the feasibility report and the effect of fluctuations in commodity prices can be found in the press release of January 20, 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 against the Company does to its title to a mineral

property could cause the Company to lose its rights to mine that property, perhaps without any compensation for its prior expenditures relating to that property.

Mineral Exploration and Exploitation

Mineral exploration and exploitation involve a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected geological formations, rock 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 their 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 metal and/or metal concentrates 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/or legal and economic uncertainty in the countries where the Company conducts its 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)

Interim Consolidated Financial Statements

(Unaudited)

Three and nine months ended September 30, 2007

(Expressed in Canadian Dollars)

Responsibility for Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements for Iberian Minerals Corp. (a development stage company) 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)
INTERIM CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	September 30, 2007	December 31, 2006
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	35,215,068	61,952,395
Funds held in trust	-	21,793,530
Accounts receivable	6,232,356	2,159,591
Prepayments	2,257,941	111,805
	43,705,365	86,017,321
Restricted cash (Note 3)	1,517,575	-
Long-term investment	883,500	1,140,000
Prepaid acquisition costs (Note 17)	1,697,629	-
Property, plant and equipment (Note 4)	114,530,520	48,049,398
	162,334,589	135,206,719
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	23,158,019	4,720,367
Current portion of long-term debt (Note 5)	406,387	623,093
	23,564,406	5,343,460
Convertible debenture (Note 6)	23,504,761	23,260,084
Long-term debt (Note 5)	1,888,426	653,007
Asset retirement obligation (Note 16)	2,263,548	-
	51,221,141	29,256,551
SHAREHOLDERS' EQUITY		
Share capital (Note 7(b))	129,066,340	102,041,582
Shares to be issued (Note 7(b))	-	17,365,530
Equity portion of convertible debenture (Note 6)	1,878,878	1,878,878
Contributed surplus	6,208,565	2,629,300
Warrants (Note 9)	1,715,231	1,171,518
Special warrants (Note 7(b))	-	4,428,000
Deficit	(27,499,066)	(23,564,640)
Accumulated other comprehensive loss	(256,500)	-
	111,113,448	105,950,168
	162,334,589	135,206,719

See accompanying notes to interim 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)
INTERIM CONSOLIDATED STATEMENTS OF LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,		Cumulative from Inception
	2007	2006	2007	2006	
	\$	\$	\$	\$	\$
Expenses					
Stock option compensation (Note 8)	983,927	110,575	2,504,291	2,090,995	7,162,899
General and administration (Note 11)	814,090	679,060	1,879,033	1,873,323	12,541,176
Convertible debenture interest and accretion (Note 6)	468,557	302,528	1,366,595	302,528	2,154,872
Finance charges	-	1,145,388	-	1,145,388	1,581,707
Foreign exchange (gain) loss	(39,949)	23,018	110,980	190,558	247,996
Interest income	(373,482)	(566,291)	(1,926,473)	(598,664)	(3,200,862)
Loss on sale of mining interests	-	-	-	-	382,704
Loss on sale of marketable securities	-	-	-	-	59,738
	1,853,143	1,694,278	3,934,426	5,004,128	20,930,230
Net loss before the following	(1,853,143)	(1,694,278)	(3,934,426)	(5,004,128)	(20,930,230)
Write-off of mining interests	-	(1,271,662)	-	(1,271,662)	(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 - Simberli Gold Corporation	-	-	-	-	3,130,505
Miscellaneous	-	-	-	-	(39,033)
Gain on sale of Simberli Mining Property, net of selling costs	-	-	-	-	1,265,145
Net loss before non-controlling interest	(1,853,143)	(2,965,940)	(3,934,426)	(6,275,790)	(27,380,574)
Non-controlling interest share of income to date of disposal	-	-	-	-	499,941
Net loss before income taxes	(1,853,143)	(2,965,940)	(3,934,426)	(6,275,790)	(26,880,633)
Future income tax recovery	-	-	-	-	455,112
Net loss	(1,853,143)	(2,965,940)	(3,934,426)	(6,275,790)	(26,425,521)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)	(0.06)	
Weighted average number of shares outstanding	176,463,233	122,258,675	169,091,001	100,108,709	

See accompanying notes to interim consolidated financial statements

IBERIAN MINERALS CORP.

(A development stage company)

INTERIM CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE LOSS

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

	Three months ended September 30, 2007	Nine months ended September 30, 2007
	\$	\$
Net loss	(1,853,143)	(3,934,426)
Other comprehensive loss		
Increase in unrealized loss on long-term investment (1)	(28,500)	(256,500)
Total comprehensive loss	(1,881,643)	(4,190,926)

See accompanying notes to interim consolidated financial statements

(1) Refer to Note 5 in the December 31, 2006 Consolidated Financial Statements.

IBERIAN MINERALS CORP.

(A development stage company)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

	Three months ended		Nine months ended		Cumulative from Inception
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	
	\$	\$	\$	\$	\$
Share capital					
Balance at beginning of period	107,007,791	65,653,755	102,041,582	38,399,811	-
Private placements	-	-	-	28,976,540	57,648,585
Fair value of warrants issued	-	-	-	-	(4,865,304)
Cost of issue - cash	-	-	-	(3,101,525)	(5,360,878)
Cost of issue - non-cash items	-	-	-	(597,406)	(920,345)
Exercise of warrants	364,028	8,574,817	3,503,671	9,913,762	16,164,948
Fair value of exercise of warrants	107,516	3,159,621	1,164,518	3,665,626	5,652,514
Exercise of stock options	471,000	126,500	484,400	206,500	2,198,850
Fair value of exercise of stock options	341,177	35,372	341,177	86,757	740,149
Convertible debenture interest	743,836	-	1,500,000	-	1,500,000
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 (Note 7(b))	20,030,992	-	20,030,992	-	20,185,992
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	-	-	-	-	117,000
	129,066,340	77,550,065	129,066,340	77,550,065	99,659,706

See accompanying notes to interim consolidated financial statements

IBERIAN MINERALS CORP.

(A development stage company)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

	Three months ended		Nine months ended		Cumulative from Inception
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	
	\$	\$	\$	\$	\$
Share capital (continued)					
Balance carryforward	129,066,340	77,550,065	129,066,340	77,550,065	99,659,706
Finder's fee - Simberi Gold Corporation acquisition	-	-	-	-	30,000
Incredible 14 concession rights	-	-	-	-	1,413,296
Prominsur C.A. acquisition	-	-	-	-	676,882
Botanamo and Incredible 14 concession property rights	-	-	-	-	931,462
Asset acquisition - Spain	-	-	-	-	3,556,161
Debt settlement	-	-	-	-	753,945
Restatement	-	-	-	-	(455,112)
Exercise of subscription receipts	-	-	-	-	22,500,000
Balance at end of period	129,066,340	77,550,065	129,066,340	77,550,065	129,066,340
Shares to be issued					
Balance at beginning of period	17,365,530	-	17,365,530	-	-
Cash proceeds from financing	-	17,365,530	-	17,365,530	17,365,530
Transfer to share capital (Note 7(b)(1))	(17,365,530)	-	(17,365,530)	-	(17,365,530)
Balance at end of period	-	17,365,530	-	17,365,530	-
Subscription receipts					
Balance at beginning of period	-	22,500,000	-	-	-
Issue of subscription receipts	-	-	-	22,500,000	22,500,000
Transfer to share capital	-	-	-	-	(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	-	-
Issue of convertible debenture - equity portion	-	1,878,878	-	1,878,878	1,878,878
Balance at end of period	1,878,878	1,878,878	1,878,878	1,878,878	1,878,878
Contributed surplus					
Balance at beginning of period	4,810,301	2,835,197	2,629,300	906,162	-
Stock option compensation	1,739,441	110,575	3,913,442	2,090,995	8,354,560
Fair value of exercise of stock options	(341,177)	(35,372)	(341,177)	(86,757)	(740,149)
Expiry of warrants	-	-	7,000	-	311,408
Application of loss on disposition of Simberi	-	-	-	-	(1,717,254)
Balance at end of period	6,208,565	2,910,400	6,208,565	2,910,400	6,208,565

See accompanying notes to interim consolidated financial statements

IBERIAN MINERALS CORP.

(A development stage company)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

	Three months ended		Nine months ended		Cumulative from Inception
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	
	\$	\$	\$	\$	\$
Warrants					
Balance at beginning of period	107,516	4,856,760	1,171,518	4,765,359	-
Fair value of warrants issued (Note 7(b))	1,715,231	-	1,715,231	597,406	7,679,153
Fair value of warrants exercised	(107,516)	(3,159,621)	(1,164,518)	(3,665,626)	(5,652,514)
Warrants expired	-	-	(7,000)	-	(311,408)
Balance at end of period	1,715,231	1,697,139	1,715,231	1,697,139	1,715,231
Special warrants					
Balance at beginning of period	4,428,000	-	4,428,000	-	-
Issue of special warrants	-	-	-	-	4,428,000
Conversion of special warrants (Note 7(b))	(4,428,000)	-	(4,428,000)	-	(4,428,000)
Balance at end of period	-	-	-	-	-
Deficit					
Balance at beginning of period	(25,645,923)	(19,666,208)	(23,564,640)	(16,356,358)	-
Loss for the period	(1,853,143)	(2,965,940)	(3,934,426)	(6,275,790)	(26,425,521)
Consideration paid to Cadington Resources Ltd.	-	-	-	-	(451,028)
Share issue and amalgamation costs	-	-	-	-	(622,517)
Balance at end of period	(27,499,066)	(22,632,148)	(27,499,066)	(22,632,148)	(27,499,066)

	Three months ended September 30, 2007	Nine months ended September 30, 2007
	\$	\$
Accumulated other comprehensive loss		
Balance at beginning of period	(228,000)	-
Increase in unrealized loss on long-term investment	(28,500)	(256,500)
Balance at end of period	(256,500)	(256,500)

See accompanying notes to interim consolidated financial statements

IBERIAN MINERALS CORP.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,		Cumulative from Inception
	2007	2006	2007	2006	
	\$	\$	\$	\$	\$
Cash Provided By (Used In)					
Operations					
Net loss	(1,853,143)	(2,965,940)	(3,934,426)	(6,275,790)	(26,425,521)
Items not involving cash:					
Stock option compensation (Note 8)	1,086,911	110,575	2,607,277	2,090,995	7,358,556
Amortization	3,820	-	3,820	-	3,820
Write-off of mining interests	-	1,271,662	-	1,271,662	8,965,799
Abandonment of mining interests	-	-	-	-	516,204
Convertible debenture accretion (Note 6)	86,365	58,047	244,677	58,047	383,639
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 (Note 6)	743,836	-	1,500,000	-	1,500,000
Future income tax recovery	-	-	-	-	(455,112)
	67,789	(1,525,656)	421,348	(2,855,086)	(10,267,989)
Accounts receivable and prepayments	(2,860,213)	(17,130)	(6,218,903)	(166,063)	(7,961,433)
Accounts payable and accrued liabilities	6,313,609	(441,938)	18,437,652	(2,144,724)	19,309,482
Other assets	-	-	-	-	100,096
	3,521,185	(1,984,724)	12,640,097	(5,165,873)	1,180,156

See accompanying notes to interim consolidated financial statements

IBERIAN MINERALS CORP.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Three months ended		Nine months ended		Cumulative from Inception
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	
	\$	\$	\$	\$	\$
Investing					
Capital expenditures on mining interests	-	(20,615)	-	(98,471)	(17,725,191)
Cash paid to acquire MATSA	-	-	-	(2,465,925)	(16,015,220)
Purchase of property, plant and equipment	(16,526,670)	(181,166)	(38,393,225)	(891,336)	(48,611,375)
Cash deposits held as security	(1,517,575)	-	(1,517,575)	-	(1,517,575)
Prepaid acquisition costs	(1,697,629)	-	(1,697,629)	-	(1,697,629)
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	(7,986,186)	(2,448,524)	(23,729,226)	(6,568,031)	(38,451,538)
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
	(27,728,060)	(2,650,305)	(65,337,655)	(9,526,757)	114,474,390

See accompanying notes to interim consolidated financial statements

IBERIAN MINERALS CORP.
(A development stage company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Three months ended		Nine months ended		Cumulative from Inception
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	
	\$	\$	\$	\$	\$
Financing					
Amount due to Simberi Gold Corporation	-	(393,800)	-	(393,800)	(393,800)
Proceeds from Simberi Gold Corporation settlement	-	294,000	-	294,000	882,000
Proceeds from convertible debenture	-	25,000,000	-	25,000,000	25,000,000
Funds held in trust	477,305	(17,631,528)	-	(36,130,178)	(17,792,180)
Shares issued for cash, net of share issue costs	22,581,252	8,701,317	25,734,295	35,995,277	113,108,294
Collection of mineral property settlement	-	-	-	302,450	581,500
Shares to be issued	-	17,365,530	-	17,365,530	17,365,530
Shares issued for Cadington Resources	-	-	-	-	395,059
Share issue and amalgamation costs	-	-	-	-	(622,517)
Special warrant issue	-	-	-	-	8,241,884
Subscription receipts	-	-	-	22,500,000	-
Long-term debt	1,607,776	-	1,018,714	-	577,767
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)
	24,666,333	33,335,519	26,753,009	64,933,279	149,302,080
Net change in cash and cash equivalents	459,458	28,700,490	(25,944,549)	50,240,649	36,007,846
Cash and cash equivalents, beginning of period	34,813,051	22,302,240	61,952,395	762,081	-
Effect of exchange rate changes on cash held in foreign currencies	(57,441)	-	(792,778)	-	(792,778)
Cash and cash equivalents, end of period	35,215,068	51,002,730	35,215,068	51,002,730	35,215,068

See accompanying notes to interim consolidated financial statements

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three and nine months ended September 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 currently proceeding with the re-opening of the 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 B.V. Amsterdam ("Trafigura") for the sale of all its metal concentrates from Aguas Teñidas. The Company is listed on Tier 2 of the TSX Venture Exchange.

In addition to the Aguas Teñidas project the Company, through Minas de Aguas Teñidas SAU ("MATSA"), holds an extensive land position of exploration properties within the Iberian Pyrite Belt.

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 interim 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 nine months ended September 30, 2007, the Company reported a loss of \$1,853,143 and \$3,934,426 respectively and an accumulated deficit of \$27,499,066 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 \$35,215,068 in cash and cash equivalents available for use as at September 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 interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

IBERIAN MINERALS CORP.

(A development stage company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Three and nine months ended September 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim 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 nine months ended September 30, 2007 may not necessarily be indicative of the results that may be expected for the year ending 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.

Accounting changes

Section 1506, "Accounting Changes". This section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Company has adopted these new standards effective January 1, 2007.

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three and nine months ended September 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 September 30, 2007, the Company did not have any such investments.

The Company designated its cash and cash equivalents, restricted cash and funds held in trust as held-for-trading, which are measured at fair value. Amounts receivable is classified as loans and receivables, which is 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.
(A development stage company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three and nine months ended September 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The Company's current recognition policy of expensing transaction costs is consistent with this guidance.

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. RESTRICTED CASH

	September 30, 2007	December 31, 2006
	\$	\$
Cash deposits held as security (a)	1,517,575	-

(a) As of September 30, 2007, a cash deposit in the amount of €1,020,350 (Canadian \$1,445,428) was held as security (Note 5(d)) in relation to a permit for the ore processing plant. Total deposits of €1,071,280 (Canadian \$1,517,575) include the permit for the ore processing plant and various other deposits.

IBERIAN MINERALS CORP.

(A development stage company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Three and nine months ended September 30, 2007

4. 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.

	September 30, 2007	December 31, 2006
	\$	\$
Property, plant and equipment (1)	141,856,727	75,375,605
Less: negative goodwill	(27,326,207)	(27,326,207)
	114,530,520	48,049,398

(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 September 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 General 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 September 30, 2007, a €1,020,350 (Canadian \$1,445,428) bond has been posted.

On June 25, 2007, Iberian announced that MATSA received the permit required to operate the planned tailings facility at its Aguas Teñidas 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 €4.7 million in bonds. As of September 30, 2007, no bonds have been posted.

As of September 30, 2007, Iberian has received all material permits to take the Aguas Teñidas Project into production. The Company is currently constructing the plant and building access ramps to the ore body. However, there are no assurances that production will occur.

IBERIAN MINERALS CORP.
(A development stage company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three and nine months ended September 30, 2007

5. LONG-TERM DEBT

	September 30, 2007	December 31, 2006
	\$	\$
Social security debt	5,362	334,499
Payments due arising from general creditors agreement	9,673	204,673
Finance leases	-	9,445
Government assistance	-	4,764
Fixed asset loan (b)(c)	665,802	722,719
Loan facility (a)(d)	1,613,976	-
	2,294,813	1,276,100
Amounts payable within one year	(406,387)	(623,093)
	1,888,426	653,007

(a) The loan facility, issued by an unrelated third party, has a three year term, expiring in 2010. Under the terms of the loan facility, the repayment of the principal and interest will be as follows: interest in thirteen instalments until September 2008, the first instalment of €3,083 commenced in September 2007; and interest and principal in twenty four instalments until September 2010, the first instalment of €44,999 to commence in October 2008. The effective interest rate is fixed at 5.7% per annum. Interest on the loan facility for the three and nine months ended September 30, 2007 was €3,083. (three and nine months ended September 30, 2006 - \$nil).

Given the terms of the loan facility its fair value cannot be reasonably determined. No repayments of principal has been made on the loan facility to date and its carrying value has been adjusted in accordance with the Company's foreign exchange accounting policy.

(b) Included in this amount is €250,000 which is payable after commercial production commences.

(c) The fixed asset loan is guaranteed by certain assets included in property, plant and equipment.

(d) The loan facility of \$1,613,976 is partially secured by restricted cash deposit of €1,020,350 (Canadian \$1,445,428) as described in Note 3. The remaining balance is guaranteed by certain assets.

6. 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(EXPRESSED IN CANADIAN DOLLARS)****(UNAUDITED)**

Three and nine months ended September 30, 2007

6. 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 (comparative period - \$nil) and was repaid by issuing 463,904 common shares. The actual interest from January 27, 2007 to July 26, 2007 was \$743,836 (comparative period - \$nil) and was repaid by issuing 473,780 common shares. Accrued and actual interest for the three and nine months ended September 30, 2007 was estimated to be \$382,192 and \$1,121,918 respectively (three and nine months ended September 30, 2006 - \$244,481) and accretion to the convertible debenture for the three and nine months ended September 30, 2007 was \$86,365 and \$244,677 respectively (three and nine months ended September 30, 2006 - \$58,047) for a total on the consolidated statements of loss of \$468,557 and \$1,366,595 (three and nine months ended September 2006 was \$302,528).

The following is a summary of the above transactions:

	September 30, 2007	December 31, 2006
	\$	\$
Convertible debenture payable		
Fair value of liability component	23,121,122	23,121,122
Add: accretion charges	383,639	138,962
	<hr/> 23,504,761	<hr/> 23,260,084
Equity portion of convertible debenture		
Equity portion	1,878,878	1,878,878

IBERIAN MINERALS CORP.
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Three and nine months ended September 30, 2007

7. 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(EXPRESSED IN CANADIAN DOLLARS)****(UNAUDITED)****Three and nine months ended September 30, 2007****7. 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	117,000
Finder's Fee - Simberi Gold Corporation acquisition	33,333	30,000
Acquisition of Billi-Ven Syndicate Inc.'s Botanamo and Incredible 14 concession rights	1,553,072	1,413,296
Prominsur C.A. acquisition	743,826	676,882
Botanamo and Incredible 14 concessions property rights	1,023,585	931,462
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	3,556,161
Cost of issue	-	(957,802)
Balance, December 31, 2004	52,312,136	24,170,054

IBERIAN MINERALS CORP.

(A development stage company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Three and nine months ended September 30, 2007

7. SHARE CAPITAL (continued)

(b) Issued common shares (continued)

	No. of Shares	Amount (\$)
Balance, December 31, 2004	52,312,136	24,170,054
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)	-
<hr/>		
Balance, December 31, 2005	78,629,031	38,062,311
Restatement	-	(455,112)
<hr/>		
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)
<hr/>		
Balance, December 31, 2006	163,013,614	102,041,582

IBERIAN MINERALS CORP.**(A development stage company)****NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(EXPRESSED IN CANADIAN DOLLARS)****(UNAUDITED)**

Three and nine months ended September 30, 2007

7. 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	4,879,874	3,503,671
Fair value of exercise of warrants	-	1,164,518
Exercise of stock options	740,000	484,400
Fair value of exercise of stock options	-	341,177
Convertible debenture interest (Note 6)	937,684	1,500,000
Common shares issued on conversion of special warrants (1)	16,764,254	20,030,992
Balance, September 30, 2007	186,335,426	129,066,340

(1) On August 16, 2007, Iberian issued 560,000 and 13,358,100 common shares to Trafigura and on August 30, 2007, Iberian issued 2,846,154 common shares to Dundee Resources (Trafigura and Dundee Resources will be referred to as the "parties"), as a result of satisfying the final release condition of the previously completed private placements of Special Warrants to the parties. 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 Teñidas 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, from the sale of an aggregate of 16,764,254 Special Warrants by Iberian to the parties at a price of \$1.30 per Special Warrant, which was completed on September 19, 2006 and October 20, 2006 respectively.

As a result of satisfying the escrow release conditions, each Special Warrant held by the parties was automatically converted 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 Toronto Stock Exchange - Venture, lists on the Toronto Stock Exchange or is otherwise permitted by applicable regulations to issue common share purchase warrants exercisable for four years.

On August 16, 2007, the fair value of each common share issued to Trafigura was determined to be \$1.19 (the August 16, 2007 closing price of the common shares of the Company, on the principal stock exchange on which the shares trade). The fair value of the Series 1 Warrant and Series 2 Warrant 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 64.0%; risk-free interest rate of 4.71% and an expected average life of 2 years. The estimated fair value of each Series 1 Warrant and Series 2 Warrant was determined to be \$0.23 and \$0.18 respectively. The fair value allocation of common shares, Series 1 Warrants and Series 2 Warrants, net of costs, is summarized as follows: (i) common shares - \$16,662,893; (ii) Series 1 Warrants - \$798,525; and (iii) Series 2 Warrants - \$632,112.

IBERIAN MINERALS CORP.**(A development stage company)****NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(EXPRESSED IN CANADIAN DOLLARS)****(UNAUDITED)****Three and nine months ended September 30, 2007****7. SHARE CAPITAL (continued)**

On August 30, 2007, the fair value of each common share issued to Dundee Resources was determined to be \$1.17 (the August 30, 2007 closing price of the common shares of the Company, on the principal stock exchange on which the shares trade). The fair value of the Series 1 Warrant and Series 2 Warrant 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 64.0%; risk-free interest rate of 4.71% and an expected average life of 2 years. The estimated fair value of each Series 1 Warrant and Series 2 Warrant was determined to be \$0.22 and \$0.17 respectively. The fair value allocation of common shares, Series 1 Warrants and Series 2 Warrants, net of costs, is summarized as follows: (i) common shares - \$3,368,099; (ii) Series 1 Warrants - \$158,910; and (iii) Series 2 Warrants - \$125,684.

8. STOCK OPTIONS

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

	Number of Stock options	Weighted average exercise price (\$)
Balance, December 31, 2006	10,765,000	0.93
Granted (3)(5)(6)(7)(9)	4,865,000	1.51
Exercised	(740,000)	(0.65)
Cancelled/Expired	(100,000)	(1.38)
Balance, September 30, 2007	14,790,000	1.13

The following table reflects the actual stock options issued and outstanding as of September 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
August 27, 2008 (a)	0.40	0.08	280,000	280,000	-
October 10, 2008 (b)	0.60	0.09	375,000	375,000	-
February 11, 2009 (c)	0.80	0.61	1,335,000	1,335,000	-
April 14, 2009 (d)	0.86	0.66	100,000	100,000	-
October 12, 2009 (e)	0.50	0.39	1,720,000	1,720,000	-
February 1, 2011 (f)	0.70	0.40	420,000	420,000	-
December 31, 2007 (g)	1.00	0.33	1,200,000	1,200,000	-
June 27, 2011 (h)	1.20	0.40	3,955,000	3,235,000	720,000
September 19, 2009 (i)	1.50	0.48	300,000	300,000	-
September 19, 2011 (j)(k)	1.50	0.47	180,000	120,000	60,000
April 6, 2011 (l)	0.70	0.27	75,000	75,000	-
December 15, 2011 (m)	1.50	0.87	250,000	83,000	167,000
June 27, 2012 (n)	1.50	0.99	4,400,000	2,603,750	1,796,250
June 27, 2012 (o)	1.65	0.96	100,000	25,000	75,000
July 18, 2012 (p)	1.66	1.22	100,000	-	100,000
			14,790,000	11,871,750	2,918,250

IBERIAN MINERALS CORP.
(A development stage company)
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8. STOCK OPTIONS (continued)

Stock options have been expensed as follows:

	Number of active and exercised options valued	Cumulative expense from inception of stock options	Amount expensed	Remainder to be expensed	Exercise of stock options	Total stock option compensation
		\$	\$	\$	\$	\$
	300,000	179,700	-	-	(179,700)	-
(a)	280,000	23,689	-	-	-	23,689
(b)	375,000	35,144	-	-	-	35,144
(c)	1,335,000	817,020	-	-	-	817,020
(d)	100,000	65,800	-	-	-	65,800
(e)	1,720,000	823,499	-	-	(155,377)	668,122
	20,000	6,100	-	-	(6,100)	-
(f)	420,000	168,840	-	-	-	168,840
(g)	1,200,000	398,400	-	-	-	398,400
(h)	3,955,000	1,145,528	303,258	145,080	-	1,593,866
(i)/(8)	300,000	-	144,000	-	-	144,000
(j)/(k)/(7)(4)	180,000	-	70,981	12,749	-	83,730
(l)	75,000	13,550	6,775	-	-	20,325
(m)/(3)	250,000	-	141,230	76,270	-	217,500
(n)(5)	4,400,000	-	3,173,000	1,169,800	-	4,342,800
(o)(6)	100,000	-	50,402	45,698	-	96,100
(p)(9)	100,000	-	23,796	98,581	-	122,377
	15,110,000	3,677,270	3,913,442	1,548,178	(341,177)	8,797,713

The following table summarizes the expense category that stock option compensation was charged to in the given periods:

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006
	\$	\$	\$	\$
Property, plant and equipment	653,528	-	1,306,165	-
Stock option compensation	983,927	110,575	2,504,291	2,090,995
Advertising, promotion and public relations	50,402	-	50,402	-
Office expenses	52,582	-	52,584	-
	1,740,439	110,575	3,913,442	2,090,995

IBERIAN MINERALS CORP.

(A development stage company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(UNAUDITED)

Three and nine months ended September 30, 2007

8. STOCK OPTIONS (continued)

(1) Fair value is based on the Black-Scholes option pricing model. The weighted average fair value per option is \$0.59.

(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.

(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 nine months ended September 30, 2007, the impact on expenses was \$34,510 and \$141,230 respectively. These amounts were charged to property, plant and equipment.

(4) For the three and nine months ended September 30, 2007, the estimated fair market value of \$5,844 and \$57,376 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 nine months ended September 30, 2007, the impact on stock option compensation was \$934,566 and \$2,180,653 respectively. Furthermore, for the three and nine months ended September 30, 2007, \$613,174 and \$963,559 respectively was charged to property, plant and equipment and \$28,788 was charged to office expenses for the same period.

(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 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 nine months ended September 30, 2007, the impact on expenses was \$50,402.

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Three and nine months ended September 30, 2007

8. 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 nine months ended September 30, 2007, the impact on expenses was \$nil and \$13,605 respectively.

(8) During the three and nine months ended September 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.

(9) On July 18, 2007, the Company granted 100,000 incentive stock options to an officer of the Company, pursuant to the Company's Stock Option Plan, at an exercise price of \$1.66 per share. The options are exercisable over a period of 5 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 94%; risk-free interest rate of 4.64% and an expected average life of 4 years. The estimated value was determined to be \$122,377. The options vest as follows: 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 nine months ended September 30, 2007, the impact on expenses was \$23,796.

9. WARRANTS

The following table reflects the continuity of warrants for the nine months ended September 30, 2007:

	Number of Warrants	Value (\$)
Balance, December 31, 2006	4,904,874	1,171,518
Issued (Note 7(b)(1))	8,382,126	1,715,231
Exercised	(4,879,874)	(1,164,518)
Expired	(25,000)	(7,000)
Balance, September 30, 2007	8,382,126	1,715,231

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

Expiry Date	Number of warrants	Exercise price (\$)	Fair Value (\$)
August 16, 2009	3,479,525	2.20	798,525
August 16, 2009	3,479,525	2.60	632,112
August 31, 2009	711,538	2.20	158,910
August 31, 2009	711,538	2.60	125,684
	8,382,126		1,715,231

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Three and nine months ended September 30, 2007

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. Consulting fees for the three and nine months ended September 30, 2007 amounted to \$52,500 and \$157,500 respectively (three and nine months ended September 30, 2006 - \$51,000 and \$271,500 respectively) and were paid or accrued to directors and to a company controlled by a director during the period. For the three and nine months ended September 30, 2007, the Company also accrued or paid directors and a company controlled by a director a total of \$117,000 and \$351,000 respectively (three and nine months ended September 30, 2006 - \$109,000 and \$328,500 respectively) in consulting fees for services provided to exploration projects and MATSA.

The Company and MATSA paid fees to Billiken in the amount of \$3,244 and \$20,054 respectively for the three and six months ended June 30, 2007 (three and six months ended June 30, 2006 - \$8,632 and \$19,913 respectively; and three and nine months ended September 30, 2006 - \$7,913 and \$27,826 respectively) pursuant to the 10% cost charge. The Company also paid rent in the amount of \$3,180 and \$7,950 for the three and six months ended June 30, 2007 respectively (three and six months ended June 30, 2006 - \$nil and \$4,500 respectively; and three and nine months ended September 30, 2006 - \$9,540 and \$14,040 respectively). In addition, for the three and six months ended June 30, 2007, consulting fees of \$4,000 and \$21,550 respectively (three and six months ended June 30, 2006 - \$8,000 and \$14,000 respectively; and three and nine months ended September 30, 2006 - \$6,000 and \$20,000 respectively) were paid to Billiken.

Following a change in the ownership of Billiken effective May 31, 2007 Billiken ceased to be a related party of Iberian. As a result, the September 30, 2007 figures have not been presented.

The Company paid administrative and compliance fees in the amount of \$nil and \$17,500 respectively (three and nine months ended September 30, 2006 - \$nil) to a company that is controlled by a family member of a director.

For the three and nine months ended September 30, 2007, the Company also paid or accrued legal fees of \$80,153 and \$269,956 respectively (three and nine months ended September 30, 2006 - \$96,586 and \$486,993 respectively) to a law firm where a partner of the firm is the corporate secretary of the Company.

For the three and nine months ended September 30, 2007, director fees of \$18,500 and \$42,000 respectively (three and nine months ended September 30, 2006 - \$24,000) were paid or accrued during the periods.

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

During the three months ended September 30, 2007, Trafigura received 13,918,100 common shares, 3,479,525 Series 1 Warrants and 3,479,525 Series 2 Warrants as a result of Iberian fulfilling certain conditions as disclosed in Note 7(b)(1). As of September 30, 2007, Trafigura holds approximately 20% of the outstanding common shares of Iberian.

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.

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11. GENERAL AND ADMINISTRATION

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006
	\$	\$	\$	\$
Accounting and corporate services	23,344	43,425	67,717	120,804
Office expenses	258,758	10,080	327,303	65,964
Professional and consulting fees	244,150	173,588	764,942	682,514
Transfer agent, listing and filing fees	235	39,941	52,650	215,106
Shareholders' information	12,994	15,351	32,321	189,992
Travel	114,225	46,024	243,159	139,701
Advertising, promotion and public relations	50,402	135,438	65,168	192,763
Occupancy costs	34,816	9,540	77,107	14,040
Director fees	18,500	24,000	42,000	24,000
Capital tax	52,846	181,673	202,846	181,673
Flow-through interest penalty	-	-	-	46,766
Amortization	3,820	-	3,820	-
	814,090	679,060	1,879,033	1,873,323

12. SEGMENTED INFORMATION

Segmented assets

September 30, 2007

	Canada	Spain	Consolidated
	\$	\$	\$
Current assets	28,101,248	15,604,117	43,705,365
Long-term assets	2,673,016	115,956,208	118,629,224
	30,774,264	131,560,325	162,334,589

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12. SEGMENTED INFORMATION (continued)

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

13. COMPARATIVE FIGURES

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

14. 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.

15. 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 €46 million (Canadian \$65 million) at September 30, 2007.

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 (See Note 18).

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16. ASSET RETIREMENT OBLIGATION

The Company has restoration and remediation obligations associated with the development of its Aguas Tenidas copper/zinc project located in the Region of Andalucia, SW Spain and the dismantling of the mine facilities and environmental reclamation of the areas affected by mining operations. Associated long-lived assets include structures and the tailings dam. Environmental reclamation requirements include mine water treatment, reforestation and dealing with soil contamination. The following table summarizes the movements in the asset retirement obligation:

	September 30, 2007	December 31, 2006
	\$	\$
Recognition of new obligation	2,263,548	-

As at September 30, 2007, management estimates that the total undiscounted amount of the estimated cash flows required to settle the Company's asset retirement obligation of approximately \$5,700,000. It is expected that this amount will be incurred in approximately equal amounts over years 2009 to 2021. Using the credit-adjusted rate of 8% the asset retirement obligation is \$2,263,548.

17. LETTER OF INTENT TO PURCHASE SUBSIDIARY

On September 18, 2007, the Company entered into a Letter of Intent (the "LOI") with Trafigura under which the Company has agreed to acquire approximately 92% of the issued and outstanding shares of Compania Minera Condestable ("CMC"). Under the terms of the LOI, Trafigura has also agreed to provide the Company with an unsecured loan of \$20 million for the continued development of the Company's Aguas Teñidas project. Trafigura currently holds approximately 20% of the issued and outstanding shares of the Company and is considered a related party.

As of September 30, 2007, the Company paid or accrued approximately \$1.7 million in costs for the acquisition of the Condestable Mine.

The Key Terms of the Transaction outlined in the LOI are as follows:

- The Company will purchase approximately 92% of the issued and outstanding shares of CMC for consideration of US\$115 million by issuing approximately 66 million shares of the Company to Trafigura at a deemed issue price of C\$1.80 per the Company share. This deemed price per share represents a 38% premium to the trailing 20-day volume-weighted average trading price of the Company on September 18, 2007 of C\$1.30 (the "Condestable Acquisition").
- Trafigura will provide the Company with an unsecured loan of C\$20 million which will be used for the continued development of the Aguas Teñidas project (the "Loan").
- Trafigura has also agreed that in certain circumstances it will provide up to an additional \$60 million in debt financing on the same terms and conditions as the Loan for the development of the Aguas Teñidas project as requested by the Company.
- As a condition to closing the Condestable Acquisition, Trafigura will arrange for a pre-export finance contract in an amount of up to \$85 million to repay the Loan and to fund development of the Aguas Teñidas project.
- Trafigura retains a 46% net profit interest ("NPI") in the Condestable project commencing January 1, 2011 and ending December 31, 2014.
- Execution of the LOI has been approved by the Board of Directors of the Company, upon recommendation of a special committee of the Board.
- Completion of the Condestable Acquisition is subject to the Company's minority shareholder approval.

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18. FINANCING

On September 20, 2007, the Company signed a revised and updated mandate letter (the previous mandate letter for US\$65 million was with Investec Bank (UK) Ltd ("Investec") to act as lead underwriter in providing debt and hedging facilities), which include the following:

- i) A five and a half year amortising term loan facility of US\$160 million. The facility will be repaid in semi-annual instalments starting on or before 30 June 2009;
- ii) A cost overrun facility of US\$30 million, which will have the same tenure as the term loan and will be available to fund capital cost overruns and the debt service reserve account;
- iii) A five and a half year convertible loan facility of US\$10 million which will be used alongside the term loan to fund development capital costs of the project.
- iv) Arranging with a local Spanish bank a VAT receivables facility of up to US\$20 million.

The terms and conditions, such as fees, hedging requirements and interest rates, of the credit facility reflect: a) those generally available today for base metal mines operating in a First World country, and b) the results of the recently completed update to the January 2006 SRK Feasibility Report.

The final credit agreement has not been signed but anticipated by the end of the fourth quarter of 2007 and that the first drawdown on the loan facility will occur late in 2007 or early next year.