

The logo for Iberian Minerals features a large, light gray circular background with a white swoosh. The word "IBERIAN" is written in large, bold, black capital letters. Below it, the word "MINERALS" is written in smaller, orange capital letters. To the right of the text is a circular emblem with an orange outer ring and a white inner ring, containing the letters "IZN" in black.

IBERIAN
MINERALS



Iberian Minerals Corp.

Consolidated Financial Statements
(Unaudited – Prepared by Management)
Three and six months ended June 30, 2010
(Expressed in thousands of U.S. Dollars)

Management's Responsibility for Financial Reporting

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

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

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

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

(signed)

Daniel Vanin
President and Chief Executive Officer

(signed)

Jeffrey Hillis
Vice President and Chief Financial Officer

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's Management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

IBERIAN MINERALS CORP.**Interim Consolidated Balance Sheets***(expressed in thousands of U.S. dollars)*Nature of operations, basis of presentation and going concern *(note 1)**(unaudited)*

As at	Notes	June 30, 2010	December 31, 2009
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		\$ 18,565	\$ 14,703
Restricted cash	3	3,060	6,636
Trade and other receivables	6 (a)	30,486	26,445
Prepays and deposits		1,331	1,210
Inventories, net	4	30,400	21,267
Current portion of future tax assets		4,423	18,139
		88,265	88,400
Restricted cash	3	14,810	16,957
Long-term investment	5	118	163
Property, plant and equipment		411,406	410,195
Intangibles		2,231	2,315
Other assets		200	195
Future tax assets		3,079	4,114
		\$ 520,109	\$ 522,339
Liabilities			
<i>Current Liabilities</i>			
Trade payables and accrued liabilities	6 (b)	\$ 57,073	\$ 63,883
Current portion of long-term debt	7	15,300	55,627
Current portion of derivative instruments	10	96,388	174,038
		168,761	293,548
Long-term debt	7	106,508	26,571
Convertible debenture	8	24,854	23,156
Asset retirement obligation	9	11,930	11,920
Derivative instruments	10	42,581	88,685
Non-controlling interest		92	-
		354,726	443,880
Shareholders' Equity			
Share capital	14	250,498	250,498
Equity portion of convertible debenture	8	2,196	1,681
Contributed surplus		11,323	9,477
Warrants	16	4,235	4,235
Retained deficit		(130,452)	(211,064)
Accumulated other comprehensive income		27,583	23,632
		165,383	78,459
		\$ 520,109	\$ 522,339

See accompanying notes to interim consolidated financial statements.

Approved by the Board of Directors:

(signed)
Daniel Vanin - Director(signed)
Norman Brewster – Director

IBERIAN MINERALS CORP.**Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)***(expressed in thousands of U.S. dollars, unless otherwise noted)**(unaudited)*

	Notes	Three months ended		Six months ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenues					
Sales		\$ 51,695	\$ 25,482	\$ 107,494	\$ 50,581
<i>Costs and expenses of mining operations</i>					
Operating costs and mine site administrative expenses		46,411	13,432	90,685	25,936
Mine site amortization		19,002	6,128	37,799	12,227
		65,413	19,560	128,484	38,163
Gross margin		(13,718)	5,922	(20,990)	12,418
Expenses (other income)					
Stock option compensation	15	88	282	165	386
Administrative expenses	18	876	1,207	2,015	2,510
Finance charges		1,585	827	3,828	1,593
Convertible debenture interest and accretion	8	1,293	400	1,744	771
Foreign exchange (gain) loss		5,856	(4,117)	(7,222)	(2,954)
Unrealized (gain) loss on derivative financial instruments		(131,114)	58,890	(118,955)	128,374
Corporate amortization		16	17	35	32
Interest income		(26)	(23)	(82)	(32)
Total expenses (other income)		(121,426)	57,483	(118,472)	130,680
Net income (loss) before the following:		107,708	(51,561)	97,482	(118,262)
Non-controlling interest		92	(345)	92	(685)
Current income tax expense		1,256	2,732	2,678	6,052
Future income tax expense (recovery)		15,844	(14,665)	14,100	(36,681)
Net income (loss) for the period		\$ 90,516	\$ (39,283)	\$ 80,612	\$ (86,948)
Basic earnings (loss) per share		\$ 0.27	\$ (0.13)	\$ 0.24	\$ (0.31)
Diluted earnings (loss) per share		\$ 0.22	\$ (0.13)	\$ 0.20	\$ (0.31)
Weighted average number of shares outstanding – basic		338,055,865	300,961,679	338,055,865	279,243,763
Weighted average number of shares outstanding – diluted		404,742,264	300,961,679	406,370,688	279,243,763
<hr/>					
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Net income (loss) for the period		\$ 90,516	\$ (39,283)	\$ 80,612	\$ (86,948)
Other comprehensive income (loss)					
Change in fair value of long-term investment		(38)	8	(45)	4
Unrealized foreign currency translation gain		–	5,373	3,906	2,232
		(38)	5,381	3,861	2,236
Comprehensive Income (loss) for the period		\$ 90,478	\$ (33,902)	\$ 84,473	\$ (84,712)

See accompanying notes to the interim consolidated financial statements.

IBERIAN MINERALS CORP.
Interim Consolidated Statements of Cash Flows
(expressed in thousands of U.S. dollars)
(unaudited)

	Notes	Three months ended		Six months ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Cash provided by (used in)					
Operations					
Net income (loss) for the period		\$ 90,516	\$ (39,283)	\$ 80,612	\$ (86,948)
Items not involving cash:					
Stock option compensation	15	88	282	165	386
Convertible debenture interest and accretion	8	1,293	400	1,744	771
Asset retirement obligation		479	83	755	167
Amortization		19,018	6,145	37,834	12,259
Unrealized (gain) loss from derivative financial instruments		(131,114)	58,890	(118,955)	128,374
Foreign exchange		5,275	(6,357)	(3,793)	(3,982)
Non-controlling interest		92	(345)	92	(685)
Future income tax expense (recovery)		15,844	(14,665)	14,100	(36,681)
		\$ 1,491	\$ 5,150	\$ 12,555	\$ 13,661
Net change in non-cash working capital balances		(18,766)	741	(31,931)	(7,181)
Restricted cash	3	685	4,342	3,604	4,631
		\$ (16,590)	\$ 10,233	\$ (15,772)	\$ 11,111
Investing					
Capital expenditures		(8,413)	(34,730)	(11,891)	(79,270)
Purchase of Raul Mine		–	–	(27,728)	–
Receipt of government grant		14,980	–	14,980	–
		\$ 6,567	\$ (34,730)	\$ (24,639)	\$ (79,270)
Financing					
Issue of convertible debenture	8	28,277	–	28,277	–
Repayment of convertible debenture	8	(24,930)	–	(24,930)	–
Proceeds from long-term debt	7	45,000	–	100,000	–
Long term debt repayments		(25,955)	(12,622)	(57,773)	(17,757)
Private placement	14	–	34,161	–	34,161
Trafigura pre-emptive shares	14	–	441	–	441
Proceeds from short-term debt	7	–	19,800	2,900	19,800
Repayment of short-term debt		(2,184)	–	(2,900)	–
		\$ 20,208	\$ 41,780	\$ 45,574	\$ 36,645
Effect of exchange rate changes on cash held in foreign currencies		(698)	(1,788)	(1,301)	(2,781)
Net change in cash and cash equivalents		9,487	15,495	3,862	(34,295)
Cash and cash equivalents, beginning of the period		9,078	13,755	14,703	63,544
Cash and cash equivalents, end of the period		\$ 18,565	\$ 29,249	\$ 18,565	\$ 29,249

See accompanying notes to the interim consolidated financial statements.

IBERIAN MINERALS CORP.
Interim Consolidated Statement of Changes in Shareholders' Equity
(expressed in thousands of U.S. dollars)
(unaudited)

	Notes	June 30, 2010	December 31, 2009
Share capital			
Balance at beginning of year		\$ 250,498	\$ 215,901
Convertible debenture interest		-	616
Private placement		-	32,883
Pre-emptive shares to Trafigura		-	441
Inersa share issue		-	657
Balance at end of the period		\$ 250,498	\$ 250,498
Equity portion of convertible debentures			
Balance at beginning of year		\$ 1,681	\$ 1,681
Issue of convertible debentures		2,196	-
Expiry of debenture		(1,681)	-
Balance at end of the period		\$ 2,196	\$ 1,681
Contributed surplus			
Balance at beginning of year		\$ 9,477	\$ 7,118
Stock option compensation	15	165	513
Expiry of warrants		-	1,846
Expiry of debenture		1,681	-
Balance at end of the period		\$ 11,323	\$ 9,477
Warrants			
Balance at beginning of year		\$ 4,235	\$ 2,545
Expiry of warrants		-	(1,704)
Issue of warrants		-	3,394
Balance at end of the period		\$ 4,235	\$ 4,235
Retained earnings (deficit)			
Balance at beginning of year		\$ (211,064)	\$ 11,609
Loss for the period		80,612	(222,673)
Balance at end of period		\$ (130,452)	\$ (211,064)
Accumulated other comprehensive income			
Balance at beginning of year		\$ 23,632	\$ 6,461
Change in unrealized loss on long term investment		45	68
Change in unrealized foreign currency translation gain		3,906	17,103
Balance at end of the period		\$ 27,583	\$ 23,632
Total		\$ 165,383	\$ 78,459

See accompanying notes to the interim consolidated financial statements.

IBERIAN MINERALS CORP.
Notes to Interim Consolidated Financial Statements
(expressed in thousands of U.S. dollars)
(unaudited)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND GOING CONCERN

Iberian Minerals Corp. (the "Company" or "Iberian") is a corporation continued under the laws of Switzerland and is involved in mining and development of base metal deposits in Spain and Peru. It has offices in Geneva, Toronto, Lima and Seville. The Company is listed on the Toronto Venture Exchange ("TSXV") under the symbol "IZN". On June 17, 2009 the Company was re-domiciled from Canada to Switzerland, and is now governed by Swiss law. The Company has the same number of outstanding registered shares as it had outstanding common shares before re-domiciling to Switzerland as each common converted to one registered share.

The Company currently holds approximately 98.7% of the shares of Compania Minera Condestable S.A. ("CMC" or "Condestable"), the owner and operator of the Condestable mine and the Raul mine (collectively the "Condestable Mine") located in Lima, Peru. Condestable's principal business is the mining, processing and sale of copper concentrates which contain gold and silver. It sells its concentrates to Consorcio Minero S.A. ("Cormin") under a long-term off-take agreement. Cormin is a subsidiary of Trafigura Beheer B.V. ("Trafigura"), a company which owns approximately 46% of the outstanding registered shares of Iberian.

The Aguas Tenidas Mine, owned by the Company's wholly-owned subsidiary, Minas de Aguas Tenidas S.A. ("MATSA"), is in the Andalucia region of Spain approximately 110 km north-west of Seville. MATSA operates a 1.7 million tonnes per year underground mine and processing plant that produces copper, zinc and lead concentrates that also contain silver. MATSA is approaching completion of the planned expansion of the processing plant to allow operations at 2.2 million tonnes per year. MATSA sells all of its concentrates to Trafigura under long-term off-take agreements. MATSA declared commercial production with effect from October 1, 2009. As of this date the Company began recognizing revenues and expenses of MATSA in its consolidated statement of income (loss). Previously these amounts were capitalized in mining interest.

In addition to the Aguas Tenidas project, the Company, through MATSA, holds an extensive land position of exploration properties within the Iberian Pyrite Belt in Huelva Province, in the Andalucia Region of south-western Spain.

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.

The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to fund its working capital, the Aguas Tenidas capital requirements, and to generate sustained positive cash flows from MATSA. 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 may be material.

The accompanying interim consolidated financial statements have been prepared on a going-concern basis in accordance with Canadian generally accepted accounting principles ("GAAP") and include the assets, liabilities, and operations of the Company and its subsidiaries. These interim consolidated financial statements do not contain all the information required by GAAP for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2009. Except as noted in *note 2*, these interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent audited annual financial statements.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Reporting currency and translation of foreign currencies

Prior to April 1, 2010, the Company's operations were measured in Canadian dollars and consolidated financial statements were expressed in Canadian dollars. The accounts of self-sustaining foreign operations were translated using the current rate method, under which all assets and liabilities were translated at the exchange rate prevailing at period end, and revenues and expenses at average rates of exchange during the period. Non-routine material transactions are translated at the transaction date rate. Gains or losses on translation of these account balances were not included in the consolidated statements of income (loss) but deferred and shown as a separate item in shareholders' equity.

Foreign-denominated monetary assets and liabilities of integrated foreign operations were translated at the exchange rates prevailing at the period end, and revenue and expenses (other than depreciation) at average rates of exchange during the period. Exchange gains or losses arising on the translation of the accounts were included in the consolidated net income (loss). Non-monetary assets and liabilities were translated at historical rates of exchange.

IBERIAN MINERALS CORP.
Notes to Interim Consolidated Financial Statements
(expressed in thousands of U.S. dollars)
(unaudited)

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective April 1, 2010, the United States dollar ("U.S. dollar") was adopted as the unit of measure of the Company's operations which reflect significant operational exposure to the U.S. dollar. Concurrent with this change in functional currency, the Company adopted the U.S. dollar as its reporting currency. In accordance with GAAP, the Company restated all amounts presented for comparative purposes into U.S. dollars using the current rate method, whereby all revenues, expenses and cash flows (except for non-routine material transactions which are translated at the transaction date rate) are translated at the average rates that were in effect during these periods and presented at their U.S. dollar transactional amount and all assets and liabilities are translated at the prevailing closing rate in effect at the end of these periods (CA\$ 1.0510 per US\$ 1.0000 for December 31, 2009). Equity transactions have been translated at historic rates; with opening equity restated at the rate of exchange on January 1, 2005. The resulting net translation adjustment has been credited to the cumulative translation account in accumulated other comprehensive income.

3. RESTRICTED CASH

	June 30, 2010	December 31, 2009
Peru (current) (a)	\$ 2,999	\$ 6,574
Canada (current)	61	62
Spain (non-current) (b)	14,810	16,957
Cash deposits held as security	\$ 17,870	\$ 23,593

(a) The cash deposit in Peru in the amount of \$2,999 is held in a debt service reserve account to satisfy a condition of the CMC Facility (see note 7 (k)).

(b) As of June 30, 2010, the cash deposit held as security in Spain is comprised of three parts: (i) \$1,721 in relation to a permit for the ore processing plant, bonds posted for several public grants and mandatory bonds for mining concessions; (ii) \$7,360 for expenses or actions, as required by the Mining Authority, according to the Mining regulations, that MATSA is bound to perform in the event of an "unexpected and sudden" abandonment of the MATSA plant. This also covers the negative social impact that such abandonment causes and (iii) \$5,730 for restoration of the tailings facility.

4. INVENTORIES

CMC's inventories consist mainly of spare parts and supplies used for preventive maintenance of equipment and machinery of the concentrate plant and minerals exploitation, respectively. Management expects to use all the spare parts and supplies in the normal course of its operations. MATSA's inventories consist of spare parts and supplies and concentrates. Inventories recognized in operating costs for the three and six months ended June 30, 2010 are \$16,193 (2009 - \$2,094) and \$31,813 (2009 - \$4,007), respectively. As at June 30, 2010, the Company recorded a provision for obsolescence of \$279 (2009 - \$324).

	June 30, 2010	December 31, 2009
Spare parts and supplies – CMC	\$ 3,285	\$ 3,172
Spare parts and supplies – MATSA	16,100	12,667
Copper and zinc concentrates – MATSA	11,015	5,428
	\$ 30,400	\$ 21,267

5. LONG-TERM INVESTMENTS

Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded in other comprehensive income ("OCI"). Realized gains and losses are recorded in earnings when investments mature or on sale, calculated using the average cost of securities sold. Any unrealized decline in fair value judged to be other-than-temporary is recorded in the income statement. Long-term investments consist of 633,333 shares of Cadillac Ventures Inc. (formerly Richview Resources Inc. - 5,700,000 shares).

IBERIAN MINERALS CORP.**Notes to Interim Consolidated Financial Statements***(expressed in thousands of U.S. dollars)**(unaudited)***6. TRADE AND OTHER RECEIVABLES, TRADE PAYABLES AND ACCRUED LIABILITIES**

(a) Trade and other receivables

	Notes	June 30, 2010	December 31, 2009
Trade receivables with related party	17	\$ 4,922	\$ 4,671
VAT receivable		9,126	4,049
Other receivables		840	56
Total MATSA receivables		\$ 14,888	\$ 8,776
Trade receivables with related party	17	\$ 12,268	\$ 17,053
Trade receivables		–	239
Other receivables		3,275	229
Total CMC receivables		\$ 15,543	\$ 17,521
GST receivable		\$ 55	\$ 21
Other receivables		–	127
Total head office receivables		\$ 55	\$ 148
Total accounts receivable		\$ 30,486	\$ 26,445

(b) Trade payables and accrued liabilities

	Notes	June 30, 2010	December 31, 2009
Accounts payable suppliers		\$ 22,961	\$ 30,850
Insera promissory note		2,490	5,622
Hedge payable		7,633	794
Taxes and social security		3,479	1,979
Interest payable with related party		2,517	1,038
Other payables		280	12
Total MATSA payables		\$ 39,360	\$ 40,295
Accounts payable suppliers		\$ 8,451	\$ 4,965
Taxes and social security		4,303	12,488
Hedge payable		3,737	4,311
Interest payable		–	65
Other payables		95	336
Total CMC payables		\$ 16,586	\$ 22,165
Debenture interest		\$ –	\$ 618
Accounts payable		234	123
Accrued liabilities		893	682
Total head office payables		\$ 1,127	\$ 1,423
Total accounts payable and accrued liabilities		\$ 57,073	\$ 63,883

IBERIAN MINERALS CORP.
Notes to Interim Consolidated Financial Statements
(expressed in thousands of U.S. dollars)
(unaudited)

7. LONG-TERM DEBT

	June 30, 2010	December 31, 2009
Spain		
Payments due arising from general creditors agreement	\$ 9	\$ 9
Subsidized loan (a)	647	685
Fixed asset loan (b)	251	1,133
Social and environmental loan (c)	13,090	15,224
VAT loans with related party (d)	-	2,378
Bridge facility with related party (e)	-	20,805
Senior Facility (f)	45,000	-
Obligations under capital leases (g)	3,891	5,229
	\$ 62,888	\$ 45,463
Peru		
Syndicated loans (h)	-	31,818
Obligations under capital leases (i)	13,104	4,917
Facility (k)	45,816	-
	\$ 58,920	\$ 36,735
Total long-term debt	\$ 121,808	\$ 82,198
Amounts payable within twelve months	(15,300)	(55,627)
	\$ 106,508	\$ 26,571

The Company has evaluated the fair value of its long-term debt and has concluded that the carrying amounts approximate fair values.

- (a) On July 21, 2009, the Company obtained an interest free loan with the Ministry of Industry, Commerce and Tourism in Spain for the partial funding of on-going construction and purchase of production equipment. This loan matures on October 1, 2023. Annual principal repayments of \$110 commence on October 1, 2014.
- (b) Loan facility, issued by an unrelated third party, has a three year term and matures in December 2010. The principal outstanding is \$251 as at June 30, 2010. Under the terms of the loan facility, the repayment of principal and interest is as follows: interest in thirteen instalments until December 2008, the first instalment of \$5 commenced in December 2007; and interest and principal in twenty four instalments until December 2010, the first monthly instalment of the principal and interest of approximately \$68 commenced October 2008. The effective interest rate is fixed at 5.51% per annum. Interest on the loan facility for the three and six months ended June 30, 2010 was \$5 and \$10, respectively.
- (c) A loan from Trafigura to MATSA in the amount of €10,670 (\$13,090) to cover various social and environmental remediation guarantees as detailed in *note 3 (b) (ii) and (iii)*. This loan has a ten year term expiring on August 8, 2018 with an effective interest rate fixed at USD Libor plus 4.00%. The effective interest rate at June 30, 2010 was 4.80%. Interest on this loan for the three and six months ended June 30, 2010 was \$163 and \$323 respectively. A discount rate of 10.00% was used to determine the fair value at €7.50 million as at June 30, 2010.
- (d) MATSA periodically enters into short-term loans with Trafigura, secured by its Value Added Tax receivable (the "VAT loans"). The VAT loans matured on the earlier of collection by MATSA of the underlying VAT receivable or an agreed future date. The interest rate on the VAT loans was lender's cost of funds plus 4.00%. During the six months ended June 30, 2010 MATSA repaid the following VAT loans such that the balance outstanding at June 30, 2010 was \$nil:
- i. VAT loan advanced on December 18, 2009 of \$2,400 was repaid in April, 2010;
 - ii. VAT loan advanced on March 9, 2010 of \$1,600 was repaid in June, 2010;
 - iii. VAT loan advanced on March 22, 2010 of \$1,300 was repaid in June, 2010.
- (e) On October 20, 2009 the Company closed a \$21,000 bridge financing (the "Bridge Facility") with Trafigura. The Bridge Facility was for working capital purposes, was non-revolving and open for one year but matures early upon closing of a contemplated senior debt financing by MATSA. The Bridge Facility bears interest at 7.00% per annum, payable upon maturity and is unsecured. In connection with the Bridge Facility, 22 million share purchase warrants were issued to Trafigura, pro-rata as draws occurred. Each warrant is exercisable for one registered share of the Company at CA\$ 0.52 for a period of one year (*note 16 (a)*). On October 20, 2009 the Bridge Facility was closed and a first draw of \$16,000 was made. On drawdown 16,761,905 warrants were issued to Trafigura. On November 25, 2009, the final \$5,000 draw was made on the Bridge Facility. On drawdown 5,238,095 warrants were issued to Trafigura. The Bridge facility was fully repaid in April of 2010 with interest of \$631.

IBERIAN MINERALS CORP.
Notes to Interim Consolidated Financial Statements
(expressed in thousands of U.S. dollars)
(unaudited)

7. LONG-TERM DEBT (continued)

- (f) In April 10, 2010, MATSA, completed a \$50,000 senior debt financing (the "Senior Facility") with BNP Paribas, Natixis and Societe Generale. The key features of the Senior Facility are as follows:

Amount:	\$50,000
Type of Facility:	Revolving
Rate:	LIBOR plus 3.00% and mandatory costs, if any
Term:	3 years
Mandatory Reductions:	Reduces to \$47,000 after 12 months, \$42,000 after 18 months, \$30,000 after 24 months, and \$9,000 after 30 months

MATSA has provided the lenders with general and first charge over its assets. In addition Iberian has provided a corporate guarantee of obligations under the Senior Facility. The initial draw-down under the Senior Facility, in the amount of \$37,000 occurred on April 22, 2010. Upon initial draw-down, MATSA repaid the Bridge Facility (*note 7 (e)*). In May 2010, a further drawdown of \$8,000 was made. Interest under the MATSA Facility is payable every three or six months subsequent to a drawdown as elected by MATSA at the time the drawdown is made.

As at June 30, 2010 the principal balance outstanding on the senior facility is \$45,000. Interest accrued during the six months ended June 30, 2010 was \$276. Subsequent to the end of the period, MATSA paid interest of \$367 and drew down an additional \$5,000 such that the senior facility is fully drawn at \$50,000 as at August 2, 2010.

As required by the Senior Facility, Trafigura has entered into a standby facility (the "Standby Facility") with MATSA for \$20,000. The Standby Facility bears interest at a rate of Libor plus 6.00%, is available immediately for the term of the Senior Facility and is unsecured. No funds have been drawn on the Standby Facility.

Refer to *note 10* for disclosure of hedging requirements under the Senior Facility.

- (g) Obligations under capital leases in Spain are in respect of mining equipment with a third party. These leases have maturity dates up to August 2012 and are based on annual interest rates between 2.24% and 9.25%.
- (h) Pursuant to the acquisition of CMC, the Company and CMC arranged a \$70,000 syndicated loan with Societe Generale as the lead lender. This loan was fully advanced on May 21, 2008. The loan was repayable quarterly in equal amounts of \$6,363 starting August 29, 2008 until fully repaid on February 28, 2011. The loan bore interest at a rate of three months Libor plus 2.25%. The interest was payable quarterly with the principal repayment. The proceeds of this loan were used to fund the construction of the facilities at MATSA. Interest on this loan for the six months ended June 30, 2010 was \$188 (2009 – three months \$579; six months \$1,103). On March 31, 2010 this syndicated loan was fully repaid by way of a re-financing (see *note 7(k)*).
- (i) The obligations under capital leases in Peru are in respect of mining equipment with various unrelated third parties. These leases have various maturity dates up to March 2013 and are based on annual interest rates between 2.83% and 9.59%.
- (j) On March 29, 2010, the Company, through its subsidiary CMC, closed a \$28,000 bridge loan facility with Trafigura. The loan was advanced to CMC on the same date. The loan was repayable on the earlier of March 29, 2011 or completion of a \$55,000 amended, secured debt facility and bears interest at Libor plus 6.00%. The proceeds of the bridge loan were used to complete the previously announced Raul lease and royalty purchase for \$28,000. This is a related party transaction. This facility was fully repaid on March 31, 2010 (see *note (k)*).
- (k) On March 31, 2010, CMC completed a senior secured debt facility (the "Facility") with Societe Generale acting as sole lead arranger and Scotia Bank Peru S.A.A. acting as mandated arranger and on-shore collateral agent for a total of \$55,000. The three year Facility carries an interest rate of three-month Libor plus 3.00%.

The Facility has scheduled quarterly repayments commencing June 30, 2010 to December 31, 2011 of \$2,500 and \$7,500 from March 31, 2012 to March 31, 2013. The proceeds of the Facility were used for the refinancing of the syndicated loan (*note 7 (h)*) and the repayment of the bridge loan provided by Trafigura for the acquisition of the Raul mining concessions and associated surface land rights (see *note 7 (j)*). Interest on the Facility for the three and six months ended June 30, 2010 was \$457 (2009 – \$nil).

Refer to *note 10* for disclosure of hedging requirements under the Facility.

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8. CONVERTIBLE DEBENTURES

Dundee Resources Limited ("Dundee")

The CA\$ 25,000 convertible debenture (the "Dundee Debenture"), placed in 2006, bearing interest at 6.00% per annum, was repaid in April 2010 by way of a refinancing through the placement of a new CA\$ 25,000 million debenture (the "New Debentures") with two private investors. During 2010, up to the repayment date of the Dundee Debenture, the Company paid cash interest to Dundee in the amount of CA\$ 1,077 representing interest accrued from July 26, 2009 to April 13, 2010. Interest accrued in the three and six months ended June 30, 2010 was CA\$ 57 and CA\$ 427 respectively. Interest accrued in the three and six months ended June 30, 2009 was CA\$ 374 and CA\$ 744 respectively. On January 26, 2009 the Company paid interest to Dundee of CA\$ 754 by issuing 2,356,557 registered shares of the Company covering interest accrued from July 26, 2008 to January 26, 2009. The accretion attributable to the Dundee Debenture for the three and six months ended June 30, 2010 was \$582 and \$681 respectively. All of the remaining accretion was taken on repayment of the Dundee Debenture in April 2010. The accretion attributable to the Dundee Debenture for the three and six months ended June 30, 2009 was \$86 and \$185 respectively.

The New Debentures

The New Debentures, placed with two private investors in April 2010, with principal of CA\$ 25,000, bear interest at 7.00% per annum, payable quarterly in arrears and mature on December 31, 2011. In connection with the New Debentures, the Company granted to the investors an aggregate of 44,642,856 non-transferable warrants to purchase registered shares of the Company (the "Warrants"). Each Warrant is exercisable at a price of CA\$ 0.56 (the "Exercise Price") per registered share until December 31, 2011. The Warrants, if exercised, shall reduce the outstanding indebtedness of the Company under the New Debentures by an amount equal to the Exercise Price multiplied by the number of Warrants exercised. The New Debentures are subordinated to the MATSA Senior Facility (*note 7(f)*) but in priority to any advances under the Standby Facility. The total accrued and actual interest for the period ended June 30, 2010 was \$369 (2009 - \$nil). The accretion attributable to the New Debenture for the period ended June 30, 2010 was \$304 (2009 - \$nil) for a total interest expense of \$673 (2009 - \$nil).

Private Placement

On June 30, 2010 the Company completed a private placement of convertible debentures with certain insiders of the Company (the "Private Debentures"). The Private Debentures, with principal of CA\$ 3,610, bear interest at 7.00% per annum, payable quarterly in arrears and mature on December 31, 2011. The Private Debentures are convertible into registered shares of Iberian (the "Shares") at a conversion rate of CA\$ 0.56 per Share and, if fully converted, would convert into 6,445,982 Shares. At any time prior to the maturity date, if the volume weighted average price of the Shares on the TSX Venture Exchange for any consecutive 20 day period is equal to or greater than a 60% premium to the conversion rate, then Iberian shall have the right to accelerate the conversion of the Debentures upon delivery of written notice to the holders. The Private Debentures are unsecured.

	June 30, 2010	December 31, 2009
Convertible debenture		
Fair value of liability component	\$ 25,935	\$ 19,959
Add: accretion charges to date	304	1,156
Related foreign exchange	(1,385)	2,041
	\$ 24,854	\$ 23,156
Equity portion of New Debentures	2,062	-
Equity portion of Private Debentures	134	-
Total equity portion of convertible debentures	\$ 2,196	\$ 1,681

IBERIAN MINERALS CORP.**Notes to Interim Consolidated Financial Statements***(expressed in thousands of U.S. dollars)**(unaudited)***9. ASSET RETIREMENT OBLIGATION**

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

	June 30, 2010	December 31, 2009
Balance, beginning of year	\$ 11,920	\$ 6,480
Revision of estimates - additions	-	4,336
Revision of estimates - other	-	639
Related foreign exchange	(505)	(117)
Accretion expense/capitalized	515	583
Total	\$ 11,930	\$ 11,920

As at June 30, 2010, management estimated that the total undiscounted amount of the estimated cash flows required in settling the asset retirement obligation of the Company's subsidiaries is approximately \$21,602. This is comprised of approximately \$15,996 for MATSA and \$5,606 for CMC with expected outflows commencing in approximately nine and five years respectively. Each has been discounted using credit adjusted risk free rates varying from 8% to 10% for MATSA and 4% to 10% for CMC. As part of the license to build and operate the mine at MATSA the Junta de Andalucía (local authority) has required MATSA to post bonds to cover restoration costs for the plant and tailings facilities as detailed in *note 3 (b) (ii) and (iii)*.

10. DERIVATIVE INSTRUMENTS

The fair values have been calculated by using a discounted cash flow approach reflecting quoted prices for similar financial instruments in the active markets.

MATSA

Pursuant to the Senior Facility (*note 7(f)*), MATSA is required to maintain a commodity hedging program and a foreign exchange hedging program, the details of which are contained in the tables below.

As of June 30, 2010 and December 31, 2009, the MATSA derivative instruments (commodity and foreign exchange) were in a net unrealized loss position and recorded as a liability as follows:

	June 30, 2010	December 31, 2009
Current portion	\$ (44,110)	\$ (113,576)
Long-term portion	(10,257)	(4,957)
	\$ (54,367)	\$ (118,533)

During the second quarter of 2010 MATSA restructured its commodity forward contracts and entered into certain new commodity forward contracts such that as at June 30, 2010, the commodity forward contracts in force at MATSA were as follows:

Copper

Period	Contract type	FMT (Fine metric tons)	Strike price US\$/FMT
July 2010 – December 2010	Forward	1,279	5,724
July 2010 – December 2010	Call options sold	6,100	4,200
January 2011 – December 2011	Forward	19,602	4,865
January 2012 – December 2012	Forward	17,496	7,390
January 2013 – March 2013	Forward	1,800	7,319

IBERIAN MINERALS CORP.**Notes to Interim Consolidated Financial Statements***(expressed in thousands of U.S. dollars)**(unaudited)***10. DERIVATIVE INSTRUMENTS (continued)****Zinc**

Period	Contract type	FMT (Fine metric tons)	Strike price US\$/FMT
July 2010 – December 2010	Forward	1,836	1,630
July 2010 – December 2010	Call options sold	4,900	1,500
January 2011 – December 2011	Forward	16,848	1,601
January 2012 – December 2012	Forward	13,446	2,042
January 2013 – March 2013	Forward	1,125	2,272

As at June 30, 2010 the foreign exchange forward contracts in force at MATSA were as follows:

Foreign exchange contracts – Euro/US\$

Period	Contract type	Amount US\$	Contract rate US\$
July 2010 – December 2010	Forwards	56,017	1.4324
January 2011 – December 2011	Forwards	59,020	1.4052
January 2012 – December 2012	Forwards	50,806	1.4113
January 2013 – March 2013	Forwards	6,446	1.4324

As at June 30, 2010, the portion of the derivative instruments liability for MATSA related to the foreign exchange forward contracts is \$21,661 (December 31, 2009 - \$1,853). Trafigura is the counter-party to certain foreign exchange forward contracts in the amount of \$131,219.

CMC

As at June 30, 2010 and December 31, 2009, the CMC derivative instruments were in a net unrealized loss position and recorded as a liability as follows:

	June 30, 2010	December 31, 2009
Current portion	\$ (52,278)	\$ (60,462)
Long-term portion	(32,324)	(83,728)
	\$ (84,602)	\$ (144,190)

CMC has entered into hedge forward contracts with varying expiry dates (see table below). In connection with the CMC Facility, CMC is required to hedge 25% of its projected copper production commencing January 1, 2012 until maturity at a minimum price of \$5,500 per FMT of copper. In satisfaction of this provision CMC entered into the following option contracts, dated April 1, 2010, with Societe Generale from March 2012 to April 2013:

- (i) Sale of copper call options for 7,000 FMT of copper at \$8,760 per FMT copper;
- (ii) Purchase of copper put options for 7,000 FMT of copper at \$6,500 per FMT of copper

The fair values have been calculated by using a discounted cash flow approach reflecting quoted prices for similar financial instruments in active markets. As of June 30, 2010, the forward contracts in force at CMC are as follows:

Copper

Period	Contract type	FMT (Fine metric tons)	Strike price US\$/FMT
July 2010 – December 2010	Forward	10,375	4,419
January 2011 – December 2011	Forward	20,625	3,494
January 2012	Forward	1,750	3,408
February 2012 – December 2012	Put Options purchased	5,500	6,500
February 2012 – December 2012	Call Options sold	5,500	8,760
January 2013 – December 2013	Put Options purchased	1,500	6,500
January 2013 – December 2013	Call Options sold	1,500	8,760

IBERIAN MINERALS CORP.**Notes to Interim Consolidated Financial Statements***(expressed in thousands of U.S. dollars)**(unaudited)***10. DERIVATIVE INSTRUMENTS (continued)****Gold**

Period	Contract type	Foz (Fine ounces)	Strike price US\$/FOZ
July 2010 – December 2010	Forward	1,200	742
January 2011 – December 2011	Forward	2,400	742

Total derivatives

As at June 30, 2010 and December 31, 2009, total derivative instruments were in a net unrealized loss position and recorded as a liability as follows:

	June 30, 2010	December 31, 2009
Current portion of liability	(96,388)	(174,038)
Long-term portion of liability	(42,581)	(88,685)
	\$ (138,969)	\$ (262,723)

11. CAPITAL MANAGEMENT

The Company's overall objective with respect to capital management remains unchanged for the period ended June 30, 2010.

The Company's capital under management includes:

	June 30, 2010	December 31, 2009
Long-term debt (including current portion)	\$ 121,808	\$ 82,198
Share capital	250,498	250,498
Convertible debenture (including equity portion)	27,050	24,837

The Company invests all capital that is surplus to its immediate needs, if any, in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, all held with major financial institutions.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Financial Instruments**

The carrying values of the Company's financial instruments, including those held for sale on the interim consolidated balance sheet are classified into the following categories:

Period ended	June 30, 2010	December 31, 2009
Held for trading (a)	\$ (120,404)	\$ (248,020)
Available for sale (b)	118	163
Loans and receivables (c)	30,486	26,445
Other financial liabilities (d)	203,735	169,238

(a) Includes cash and cash equivalents and derivative instrument liabilities

(b) Includes investment designated as available-for-sale

(c) Includes accounts receivables

(d) Includes accounts payables and accrued liabilities, current and long term portion of debt, and convertible debenture

The carrying value of the Company's financial instruments held for trading is at fair value. The estimated fair value of other financial liabilities is at carrying value.

IBERIAN MINERALS CORP.
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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial Instruments (continued)

Additional details of the Company's gains, losses, income and expenses with respect to its financial instruments are as follows:

Six months ended June 30	2010	2009
Unrealized (gain) loss on financial liabilities held for trading	\$ (118,955)	\$ 128,375
Realized loss on financial liabilities held for trading (a)	45,230	(162)
Interest expense on financial liabilities not held for trading	5,572	2,364

(a) Realized gain or losses are netted against revenue and are reflected in the revenue line in the consolidated income statement.

Risk Exposure

The Company's overall strategy with respect to risk management remains unchanged from the period ended December 31, 2009.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign currency risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's risk management policy is to review its exposure to non-U.S. dollar forecast operating costs on a case by case basis. Revenue from forecast sales is denominated in U.S. dollars. The Company's forecast operating costs are in U.S. dollars, CMC's are in U.S. dollars and Peruvian new soles and the operating costs at MATSA are primarily denominated in Euros.

The risk is measured using sensitivity analysis and cash flow forecasting. The U.S. dollar carrying amount of the Company's foreign currency denominated financial assets and liabilities as at June 30, 2010 are as follows:

	Assets	Liabilities
Euros	\$ 12,875	\$ 45,289
New soles	9,212	16,093

Sensitivity

Based on the financial instruments held at June 30, 2010, had the U.S. dollar weakened or strengthened by 10% against the Euro, the pre-tax effect on the Company's income would have been higher or lower in the case of Euro by \$2,948 and in the case of Peruvian new soles to U.S. dollar by \$242 with all other variables held constant, as a result of foreign exchange gains or losses on translation of non-U.S. dollar denominated financial instruments detailed above.

(ii) Price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from revenue derived from forecasted future sales. Commodity risk is managed through the use of derivative instruments such as forward contracts to hedge a proportion of its forecasted production. CMC and MATSA have hedged a substantial amount of future production with forward contracts and options as detailed in *note 10*.

Sensitivity

For CMC: At June 30, 2010, if the spot prices of copper, silver and gold had been 10% higher while all other variables held constant, the Company's pre-tax income for the year would have been \$617 lower due to the hedging program or vice versa.

For MATSA: At June 30, 2010, if the spot prices of copper, silver and zinc had been 10% higher while all other variables held constant, the Company's pre-tax income for the year would have been \$1,368 lower due to the hedging program or vice versa.

IBERIAN MINERALS CORP.

Notes to Interim Consolidated Financial Statements

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk Exposure (continued)

(a) Market risk (continued)

(iii) Interest rate risk

The Company is exposed to interest rate risk with regard to the CMC Facility and the loan facilities at MATSA. The CMC Facility has an interest rate of Libor plus 3.00%. The MATSA Senior Facility also has an interest rate of Libor plus 3.00% while the social and environmental loan bears based on Libor plus 4.00% (note 7).

Sensitivity

If Libor had been 10% higher (approximately 24 basis points) while all other variables held constant, the Company's pre-tax loss would have been \$131 higher due to change in Libor rates or vice versa.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables and unrealized gains on derivatives. The Company's practice is to ensure that sales of products are made to customers with an appropriate credit rating and where necessary credit risk is effectively eliminated or substantially reduced by using bank instruments to secure payment. The carrying amount of financial assets recorded in the financial statements is adjusted for any impairment and represents the Company's maximum exposure to credit risk.

As at June 30, 2010, the Company's main customer is Trafigura and accounted for 100% of receivables. As at June 30, 2010, there is no allowance for doubtful accounts against receivables (December 31, 2009 - \$nil). The aging of trade receivables, VAT and other receivable balances as of June 30, 2010 were as follows:

	June 30, 2010	December 31, 2009
Not past due	\$ 22,714	\$ 26,445
Past due 0 – 30 days	–	–
Past due 31 – 60 days	–	–
Past due over 61 days	7,772	–

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows matching the maturity profiles of financial assets and liabilities.

(i) As at June 30, 2010, the Company and its subsidiaries were holding cash and cash equivalents of \$18,565 (December 31, 2009 – \$14,703).

(ii) The contractual maturities of the Company's financial liabilities at June 30, 2010 are as follows:

Year ending December 31,	Currency	2010	2011	2012	2013	>2014
US\$ foreign exchange forward contracts	US\$	56,017	59,020	50,806	6,446	–
Accounts payable and accrued liabilities		57,073	–	–	–	–
Current and long-term debt		8,836	14,810	31,696	7,730	58,737
Derivative instruments		(46,938)	(104,003)	9,537	2,436	–
Convertible debentures		–	24,854	–	–	–

13. ECONOMIC DEPENDENCE

The Company's main customer is Trafigura, with Cormin purchasing from CMC and Trafigura from MATSA accounting for 100% of sales of \$107,494 (2009 - \$50,581) during the current period and 100% of the trade receivables balance at June 30, 2010 of \$17,190 (December 31, 2009 - \$21,724).

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14. SHARE CAPITAL

- (i) Authorized capital - The number of authorized registered shares is unlimited.
(ii) Issued registered shares.

	Notes	Number of registered shares	Amount
Balance, December 31, 2008		255,608,763	\$ 215,901
Convertible debenture interest	8	2,356,557	616
Pre-emptive registered shares to Trafigura		1,706,472	441
Private placement		76,925,000	32,883
Insersa registered share issue		1,459,073	657
Balance, December 31, 2009		338,055,865	\$ 250,498
Balance, June 30, 2010		338,055,865	\$ 250,498

There were no registered shares issued during the current period.

15. STOCK OPTIONS

The Company maintains an employee stock option plan under which the Board of Directors, or a committee appointed for such purpose, may from time to time grant to employees, officers, directors of, or consultants of the Company, options to acquire registered shares in such numbers, for such terms and at such exercise prices, as may be determined by the Board of Directors or such committee. The stock option plan provides that the total number of registered shares that may be reserved for issuance for all purposes under the stock option plan cannot be more than 25,430,141. The terms of the options including when they vest is determined by the Board of Directors as they are granted.

On June 21, 2010 the Company granted 995,000 options to acquire registered shares of Iberian to an officer and certain employees at an exercise price of CA\$ 0.56 per registered share.

The following table reflects the continuity of stock options for the periods ended June 30, 2010 and December 31, 2009:

	Number of stock options	Weighted average exercise price CA\$
Balance, December 31, 2008	12,390,000	\$ 1.14
Granted	2,875,000	0.55
Cancelled/expired	(6,550,000)	(1.04)
Balance, December 31, 2009	8,715,000	\$ 1.02
Granted	995,000	0.56
Cancelled/expired	(260,000)	(0.86)
Balance, June 30, 2010	9,450,000	\$ 1.09

IBERIAN MINERALS CORP.**Notes to Interim Consolidated Financial Statements***(expressed in thousands of U.S. dollars)**(unaudited)***15. STOCK OPTIONS (continued)**

The following table reflects the actual stock options issued and outstanding as at June 30, 2010:

Expiry date	Weighted average exercise price (CA\$)	Remaining weighted average contractual life (years)	Fair value per option (CA\$)	Number of options outstanding	Number of options vested	Number of options unvested
February 1, 2011	0.70	0.58	0.40	20,000	20,000	–
June 27, 2011	1.20	0.99	0.40	1,725,000	1,725,000	–
September 19, 2011	1.50	1.22	0.47	50,000	50,000	–
December 15, 2011	1.50	1.46	0.87	100,000	100,000	–
June 27, 2012	1.50	1.99	0.99	2,230,000	2,230,000	–
April 16, 2013	1.14	2.80	0.69	1,000,000	1,000,000	–
September 2, 2013	0.91	3.18	0.60	50,000	33,333	16,667
September 2, 2013	0.91	3.18	0.59	5,000	3,333	1,667
September 29, 2013	0.80	3.25	0.52	100,000	66,666	33,334
November 18, 2013	0.80	3.39	0.08	350,000	233,334	116,666
June 10, 2014	0.55	3.95	0.31	2,725,000	1,641,667	1,083,333
September 21, 2014	0.55	4.23	0.31	100,000	33,333	66,667
June 21, 2015	0.56	4.98	0.29	995,000	–	995,000
				9,450,000	7,136,666	2,313,334

The weighted average exercise price of options exercisable at June 30, 2010 is CA\$ 1.09 with outstanding stock option exercise prices ranging from CA\$ 0.55 to CA\$ 1.50.

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Property, plant and equipment	\$ –	\$ 19	\$ –	\$ 33
Stock option compensation	88	282	165	386
Total amount	\$ 88	\$ 301	\$ 165	\$ 419

Subsequent to the end of the period, on July 21, 2010, the Company granted 900,000 options to acquire registered shares of Iberian to certain directors at an exercise price of CA\$ 0.56 per registered share.

16. WARRANTS

The following table sets out the warrant activity during the periods ended June 30, 2010 and December 31, 2009:

	Number of warrants	Value
Balance, December 31, 2008	16,022,479	\$ 2,545
Expired warrants	(8,382,126)	(1,704)
Issued in connection to the MATSA bridge facility October 20, 2009 (a)	16,761,905	2,623
Issued in connection to the MATSA bridge facility November 25, 2009 (a)	5,238,095	771
Balance, December 31, 2009	29,640,353	\$ 4,235
Issued in connection with New Debentures (note 8)	44,642,856	–
Balance, June 30, 2010	74,283,209	\$ 4,235

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16. WARRANTS (continued)

The following table reflects the actual warrants outstanding as of June 30, 2010:

Expiry date	Number of warrants	Exercise price (CA\$)	Fair value
June 30, 2013	7,640,353	1.30	841
October 20, 2010 (a)	16,761,905	0.52	2,623
November 25, 2010 (a)	5,238,095	0.52	771
December 31, 2011 (b)	44,642,856	0.56	—
	74,283,209		\$ 4,235

- (a) These are share warrants as described in *note 7 (e)* and were issued in connection with the MATSA Bridge Facility.
- (b) In connection with the New Debentures (*note 8*), the Company has granted to the investors an aggregate of 44,642,856 non-transferable warrants to purchase registered shares of the Company. Each Warrant is exercisable at a price of CA\$ 0.56 per registered share until December 31, 2011.

17. RELATED PARTY TRANSACTIONS

The Trafigura group provides management, operational, mining and administrative services to CMC. The amount charged for the three and six months ended June 30, 2010 was \$228 (2009 – \$262) and \$450 (2009 – \$449), respectively, which includes out-of-pocket expenses. Included in payables at June 30, 2010 is \$570 due to Trafigura (December 31, 2009 – \$101).

Trafigura has lent the Company €10.67 million (\$13,090) to cover various social and environmental remediation guarantees at MATSA as detailed in *note 3 (b) (ii) and (iii)*. This loan has a ten year term, expiring August 8, 2018 with an effective interest rate fixed at Libor plus 4.00%. At June 30, 2010 this loan has \$1,363 included in interest payable at an interest rate of 4.23% (December 31, 2009 - \$752).

MATSA previously entered into certain commodity forward and option contracts with Trafigura as counterparty (*see note 10 – Derivative instruments*). In connection with these contracts between MATSA and Trafigura, the cost of margin calls up to \$40,000 were on the account of Trafigura. MATSA was charged interest at a rate of 4.98% by Trafigura on the excess. During the three and six months ended June 30, 2010, MATSA incurred interest of \$143 (June 30, 2009 – \$nil) and \$997 (June 30, 2009 – \$nil), respectively. In accordance with the terms of the Senior Facility, all counterparty risk on the commodity forward contracts was transferred to the lending banks and without margin calls. With regards to commodity option contracts still with Trafigura as counterparty the existing margin call obligation remains.

Trafigura is counterparty for certain foreign exchange forward contracts held by MATSA totalling \$131,219.

Included in receivables is \$17,190, of which \$4,922 is due from Trafigura for copper and concentrates and \$12,268 from Cormin for copper concentrates (*note 6 (a)*).

The Company entered into a series of VAT loan agreements with Trafigura during the period (*note 7 (d)*).

In October 2009, the Company, through its subsidiary MATSA, arranged the \$21,000 Bridge Facility with Trafigura (*note 7 (e)*). In April of 2010, the Bridge Facility was fully repaid with interest of \$631.

On March 29, 2010, CMC arranged the \$28,000 bridge loan facility with Trafigura (*note 7 (j)*). On March 31, 2010, this facility was repaid.

The Company's Private Debentures (*note 8*) were placed with certain insiders of the Company.

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

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18. ADMINISTRATIVE EXPENSES

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Accounting and corporate services	\$ 4	\$ 9	\$ 26	\$ 14
Head office expenses	446	271	1,243	726
Professional and consulting fees	164	732	375	1,367
Transfer agent, listing and filing fees	41	5	62	20
Shareholders' information	89	49	97	72
Travel	12	(14)	13	17
Advertising, promotion and public relations	—	—	—	11
Occupancy costs	72	90	102	173
Directors' fees	48	64	97	109
Capital tax	—	—	—	—
	\$ 876	\$ 1,207	\$ 2,015	\$ 2,510

19. COMMITMENTS

The Company and its subsidiaries have entered into various leases for premises and equipment. MATSA has guarantees totalling €2.50 million relating to grant and exploration advances which may be potential liabilities if agreed activities are not carried out in accordance with the filed grant applications. As at June 30, 2010, the Company and its subsidiaries were committed to future minimum lease payments as follows:

	Spain	Canada	Total
2010	\$ 241	\$ 284	\$ 525
2011	358	584	942
2012	75	468	543
2013	—	306	306
	\$ 675	\$ 1,642	\$ 2,316

20. SUPPLEMENTARY CASH FLOW INFORMATION

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

	Three months ended June 30		Six months ended June 30	
	2009	2009	2009	2009
Spain				
Interest	\$ 77	\$ 15	\$ 210	\$ 67
Taxes (a)	—	—	—	—
Peru				
Interest	627	775	1,038	1,392
Taxes (a)	4,241	4,908	10,495	6,071
Head office				
Interest	—	—	—	—
Taxes (a)	—	—	—	—
Total interest	\$ 704	\$ 790	\$ 1,248	\$ 1,459
Total taxes (a)	\$ 4,241	\$ 4,908	\$ 10,495	\$ 6,071

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

IBERIAN MINERALS CORP.**Notes to Interim Consolidated Financial Statements***(expressed in thousands of U.S. dollars)**(unaudited)***21. SEGMENTED INFORMATION**

The Company is engaged in mining, exploration and development of mineral properties, in Peru and Spain. The Company has reportable segments as identified by each of its mines which are reviewed by the executive management. The Company analyzes the performance of its operating segments based on their operating income which is defined as sales less operating expenses. Each segment is identified based on quantitative factors whereby its revenues or assets comprise 10% or more of the total revenues or assets of the Company.

	Corporate	Spain	Peru	Consolidated
	Three months ended June 30, 2010			
Sales	\$ –	\$ 27,112	\$ 24,583	\$ 51,695
Amortization	\$ 16	\$ 11,374	\$ 7,628	\$ 19,018
Gross margin	\$ –	\$ (12,469)	\$ (1,249)	\$ (13,718)
Interest expense, net	\$ 1,280	\$ 586	\$ 986	\$ 2,852
	Six months ended June 30, 2010			
Sales	\$ –	\$ 58,642	\$ 48,852	\$ 107,494
Amortization	\$ 35	\$ 23,410	\$ 14,389	\$ 37,834
Gross margin	\$ –	\$ (20,680)	\$ (310)	\$ (20,990)
Interest expense, net	\$ 1,722	\$ 2,273	\$ 1,495	\$ 5,490
	As at June 30, 2010			
Cash and cash equivalents	\$ 4,124	\$ 13,393	\$ 1,048	\$ 18,565
Property, plant and equipment	\$ 221	\$ 297,035	\$ 114,150	\$ 411,406
Long-term debt & convertible debenture	\$ 24,854	\$ 62,888	\$ 58,920	\$ 146,562
Total assets	\$ 3,912	\$ 369,517	\$ 146,680	\$ 520,109
	Corporate	Spain	Peru	Consolidated
	Three months ended June 30, 2009			
Sales	\$ –	\$ –	\$ 25,482	\$ 25,482
Amortization	\$ 17	\$ –	\$ 6,128	\$ 6,145
Gross margin	\$ –	\$ –	\$ 5,922	\$ 5,922
Interest expense, net	\$ 399	\$ –	\$ 804	\$ 1,203
	Six months ended June 30, 2009			
Sales	\$ –	\$ –	\$ 50,581	\$ 50,581
Amortization	\$ 32	\$ –	\$ 12,227	\$ 12,227
Gross margin	\$ –	\$ –	\$ 12,418	\$ 12,418
Interest expense, net	\$ 770	\$ –	\$ 1,562	\$ 2,332
	As at December 31, 2009			
Cash and cash equivalents	\$ 4,982	\$ 9,275	\$ 446	\$ 14,703
Property, plant and equipment	\$ 234	\$ 312,323	\$ 97,638	\$ 410,195
Long-term debt & convertible debenture	\$ 23,155	\$ 45,627	\$ 36,571	\$ 105,353
Total assets	\$ 6,023	\$ 367,639	\$ 148,676	\$ 522,339

IBERIAN MINERALS CORP.
Notes to Interim Consolidated Financial Statements
(expressed in thousands of U.S. dollars)
(unaudited)

22. EARNINGS PER SHARE

Earnings per share ("EPS") is computed by dividing the net income by the weighted average number of registered shares outstanding and diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue registered shares were exercised or converted into common stock or resulted in the issuance of share capital.

The following table sets forth the computation of basic and diluted earnings per share:

Periods ended June 30,	Three months ended	Six months ended
Net income	\$ 90,516	\$ 80,612
Convertible debenture interest and accretion – New Debentures	673	673
	\$ 91,189	\$ 81,285
Weighted average number of registered shares outstanding – basic	338,055,865	338,055,865
Incremental registered shares from outstanding options and warrants	15,597,113	17,225,538
Pursuant to convertible debenture – New Debentures	44,642,856	44,642,856
Pursuant to convertible debenture – Private Debenture	6,446,429	6,446,429
Weighted average number of registered shares outstanding – diluted	404,742,263	406,370,688
Basic EPS	\$ 0.27	\$ 0.24
Diluted EPS	\$ 0.22	\$ 0.20

23. COMPARATIVE FIGURES

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