



**IBERIAN**  
MINERALS



**Iberian Minerals Corp.**

**Consolidated Financial Statements**  
**(Unaudited – Prepared by Management)**  
**Three months ended March 31, 2010**  
**(Expressed in thousands of Canadian 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 years 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 Canadian dollars)*Nature of operations, basis of presentation and going concern *(note 1)**(unaudited)*

<b>As at</b>	<b>Notes</b>	<b>March 31, 2010</b>	<b>December 31, 2009</b>
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents		\$ 9,222	\$ 15,453
Restricted cash	3	3,813	6,974
Trade and other receivables	6 (a)	24,457	27,794
Prepays and deposits		2,669	1,271
Inventories, net	4	21,320	22,352
Current portion of future tax assets		22,228	19,064
		<b>83,709</b>	<b>92,908</b>
Restricted cash	3	16,304	17,822
Long-term investment	5	158	171
Property, plant and equipment		440,210	431,115
Intangibles		2,348	2,434
Other assets		202	205
Future tax assets		2,391	4,323
		<b>\$ 545,322</b>	<b>\$ 548,978</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade payables and accrued liabilities	6 (b)	\$ 54,069	\$ 67,142
Current portion of long-term debt	7	40,186	58,464
Current portion of derivative instruments	10	195,767	182,914
		<b>290,022</b>	<b>308,520</b>
Long-term debt	7	67,040	27,925
Convertible debenture	8	24,436	24,336
Asset retirement obligation	9	11,957	12,528
Derivative instruments	10	78,127	93,209
		<b>471,582</b>	<b>466,518</b>
<b>Shareholders' Equity</b>			
Share capital	14	274,017	274,017
Equity portion of convertible debenture	8	1,879	1,879
Contributed surplus		10,377	10,297
Warrants	16	4,413	4,413
Retained deficit		(241,359)	(231,353)
Accumulated other comprehensive income		24,413	23,207
		<b>73,740</b>	<b>82,460</b>
		<b>\$ 545,322</b>	<b>\$ 548,978</b>

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 Canadian dollars)**(unaudited)*

<b>For the three months ended</b>	<b>Notes</b>	<b>March 31, 2010</b>	<b>March 31, 2009</b>
<b>Revenues</b>			
Sales		\$ 58,037	\$ 31,238
<i>Costs and expenses of mining operations</i>			
Operating costs and mine site administrative expenses		46,043	15,563
Mine site amortization		19,558	7,590
Gross margin		(7,564)	8,085
<b>Expenses (other income)</b>			
Stock option compensation	15	80	130
Administrative expenses	18	1,185	1,621
Finance charges		2,332	955
Convertible debenture interest and accretion	8	470	462
Foreign exchange (gain) loss		(13,602)	1,445
Unrealized loss on derivative financial instruments		12,352	87,646
Corporate amortization		19	19
Interest income		(59)	(11)
Total expenses		2,777	92,267
<i>Net loss before the following:</i>			
Non-controlling interest		-	(424)
Current income tax expense		1,479	4,132
Future income tax recovery		(1,814)	(27,400)
<b>Net loss</b>		<b>\$ (10,006)</b>	<b>\$ (60,490)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.03)</b>	<b>\$ (0.24)</b>
<b>Weighted average number of registered shares outstanding – basic and diluted</b>		<b>338,055,865</b>	<b>257,284,537</b>
		<b>March 31, 2010</b>	<b>March 31, 2009</b>
Net loss for the period		\$ (10,006)	\$ (60,490)
<b>Other comprehensive income (loss)</b>			
Change in unrealized loss on long-term investment		(13)	-
Unrealized foreign currency translation gain		1,162	7,061
		1,149	7,061
<b>Comprehensive loss for the period</b>		<b>\$ (8,857)</b>	<b>\$ (53,429)</b>

See accompanying notes to the interim consolidated financial statements.

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

Three months ended	Notes	March 31, 2010	March 31, 2009
<b>Cash provided by operations</b>			
<b>Net loss for the period</b>		<b>\$ (10,006)</b>	<b>\$ (60,490)</b>
Items not involving cash:			
Stock option compensation	15	80	130
Convertible debenture interest and accretion	8	470	846
Asset retirement obligation		280	104
Amortization		19,577	7,609
Unrealized loss on derivative financial Instruments		12,352	87,998
Unrealized foreign exchange (gain) loss		(9,113)	4,142
Non-controlling interest		-	(424)
Future income tax recovery		(1,814)	(27,400)
		<b>\$ 11,826</b>	<b>\$ 12,515</b>
Net change in non-cash working capital balances		(13,694)	(9,863)
Restricted cash	3	3,036	360
		<b>\$ 1,168</b>	<b>\$ 3,012</b>
<b>Investing</b>			
Capital expenditures		(3,533)	(55,434)
Purchase of Raul Mine		(28,166)	-
		<b>\$ (31,699)</b>	<b>\$ (55,434)</b>
<b>Financing</b>			
Proceeds from short term debt		2,967	-
Short term debt repayments		(731)	-
Proceeds from long term debt		55,158	-
Long term debt repayments		(32,258)	(6,390)
		<b>\$ 25,136</b>	<b>\$ (6,390)</b>
Effect of exchange rate changes on cash held in foreign currencies		(836)	(1,236)
Net change in cash and cash equivalents		(6,231)	(60,048)
Cash and cash equivalents, beginning of the year		15,453	77,397
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 9,222</b>	<b>\$ 17,349</b>

See accompanying notes to the interim consolidated financial statements.

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

	Notes	March 31, 2010	December 31, 2009
<b>Share capital</b>			
Balance at beginning of year		\$ 274,017	\$ 233,800
Convertible debenture interest		—	754
Private placement		—	38,210
Pre-emptive shares to Trafigura		—	546
Inersa share issue		—	707
Balance at end of the period		\$ 274,017	\$ 274,017
<b>Equity portion of convertible debentures</b>			
Balance at beginning of year		\$ 1,879	\$ 1,879
Balance at end of the period		\$ 1,879	\$ 1,879
<b>Contributed surplus</b>			
Balance at beginning of year		\$ 10,297	\$ 7,830
Stock option compensation	15	80	752
Expiry of warrants		—	1,715
Balance at end of the period		\$ 10,377	\$ 10,297
<b>Warrants</b>			
Balance at beginning of year		\$ 4,413	\$ 2,566
Expiry of warrants		—	(1,715)
Issue of warrants		—	3,562
Balance at end of the period		\$ 4,413	\$ 4,413
<b>Retained earnings (deficit)</b>			
Balance at beginning of year		\$ (231,353)	\$ 18,288
Loss for the period		(10,006)	(249,641)
Balance at end of period		\$ (241,359)	\$ (231,353)
<b>Accumulated other comprehensive income (loss)</b>			
Balance at beginning of year		\$ 23,207	\$ 34,428
Change in unrealized loss on long term investment		44	57
Change in unrealized foreign currency translation (loss) gain		1,162	(11,278)
Balance at end of the period		\$ 24,413	\$ 23,207
Total		\$ 73,740	\$ 82,460

See accompanying notes to the interim consolidated financial statements.

**IBERIAN MINERALS CORP.**  
**Notes to Interim Consolidated Financial Statements**  
*(expressed in thousands of Canadian 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 lessee of the Raul mine (collectively the "Condestable Mine") located in Lima, Peru. Condestable's principal business is the mining, processing and sale of copper concentrates 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 Andalusia 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 has announced a 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 Andalusia 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**

There were no new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA") or adopted by the Company.

**3. RESTRICTED CASH**

	March 31, 2010	December 31, 2009
Peru (current) (a)	\$ 3,004	\$ 6,909
Canada (current) (b)	809	65
Spain (long-term) (c)	16,304	17,822
Cash deposits held as security	\$ 20,117	\$ 24,796

**IBERIAN MINERALS CORP.**  
**Notes to Interim Consolidated Financial Statements**  
*(expressed in thousands of Canadian dollars)*  
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**3. RESTRICTED CASH (continued)**

- (a) The cash deposit in Peru in the amount of US\$ 2.96 million (\$3,004) is held in a debt service reserve account to satisfy a condition of the CMC Facility (see note 7 (j))
- (b) As of March 31, 2010, \$744 is held in a segregated account to fund unpaid interest under the terms of the Company's convertible debenture (see note 8).
- (c) As of March 31, 2010, the cash deposit held as security in Spain is comprised of three parts: (i) €1.20 million (\$1,651) in relation to a permit for the ore processing plant, bonds posted for several public grants and mandatory bonds for mining concessions; (ii) €6.00 million (\$8,242) for expenses or actions, as required by the Mining Authority, according to the Mining regulations, that MATSA is bound to perform in the event of an "unexpected and sudden" abandonment of the MATSA plant. This also covers the negative social impact that such abandonment causes and (iii) €4.67 million (\$6,411) 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 spares and supplies and copper, zinc and bulk concentrates. Inventories recognized in operating costs in the current period are \$15,867 (2009 - \$2,380). As at March 31, 2010, the Company recorded a provision for obsolescence of US\$ 279 (2009 - US\$ 279).

	March 31, 2010	December 31, 2009
Spare parts and supplies – CMC	\$ 3,313	\$ 3,333
Spare parts and supplies – MATSA	13,683	13,314
Copper, zinc and bulk concentrates – MATSA	4,324	5,705
	<b>\$ 21,320</b>	<b>\$ 22,352</b>

**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).

**6. TRADE AND OTHER RECEIVABLES, TRADE PAYABLES AND ACCRUED LIABILITIES**

- (a) Trade and other receivables

	Notes	March 31, 2010	December 31, 2009
Trade receivables with related party	17	\$ 7,248	\$ 4,908
VAT receivable		8,101	4,255
Other receivables		49	60
<b>Total MATSA receivables</b>		<b>\$ 15,398</b>	<b>\$ 9,223</b>
Trade receivables with related party	17	\$ 8,198	\$ 17,923
Trade receivables		258	251
Other receivables		591	241
<b>Total CMC receivables</b>		<b>\$ 9,047</b>	<b>\$ 18,415</b>
GST receivable		\$ 12	\$ 22
Other receivables		-	134
<b>Total head office receivables</b>		<b>\$ 12</b>	<b>\$ 156</b>
<b>Total accounts receivable</b>		<b>\$ 24,457</b>	<b>\$ 27,794</b>

**IBERIAN MINERALS CORP.**  
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**6. TRADE AND OTHER RECEIVABLES, TRADE PAYABLES AND ACCRUED LIABILITIES (continued)**

(b) Trade payables and accrued liabilities

	Notes	March 31, 2009	December 31, 2009
Accounts payable suppliers		\$ 24,074	\$ 32,424
Insersa promissory note		5,418	5,908
Hedge payable		4,260	835
Taxes and social security		101	2,080
Interest payable with related party	17	2,714	1,091
Other payables		12	13
<b>Total MATSA payables</b>		<b>\$ 36,579</b>	<b>\$ 42,351</b>
Accounts payable suppliers		\$ 6,375	\$ 5,219
Taxes and social security		4,694	13,125
Hedge payable		4,408	4,531
Interest payable		—	68
Other payables		377	353
<b>Total CMC payables</b>		<b>\$ 15,854</b>	<b>\$ 23,296</b>
Debenture interest		\$ 263	\$ 649
Accounts payable		20	130
Accrued liabilities		1,353	716
<b>Total head office payables</b>		<b>\$ 1,636</b>	<b>\$ 1,495</b>
<b>Total accounts payable and accrued liabilities</b>		<b>\$ 54,069</b>	<b>\$ 67,142</b>

**7. LONG-TERM DEBT**

	March 31, 2010	December 31, 2009
<b>Spain</b>		
Payments due arising from general creditors agreement	\$ 9	\$ 10
Subsidized loan (a)	660	720
Fixed asset loan (b)	425	1,190
Social and environmental loan (c)	14,653	16,000
VAT loan with related party (d)	4,579	2,499
Bridge facility with related party (e)	21,402	21,866
Obligations under capital leases (f)	4,548	5,494
	<b>\$ 46,276</b>	<b>\$ 47,779</b>
<b>Peru</b>		
Syndicated loans (g)	—	33,441
Obligations under capital leases (h)	5,081	5,169
Facility (j)	55,869	—
	<b>\$ 60,950</b>	<b>\$ 38,610</b>
<b>Total long-term debt</b>	<b>\$ 107,226</b>	<b>\$ 86,389</b>
Amounts payable within twelve months	(40,186)	(58,464)
	<b>\$ 67,040</b>	<b>\$ 27,925</b>

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 has a ten year term, expiring October 1, 2023 with an annual principal repayment of €0.09 million starting October 1, 2014.
- (b) Loan facility, issued by an unrelated third party, has a three year term, expiring in 2010. The principal outstanding is €0.31 million as at March 31, 2010. Under the terms of the loan facility, the repayment of principal and interest will be as follows: interest in thirteen instalments until December 2008, the first instalment of \$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 5.50% per annum. Interest on the loan facility for the three months ended March 31, 2010 was \$5. A discount rate of 7.00% was used to determine the fair value at €0.78 million as at March 31, 2010.

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**IBERIAN MINERALS CORP.**  
**Notes to Interim Consolidated Financial Statements**  
(expressed in thousands of Canadian dollars)  
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**7. LONG-TERM DEBT (continued)**

- (c) A loan from Trafigura to MATSA in the amount of €10.67 million (\$14,653) to cover various social and environmental remediation guarantees as detailed in *note 3 (c) (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 March 31, 2010 was 4.80%. Interest on this loan for the three months ended March 31, 2010 was \$187. A discount rate of 10.00% was used to determine the fair value at €7.60 million as at March 31, 2010.
- (d) During the period Value Added tax ("VAT") loans were advanced to MATSA from Trafigura. The loans were repayable on the earlier of receipt of VAT refunds from the Spanish tax authority or on maturity. On December 18, 2009, a VAT loan was advanced to MATSA in the amount of US\$ 2.40 million. The interest rate was borrower's cost of funds plus 4.00%. This loan shall remain in force until the date of its maturity which shall be the earliest of the date the borrower receives payment of VAT from the Spanish authorities or March 31, 2010. On March 9, 2010, a second VAT loan of US\$ 1.60 million was received from Trafigura. The interest rate was lender's cost of funds plus 4.00%. Interest on this loan for the three months ended March 31, 2010 was \$4. The loan is repayable on the earlier of receipt of VAT refund from the Spanish authorities or July 31, 2010. On March 22, 2010, a third VAT loan of US\$ 1.30 million was received from Trafigura. The interest rate was lender's cost of funds plus 4.00%. Interest on this loan for the three months ended March 31, 2010 was \$1. The loan is repayable on the earlier of receipt of VAT refund from the Spanish authorities or August 31, 2010. In April 2010, the Company repaid the first VAT loan of US\$ 2.40 million with interest of \$27 for the three months ended March 31, 2010.
- (e) On October 2, 2009 the Company agreed on a term sheet with Trafigura for a bridge financing (the "Bridge Facility") whereby funding of up to US\$ 21.00 million was made available to the Company. The Bridge Facility was available 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. A 1.00% upfront fee (US\$ 0.21 million) was paid upon first drawdown. Draws were available in a first tranche of US\$ 6.00 million, and thereafter in three further draws of US\$ 5.00 million. In connection with the Bridge Facility, 22,000,000 share purchase warrants were issued to Trafigura, pro-rata as draws occur. Each warrant is exercisable for one registered share of the Company at \$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 US\$ 16.00 million was made. On drawdown 16,761,905 warrants were issued to Trafigura. On November 25, 2009, the final US\$ 5.00 million draw was made on the Bridge Facility. On drawdown 5,238,095 warrants were issued to Trafigura. Interest recorded in the period was \$392. This was fully repaid after period end.
- (f) 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 3.20% and 9.25%.
- (g) Pursuant to the acquisition of CMC, the Company and CMC arranged a US\$ 70.00 million syndicated loan with Societe Generale as the lead lender. This loan was fully advanced on May 21, 2008. The loan is repayable quarterly in equal amounts of US\$ 6.36 million starting August 29, 2008 until fully repaid on February 28, 2011. The loan bears interest at a rate of three months Libor plus 2.25%. The interest is payable quarterly with the principal repayment. The proceeds of this loan have been used to fund the construction of the facilities at MATSA. Interest on this loan for the three months ended March 31, 2010 was US\$ 188 (2009 – US\$ 580). On March 31, 2010 this syndicated loan was fully repaid by way of re-financing (see *note 7(j)*).
- (h) 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 4.70% and 9.59%.
- (i) On March 29, 2010, the Company, through its subsidiary CMC, closed a US\$ 28.00 million 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 US\$ 55.00 million 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 US\$ 28.00 million. This is a related party transaction and this facility was fully repaid on March 31, 2010 (see *note 7(j)*).
- (j) On March 31, 2010, the Company, through its subsidiary 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 US\$ 55.00 million. The US\$ 55.00 million, 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 US\$ 2.50 million and US\$ 7.50 million from March 2012 to March 31, 2013. The proceeds of the Facility were used for the refinancing of the syndicated loan (*note 7 (g)*) 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)*).

**IBERIAN MINERALS CORP.**  
**Notes to Interim Consolidated Financial Statements**  
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**8. CONVERTIBLE DEBENTURE**

In connection with the \$25.00 million convertible debt from Dundee Resources Limited ("Dundee" and the "Debenture"), bearing interest at 6.00% per annum, the actual interest from July 26, 2009 to January 26, 2010 was \$756 (2009 - \$754) and was paid in cash (2009 – 2,356,557 registered shares). The actual accrued interest from January 27, 2010 to March 31, 2010 was \$263 (2009 - \$259). The total accrued and actual interest for the three months ended March 31, 2010 was \$370 (2009 - \$370). Interest payments on the Debenture are to be paid by the Company in cash for the interest payments payable on or after July 26, 2009 to the maturity date. The accretion attributable to the Debenture for the three months ended March 31, 2010 was \$99 (2009 - \$92) for a total interest expense of \$470 (2009 - \$462). On December 24, 2009, the Company established a segregated account to hold funds for the interest payable in 2010. On January 4, 2010, the Company transferred to the segregated account \$1,500 in accordance with the terms of the Debenture. On January 26, 2010, the Company paid interest due to Dundee in the amount of \$756 from this segregated account for the period from July 27, 2009 to January 26, 2010.

	March 31, 2010	December 31, 2009
<b>Convertible debenture – Dundee Resources Limited</b>		
Fair value of liability component	\$ 23,121	\$ 23,121
Add: accretion charges to date	1,315	1,215
	<b>\$ 24,436</b>	<b>\$ 24,336</b>
<hr/>		
Equity portion of convertible debenture – Dundee Resources Limited	1,879	1,879
Total equity portion of convertible debentures	<b>\$ 1,879</b>	<b>\$ 1,879</b>

**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:

	March 31, 2010	December 31, 2009
Balance, beginning of year	\$ 12,528	\$ 7,893
Revision of estimates - additions	–	4,556
Revision of estimates - other	–	672
Related foreign exchange	(851)	(1,206)
Accretion expense/capitalized	280	613
Total	<b>\$ 11,957</b>	<b>\$ 12,528</b>

As at March 31, 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 \$23,064. This is comprised of approximately \$17,078 for MATSA and \$5,986 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 (c) (ii) and (iii)*.

**IBERIAN MINERALS CORP.**  
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**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**

The Company has developed a hedging program in support of the continued operations at MATSA. As of March 31, 2010 and December 31, 2009, the MATSA derivative instruments were in a net unrealized loss position and recorded as a liability as follows:

	<b>March 31, 2010</b>	December 31, 2009
Current portion	\$ (121,672)	\$ (119,369)
Long-term portion	(4,922)	(5,210)
	<b>\$ (126,594)</b>	<b>\$ (124,579)</b>

As of March 31, 2010, the forward contracts in force at MATSA were as follows:

**Copper**

<b>Period</b>	<b>Contract type</b>	<b>FMT (Fine metric tons)</b>	<b>Strike price US\$/FMT</b>
April 2010 – December 2010	Forward	20,400	4,305
July 2010 – December 2010	Call options sold	6,100	4,200

**Zinc**

<b>Period</b>	<b>Contract type</b>	<b>FMT (Fine metric tons)</b>	<b>Strike price US\$/FMT</b>
April 2010 – December 2010	Forward	26,700	1,667
July 2010 – December 2010	Call options sold	4,900	1,500

From time to time, MATSA will enter into arrangements to fix the exchange rate on certain of its US dollar denominated cash flows. As of March 31, 2010, the Company has an unrealized loss on its foreign exchange contracts of \$9,854 (December 31, 2009 - \$1,948).

**Foreign exchange contracts – Euro/US\$**

<b>Period</b>	<b>Contract type</b>	<b>Amount US\$</b>	<b>Contract rate US\$</b>
April 2010 – December 2010	Forwards	83,925,136	1.4320
January 2011 – December 2011	Forwards	34,377,600	1.4324
January 2012 – December 2012	Forwards	34,377,600	1.4324
January 2013 – March 2013	Forwards	6,445,800	1.4324

**CMC**

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

	<b>March 31, 2010</b>	December 31, 2009
Current portion	\$ (74,095)	\$ (63,545)
Long-term portion	(73,205)	(87,999)
	<b>\$ (147,300)</b>	<b>\$ (151,544)</b>

**IBERIAN MINERALS CORP.**  
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**10. DERIVATIVE INSTRUMENTS (continued)**

CMC has entered into hedge forward contracts with varying expiry dates through January 31, 2012 (see table below). 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 March 31, 2010, the forward contracts in force at CMC are as follows:

**Copper**

Period	Contract type	FMT (Fine metric tons)	Strike price US\$/FMT
April 2010 – December 2010	Forward	15,700	4,419
January 2011 – December 2011	Forward	20,625	3,494
January 2012	Forward	1,750	3,408

**Gold**

Period	Contract type	Foz (Fine ounces)	Strike price US\$/FOZ
April 2010 – December 2010	Forward	1,800	742
January 2011 – December 2011	Forward	2,400	742

**Total derivatives**

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

	March 31, 2010	December 31, 2009
Current portion of liability	(195,767)	(182,914)
Long-term portion of liability	(78,127)	(93,209)
	<b>\$ (273,894)</b>	<b>\$ (276,123)</b>

**11. CAPITAL MANAGEMENT**

The Company's overall objective with respect to capital management remains unchanged from the period ended March 31, 2010. The Company's capital under management includes:

	March 31, 2010	December 31, 2009
Long-term debt (including current portion)	\$ 107,226	\$ 86,389
Share capital	274,017	274,017
Convertible debenture (including equity portion)	26,315	26,215

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	March 31 2010	December 31 2009
Held for trading (a)	\$ (264,672)	\$ (260,670)
Available for sale (b)	158	171
Loans and receivables (c)	24,457	27,794
Other financial liabilities (d)	185,731	177,867

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

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*****Financial Instruments (continued)***

- (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 fair value. The estimated fair value of other financial liabilities as at March 31, 2010 is \$185,731.

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

<b>Period ended March 31</b>	<b>2010</b>	<b>2009</b>
Unrealized loss on financial liabilities held for trading	\$ 12,352	\$ 87,646
Realized loss on financial liabilities held for trading (a)	21,003	4,422
Interest expense on financial liabilities not held for trading	2,802	5,005

- (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-Canadian dollar forecast operating costs on a case by case basis. Revenue from forecast sales is denominated in US dollars. The Company's forecast operating costs are in Canadian dollars, CMC's are in US 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 Canadian dollar carrying amount of the Company's foreign currency denominated financial assets and liabilities as at March 31, 2010 are as follows:

	<b>Assets</b>	<b>Liabilities</b>
Euros	\$ 11,511	\$ 59,551
US dollars	120	128,765
New soles	442	5,897

***Sensitivity***

Based on the financial instruments held at March 31, 2010, had the Canadian dollar weakened or strengthened by 10% against the US dollar and Euro, the pre-tax effect on the Company's income would have been higher or lower in the case of Euro by \$4,804 and the US dollar by \$12,865 and in the case of Peruvian new soles to US dollar by \$546 with all other variables held constant, as a result of foreign exchange gains or losses on translation of non-Canadian 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 has hedged a substantial amount of its future production with forward contracts and MATSA has developed an interim hedging program in support of its continued operations as detailed in *note 10*.

***Sensitivity***

For CMC: At March 31, 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 \$468 lower due to the hedging program or vice versa.

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

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**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)****Risk Exposure (continued)****(a) Market risk (continued)***(ii) Price risk (continued)*

For MATSA: At March 31, 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 \$262 lower due to the hedging program or vice versa.

*(iii) Interest rate risk*

The Company is exposed to interest rate risk with regard to the operating loan in CMC and the loan facilities at MATSA. The CMC Facility bears an interest rate of Libor plus 3.00% and the MATSA social and environmental loan 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 \$17 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 March 31, 2010, the Company's main customer is Trafigura and accounted for 95% of receivables. As at March 31, 2010, no provision has been made against receivables (December 31, 2009 - \$nil). The aging of trade receivable, VAT and other receivable balances as of March 31, 2010 were as follows:

	March 31, 2010	December 31, 2009
Not past due	\$ 19,693	\$ 27,794
Past due 0 – 30 days	–	–
Past due 31 – 60 days	–	–
Past due over 61 days	4,764	–

**(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 March 31, 2010, the Company and its subsidiaries were holding cash and cash equivalents of \$9,222 (December 31, 2009 – \$15,453).

(ii) The contractual maturities of the Company's financial liabilities at March 31, 2010 are as follows:

As at March 31,	Currency	2010	2011	2012	2013	>2014
US\$ foreign exchange contracts	US\$	83,925	34,378	34,378	6,446	–
Accounts payable and accrued liabilities		54,069	–	–	–	–
Current and long-term debt		40,109	11,412	32,640	7,753	15,312
Derivative instruments		195,767	70,952	7,175	–	–
Convertible debentures		–	24,436	–	–	–

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

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**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 \$58,037 (2009 - \$31,238) during the current period and 95% of the trade receivables balance at March 31, 2010 of \$15,446 (December 31, 2009 - \$22,831).

**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	\$ 233,800
Convertible debenture interest	8	2,356,557	754
Pre-emptive registered shares to Trafigura		1,706,472	546
Private placement		76,925,000	38,210
Inersa registered share issue		1,459,073	707
<b>Balance, December 31, 2009</b>		<b>338,055,865</b>	<b>\$ 274,017</b>
<b>Balance, March 31, 2010</b>		<b>338,055,865</b>	<b>\$ 274,017</b>

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.

There were no stock options granted during the current period.

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

	Number of stock options	Weighted average exercise price
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
<b>Balance, March 31, 2010</b>	<b>8,715,000</b>	<b>\$ 1.02</b>

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

The following table reflects the actual stock options issued and outstanding as of March 31, 2010:

<b>Expiry date</b>	<b>Weighted average exercise price (\$)</b>	<b>Remaining weighted average contractual life (years)</b>	<b>Fair value per option (\$)</b>	<b>Number of options outstanding</b>	<b>Number of options vested</b>	<b>Number of options unvested</b>
February 1, 2011	0.70	0.84	0.40	20,000	20,000	–
June 27, 2011	1.20	1.24	0.40	1,725,000	1,725,000	–
September 19, 2011	1.50	1.47	0.47	50,000	50,000	–
December 15, 2011	1.50	1.71	0.87	100,000	100,000	–
June 27, 2012	1.50	2.24	0.99	2,240,000	2,240,000	–
April 16, 2013	1.14	3.05	0.69	1,000,000	666,667	333,333
September 2, 2013	0.91	3.43	0.59	200,000	133,334	66,666
September 2, 2013	0.91	3.43	0.60	50,000	33,333	16,667
September 2, 2013	0.91	3.43	0.59	5,000	3,333	1,667
September 29, 2013	0.80	3.50	0.52	100,000	66,666	33,334
November 18, 2013	0.80	3.64	0.08	350,000	233,334	116,666
June 10, 2014	0.55	4.20	0.31	2,775,000	1,100,000	1,675,000
September 21, 2014	0.55	4.48	0.31	100,000	–	100,000
				<b>8,715,000</b>	<b>6,371,667</b>	<b>2,343,333</b>

The weighted average exercise price of options exercisable at March 31, 2010 is \$1.17 with outstanding stock option exercise prices ranging from \$0.55 to \$1.50.

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

<b>Three months ended March 31,</b>	<b>2010</b>	<b>2009</b>
Property, plant and equipment	\$ –	\$ 17
Stock option compensation	80	130
Total amount	\$ 80	\$ 147

**16. WARRANTS**

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

	<b>Number of warrants</b>	<b>Value</b>
<b>Balance, December 31, 2008</b>	<b>16,022,479</b>	<b>\$ 2,566</b>
Expired warrants	(8,382,126)	(1,715)
Issued in connection to the MATSA bridge facility October 20, 2009 (a)	16,761,905	2,756
Issued in connection to the MATSA bridge facility November 25, 2009 (a)	5,238,095	806
<b>Balance, December 31, 2009</b>	<b>29,640,353</b>	<b>\$ 4,413</b>
<b>Balance, March 31, 2010</b>	<b>29,640,353</b>	<b>\$ 4,413</b>

The following table reflects the actual warrants outstanding as of March 31, 2010:

<b>Expiry date</b>	<b>Number of warrants</b>	<b>Exercise price (\$)</b>	<b>Fair value</b>
June 30, 2013	7,640,353	1.30	851
October 20, 2010 (a)	16,761,905	0.52	2,756
November 25, 2010 (a)	5,238,095	0.52	806
	<b>29,640,353</b>		<b>\$ 4,413</b>

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

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**16. WARRANTS (continued)**

- (a) These are share warrants as described in *note 7 (e)* regarding the MATSA Bridge Facility with Trafigura. Share warrants of 16,761,905 and 5,238,095 were issued to Trafigura with respect to each drawdown. Each share warrant is exercisable for one registered share of the Company at \$0.52 for a period of one year.

**17. RELATED PARTY TRANSACTIONS**

The Trafigura group provides management, operational, mining and administrative services to CMC. The amount charged for the three months ended March 31, 2010 was US\$ 0.22 million (2009 – US\$ 0.19 million), which includes out-of-pocket expenses. Included in payables at March 31, 2010 is \$598 due to Trafigura (December 31, 2009 – \$101).

Trafigura has lent the Company €10.67 million (\$14,653) to cover various social and environmental remediation guarantees at MATSA as detailed in *note 3 (c) (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 March 31, 2010 this loan has \$1,144 included in interest payable at an interest rate of 4.80% (December 31, 2009 - \$752).

MATSA has entered into certain commodity forward and option contracts with Trafigura as disclosed in *note 10 – Derivative instruments*. As at March 31, 2010, the unrealized loss on these aforementioned contracts amounted to \$126,594. In connection with the hedge contracts between MATSA and Trafigura, the cost of margin calls up to US\$ 40.00 million is fully covered by Trafigura. MATSA is charged interest at a rate of 4.98% by Trafigura on the excess. During the three months ended March 31, 2010, MATSA incurred interest of US\$ 0.41 million (March 31, 2009 – \$nil).

Included in receivables is \$15,446, of which \$7,248 is due from Trafigura for copper, zinc and bulk concentrates and \$8,198 from Cornin 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 US\$ 21.00 million bridge loan facility with Trafigura (*note 7 (e)*). Subsequent to March 31, 2010, this bridge loan facility was repaid.

On March 29, 2010, CMC arranged the US\$ 28.00 million bridge loan facility with Trafigura (*note 7 (i)*). On March 31, 2010, this facility was repaid.

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

**18. ADMINISTRATIVE EXPENSES**

<b>Three months ended March 31,</b>	<b>2010</b>	<b>2009</b>
Accounting and corporate services	\$ 22	\$ 6
Head office expenses	830	567
Professional and consulting fees	220	790
Transfer agent, listing and filing fees	21	19
Shareholders' information	9	28
Travel	–	39
Advertising, promotion and public relations	–	13
Occupancy costs	31	103
Directors' fees	52	56
	<b>\$ 1,185</b>	<b>\$ 1,621</b>

**IBERIAN MINERALS CORP.**  
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**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 March 31, 2010, the Company and its subsidiaries were committed to future minimum lease payments as follows:

	Spain		Canada		Total
2010	\$	409	\$	394	\$ 803
2011		403		548	951
2012		85		440	525
2013		—		287	287
	\$	897	\$	1,669	\$ 2,566

**20. SUPPLEMENTARY CASH FLOW INFORMATION**

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

Three months ended March 31,	2010		2009	
<b>Spain</b>				
Interest	\$	134	\$	65
<b>Peru</b>				
Interest		417		767
Taxes (a)		6,771		1,447
<b>Head office</b>				
Interest		756		—
Total interest	\$	1,307	\$	832
Total taxes (a)	\$	6,771	\$	1,447

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

**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
<b>Three months ended March 31, 2010</b>				
Sales	\$ —	\$ 32,772	\$ 25,265	\$ 58,037
Amortization	\$ 19	\$ 13,097	\$ 6,461	\$ 19,577
Gross margin	\$ —	\$ (8,753)	\$ 1,189	\$ (7,564)
Interest expense, net	\$ 460	\$ 1,754	\$ 529	\$ 2,743
<b>As at March 31, 2010</b>				
Cash and cash equivalents	\$ 331	\$ 4,215	\$ 4,676	\$ 9,222
Property, plant and equipment	\$ 227	\$ 317,665	\$ 122,318	\$ 440,210
Long-term debt & convertible debenture	\$ 24,436	\$ 46,276	\$ 60,950	\$ 131,662
Total assets	\$ 2,370	\$ 373,975	\$ 168,977	\$ 545,322
	Corporate	Spain	Peru	Consolidated
<b>Three months ended March 31, 2009</b>				
Sales	\$ —	\$ —	\$ 31,238	\$ 31,238
Amortization	\$ 19	\$ —	\$ 7,590	\$ 7,609
Gross margin	\$ —	\$ —	\$ 8,085	\$ 8,085
Interest expense, net	\$ 462	\$ —	\$ 944	\$ 1,406
<b>As at December 31, 2009</b>				
Cash and cash equivalents	\$ 5,236	\$ 9,748	\$ 469	\$ 15,453
Property, plant and equipment	\$ 246	\$ 328,251	\$ 102,618	\$ 431,115
Long-term debt & convertible debenture	\$ 24,336	\$ 47,779	\$ 38,610	\$ 110,725
Total assets	\$ 6,330	\$ 386,389	\$ 156,259	\$ 548,978

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**IBERIAN MINERALS CORP.**  
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## 22. COMPARATIVE FIGURES

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

## 23. SUBSEQUENT EVENTS

- (a) 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 US\$ 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 US\$ 8,760 per FMT copper;
  - (ii) Purchase of copper put options for 7,000 FMT of copper at US\$ 6,500 per FMT of copper.

Pre-existing forward copper contracts for CMC, as disclosed in *note 10*, remain in effect.

- (b) The Company completed a re-financing of its \$25.00 million convertible debenture held by Dundee (see *note 8*). The Company re-financed the Dundee Debenture with two private investors (the "New Debentures") and Dundee Resources was repaid \$25.00 million principal, with accrued interest of \$321, on April 13, 2010.

The New Debentures, with principal of \$25.00 million, 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 has 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 \$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 subordinate to the Senior Facility but in priority to any advances under the Standby Facility (see *below (c)*).

- (c) The Company's subsidiary, MATSA, completed a US\$ 50.00 million senior debt financing (the "Senior Facility") with BNP Paribas, Natixis and Societe Generale. The key features of the Senior Facility are as follows:

Amount:	US\$ 50.00 million
Type of Facility:	Revolving
Rate:	LIBOR plus 3.00% and mandatory costs, if any
Term:	3 years
Mandatory Reductions:	Reduces to US\$ 47.00 million after 12 months, US\$ 42.00 million after 18 months, US\$ 30.00 million after 24 months, and US\$ 9.00 million after 30 months

MATSA has provided the lenders with general and first charge over its assets, typical for this type of bank debt. 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 US\$ 37.00 million occurred on April 22, 2010. Upon initial draw-down, MATSA repaid the US\$ 21.00 million Trafigura bridge facility (see *note 7 (e)*). In May 2010, a further drawdown of US\$ 8.00 million 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 required by the Senior Facility, Trafigura has entered into a standby facility (the "Standby Facility") with MATSA for US\$ 20.00 million. 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.

Under the terms of the Senior Facility, MATSA is to maintain a commodity hedging program as follows:

- (i) At any time prior to December 31, 2010, no more than:
  - 50% of the forecasted annual production of payable copper, lead and silver and of hedgable zinc at MATSA; or
  - 70% of proven and probable reserves of MATSA
- (ii) At any time after January 1, 2011 to maturity, no more than:
  - 70% of the forecasted annual production of payable copper, lead and silver and of hedgable zinc at MATSA; or
  - 70% of proven and probable reserves of MATSA.

Under the terms of the Senior Facility, MATSA is to maintain a foreign exchange hedging program of no more than 100% of the forecasted US/Euro foreign currency exchange exposure of capital and operating expenditures.

**IBERIAN MINERALS CORP.**  
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*(expressed in thousands of Canadian dollars)*  
*(unaudited)*

**23. SUBSEQUENT EVENTS (continued)**

As a result, MATSA has restructured its existing commodity and foreign exchange forward contracts and entered into new commodity and foreign exchange forward contracts such that the forward contracts in force at MATSA, as at April 14, 2010 are summarized as follows.

**Copper**

<b>Period</b>	<b>Contract type</b>	<b>FMT (Fine metric tons)</b>	<b>Strike price US\$/FMT</b>
April 2010 – December 2010	Forward	4,104	4,300
April 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

**Zinc**

<b>Period</b>	<b>Contract type</b>	<b>FMT (Fine metric tons)</b>	<b>Strike price US\$/FMT</b>
April 2010 – December 2010	Forward	4,959	1,630
April 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

The forward foreign exchange contracts in force at MATSA are as follows:

**Foreign exchange contracts – Euro/US\$**

<b>Period</b>	<b>Contract type</b>	<b>Amount US\$ (000's)</b>	<b>Forward rate US\$</b>
April 2010 – December 2010	Forward	85,575	1.4305
January 2011 – December 2011	Forward	50,806	1.4113
January 2012 – December 2012	Forward	45,330	1.4166
January 2013 – March 2013	Forward	6,446	1.4324

The counterparties to all commodity and foreign exchange contracts are BNP Paribas, Natixis and Societe Generale. Trafigura is counterparty to certain foreign exchange contracts.