IBERIAN
MINERALS

IBERIAN MINERALS CORP.

Consolidated Financial Statements

(Unaudited - Prepared By Management)

Three months ended March 31, 2008

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying unaudited interim consolidated financial statements of Iberian Minerals Corp. were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the unaudited 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 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 unaudited interim consolidated financial statements and (ii) the unaudited 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 audited consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited 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 unaudited 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 unaudited 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.

Notice to Reader

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

	March 31, 2008	December 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	**$ 24,433,684**	$ 9,772,309
Trade and other receivables (Note 8(b))	**38,497,280**	10,444,179
Prepaids and deposits	**1,634,760**	1,867,709
Inventories, net	**2,383,476**	-
	66,949,200	22,084,197
Restricted cash (Note 6)	**2,411,177**	1,707,313
Long-term investment	**655,500**	997,500
Long-term receivables	**210,876**	-
Property, plant and equipment (Note 7)	**548,507,146**	143,408,263
Other assets	**6,205,948**	-
Prepaid acquisition costs (Note 5)	**-**	1,861,863
	$ 624,939,847	$ 170,059,136
LIABILITIES		
Current liabilities		
Trade payables and accrued liabilities (Note 8(a))	**$ 60,916,877**	$ 30,045,918
Current portion of long-term debt (Note 9)	**15,734,114**	1,535,203
Current portion of derivative instruments (Note 13)	**85,853,858**	-
	162,504,849	31,581,121
Long-term debt (Note 9)	**4,506,688**	1,363,428
Convertible debenture (Note 10)	**23,678,388**	23,592,048
Operating loan (Note 11)	**40,263,861**	-
Asset retirement obligation (Note 12)	**5,565,214**	2,308,819
Derivative instruments (Note 13)	**156,310,199**	-
Future income tax liability	**104,043,117**	-
	496,872,316	58,845,416
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	**214,207,387**	130,721,277
Equity portion of convertible debenture (Note 10)	**1,878,878**	1,878,878
Contributed surplus	**6,923,433**	6,547,321
Warrants (Note 16)	**1,715,231**	1,715,231
Deficit	**(35,325,131)**	(29,506,487)
Accumulated other comprehensive loss	**(61,332,267)**	(142,500)
	128,067,531	111,213,720
	$ 624,939,847	$ 170,059,136

See accompanying notes to consolidated financial statements

Nature of operations and going concern (Note 1)

IBERIAN MINERALS CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three months ended March 31,	2008	2007
Revenues	**$ 30,933,990**	**$ -**
Costs and expenses of mining operations		
Cost of revenues	**7,524,653**	-
Realized loss from derivative financial instruments	**12,122,105**	-
Depreciation and amortization	**7,104,452**	-
Asset retirement obligation accretion	**114,713**	-
Mining royalty	**309,340**	-
	27,175,263	**-**
	3,758,727	**-**
Expenses (other income)		
Stock option compensation (Note 15)	**48,360**	178,049
Administrative expenses (Note 19)	**2,080,480**	472,083
Finance charges	**169,253**	-
Convertible debenture interest and accretion (Note 10)	**460,312**	449,019
Foreign exchange loss	**2,302,815**	328,478
Interest income	**(242,662)**	(919,336)
Asset retirement obligation accretion - MATSA	**48,893**	-
Employee future benefits	**508,280**	-
	5,375,731	508,293
Net loss before the following:	**(1,617,004)**	(508,293)
Income tax expense	**4,201,640**	-
Net loss	**$ (5,818,644)**	$ (508,293)
Basic and diluted loss per share	**$ (0.03)**	$ 0.00
Weighted average number of shares outstanding - basic and diluted	**231,628,112**	164,133,397

See accompanying notes to consolidated financial statements

IBERIAN MINERALS CORP.
(A development stage company)
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(AUDITED)

Three months ended March 31,		2008		2007
Net loss	**$**	**(5,818,644)**	$	(508,293)
Other comprehensive loss				
Increase in unrealized loss on long-term investment		**(342,000)**		(142,500)
Increase in unrealized loss from derivative financial instruments		**(56,548,225)**		-
Unrealized foreign currency translation		**(4,299,542)**		-
		(61,189,767)		(142,500)
Total comprehensive loss	**$**	**(67,008,411)**	$	(650,793)

See accompanying notes to consolidated financial statements

IBERIAN MINERALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Three months ended March 31,	2008	2007
Share capital		
Balance at beginning of period	**$ 130,721,277**	$ 102,041,582
Acquisition of Compania Minera Condestable S.A.	**82,729,946**	-
Convertible debenture interest	**756,164**	756,164
Exercise of warrants	**-**	865,526
Fair value of exercise of warrants	**-**	388,748
Balance at end of period	**$ 214,207,387**	$ 104,052,020
Shares to be issued		
Balance at beginning of period	**$ -**	$ 17,365,530
Balance at end of period	**$ -**	$ 17,365,530
Equity portion of convertible debenture		
Balance at beginning of period	**$ 1,878,878**	$ 1,878,878
Balance at end of period	**$ 1,878,878**	$ 1,878,878
Contributed surplus		
Balance at beginning of period	**$ 6,547,321**	$ 2,629,300
Stock option compensation (Note 15)	**376,112**	252,447
Expiry of warrants	**-**	7,000
Balance at end of period	**$ 6,923,433**	$ 2,888,747
Warrants		
Balance at beginning of period	**$ 1,715,231**	$ 1,171,518
Fair value of warrants exercised	**-**	(388,748)
Warrants expired	**-**	(7,000)
Balance at end of period	**$ 1,715,231**	$ 775,770
Special warrants		
Balance at beginning of period	**$ -**	$ 4,428,000
Balance at end of period	**$ -**	$ 4,428,000
Deficit		
Balance at beginning of period	**$ (29,506,487)**	$ (23,564,640)
Loss for the period	**(5,818,644)**	(508,293)
Balance at end of period	**$ (35,325,131)**	$ (24,072,933)
Accumulated other comprehensive loss		
Balance at beginning of period	**$ (142,500)**	$ -
Increase in unrealized loss on long-term investment	**(342,000)**	(142,500)
Increase in unrealized loss on derivative instruments	**(56,548,225)**	-
Increase in unrealized foreign currency translation	**(4,299,542)**	-
Balance at end of period	**$ (61,332,267)**	$ (142,500)
Total	**$ 128,067,531**	$ 107,173,512

See accompanying notes to consolidated financial statements

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

Three months ended March 31,	2008	2007
Cash provided by (used in)		
Operations		
Net loss for the period	**$ (5,818,644)**	$ (508,293)
Items not involving cash:		
Stock option compensation (Note 15)	**99,696**	178,049
Convertible debenture accretion (Note 10)	**86,340**	79,156
Shares issued for convertible debenture interest (Note 14(1))	**756,164**	756,164
Asset retirement obligation accretion	**163,606**	
Amortization	**7,108,683**	-
Income tax expense	**2,448,073**	-
	4,843,918	505,076
Trade receivables, other receivables and prepayments and deposits	**(7,152,783)**	(1,703,451)
Inventory	**66,903**	-
Long-term receivables	**(18,454)**	-
Other assets	**(5,274,903)**	-
Accounts payable and accrued liabilities	**11,451,330**	3,024,593
	3,916,011	1,826,218
Investing		
Capital expenditures	**(42,090,253)**	(12,004,434)
Cash deposits held as security	**(703,864)**	-
Cash acquired from acquisition of Compania Minera Condestable S.A., net of costs	**(972,746)**	-
	(43,766,863)	(12,004,434)
Financing		
Funds held in trust	**-**	(318,614)
Shares issued for cash, net of share issue costs	**-**	865,526
Operating loan	**40,000,000**	-
Derivative purchases	**4,460,163**	
Long-term debt	**14,351,606**	(528,154)
	58,811,769	18,758
Net change in cash and cash equivalents	**18,960,917**	(10,159,458)
Cash and cash equivalents, beginning of period	**9,772,309**	61,952,395
Effect of exchange rate changes on cash held in foreign currencies	**(4,299,542)**	-
Cash and cash equivalents, end of period	**$ 24,433,684**	$ 51,792,937

See accompanying notes to consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Iberian Minerals Corp. (the "Company" or "Iberian") is a company involved in the evaluation, development and mining of base metal deposits in Spain and Peru. The Company is currently proceeding with Aguas Teñidas copper/zinc project ("Aguas Teñidas") located in the Region of Andalucia, SW Spain and the integration of the Condestable Mine in Peru. In January 2006, a feasibility study on the Aguas Teñidas project was received from SRK Consulting (UK) Ltd of Cardiff ("SRK"), which demonstrated the technical feasibility and economic viability of the project. Aguas Teñidas has sufficient reserves for a 12 year operating life with a production rate of 1.70 million tonnes annually. The acquisition of Condestable Mine was completed on January 31, 2008. (Note 5).

The Company has also signed a long term offtake agreement with Trafigura Beheer B.V. Amsterdam ("Trafigura") for the sale of all its metal concentrates from Aguas Teñidas. In addition, CMC has signed an off take agreement with Consortio Minero S.A. (“Cormin”) starting from January 01, 2008 for a period of ten years for the production of CMC’s concentrate. The Company is listed on Tier 2 of the TSX Venture Exchange.

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

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

These unaudited interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the three months ended March 31, 2008, the Company reported a loss of $5,818,644 and an accumulated deficit of $35,325,131 at March 31, 2008. In addition to its working capital requirements, the Company must secure sufficient funding to meet its spending obligations with respect to its Aguas Teñidas Project in order to take the mine into production. These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, the Company has $24,433,684 in cash and cash equivalents available for use as at March 31, 2008 to fund its Aguas Teñidas Project, the integration of the Condestable Mine in Peru and working capital requirements. The Company's financing efforts to date, while substantial, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations and, accordingly, management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Management expects that the Company will be able to secure the necessary financing through a combination of the exercise of existing options and warrants for the purchase of common shares and issue of new equity or debt instruments. Nevertheless, there is no assurance that these initiatives will be successful.

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

2. BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES

(a) Basis of presentation

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements except as noted below. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 2007, since they do not contain all disclosures required by GAAP for annual financial statements. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

(b) New accounting policies

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook sections in note 3 to these interim financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in note 4 to these interim financial statements.

Basis of consolidation

These consolidated financial statements include the assets, liabilities, revenues and expenses of the following subsidiaries:

Operating companies:	Ownership interest
Minas de Aguas Tenidas SAU ("MATSA")	100%
Compania Minera Condestable S.A. ("CMC" or "Condestable")	approximately 92%
Non-operating companies:	
Iberian Minerals Holdings B.V.	100%
Iberian Minerals Holdings Coöperatief U.A.	100%

2. BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES (continued)

(c) Significant accounting policies resulting from CMC acquisition

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of work in progress and finished goods (copper inventories) is based on cost of production and excludes borrowing costs.

For this purpose, the costs of production include:
- costs, materials and contractor expenses which are directly attributable to the extraction and processing of copper;
- the depreciation of property, plant and equipment used in the extraction and processing of copper; and
- related production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. Certain items of property, plant and equipment were carried in the balance sheet prepared in accordance with local Peru GAAP on the basis of valuation made in 2002. The group has elected to regard these values as deemed cost at the date of the revaluation.

The cost less its residual value of each item of property, plant and equipment is depreciated over its useful life. Depreciation is charged to cost of production during the estimated useful life of the individual asset using the straight line method. Depreciation commences when assets are available for use. Land is not depreciated. The assets useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

The assets are depreciated based on the following estimated useful life:

	Years
Buildings and other constructions	Between 7 and 10
Machinery and equipment	5
Vehicles	5
Furniture and fixtures and computer equipment	Between 7 and 10
Various equipments	Between 7 and 10

Borrowing costs are expensed as incurred.

Construction in progress
Assets in the course of construction are capitalised as a separate component of property, plant and equipment. Upon completion, the cost of construction is transferred to the appropriate category.

Construction in progress is not depreciated.

2. BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES (continued)

(c) Significant accounting policies resulting from CMC acquisition (continued)

Mine development costs
Development costs incurred in the areas of interest are recognised as assets on the date on which it is demonstrated that they will generate the expected benefits through a successful future development, and amortized based on proven and probable reserves. Similar costs related to the mining units presently in development affect operating costs and expenses.

A periodic review is carried out in each area of interest to determine whether it is appropriate to continue with the capitalization of the costs incurred. Should it be decided that the area of interest is not economically viable' the accumulated costs related to that area are charged to results of the operations.

Determination of copper reserves and resources
The Company estimates its copper reserves and mineral resources based on information compiled by internal specialists. Reports to support these estimates are prepared each year.

There are numerous uncertainties inherent in estimating ore reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being revised.

Revenue recognition
The Company is involved in production and sale of copper concentrate. Concentrate is sold directly to a related party. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue associated with the sale of concentrate is recognised in the income statement when all significant risks and rewards of ownership are transferred to the customer, usually when title has passed to the customer. Revenue excludes any applicable sales taxes.

The revenue is subject to adjustment based on inspection of the product by the customer. Revenue is initially recognised on a provisional basis using the Company best estimate of the copper grade. Any subsequent adjustments to the initial estimate of metal content are recorded in revenue once they have been determined.

In addition, sales of concentrate are “provisionally priced”, therefore the selling price is subject to final adjustments at the end of the declared Quotational period. The contractual terms of the off take agreement with Consortio Minero S.A. (“Cormin”) for deliveries as of January 2008 give Cormin the option to declare as Quotational Period (applicable price) to be either the average of the Month Following the Month of Delivery (M+1), or the Fourth Month Following the Month of delivey (M+4) for each quota.

Income from services provided to related parties is recognised in income when services are provided.

Workers' profit sharing and other employee benefits
In accordance to Peruvian Legislation, companies in Peru must provide for workers' profit sharing equivalent to 8 percent of taxable income of each year and capped at maximum 18 salaries per worker. This amount is charged to the income statement within personnel expenses in cost of sales and administrative expenses and is considered deductible for income tax purposes. The Company has no pension or retirement benefit schemes.

2. BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES (continued)

(c) Significant accounting policies resulting from CMC acquisition (continued)

Hedges
Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied and the accounting for each of the permitted hedging strategies: fair value hedges, cash flow hedges and hedges of foreign currency exposures of net investments in self-sustaining foreign operations. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge, or the derivative is terminated or sold, or upon the sale or early termination of the hedged item.

In a fair value hedging relationship, the carrying value of the hedged item is adjusted for unrealized gains or losses attributable to the hedged risk and recognized in net income. Changes in the fair value of the hedged item, to the extent that the hedging relationship is effective, are offset by changes in the fair value of the hedging derivative, which is also recorded in shareholders' equity. When hedge accounting is discontinued, the carrying value of the hedged item is no longer adjusted and the cumulative fair value adjustments to the carrying value of the hedged item are amortized to net income over the remaining term of the original hedging relationship.

In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative is recognized in other comprehensive income (loss) ("OCI") while the ineffective portion is recognized in net income. When hedge accounting is discontinued, the amounts previously recognized in accumulated other comprehensive income (loss) ("AOCI") are reclassified to net income during the periods when the variability in the cash flows of the hedged item affects net income. Gains and losses on derivatives are reclassified immediately to net income when the hedged item is sold or early terminated.

In hedging a foreign currency exposure of a net investment in a self-sustaining foreign operation, the effective portion of foreign exchange gains and losses on the hedging instruments is recognized in OCI and the ineffective portion is recognized in net income. The amounts previously recognized in AOCI are recognized in net income when there is a reduction in the hedged net investment as a result of a dilution or sale of the net investment; or reduction in equity of the foreign operation as a result of dividend distributions.

Foreign currency translation
The accounts of the Company's self-sustaining foreign subsidiary, Condestable, are translated using the current rate method using quarter-end exchange rates, with revenues and expenses translated at the average exchange rate. Gains and losses arising from these translations are recorded in accumulated other comprehensive income as a foreign currency translation adjustment until they are realized by a reduction in the investment.

3. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support development of MATSA and CMC, and to maintain corporate and administrative functions. The Company includes derivative instruments, long-term debt and equity, consisting of the issued common shares, convertible debentures, stock options, warrants and deficit in the definition of capital. The Company manages its capital structure in a manner that provides sufficient funding for mine development and operational activities. Funds are primarily secured through a combination of equity capital raised by way of private placements and external debt. There can be no assurances that the Company will be able to continue raising equity capital and external debt in this manner.

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

4. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as bought copper put options and forward contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes. The Company does not use derivatives to engage in any trading or other speculative activities.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange 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 copper sales is denominated in Canadian Dollars as is the majority of the Company's forecast operating costs. The risk is measured using sensitivity analysis and cash flow forecasting. The carrying amount of the Company's foreign currency denominated monetary assets and liabilities at the reporting date is as follows:

	Assets	Liabilities
Euros	$ 28,551,333	$ 43,712,047
US dollars	34,750,058	268,505,229
New Sols	510,581	12,681,893

<u>Sensitivity</u>
Based on the financial instruments held at March 31, 2008, had the US Dollar, Euro and New soles weakened/strengthened by 10% against the CAD with all other variables held constant, the Company's post-tax loss for the quarter would have been $26.1 million higher/lower as a result of foreign exchange gains/losses on translation of non-Canadian dollar denominated financial instruments as detailed above.

(ii) Price risk

Commodity 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 forecast future copper sales. Commodity risk is managed through the use of derivative instruments such as forward and option contracts to hedge a proportion of its forecast production. Iberian has hedged approximately 83% of the 2008 to 2011 years of expected Peru copper production with forward contracts.

<u>Sensitivity</u>
For CMC, Peru

At March 31, 2008, if the spot price of copper had been 10% higher/lower while all other variables were held constant post-tax loss for the quarter would remain unchanged. Accumulated other comprehensive income would decrease by $49.50 million and operating results would have a negative impact of $1.3 million as a result of the changes in fair value of the derivative instruments.

4. FINANCIAL RISK MANAGEMENT (continued)

Other price risk

The Company is exposed to equity price risks arising from an equity investment. The equity investment is held for strategic rather than trading purposes. The Company does not actively trade these investments.

Sensitivity
At March 31, 2008, if the inputs in to the valuation model had been 10% higher/lower while all other variables were held constant accumulated other comprehensive income would increase/decrease by $0.065 million as a result of the changes in fair value of the available-for-sale securities.

(iii) Interest rate risk

The Company is exposed to interest rate risk with regard to its bridge financing loan from Trafigura (Note 11). This bears interest at a rate of Libor plus 1%. Since management believes that the interest rate fluctuations will not have a significant impact on the company’s earnings, no sensitivity analysis has been prepared regarding the effects of such fluctuations.

(b) Credit risk

Credit risk refers to the risk that a 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. The Company has policies in place 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 Company has no significant concentrations of credit risk. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The carrying amount of financial assets recorded in the financial statements is adjusted for any impairment and represent the Company’s maximum exposure to credit risk.

(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 and matching the maturity profiles of financial assets and liabilities. To the extent the Company has liabilities on its cash flow hedge positions; the Company expects to produce sufficient copper to deliver into its committed hedge contracts.

The Company had no undrawn borrowing facilities at March 31, 2008.

5. BUSINESS COMBINATION

Effective January 31, 2008 the Company completed the acquisition of 92% of the issued and outstanding shares of Compania Minera Condestable (“CMC” or “Condestable”) from Trafigura Beheer B.V. (“Trafigura”), a related party as they are a significant shareholder of the Company.

The closing of this transaction gives the Company ownership of approximately 92% of CMC, the owner and operator of the Condestable Mine and lessee of the Raul Mine (collectively the “Condestable Mine”) located south of Lima, Peru. The Condestable mine has been in continuous production of copper and some silver since 1998.

5. BUSINESS COMBINATION (continued)

The business combination will be accounted for as a purchase transaction, with the Company as the acquirer of Condestable. In consideration for the acquisition of Condestable, a total of 65,990,833 of the Company's common shares were issued to Trafigura. The fair value measurement of the consideration given up by the Company was based on the market prices of the Company's common shares over a two day period before and after the announcement of this transaction. Accordingly, the Company's management estimates the fair value of the Company's common shares at $1.25 per share.

As part of the agreement for this transaction, Trafigura has been granted a 46% net operating profit ("NPI") of CMC for a term of four years commencing January 1, 2011 payable in cash or, at the option of Trafigura and subject to regulatory approval including the approval of the TSX Venture exchange, in common shares. The Company shall have the right until June 30, 2011 to purchase the NPI for US$60.0 million.

As part of the completion of this transaction, Trafigura has also agreed to supply bridge financing to the Company in the amount of Cdn$80 million as continuous financing for the project at Minas Aguas Tenidas project in Spain.

The terms of the agreement for the acquisition of CMC entitles the Company to a proportionate share (approx. 92%) of the after tax profits of CMC starting October 1, 2007.

The cost of the acquisition included a CDN$1,000,000 payment made to Macquarie Capital Markets Ltd. as a transaction success fee on February 19, 2008.

The acquisition of CMC was accounted for using the purchase method. The results of operations are included in the accounts from the effective date of acquisition.

Details of the acquisition of CMC are as follows:

Purchase Price	
Common shares issued	**$ 82,729,946**
Transaction costs	**3,017,009**
	85,746,955
Fair value of net assets acquired	
Current assets	**23,300,148**
Other receivables	**192,422**
Property and equipment, net	**369,577,036**
Other assets	**931,044**
	394,000,650
Less: current liabilities	**(72,841,900)**
Less: long-term liabilities	**(133,816,751)**
Less: future tax liabilities	**(101,595,044)**
	$ 85,746,955

(a) Pursuant to the terms of the Acquisition Trafigura retains a 46% net profit interest (NPI) commencing January 1, 2011 and ending December 31, 2014. An independent valuation commissioned by the Company (the "43-101 Report") with respect to the Acquisition has preliminarily indicated a mine life of 4 years (ending on December 31, 2010) based solely on proven and probable reserves. Accordingly, the Company has not assigned any value to the NPI for the purpose of the preliminary purchase price allocation.

5. BUSINESS COMBINATION (continued)

(b) Additional depreciation and future income tax recovery have been recorded with respect to the fair value increment to acquired mineral assets and the reversal of the taxable basis differences resulting from the purchase price allocation.

(c) The Company has not allocated any amount to minority interest as the acquired business is in a net liability position.

6. RESTRICTED CASH

	March 31, 2008	December 31, 2007
Cash deposits held as security	**$ 2,411,177**	$ 1,707,313

As of March 31, 2008, the cash deposit in the amount of €1,484,349 (Canadian $2,411,177) is held as security in relation to a permit for the ore processing plant in Spain.

7. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2007	Additions 2008	Accumulated amortization	March 31, 2008
Spain				
Mining interests	$ 19,018,012	$ 5,312,746	$ -	$ 24,330,758
Construction in Progress	121,572,153	34,951,266	-	156,523,419
Equipment	2,708,411	378,910	-	3,087,321
	143,298,576	40,642,922	-	183,941,498
Canada				
Office furniture, fixtures and equipment	109,687	8,389	(4,231)	113,845
Peru				
Land	-	3,758	-	3,758
Building and other constructions	-	3,436,861	(87,437)	3,349,424
Machinery and equipment	-	23,769,912	(1,179,396)	22,590,516
Vehicles	-	530,115	(29,718)	500,397
Office furniture, fixtures and equipment	-	326,194	(15,049)	311,145
Mining interests	-	341,118,964	(5,792,852)	335,326,112
Construction in progress	-	2,235,270	-	2,235,270
Development costs	-	135,181	-	135,181
	$ -	$ 371,556,255	$ (7,104,452)	$ 364,451,803
	$ 143,408,263	$ 412,207,566	$ (7,108,683)	$ 548,507,146

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	December 31, 2006	Additions 2007	Accumulated amortization	December 31, 2007
Spain				
Mining interests	$ 14,710,808	$ 4,307,204	$ -	$ 19,018,012
Construction in Progress	32,304,080	89,268,073	-	121,572,153
Equipment	1,034,510	1,673,901	-	2,708,411
	48,049,398	95,249,178	-	143,298,576
Canada				
Office furniture, fixtures and equipment	-	113,405	(3,718)	109,687
	$ 48,049,398	$ 95,362,583	$ (3,718)	$ 143,408,263

On February 26, 2008, the Company announced that the Aguas Tenidas Project has recently received a 30 year consolidation of 22 Mining Rights Licenses (the "Consolidated Mining License"), formally known as the "Consolidación de Derechos de Concesiones de Explotación minera", as well as a 15 year fresh water supply permit, better known as the "Concesión de Aguas Públicas Superficiales del Embalse de la presa del Olivargas con destino a usos industriales mineros en la mina de aguas teñidas, en el T.M Almonaster la Real (Huelva)".

The Consolidated Mining License affects 22 previously granted licenses encompassing the area of the Aguas Tenidas project. The effect of this license is to consolidate the disparate licenses with varying expiry dates into one consolidated license which will run for 30 years, and is thereafter renewable for up to an additional 90 years.

The fresh water supply permit secures the water rights required for the short and long term development of the project. The permit allows a maximum flow rate of 30,00l/sec and a maximum yearly volume of 762.500m3 for 15 years.

8. ACCOUNTS PAYABLE AND TRADE AND OTHER RECEIVABLES

(a) Accounts payable and accrued liabilities

	March 31, 2008	December 31, 2007
Accounts payables suppliers	**$ 29,015,157**	$ 27,353,213
Deposits received	**1,394,637**	954,643
Taxes and social security	**555,165**	430,027
Other	**30,284**	29,042
Total MATSA payables	**$ 30,995,243**	$ 28,766,925
Accounts payables suppliers	**$ 3,870,424**	$ -
Hedge payable	**12,428,353**	-
Taxes and social security	**12,231,928**	-
Other	**441,330**	-
Total CMC payables	**$ 28,972,035**	$ -

8. ACCOUNTS PAYABLE AND TRADE AND OTHER RECEIVABLES (continued)

(a) Accounts payable and accrued liabilities (continued)

	March 31, 2008	December 31, 2007
Debenture interest	**$ 267,124**	$ 649,315
Accounts payables	**192,622**	356,853
Accrued liabilities	**489,853**	272,825
Total Iberian payables	**$ 949,599**	$ 1,278,993
Total accounts payable and accrued localities	**$ 60,916,877**	$ 30,045,918

(b) Trade and other receivables

	March 31, 2008	December 31, 2007
VAT receivable	$ 12,347,642	$ 8,618,980
Deposits with suppliers	2,002,380	1,037,262
Other	73,002	700,962
Total MATSA receivables	$ 14,423,024	$ 10,357,204
Trade receivable	$ 23,618,285	$ -
Deposits with suppliers	278,392	-
Other	86,356	-
Total CMC receivables	$ 23,983,033	$ -
GST receivable	$ 77,355	$ 56,416
Interest	13,868	30,559
Total Iberian receivables	$ 91,223	$ 86,975
Total accounts receivable	$ 38,497,280	$ 10,444,179

9. LONG-TERM DEBT

	March 31, 2008	December 31, 2007
Spain		
Payments due arising from general creditors agreement	$ 11,093	$ 9,853
Fixed asset loan	763,468	678,116
Loan facility	11,942,240	2,210,662
	12,716,801	2,898,631
Peru		
Finance leases	7,524,001	-
	20,240,802	2,898,631
Amounts payable within twelve months	(15,734,114)	(1,535,203)
	$ 4,506,688	$ 1,363,428

The loan facility in MATSA is comprised of three loans as follows:

(a) Loan facility, issued by an unrelated third party, has a three year term, expiring in 2010. The principal outstanding is €1.02 million. Under the terms of the loan facility, the repayment of principal and interest will be as follows: interest in thirteen instalments until September 2008, the first instalment of €3,083 commenced in September 2007: and interest and principal in twenty four instalments until September 2010, the first instalments of €44,999 to commence October 2008. The effective interest rate is fixed at 5.5% per annum. Interest on the loan facility for the period ended March 31 2008 was €14,066 ($21,178).

(b) The second loan facility, issued by a third party, has a one year term, expiring December 31, 2008, at which time both the principal and interest are due. The effective interest rate is fixed at 5.5% per annum. The interest on this loan for the period ended March 31, 2008 is €5,256 ($7,914) and the principal outstanding is €382,290.

(c) The third loan is a VAT facility of €5.95 million, issued by a third party, has a one year term, expiring January 1, 2009. Under the terms of the loan facility, the repayment of principal and interest will be due on December 31, 2008. The effect interest rate is fixed at 5.5% per annum. Interest on the loan facility for the period ended March 31, 2008 was €4,567 ($6,876).

The finance leases in Condestable are on mining equipment with various third parties. These leases have various maturity dates up to February 2010 and are based on annual interest rates between 6.75% and 8.65%.

10. CONVERTIBLE DEBENTURE

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

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

The actual interest from July 26, 2007 to January 26, 2008 was $756,164 (comparative period - $756,164) and was repaid by issuing 675,146 common shares (comparative period - 463,904 common shares). The interest accrued from January 1, 2008 to March 31, 2008 was $373,973 (comparative period - $369,863). The accretion attributable to the convertible debenture for the three months ended March 31, 2008 was $86,339 (comparative period - $79,156) for a total interest expense on the consolidated statements of $460,312 (comparative period - $449,019).

The following is a summary of the above transactions:

	March 31, 2008	December 31, 2007
Convertible debenture payable		
Fair value of liability component	23,121,122	23,121,122
Add: accretion charges	557,266	470,926
	23,678,388	23,592,048
Equity portion of convertible debenture	1,878,878	1,878,878

11. OPERATING LOAN

As part of the acquisition of Condestable, Trafigura agreed to provide bridge financing until the Company is able to complete the loan at Condestable in the amount of US$70 million and the MATSA loan from Investec as the lead lender in the amount of US$210 million. As at March 31, 2008 Trafigura had advanced approximately $40 million (US$39.63 million) at a rate of Libor plus 1%. This loan was used to fund the construction at MATSA. This will be repaid from the Condestable loan when funded.

12. ASSET RETIREMENT OBLIGATION

The following table summarizes the movements in the asset retirement obligation:

	March 31, 2008	December 31, 2007
Balance, beginning of year	$ 2,308,819	$ -
Recognition of new obligation	3,092,789	2,263,548
Accretion expense	163,606	45,271
	$ 5,565,214	$ 2,308,819

As at March 31, 2008, management estimates that the total undiscounted amount of the estimated cash flows required to settle the Company's asset retirement obligation is approximately $9,859,378.This is comprised of approximately $5,700,000 for the MATSA property and $4,159,378 for the Condestable property. It is expected that this amount will be incurred in approximately equal amounts over years 2009 to 2021 for MATSA and years 2008 to 2014 for CMC. Using the credit-adjusted rate of 8% the asset retirement obligation is $4,962,145 (MATSA – $2,263,548 and Condestable - $2,698,597).

13. DERIVATIVE INSTRUMENTS

As part of the US$210 million Project Finance Facility for Iberian's Aguas Tenidas Project (the "Facility") to be provided by Investec Bank (UK) PLC, BNP Paribas and Societe Generale, Iberian is required to hedge the forecasted future metals production until the facility matures in June 2013. The Facility requires Iberian to hedge 70% of the forecast copper production and 65% of the forecast zinc and silver production. In anticipation of the closing of this facility by the end of May - early June 2008, the Company started negotiating some of the copper and zinc contracts with Investec Bank (UK) PLC during quarter 1, 2008.

Eventually all of the hedging programme will be completed to meet the requirements of the facility. When this programme is completed the, Company will assess the effectiveness of the hedge programme in order to implement hedge accounting rules as permitted under Canadian GAAP.

The Company's recently acquired subsidiary ("CMC") had entered into hedge forward contracts with Natixis Commodity Markets Limited, an unrelated third party.

During February and March 2008, CMC registered losses of US$12,107,497 due to realized hedge forward contracts registered as part of cost of operations. The effectiveness of these contracts was assessed as of January 31, 2008 and a net unrealized loss of US$52,512,081 was registered in equity with respect to these contracts. Additionally included in the statement of operations is a hedge loss of US$2,641,388 for the period February and March 2008 with respect to non qualified contracts. These contracts expire on varying dates through December 31, 2011.

13. DERIVATIVE INSTRUMENTS (continued)

Balances as of January 31, 2008 and March 31, 2008 of these derivative instruments are as follows.

	March 31, 2008 (US$)	January 31, 2008 (US$)
Derivative Instruments	$ 235,912,380	$ 180,758,910
Less: Non-Current Portion	$ 152,274,914	$ 127,453,480
Current Portion	$ 83,637,466	$ 53,305,430
Hedge qualified (Highly effective)	$ 227,829,838	$ 175,317,757
Non Qualified	8,082,541	5,441,153
	$ 235,912,379	$ 180,758,910
	(CAD$)	(CAD$)
Current portion	$ 85,853,858	$ 53,422,702
Long term portion	156,310,199	127,733,878
	$ 242,164,057	$ 181,156,580

Market values have been used to determine the fair value of forward contracts. The fair values have been calculated by discounting the future cash flows.

As of March 31, 2008 the forward contracts in force are as follows:

(i) Copper

Period	**FMT (Fine Metric Tons)**	**Projected Production (%)**	**Fixed Price US$/FMT**
April 2008 - December 2008	17,575	84	4,398.04
January 2009 - December 2009	19,900	84	4,410.00
January 2010 - December 2010	20,525	85	4,410.00
January 2011 - December 2011	20,625	85	3,400.00

13. DERIVATIVE INSTRUMENTS (continued)

(ii) Gold

Period	FOZ (Fine ounces)	Projected Production (%)	Fixed Price US$/FOZ
April 2008 - December 2008	1,800	15	741.50
January 2009 - December 2009	2,400	15	741.50
January 2010 - December 2010	2,400	15	741.50
January 2011 - December 2011	2,400	15	741.50

(iii) Silver

Period	FOZ (Fine ounces)	Projected Production (%)	Fixed Price US$/FOZ
April 2008 - December 2008	100,000	62	12.04
January 2008 - June 2008	100,000	51	14.01

14. SHARE CAPITAL

(a) Authorized capital

The number of authorized common shares is unlimited

(b) Issued common shares

	No. of Shares	Amount ($)
Balance, December 31, 2007	**187,635,426**	**130,721,277**
Acquisition of Compania Minera Condestable S.A. (Note 5)	**65,990,833**	**82,729,946**
Convertible debenture interest (1)	**675,146**	**756,164**
Balance, March 31, 2008	**254,301,405**	**214,207,387**

(1) On January 26, 2008, the Company issued an aggregate of 675,146 common shares in satisfaction of the January 26, 2008 interest payment of $756,164 in accordance with the terms of the convertible debenture.

15. STOCK OPTIONS

The following table reflects the continuity of stock options for the three months ended March 31, 2008:

	Number of Stock options	Weighted average exercise price ($)
Balance, December 31, 2007 and March 31, 2008	13,490,000	1.14

15. STOCK OPTIONS (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2008:

Expiry Date	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Fair Value per Option	Number of Options Outstanding	Number of Options Vested	Number of Options Unvested
August 27, 2008 (a)	0.40	0.41	0.08	200,000	200,000	-
October 10, 2008 (b)	0.60	0.53	0.09	375,000	375,000	-
February 11, 2009 (c)	0.80	0.86	0.61	1,335,000	1,335,000	-
April 14, 2009 (d)	0.86	1.04	0.66	100,000	100,000	-
October 12, 2009 (e)	0.50	1.53	0.39	1,700,000	1,700,000	-
February 1, 2011 (f)	0.70	2.83	0.40	420,000	420,000	-
June 27, 2011 (g)	1.20	3.24	0.40	3,955,000	3,235,000	720,000
September 19, 2009 (h)	1.50	1.47	0.48	300,000	300,000	-
September 19, 2011 (i)(j)	1.50	3.47	0.47	180,000	120,000	60,000
April 6, 2011 (k)	0.70	3.01	0.27	75,000	75,000	-
December 15, 2011 (l)	1.50	3.71	0.87	250,000	166,000	84,000
June 27, 2012 (m)	1.50	4.24	0.99	4,400,000	3,265,000	1,135,000
June 27, 2012 (n)	1.65	4.24	0.96	100,000	75,000	25,000
July 18, 2012 (o)	1.66	4.30	1.22	100,000	30,000	70,000
		2.95		13,490,000	11,396,000	2,094,000

Stock options have been expensed as follows:

	Number of active and exercised options valued	Cumulative expense from inception to December 31, 2007	Amount expensed in 2008	Remainder to be expensed	Exercise of stock options	Total stock option compensation
(a)	200,000	$ 16,921	**$ -**	$ -	$ -	$ 16,921
(b)	375,000	35,144	-	-	-	35,144
(c)	1,335,000	817,020	-	-	-	817,020
(d)	100,000	65,800	-	-	-	65,800
(e)	1,700,000	660,353	-	-	-	660,353
(f)	420,000	168,840	-	-	-	168,840
(g)	3,955,000	1,497,146	48,360	48,360	-	1,593,866
(h)	300,000	144,000	-	-	-	144,000
(i)/(j)	180,000	74,169	3,187	6,374	-	83,730
(k)	75,000	20,325	-	-	-	20,325
(l)	250,000	175,740	10,440	31,320	-	217,500
(m)	4,400,000	3,776,099	276,772	289,929	-	4,342,800
(n)	100,000	77,246	13,898	4,956	-	96,100
(o)	100,000	59,488	23,455	39,434	-	122,377
	13,490,000	$ 7,588,291	$ 376,112	$ 420,373	$ -	$ 8,384,776

15. STOCK OPTIONS (continued)

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

Three months ended March 31,	2008	2007
Property, plant and equipment	$ 276,416	$ 74,398
Stock option compensation	48,360	178,049
Advertising, promotion and public relations	13,898	-
Office expenses	37,438	-
	$ 376,112	$ 252,447

16. WARRANTS

The following table sets out the warrant activity during the three months ended March 31, 2008:

	Number of Warrants	Value ($)
Balance, December 31, 2007 and March 31, 2008	8,382,126	1,715,231

The following table reflects the actual warrants outstanding as of March 31, 2008:

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

17. RELATED PARTY TRANSACTIONS

The Company has a management agreement with two directors whereby each receive annual fees of $240,000 (2007 - $240,000). For the period ended March 31, 2008, each received $60,000, (2007 – $60,000)

In addition, $30,000 (2007 – 31,500) was paid to another officer of the Company.

During the period ended March 31, 2008, a total of $48,000 (2007 - $48,000) was expensed as professional and consulting fees and $102,000 (2007 – 117,000) was included in property, plant and equipment.

In addition $4,500 was paid to an arms length party on behalf of the above directors for travel related expenses

For the period ended March 31 2008 no directors fees were paid. The Company accrued $12,000 for directors fees in the first quarter of 2008.

17. RELATED PARTY TRANSACTIONS (continued)

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

The Company completed the acquisition of “Compania Minera Condestable” (CMC) effective January 31, 2008. The consideration for acquisition was satisfied by the Company issuing 65,990,833 shares to Trafigura, which previously held approximately 21% of the issued share capital of Iberian. Trafigura now holds approximately 42% of the issued and outstanding capital of Iberian.

As at March 31, 2008, Trafigura has lent the Company a bridge loan of $40 million (US$39.63 million) at an interest rate of Libor + 1%. This will be repaid from the proceeds of the Condestable loan currently being negotiated (Note 11 and Note 22).

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

18. COMPARATIVE FIGURES

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

19. ADMINISTRATIVE EXPENSES

Three months ended March 31,	2008	2007
Accounting and corporate services	**$ 43,660**	$ 39,096
Office expenses	**238,598**	15,410
Professional and consulting fees	**515,060**	234,362
Transfer agent, listing and filing fees	**35,466**	38,560
Selling expenses	**194,276**	-
Administration	**873,764**	-
Shareholders' information	**8,918**	3,158
Travel	**87,375**	72,740
Advertising, promotion and public relations	**40,758**	13,987
Occupancy costs	**26,374**	4,770
Director fees	**12,000**	-
Capital tax	**-**	50,000
Amortization	**4,231**	-
	$ 2,080,480	$ 472,083

20. SEGMENTED INFORMATION

Segmented assets

	March 31, 2008			
	Canada	**Spain**	**Peru**	**Consolidated**
	$	**$**	**$**	**$**
Current assets	**3,045,051**	**26,167,337**	**37,736,812**	**66,949,200**
Long-term assets	**769,345**	**186,352,675**	**370,868,627**	**557,990,647**
	3,814,396	**212,520,012**	**408,605,439**	**624,939,847**

	December 31, 2007			
	Canada	Spain	Peru	Consolidated
	$	$	$	$
Current assets	6,383,032	15,701,165	-	22,084,197
Long-term assets	4,814,952	143,159,987	-	147,974,939
	11,197,984	158,861,152	-	170,059,136

All sales income is derived from Peruvian operations.

21. COMMITMENT

The Company has entered into various leases for premises and equipment.

At March 31, 2008 the Company is committed to future minimum lease payments as follows:

	Spain	Peru	Canada	Total
2008	$ 410,751	$ 3,371,237	$ 67,414	$ 3,849,402
2009	79,469	3,602,872	91,236	3,773,577
2010	59,952	385,565	92,709	538,226
2011	5,495	-	94,182	99,677
2012	-	-	7,859	7,859
	$ 555,667	$ 7,359,674	$ 353,400	$ 8,268,741

22. SUBSEQUENT EVENT

On May 20, 2008, the Company announced that the US$70 million, 3 year, pre-export finance facility established in favour of Condestable and arranged and underwritten by Societe Generale has been successfully concluded. The use of proceeds for this facility will be to fund development at Iberian's wholly owned Aguas Tenidas Project in southern Spain.