

2007 BCSECCOM 714

November 20, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 51-102, s. 13.1 Continuous Disclosure Obligations - An issuer wants relief from the requirement to include prospectus-level disclosure in an information circular to be circulated in connection with an arrangement, reorganization, acquisition or amalgamation - The transaction is not a reverse takeover; the issuer will provide alternate financial information about the business that is consistent with the financial information required in the continuous disclosure context for significant acquisitions; the issuer will provide information about the parties to the transaction sufficient for shareholders to assess the transaction as a whole

Applicable British Columbia Provisions

National Instrument 51-102, s. 9.1 and 13.1
Form 51-102F5, Section 14.2

In the Matter of
the Securities Legislation of
Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Iberian Minerals Corp.
(the Filer)

MRRS Decision Document

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Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application of the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the obligation to include, in a proxy solicitation and management information circular to be sent to its security holders in connection with the contemplated Condestable Acquisition (as defined below), Condestable's income statements, retained earnings and cash flow for its financial year ended on December 31, 2004 (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission (the OSC) is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 - *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a reporting issuer (or its equivalent) in each of Ontario, British Columbia and Alberta and its principal and registered office is located in Toronto, Ontario.
2. The filer is not in default of any of its obligations under the Legislation.
3. The Filer is not presently qualified to file a short-form prospectus under National Instrument 44-101 *Short Form Prospectus Distributions*.
4. The Filer has entered into a letter of intent with Trafigura Beheer B.V. a company incorporated in the Netherlands. Pursuant to the proposed terms, Trafigura Beheer B.V. or its affiliated designee (Trafigura) will sell to the Filer an ownership interest of approximately 92% in Compania Minera Condestable S.A. (the Condestable Acquisition), held by its subsidiary Urion Worldwide Investments Limited (Urion).
5. Compania Minera Condestable S.A. (CMC) owns and operates the Condestable mine and is the lessee of the Raul mine located in Peru. CMC is a

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publicly listed company in Peru and is subject to the Peruvian securities law requirements.

6. The Filer intends to mail a management information circular (the Circular) on or about November 28, 2007 in connection with a meeting of shareholders to be held in December, 2007 called to approve, among other things, the Condestable Acquisition.
7. The Filer will include the following financial statements in the Circular:
 - i) The Filer will include the Filer's audited financial statements for the three years ended December 31, 2004, 2005 and 2006 (the Audited Financial Statements) and the Filer's unaudited financial statements for the six-month period ended June 30, 2007 (the Unaudited Financial Statements) prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and an auditor's report which has been prepared in accordance with Canadian generally accepted auditing standards (Canadian GAAS). The Unaudited Financial Statements will be reviewed by its auditors pursuant to CICA Handbook Section 7050 *Auditor Review Of Interim Financial Statements*.
 - ii) Prior to closing of the Condestable Acquisition, CMC will have disposed of its subsidiary Catalina Huanca Sociedad Minera S.A.C (Catalina). For the purpose of disclosure in the Circular, the historical financial statements of CMC will be presented by excluding Catalina using the carve-out basis of presentation (the Condestable Acquisition Financial Statements) as described in Part 3.16 of the Companion Policy to OSC Rule 41-501 - *General Prospectus Requirements* (OSC Rule 41-501). The Condestable Acquisition Financial Statements will constitute the substantial portion of the business currently carried on by CMC which will also continue as a legal entity following the Condestable Acquisition. The auditors of CMC are Medina, Zaldivar, Paredes & Asociados (the CMC Auditors) which is an affiliate member of Ernst & Young Global Limited.
8. The Circular will also include the following Condestable Acquisition Financial Statements:
 - i) Audited financial statements of CMC for each of the years ended December 31, 2006 and 2005 prepared in accordance with International Financial Reporting Standards (IFRS). The report by the CMC Auditors on the Condestable Acquisition Financial Statements will be prepared in

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accordance with United States generally accepted auditing standards (U.S. GAAS).

- ii) Unaudited comparative interim financial statements of CMC for the 6-month period to June 30, 2007 prepared in accordance with IFRS and reviewed by the CMC auditors pursuant to U.S. GAAS.
 - iii) The audited financial statements and the unaudited comparative interim financial statements of CMC to be contained in the Circular will be reconciled from IFRS to Canadian GAAP in a supplementary footnote to the statements.
9. The Filer will present in the Circular the following *pro-forma* financial statements pursuant to the requirements in Part 6.5 of OSC Rule 41-501 and the additional requirements in Part 7 of National Instrument 52-107 – *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*:
- i) Unaudited pro forma balance sheet as at June 30, 2007 prepared in accordance with Canadian GAAP.
 - ii) Unaudited pro forma statements of operations for the six months ended June 30, 2007 and the year ended December 31, 2006 prepared in accordance with Canadian GAAP.
10. The Circular will contain full true and plain disclosure with respect to CMC.
11. The Condestable Acquisition would not be a “reverse takeover” as defined in NI 51-102.
12. Except for the Condestable Acquisition Financial Statements in lieu of the financial statements required to be included in the Circular in respect of CMC, the Circular complies with the requirements of NI 51-102.
13. The Circular will provide shareholders with sufficient information regarding the current financial status of Condestable so as to allow the shareholders of Iberian to form a reasoned judgment in respect of the Condestable Acquisition.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

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The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided the Filer includes the Condestable Acquisition Financial Statements described in representation 8 above.

Lisa Enright
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Ontario Securities Commission