

Iberian Gold Plc

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser. If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares as soon as possible.

INVITATION TO SUBSCRIBE TO THE IBERIAN GOLD PLC CONVERTIBLE GOLD LINKED BOND

Dear Shareholder

In September last year your company acquired Recursos Metalicos SL which owns the rights to exploit gold and other metal deposits in the Lomero Poyatos region of Spain. Your company has obtained a report from Wardell Armstrong in September last year which indicates very substantial deposits of gold and other minerals and now intends to obtain full mining and environmental permits to enable it to create a viable gold and other metal producing mine.

I am writing to you to invite you to subscribe for a bond, the proceeds of which will be used to develop your company's principal asset, the Lomero Poyatos Gold Project in Spain which your company owns 100%.

The New Board of Directors

Your company's board has now been reorganised. Mr Mark Slater has been appointed as Chief Executive. Mr Martin Robins F C M A has been appointed non executive chairman. Mr Robert Kyriakides LLB has been appointed as non executive director and also is the new Company Secretary. You will appreciate that in effect the board has now been effectively reconstituted.

The new board consists of recently appointed directors of Cambridge Mineral Resources Plc which company owns an 80% economic interest in your company. The new board of your company is determined to achieve high shareholder value for your company and thereby exploit current high mineral prices.

The Lomero Poyatos Gold Project in Spain

The Wardell Armstrong report indicates that at present values of the gold silver, copper and other ore the rights of which are vested in Recursos Metalicos SL are

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Registered in England 3977034 at 37 Queen Anne Street, London W1G 9JB

worth in excess of £30 million (approximately 10p a share) if the ore is mined and processed. The valuation is based on the traditional industry standard of 5% of the present value of the gold or gold equivalent reserves at the mine as reported in the engineers' reports. In order to be ready to mine Recursos needs to obtain approval of a Mining Plan and Environmental Plan by the authorities in Spain.

Purpose of the Bond

Iberian Gold Plc is issuing a convertible gold linked bond limited to a total aggregate amount of £1,000,000. The bond is being sold in units of £1,000. The money raised will be applied for the development of the Iberian Gold Plc's gold project held by its wholly owned subsidiary Recursos Metalicos SL.

The funds raised will be employed in the following order of priority:-

1. To pay local running costs (rents for mining leases) and to repay certain historical debts of the company which together are estimated to be no more than £150,000.
2. To make a preliminary payment (in stages) to Golder, a leading Spanish Mining Engineering Company, whom Recursos Metalicos SL has retained to finalise the Mining Plan and the Environmental Plan, of £200,000; this will enable the Mining Plan and Environmental Plan to be concluded. The overall fee for this is in the order of £600,000 and Golder has agreed to defer two thirds of that fee, which we regard as an indication of their confidence in the project.
3. To increase the working capital that is available to the Iberian Gold Plc.
4. To put Iberian Gold Plc into a position of being able to either float on AIM after approval of the Mining and Environmental Plan and the Environmental Plan or to sell Recursos Metalicos SL.

The bond proceeds will be subject to an administration fee of 5% of the monies raised.

Your company has already placed £165,000 of the bond. Cambridge Mineral Resources plc will convert its entire loan to Iberian Group Plc amounting to £150,000 into the Iberian Gold Plc Convertible Gold Linked Bond and the directors have agreed to subscribe to the bond. Any bond not taken up after the 31st May will be offered to the shareholders of Cambridge Mineral Resources Plc

Terms of the Bond

I refer you to the detailed terms of the bond, which are enclosed. It is essential that you read these detailed terms and take note of the risks inherent in subscribing for bonds. In summary:-

- (a) The bond is offered in units of £1,000 and there is no limit to the number of units for which a shareholder may subscribe.
- (b) The bond is repayable sixty days after the flotation of your company on AIM (the redemption date), or on any recognised exchange or upon the sale of Recursos Metalicos SL and/or its mining permits and/or your company and/or Cambridge Mineral Resources Plc. The bond is repayable without interest.

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The bond is not repayable earlier and Iberian has no intention to create a market in the bonds.

- (c) The subscription price of the bond is deemed to be equivalent to a gold price of six hundred and fifty pounds sterling (£650) per ounce. The redemption price of the bond will be calculated by reference to the price of gold on the redemption date. If the price of gold on the redemption date is higher than £650 an ounce the bond will be redeemed on the basis of the higher price. If the price of gold is lower than £650 an ounce on the redemption date the bond will be redeemed at the lower price.
- (d) As at the date of this offer the actual price of gold is about £937 (\$1,500) an ounce at present currency exchange rates. Although gold is priced in US dollars we are linking this bond to the pounds sterling equivalent of the price of gold and Iberian Gold Plc will redeem this bond in pounds sterling.
- (e) For the purposes of illustration only, the following table sets out the redemption value of the bond at different gold prices on the redemption date, based on the purchase of a single unit of bond of £1,000 and an exchange rate between £ and US \$ of \$1.6 to £1. This is only illustrative and should not be treated as a predicted value.

Price of Gold £ per ounce	Price of Gold in US\$ per ounce	Redemption Price of one unit
650	1040	£1,000
850	1360	£1,307
1000	1600	£1,538
1200	1920	£1,846

- (f) The bond holder will have an option to convert the redemption value of the bond into new ordinary one penny shares in Iberian Gold Plc at the price of 5 pence per new ordinary share, such option to be exercised at any time from the issue of the bond until the announcement of a specific flotation of Iberian. If the option is exercised a single bond holding of £1,000 would be converted into 20,000 ordinary Iberian shares of 1p each, fully paid, and the bond would be cancelled.
- (g) The bond is in effect being issued at a discount of more than 30% to the price of gold today.
- (h) Iberian Gold Plc will not be able to repay the bond except by the proceeds of a flotation which can only occur after the Mining and Environmental Plan has been approved by the Spanish Authorities or upon the sale or takeover of Iberian Gold Plc and/or its Recursos Metalicos SL subsidiary and/or its mining asset and/or a sale of Cambridge Mineral Resources Plc.
- (i) Applications for bonds will be dealt with on a first come first served basis. The bond offer is only open until 31st May 2011, but will close earlier if all units have been sold.

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Your board recommends that you subscribe to this bond offering.

If you do wish to subscribe to the bond would you please complete and return the Transaction Sheet and send it to the Company's solicitors, Messrs Kyriakides & Braier together with your cheque. Please also read the important information that is enclosed which comprises the terms of this offer, and the terms of the bond.

Should you have any question, I am available during normal business hours on 01666 837747.

Yours sincerely

Martin Robins FCMA
Chairman
Iberian Gold Plc

www.iberiangold.com
www.cambridgemineralresources.com/

IMPORTANT INFORMATION

Sale of Iberian Gold Plc Bonds

The price and value of investments and any income from them can go down as well as up. Past performance is no guide to future performance. It is entirely your decision whether or not to conduct a transaction using this service provided by Iberian Gold Plc.

Note: Bonds are not publicly offered. The following Terms and Conditions of the bond selling service are not part of a public offer. The offer to subscribe for the Individual Bonds is addressed exclusively to the existing shareholders of Cambridge Mineral Resources plc and Iberian Gold Plc.

Terms and Conditions of the Bond Selling Service

1. The Company has offered to you in your capacity as shareholder to buy the Iberian Gold Plc Convertible Gold Bond to be held in the form of paper certificates by post. Iberian Gold Plc ("the Company") is offering on an execution-only basis. In other words, we will carry out your instructions but we do not give any kind of investment or tax advice, nor advise you on the merits of any particular transaction. In particular, the Company will not assess the suitability of transactions conducted for you or services provided to you under these terms and conditions and you do not benefit from the Financial Services Act Rules on assessing suitability. If you are in any doubt about using the service, you should consult a professional adviser.
2. The Company is not in the business of dealing in or trading shares but in the business of gold mining and exploration. The offer is not available to those who are not shareholders of the Company and to those shareholders resident outside the European Union and the European Free Trade Area.
3. Please read carefully through these terms and conditions. They describe the basis on which we will provide the service, and will come into effect as soon as we have received your instructions.
4. The decision to buy bonds is your responsibility. If you live or have a registered address outside the UK, or you are a citizen of another country, you are responsible for checking whether you need any overseas government consents or to observe any other formalities before buying.
5. This agreement is only for the benefit of you and us. It will not give any benefits to, nor be enforceable by, any third party.
6. Once you have sent the Company your form, you will not be able to cancel your instructions. We cannot take orders over the phone. **The gold price may change significantly between the time you decide to purchase and the time we actually arrange the registration of your bond and the time when you redeem the bond but the price at which we are offering the bond is fixed. Redemption of the bond is dependent upon the success of the project for which the money is raised.**
7. The Company reserves the right to refuse an instruction to deal if the instruction is incorrect or incomplete and we cannot obtain clarification we will return it without carrying out the instruction.
8. The Company reserves the right to terminate or extend the offer at any time but at the date of this offer the closing date of this offer is 31st May 2011
9. If a cheque in payment for your bond purchase is invalid for any reason, or is returned unpaid by your bank, you shall not be entitled to any bond.
10. This offer is provided subject only to the administration fee, is free of commission and is not subject to Stamp Duty Reserve Tax.
11. The Company will not be liable for any consequential loss however caused, or loss in respect of timing of the transaction, unless it results from the fraud, wilful default or negligence of the Company, its employees or agents. This does not exclude or restrict any obligation owed to you under the law of England and Wales.
12. The Company will not be responsible for any losses, costs, damages or expenses sustained or incurred by you by reason of industrial action or any cause beyond its control and it will not accept responsibility for any document before it is received or after it has been despatched by us. All documents will be sent to you by post to your registered address at your own risk.
13. Cheques will be banked within 24 hours of receipt.
14. All monies paid will belong to Company as soon as the remittances are cleared and in the case of direct payments into the Kyriakides & Braier solicitors' clients bank account (the Company's solicitors), as soon as the payment is received. The Company's solicitors will forthwith give Iberian Gold Plc's instructions to issue the bond in Iberian Gold Plc in the requisite value and deliver them in material form to the buyer to the buyer's nominees.
15. In accordance with the Money Laundering Regulations 2003 we may require verification of your identity. We may conduct searches of databases and other credit data in order to do this or we may need to ask you to provide proof of your identity. This may lead to a delay in carrying out your instruction or in your instruction being rejected. The Company will not be liable for any loss which may result from this offer being accepted delayed or rejected.
16. This document contains forward-looking statements. These statements relate to the Company's prospects, developments and business strategies. The forward-looking statements in this document are based on the directors' current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of these risks or uncertainties materialise, or if the underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected and the value of the Bond will vary accordingly. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements speak only as at the date of this document. Neither the directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the rules of relevant securities regulatory authority, whether as a result of new information, future events or otherwise.
17. The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to risk of losing his investment.
18. This document has been prepared by the directors of the Company solely to enable shareholders of the Company to consider an investment in the Iberian Gold Plc Convertible Gold Linked Bond. It is subject to updating, revision and amendment, and no representation or warranty is given as to its accuracy or completeness. No person other than a person falling within the categories above should place any reliance on this document. The Company will only engage in correspondence or investment activity with persons falling into one of the above categories. This document is not being distributed outside of the European Union.

TRANSACTION SHEET

To the Board of Iberian Gold plc

I the undersigned wish to take up the offer of purchasing THE IBERIAN GOLD PLC CONVERTIBLE GOLD LINKED BOND under the terms and conditions set out in your letter of..... April 2011 and the detailed terms of the Bond as published.

I wish to purchase the unit(s) of Bonds as set out below:

Number of Units	* Price per Bond	Total Payment *
	£1000	

I enclose a cheque made out to Kyriakides & Braier Clients Account for the Total Payment above

or

I have remitted the Total Payment set out above to Kyriakides & Braier’s Client Account with NatWest

Sort Code 50-30-25
Account Number 26076667
Account Name Kyriakides & Braier Clients Account

electronically under reference: (please complete)
on: (please complete).

I CERTIFY THAT I AM A SHAREHOLDER OF IBERIAN GOLD PLC

NAME
ADDRESS

.....SIGNED
.....DATED

A body corporate should execute this instruction under its common seal or otherwise in accordance with applicable statutory requirements.

*Total payment should be number of tranches multiplied by £1000.00

THIS TRANSACTION SHEET SHOULD BE SIGNED AND RETURNED (WITH APPROPRIATE REMITTANCE) to:-

KYRIAKIDES & BRAIER SOLICITORS
37 QUEEN ANNE STREET
LONDON W1G 9JB
Telephone 0207 637 3289
Fax 0207 636 3013

Please keep Messrs Kyriakides & Braier informed of any change of address