

**PETAQUILLA MINERALS LTD.**  
**and its Principal Subsidiaries**  
(collectively, “the Company” or “Petaquilla”)

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**CODE OF BUSINESS ETHICS AND CONDUCT**  
**(“the Code”)**

Acting with integrity, honesty and in good faith with respect to what is in the best interests of the Company's stakeholders is fundamental to the Company's reputation and ongoing success. Petaquilla is committed to sustainable growth within the parameters of ensuring the safety and well-being of its employees, protecting the environment, and supporting the communities in which it operates. The directors, officers and employees of the Company must be committed to upholding these responsibilities in all facets of the Company's day to day operations.

In addition, the directors, officers and employees of the Company and persons or companies related to or controlled by same are expected to act in accordance with applicable laws and with the highest standards of ethical and professional behaviour. The Company's directors, officers and employees must understand and adhere to the Code and the Company's other corporate policies. By adopting and enforcing the Code and the other policies, the directors will provide an ethical environment to flow through the Company – “tone at the top” is created with clear communication of expectations from corporate executives, accompanied by congruent behavior throughout the Company. These policies include, but are not limited to, the Company's (a) Corporate Disclosure Policy; (b) Electronic Communications Policy; (c) Whistle-Blower Policy; (d) Anti-Fraud Policy, and (e) Health and Safety Policy, and with departmental policies not included in this Code.

The Directors shall arrange for translation of the Code into Spanish and shall cause both the English and Spanish language versions to be posted on the Company's intranet site for viewing by all directors, officers and employees of the Company. It should also be posted in hard copy in all Company locations so that it is easily viewable by all staff.

If clarification of this code is required, the VP Corp Affairs in Vancouver (English), or the Manager of Human Resources in Panama (Spanish), should be contacted.

The Directors shall also arrange for distribution of individual letters to all staff, in English or in Spanish as appropriate, notifying staff members of the existence of the Code and its existence in both hard and electronic copies. Staff shall initial receipt of the letters to indicate that they have received, or have access to the Code.

Failure to comply with the Code, and the rules and procedures outlined in the Company's corporate policies may result in discipline, suspension or dismissal of any officer or employee of the Company. The Company and, specifically, Corporate Counsel may also be required by law to report material violations of securities legislation to the relevant authorities.

For further information on discipline, suspension or dismissal, please refer to the Company's Disciplinary Policy.

## **Standards of Conduct**

### **1. Conflicts of Interest**

All directors, officers, and employees have a duty to act in the best interests of the Company. A "conflict of interest" takes place when an individual's private interest improperly takes precedent over the interests of the Company or interferes, or appears to interfere, with the interests of the Company. A conflict may arise when an individual takes actions or has private interests that impede his ability to perform his or her Company work objectively and effectively, in the best interests of the Company. Directors, officers and employees should avoid conflicts of interest, and in no circumstances may use their position at the Company to obtain any improper personal benefit.

The Company respects the right of directors, officers, and employees to take part in business and other activities outside of their Company obligations. These activities, however, must not conflict with their responsibilities as Company directors, officers, and employees. The Company's directors, officers, and employees must not serve as directors, officers, employees or consultants for a competitor, or an actual or potential business partner of the Company, without written approval of the Board of Directors.

Company directors, officers, and employees may not invest in or trade in shares of a competitor or an actual or potential business partner of the Company where such investment or trading may appear or tend to influence business decisions or compromise independent judgment. This prohibition does not apply to shares of a publicly traded company where such investment or trading relates to less than five percent of its issued shares. However, investing or trading in the Company's competitors or business partners remains subject to applicable laws and regulations regarding insider trading, including prohibitions against trading when in possession of material non-public information regarding such companies, whether such information is gained in the course of employment with the Company or otherwise.

Acceptance by a director (or a member of his or her immediate family), officer (or a member of his or her immediate family), or employee (or a member of his or her immediate family) of gifts or entertainment of a value that may influence business decisions or compromise independent judgment is prohibited.

If a conflict of interest exists, and there is no failure of good faith on the part of the director, officer, or employee, the Company's policy generally will be to allow a reasonable amount of time for the director, officer, or employee to correct the situation in order to prevent undue hardship or loss. However, all decisions in this regard will be at the discretion of the Board of Directors, whose primary concern in exercising such discretion will be the best interests of the Company.

If a director, officer, or employee is aware of a material transaction or relationship (including

those involving family members) that could reasonably be expected to give rise to a conflict of interest, they should discuss the matter promptly with their immediate supervisor, department head, or the Board of Directors.

## 2. Protection and Proper Use of Company Assets and Opportunities

All directors, officers, and employees should protect the Company's assets and ensure their efficient use. The Company's assets must be protected from loss, damage, theft, misuse, and waste. Company assets include time at work and work product, as well as the Company's equipment and vehicles, computers and software, trading and bank accounts, Company information and the Company's reputation, trademarks and name. The Company's telephone, email, voicemail and other electronic systems are primarily for business purposes. Personal communications using these systems must be minimized. directors, officers, and employees should exercise prudence in incurring and approving business expenses, in the service of the Company's interests, ensuring they are reasonable in the circumstances.

## 3. Information Systems

Use, duplication, or sale of proprietary software, except as described in the manufacturers/owners licence agreement or conditions applying to use, is an infraction of copyright law and is strictly prohibited. The Company's electronic communications systems are Company resources and all electronic communications are regarded as Company records. Offensive material (e.g. pornography) is not permitted on the Company systems in any form. The Company reserves the right to monitor employee use of its information systems. Subject to Board of Director's approval, the Company may access and disclose the contents of electronic messages and files. The Company does not guarantee the privacy of electronic communications or information stored on Company systems. This material may be accessed through activities such as the maintenance of mail systems and computer networks.

Directors, officers, and employees owe a duty to the Company to not act in any way contrary to the Company's legitimate interests. Directors, officers, and employees are prohibited from (a) taking for themselves personal opportunities that are discovered through the use of corporate property, information or position, unless the Board of Directors of the Company has already been offered the opportunity and declined it; (b) using corporate property, information, or position for personal gain without disclosure to and approval by the Board of Directors; and (c) without the knowledge and consent of the Board of Directors competing with the Company.

## 4. Confidentiality

Directors, officers, and employees should maintain all confidential information in strict confidence, except when disclosure is authorized by the Company or legally mandated. Confidential information includes, among other things, any non-public information concerning the Company, including its business, financial performance, results or prospects, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. The obligation to safeguard the Company's confidential information continues after the engagement

or directorship with the Company has ended. The Company's policy on maintaining confidentiality is set forth in the Company's Corporate Disclosure Policy.

#### 5. Fair Dealing

Each director, officer, and employee should endeavor to deal fairly with the Company's counterparties, suppliers, competitors and employees. No director, officers, or employee may take unfair personal advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

#### 6. Employee Harassment or Discrimination

The Company is committed to fair employment practices and a workplace in which all individuals are treated with dignity and respect. The Company will not tolerate or condone any type of discrimination prohibited by law. The Company expects that all relationships among persons in the workplace will be professional and free of bias and harassment.

#### 7. Public Disclosure

The Company, through news releases, website content, and filings with securities regulatory authorities, is committed to providing timely, factual and accurate disclosure of material information about the Company to its shareholders, the financial community and the public. The Company's policy governing public disclosure is set forth in the Company's Corporate Disclosure Policy. Directors, officers and employees involved in the Company's disclosure process are responsible for acting in furtherance of such policies. It is important that they thoroughly understand and comply with them.

#### 8. Compliance with Laws, Rules and Regulations

The Company is committed to compliance with all applicable laws, rules, and regulations in each jurisdiction in which it does business. All directors, officers, and employees are expected to obey those laws, rules, and regulations in each jurisdiction. Directors, officers, and employees should educate themselves on the laws, rules, and regulations that govern their work and, if uncertain, should seek the assistance of their supervisor or department head.

The Company, its directors, officers, and employees are subject to laws and regulations regarding insider trading. Generally, Canadian and United States securities laws prohibit trading in the securities (including equity securities, convertible securities, options, bonds, and any stock index containing the security) of any company while in possession of material, non-public information regarding such company. This prohibition applies to Company securities as well as to the securities of other companies. The Company has adopted a policy on Corporate Disclosure in order to prevent improper trading in securities of the Company and the improper communication of undisclosed material information regarding the Company.

It is unlawful under the Foreign Corrupt Practices act to make payments to foreign officials for the purpose of obtaining or retaining business for, or with, or directing business to, any one

person. The Company's representatives may encounter particular pressure to make such payments in countries where extraordinary competition exists for mining opportunities and should be particularly vigilant not to be tempted by assertions that such practices are common or condoned in that country. Examples of improper payments include gifts, tips or other monetary amounts not required by law, providing entertainment, and sponsoring government travel. If an individual is uncertain that any conduct or proposed conduct is appropriate, they should discuss the matter with their supervisor or department head.

#### 9. Political Contributions and Activities

The Company must maintain a position of impartiality with respect to national, regional, or local politics. As a result, the Company does not contribute funds to any political party, politician, or candidate for public office in any country. The Company may contribute information to the public debate of policy issues that affect the Company in the countries in which it operates, such as discussing relevant issues with government officials or providing written advice about the likely impact of proposed policies on the Company. At times, attendance at events hosted by a political party may be required for briefing purposes. The Board of Directors must be consulted if in doubt about whether attendance at a function would compromise the Company's impartiality.

#### 10. Environmental, Safety, and Occupational Health Practices

The Company believes that sound environmental, safety, and occupational health management practices are in the best interests of its business, its employees, its shareholders, and the communities in which it operates. The Company is committed to conducting its business in accordance with recognized local industry environmental, safety, and occupational health practices and standards and to meeting or exceeding all applicable environmental and occupational health and safety laws and regulations. This is the responsibility of all directors, officers, and employees.

The Company's safety and occupational health policy is set forth in Petaquilla's Health and Safety Policy. It is important that directors, officers, and employees thoroughly understand and comply with such policy.

#### 11. Alcohol, Drug and Tobacco Use

The Company's directors, officers, and employees are to take appropriate steps to prevent workplace injuries and illnesses and to contribute to a safe and healthy work environment. This obligation includes responsible behaviour with respect to the use of alcohol, drugs and tobacco at work, when conducting Company business, and at Company-sponsored activities. Alcohol and drug use can affect work performance, posing health and safety risks. Directors, officers, and employees must not be impaired by any illegal or legal drugs, including alcohol, while at work or when conducting Company business.

In addition, the Company prohibits the possession, transfer, or use of illegal substances on Company premises, in conjunction with Company business, or at Company functions.

## 12. Cultural Sensitivity

Employees who accept an international assignment are responsible for familiarizing themselves and their accompanying family members with the norms, laws and customs of the country in which they will be living and working. To assist with this, it is the Company's policy to arrange orientation training regarding local customs and business practices that will ensure the employee can effectively perform his or her job. Where suitable, the Company will also provide assignees and accompanying family members with cultural training and information about living conditions that will help them to reside successfully in their host location. It is impossible, however, for training to address all of the issues that may arise while living in a foreign environment. Therefore, it is the assignee's responsibility to ensure that they fully understand the cultural implications of their behaviour at all times and to seek advice from local management if they have questions about particular actions, words, customs or similar issue.

## 13. Management Overrides

The Company acknowledges that, from time to time, extenuating circumstances may arise, in which Company policies or procedures cannot be fully followed. Not every instance in which a policy is overridden or an exception to policy is taken, will constitute a breach of the Code. However, examples of inappropriate management overrides are requests for (a) unsupported payments to be made; (b) unauthorized purchases, (c) significant unsupported accounting entries, (d) significant unapproved information technology changes, and (e) hiring employees without appropriate authorizations.

In order to ensure that any decision to depart from Company policy is not inconsistent with the Code, any Manager or Supervisor who directs another employee to disregard the Code, or to depart from a Company policy, procedure or internal control, will report the matter directly to the Company's Chief Financial Officer with a brief explanation as to why the Manager or Supervisor took the view that the departure from policy was considered warranted in the circumstances. The Chief Financial Officer will maintain a log of all instances of override reported and provide a summary on a quarterly basis to the Audit Committee.

Any employee who is directed by a Manager or Supervisor to depart from a Company policy and believes that the direction might constitute a violation of the Company's Code of Business Ethics and Conduct or who has concerns about accounting, internal controls and auditing matters should report the matter as a possible violation of the Code to the Chief Financial Officer. Where it is inappropriate to report the matter to the Chief Financial Officer, or where confidentiality is required, the matter should be reported in accordance with the Whistle-Blower Policy. The Whistle-Blower Policy outlines the procedures for reporting to the Whistleblower contact.

## 14. Extension of Credit to Officers and Directors

It is unlawful for any issuer, directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange an extension of credit, in the form of a personal loan to, or for any director or executive officer of the Company. Therefore, the Company may not advance funds to directors and officers as per Section 402(2) of the Sarbanes-Oxley Act.

## **Compliance and Reporting**

All directors, officers, and employees are expected to take all responsible steps to prevent a violation of the Code; to identify and raise potential issues before they lead to problems; and to seek additional guidance when necessary. If any director, officer, or employee has any questions regarding the best course of action in a particular situation, or if they suspect a possible violation of a law, of a regulation or of the Code, by any director, officer, or employee, they should follow the guidance provided in the Whistle-Blower Policy, as explained below.

In the case of accounting, internal accounting controls or auditing matters, the director, officer, or employee should promptly contact the Chief Financial Officer, the Audit Committee, or, if necessary, the Board of Directors.

If a director, officer, or employee prefers to report any suspected Code violations anonymously, including concerns regarding accounting, internal accounting controls, and other auditing matters, or if any of the persons to whom they have reported these circumstances has not, in their view, responded appropriately, the Company has established a Whistle-Blower Policy, which is available on both the Company's web site ([www.petaquilla.com](http://www.petaquilla.com)) and intranet site. Alternatively, a copy of the Whistle-Blower Policy can be provided by submitting a request to the VP Corporate Affairs in Vancouver or to the Manager of Human Resources in Panama.

## **Waivers of the Code of Business Ethics and Conduct**

Petaquilla may waive certain provisions of the Code. Waivers may be granted only formally by the Board of Directors via Directors' Resolution, and disclosed to shareholders, as appropriate.

This Code of Business Ethics and Conduct was adopted by the Board of Directors of Petaquilla Minerals Ltd. on the 31<sup>st</sup> day of May, 2008.

By order of the Board of Directors  
**PETAQUILLA MINERALS LTD.**

Date of Last Update:	
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