

**PETAQUILLA MINERALS LTD.**

**For Quarter Ended Report – January 31, 2008**

Management Discussion and Analysis  
Of Results of Operations and Financial Condition

For periods ended January 31, 2008 and January 31, 2007

**PETAQUILLA MINERALS LTD.****MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Petaquilla Minerals Limited ("PTQ" or the "Company") reports the financial results for the nine months ended January 31, 2008, which have been prepared on the basis of available information up to March 10, 2008. Management's Discussion and Analysis should be read in conjunction with the unaudited consolidated financial statements and related notes for the nine months ended January 31, 2008, and 2007, and with the audited consolidated financial statements and related notes thereto of the Company, as at and for the 15 months ended April 30, 2007, and for the twelve month period ended January 31, 2006, and 2005.

Management's discussion and analysis provides a review of the performance of PTQ's business and compares its performance for the nine months ended January 31, 2008, with the same period of the prior year. This discussion also provides an indication of future developments along with issues and risks that can be expected to impact future operations. There is no guarantee of future performance, since actual results could change based on factors and barriers beyond management control.

**OVERALL PERFORMANCE****Business Overview**

PTQ is a Canadian-based gold exploration and development company with its development activities located solely in Panama.

PTQ's growth strategy has been to establish a gold production base from the development of its 100% owned Molejon deposit located within the Ley Petaquilla Concession. In addition, PTQ plans to continue to evaluate gold development projects and/or related production possibilities by means of internal development of its mineral assets or growth through acquisition or merger of assets with companies having either production or advanced development stage gold and/or copper projects.

**Plan of Arrangement**

- On June 6, 2006, the shareholders of PTQ voted in favor of the May 10, 2006, proposed Plan of Arrangement.
- Subsequently, on June 19, 2006, Supreme Court approval in the Province of British Columbia was obtained for the Plan of Arrangement.
- The result of the Plan of Arrangement will be that each shareholder of PTQ will receive one share of Petaquilla Copper Ltd. ("Copper" or "PTC"), a newly formed company. Each shareholder will continue to hold one share of PTQ and one share of Copper, for each one share of PTQ held on the Effective Date of the Plan of Arrangement.

- According to the terms of the Plan of Arrangement, PTQ transferred title to Copper of its wholly-owned subsidiary, Georecursos Internacional S.A., the holder of the 52% interest in the Ley Petaquilla concession lands. PTQ would retain 100% ownership of the gold and precious metal deposits within the Ley Petaquilla concession as well as all the other concession lands adjacent to the Ley Petaquilla concession.
- As part of the June 2005 Mine Development Plan approved by the Government of Panama in September 2005, Copper would then continue with the development of its interest in the copper based mineral deposits and PTQ would advance the development of its interest in the Molejon deposit, being the first gold and precious metal deposit identified within the Ley Petaquilla concession lands.
- PTQ paid \$500,000 to Copper as part of the Plan of Arrangement, in order to acquire 22,189,434 of the issued shares of Copper. This initial 20% equity stake has been and will continue to be diluted upon future share capital financings that are anticipated to be necessary for the ongoing funding of the Copper deposit project.
- As a result of the Plan of Arrangement, the Company now accounts for Copper on an equity basis.
- On December 31, 2007, the common shares of Copper commenced trading on the Toronto Stock Exchange ("TSX") under the stock symbol "PTC".

## **Significant Accomplishments for the Period**

### Molejon Gold Deposit Project

- Completed additional meters of trenching and drilling on the Botija Abajo deposit and on the Mestizo deposit.
- Completed additional meters of infill diamond drilling between the Molejon Main Zone and the Molejon NW Zone, additional resource drilling, and condemnation holes for the Molejon plant site and related areas area.
- Road access improvements including the ongoing design and commencement of bridge construction for river and stream crossing continues.
- Phase 1 of the upgrade of the government road from La Pintada to Coclesito has been completed.
- Construction of the 8 kilometer road from the Molejon site to the Colina site is 90% complete. Access by heavier vehicles is possible. Additional culverts will be constructed going forward. This road will be shared by PTQ and Copper.
- Continued evaluation of short and long term power sources for the future development of the Molejon mine site as well as adjacent areas within the concession lands.

- Possible mine equipment, mine plan and mill design options explored for the ongoing development.
- Acquisition plans commenced for key mill components with acquisition of refurbished ball mills.
- Acquired additional mine equipment, vehicles, software and office equipment, as part of ongoing development plans.
- Continued design of the tailings and waste facilities together with the commencement of geotechnical investigations.
- Submission of the updated environmental impact study and evaluation of the hydrological aspects of the Molejon project and geotechnical aspect of the open pit.
- The metallurgical testing program, including crushing, grinding, cyanidation, liquid/soil separation and cyanide detoxification tests is nearing completion.
- Continued delineation of selected areas suitable for a tailings dam and associated infrastructure, subject to fatal flaw analysis (incl. condemnation drilling).
- Survey of the delineation of the plant site has been completed.
- The Company expects to commence production during the second quarter of its fiscal 2009. In addition, the Company expects to incur an additional \$36 million in order to complete the mill, preparatory work for mill expansion and for additional work relating to the expansion.
- The Company has appointed Gaston Araya as project manager of the Molejon gold project. Mr. Araya comes to the Company with over 35 years of mining experience. He has previously worked at Kinross Gold and Glencairn Gold Corp.

#### Socio / Economic Activities

- Representatives from local communities from around the project area continue visits to the mine site offices, the road construction project and the exploration camp. They received information about PTQ's projects and assistance in understanding the project impacts in their respective villages.
- Youths received bursaries, which will support them for three years to attend secondary schooling.
- Medical centre in Coclesito has been assisted with medical supplies and ambulance services.
- Ongoing medical attendance and support to government authorities in transporting critically ill residents of communities near the Molejon mine site to medical centers.
- Donation of school supplies for all the schools in the Donoso District in the Province of Colon.

- Sports training (Little League) program commenced in four communities in the Donoso District.
- In three communities, assistance has been provided with respect to installation and maintenance of the potable water system.
- Started the provision of at least one healthy meal for all children in the nine closest schools to the Molejon mine site.
- In five communities near the Molejon mine site, work has started on the creation and upgrade of local roads to access the main road presently under construction and to assist in a chicken raising program among 26 families surrounding the project
- As part of projects to create sustainable long-term economic value to the local communities, PTQ has initiated a cattle-breeding program for local cattle ranchers near the mine site.

### Optioned Lands

#### *San Juan Concession - Panama*

During the prior period ended April 30, 2007, the Company entered into an agreement with Geneva Gold (formerly Eurogold Mining Inc.), for the exploration and development of the San Juan Concession. The San Juan Property is adjacent to the Company's Molejon gold project and the Petaquilla porphyry copper project in north central Panama. Under the agreement, Geneva Gold may earn a 60% interest in the San Juan Property by incurring exploration expenditures of at least US\$6,000,000, by paying Petaquilla Minerals Ltd. US\$600,000 in cash and by causing to be issued to Petaquilla Minerals Ltd. 9,000,000 shares of the public company ("Pubco") to which Geneva Gold will assign its interest in the property, all over a period of three years. If Pubco acquires a 60% interest in the property, it may increase its interest to 70% by incurring US\$3,000,000 in additional exploration expenditures in the fourth year. The Company was to be the operator of the project. The Company received the initial cash option payment of \$111,120 (US\$100,000).

During the prior period, the Company rescinded the above agreement and returned the initial cash option payment of \$111,120 (US\$100,000) to Geneva Gold.

Geneva Gold has claimed for loss in share value said to be caused by Petaquilla's news release announcing that the agreement with the company has been rescinded. The amount of the claim has not been quantified, and according to Company's counsel it is too early to provide an opinion on either parties chances of success as discoveries have not yet taken place.

#### *Rio Belencillo Concession – Panama*

The Company holds various interests in other land concession areas adjacent to the Ley Petaquilla Property in Panama, including the Rio Belencillo and Rio Petaquilla concessions.

By an Agreement in May, 2005, and amended in June, 2005, Gold Dragon Capital Management Ltd. (“Gold Dragon”), a company formerly having a common director, has an option to purchase all of the Company’s interest in the Rio Belencillo and Rio Petaquilla concessions by the expenditure of \$100,000 in approved exploration costs by May 7, 2007, an additional \$400,000 in approved exploration costs by February 7, 2008, and by then paying the Company \$1,152,400. This sum is payable in shares of Gold Dragon.

During the previous period to April 30, 2007, the Company received \$32,843 (US \$29,078) from Madison Minerals Ltd. (“Madison”), the Company’s joint venture partner, for exploration costs related to the Rio Belencillo concession.

#### Private Placement and other Capital Stock-Related Activity

- The Company issued 983,834 shares on the exercise of stock options and warrants for proceeds of \$1,068,979.
- The Company completed the first tranche of a non-brokered private placement comprising of 1,387,879 units at \$2.00 per unit, and 24,033 units at \$2.02 per unit, for gross proceeds of \$2,824,305. Each unit consists of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable into a common share at a price of \$3.50 per share for a period of two years following closing of the private placement. The share purchase warrants are subject to an accelerated expiry provision that, if the volume weighted average trading price of the common shares of the Company as traded on the Toronto Stock Exchange exceeds \$7.00 per share for at least 30 consecutive trading days, the Company shall have the right, exercisable within 30 days thereafter, to give notice to each warrant holder requiring the exercising of the warrants within a 30 day period. If the Company exercises such right, the warrant will, if not exercised by the warrant holder in accordance with their terms and conditions, expire at the end of such 30 day period. The securities issued under this private placement are subject to a four-month and a day resale restriction in effect until September 10, 2007.
- The Company closed a non-brokered private placement comprising of 2,093,500 units at \$3.00 per unit, for gross proceeds of \$6,280,500. Each unit consists of one common share and one-half of one common share purchase warrants, with each whole warrant exercisable into a common share at a price of \$3.50 per share for a period of two years following closing of the private placement. The securities issued under this private placement are subject to a four-month and a day resale restriction in effect until March 1, 2008.
- In connection with the closing of the first tranche, the Company has paid finders' fees in the amount of \$222,375 cash and has issued 74,125 compensation warrants. The compensation warrants have the same terms as the warrants above.
- The Company completed the second tranche of its non-brokered private placement, issuing a total of 339,000 units at a price of \$3.00 per Unit and raising gross proceeds of \$1,017,000 CAD. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$3.50 per share for a period of two years from closing. All securities

distributed under the private placement are subject to a four-month plus one day hold period expiring on April 20, 2008. In connection with the closing of the second tranche, the Company has paid finders' fees in the amount of \$43,500 CAD cash and has issued 12,500 compensation warrants. The compensation warrants have the same terms as the warrants above.

- The Company completed the third and final tranche of its non-brokered private placement, issuing a total of 708,000 Units at a price of \$3.00 per unit and raising gross proceeds of \$2,124,000 CAD. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$3.50 per share for a period of two years from closing. All securities distributed under the private placement are subject to a four-month plus one day hold period expiring on May 10, 2008. In connection with the closing of this final tranche, the Company has paid finders' fees in the amount of \$105,000.00 CAD cash and has issued 35,000 compensation warrants. The compensation warrants have the same terms as the warrants above.
- The Company granted an aggregate of 1,070,000 stock options to employees, consultants, a director and an officer with exercise prices between \$2.22 to \$3.04 and expiry dates between October 19, 2012, and November 15, 2012.

## **FORWARD-LOOKING STATEMENTS**

Certain information regarding PTQ as set forth in the MD&A, including management's assessment of PTQ's future plans and operations, contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuation, imprecision of reserve estimates, environmental risks, taxation policies, competition from other producers, the lack of qualified personnel or management, stock market volatility and the ability to access sufficient capital from external or internal sources. The actual results, performance or achievement could materially differ from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them does, what benefits PTQ will derive there from.

**SELECTED ANNUAL INFORMATION**

<b>Key Financial Data (in \$ thousands)</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Net loss from continuing operations	(27,962) <sup>(1)</sup>	(2,568) <sup>(2)</sup>	(1,798) <sup>(3)</sup>
Net loss for the year	(27,962) <sup>(1)</sup>	(2,568) <sup>(2)</sup>	(1,798) <sup>(3)</sup>
Loss per share – basic and diluted	(0.35)	(0.05)	(0.04)
Cash outflow from operating activities	(8,980)	(1,758)	(1,166)
Working (deficit) capital	(4,221)	8,689	871
Total assets	45,376 <sup>(4)</sup>	12,807 <sup>(5)</sup>	1,989

(1) includes \$20,386,270 stock-based compensation

(2) includes \$410,301 stock-based compensation

(3) includes \$716,876 stock-based compensation

(4) increase as compared to total assets on January 31, 2006 is primarily a result of mineral property costs that have been deferred during the year.

(5) increase as compared to total assets on January 31, 2005 is primarily a result of cash acquired from issuance of capital stock and mineral property costs less general and administrative expenses during the year.

**RESULTS OF OPERATIONS – FOR THE NINE MONTHS ENDED JANUARY 31, 2008  
COMPARED TO THE NINE MONTHS ENDED JANUARY 31, 2007**

PTQ's interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and all amounts are expressed in Canadian dollars unless otherwise indicated.

The operating results of PTQ reflect its ongoing administrative costs, net of interest and other income. PTQ does not have any operating mining assets. However, significant development work is underway on the Molejon gold deposit with a present targeted production start up for fiscal 2008.

**Other income (expense)**

In the nine months ended January 31, 2008, interest and other income, offset by the loss from the equity investment in Petaquilla Copper Ltd. was \$20,704,798 compared to \$289,084 in the nine months ended January 31, 2007.

During the nine months ended January 31, 2008, the Company recorded other income of \$159,881 (nine months ended January 31, 2007 - \$Nil) resulting from asset usage charges to PTC for the use of certain office and mining equipment during the period.

During the nine months ended January 31, 2008, PTQ recorded a foreign exchange gain of \$1,762,135 compared to a foreign exchange gain of \$75,870 in the nine months ended January 31, 2007. This primarily results from amounts owing to PTC being denominated in USD.

During the nine months ended January 31, 2008, PTQ recorded an equity loss of \$3,810,029 and dilution gain of \$13,124,981(nine months ended January 31, 2007 - \$Nil) related to its investment in PTC.

During the nine months ended January 31, 2008, PTQ recorded a gain of \$4,697,182 on the transfer of 1,815,069 PTC shares back to PTC in settlement of the amount owing to PTC as at December 31, 2007. No similar gain was realized in the same period of the prior year.

During the nine months ended January 31, 2008, PTQ recorded other income of \$4,587,320 from the transfer to PTC of technical know-how and other intellectual property. The Company had previously trained certain employees with knowledge in mining, government, environmental and community relations. During the period, these employees were transferred to PTC.

## **Expenses**

Expenses for the nine months ended January 31, 2008, were \$13,057,787 compared with \$15,981,431 for the nine months ended January 31, 2007. The decrease in expenses is primarily based on decreases in stock-based compensation and travel expense. Stock-based compensation, a non-cash expense, was \$5,084,956, compared with \$9,949,903 in the nine months ended January 31, 2007. Office administration increased to \$2,187,605 from \$681,327 for the nine months ended January 31, 2007 as a result of an increase in the number of operating offices in Panama. Consulting fees increased to \$731,806 during the nine months ended January 31, 2008 from \$302,489 in the same period of the prior year. This is a result of increased corporate activity during the period.

The net income for the nine months ended January 31, 2008 was \$7,647,011 or \$0.08 per basic and diluted share compared to a net loss for the nine months ended January 31, 2007 of \$15,692,347 or loss of \$0.20 per basic and diluted share. The difference is largely accounted for by the decrease in stock-based compensation, the recognition of the equity loss and gain on dilution of the equity investment in Copper and sale of Copper shares for the period.

## **Cash Flow**

### ***Operating Activities***

Corporate and administrative cash costs, offset by interest and other income and changes in non-cash working capital resulted in a cash outflow of \$5,483,758 from continuing operating activities in the nine months ended January 31, 2008. Operating activities in the nine-month period ended January 31, 2007, resulted in cash outflows of \$3,186,637.

### ***Financing Activities***

During the nine months ended January 31, 2008, the issuance of capital stock resulted in net proceeds of \$12,488,346 compared to \$29,383,429 in the same period of the prior year. Proceeds from capital leases were \$8,893,297 in the nine months ended January 31, 2008 compared to \$Nil in the same period of the prior year, while proceeds from long term debt were \$Nil compared to \$1,046,946 in the same period of the prior year. Total repayments of capital leases and long term debt totaled \$936,667 compared to \$Nil in the same period of the prior year.

### ***Investing Activities***

#### **Mineral Property Development Agreements**

##### **Molejon Gold Deposit**

The Company spent \$15,756,089 in mineral property costs during the nine months ended January 31, 2008. A base camp has been well established at PTQ's advanced stage epithermal Molejon gold deposit in Panama. PTQ continues to drill with both its infill drilling and trenching programs. In addition, further trenching is underway on the Botija Abajo and Mestizo sites that are adjacent to the Molejon gold deposit. PTQ is hopeful the ongoing drill program will add both ounces and grade to the published resource estimate for Molejon.

During the nine months ended January 31, 2008, \$15,745,389 was spent on mining equipment, vehicles, computer, software and office equipment, compared to \$1,019,326 in the nine months ended January 31, 2007, reflecting the change towards the gold pre-production phase of the project in the current period.

PTQ intends to focus the first phase of the mine development plan on the Molejon gold deposit, and has begun further exploration and development work on the deposit.

#### **RESULTS OF OPERATIONS – FOR THE THREE MONTHS ENDED JANUARY 31, 2008**

The Company's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and all amounts are expressed in Canadian dollars unless otherwise indicated.

The operating results of the Company reflect its ongoing administrative costs, net of interest and other income. The Company does not have any operating mining assets.

##### **Other income (expenses)**

Interest income in the three months ended January 31, 2008, totaled \$45,735 compared to \$129,766 at January 31, 2007. Foreign exchange gain in the three months ended January 31, 2008 was \$396,748 compared to a foreign exchange gain of \$72,580 in three months ended January 31, 2007. This increase in foreign exchange gain is a result of amounts owing to PTC being denominated in the declining US Dollar. The loss in the equity investment in PTC was \$1,244,830 in the three months ended January 31, 2008 compared to \$Nil in the same period of the prior year. Gain on dilution of the

equity investment in PTC was \$4,654,852 compared to \$Nil in the same period of the prior year. Gain on the transfer of PTC shares back to PTC as settlement of the amount owing to PTC as at December 31, 2007 was \$4,697,182 compared to \$Nil in the same period of the prior year. Transfer of intellectual property and technical know-how resulted in other income of \$4,587,320 during the three months ended January 31, 2008 compared to \$Nil in the same period of the prior year. Asset usage fees paid or accrued to PTC was \$241,745 for the use of mining and other equipment during the three months ended January 31, 2008 compared to \$Nil in the same period of the prior year.

## **Expenses**

Expenses for the three months ended January 31, 2008, were \$2,838,140 compared with \$3,669,712 at January 31, 2007, representing a decrease of \$831,572. The decrease results primarily from a significant decrease in stock-based compensation as well as travel expense for the period, offset by increases in accounting and legal, consulting, investor relations and shareholder information, rent and wages and benefits. The increase in operating expenses is associated with the ongoing development and increased corporate activities of the Company.

Stock-based compensation decreased during the three months ended January 31, 2008 as a result of the reclassification of stock-based compensation expense related to consultants and employees directly working on the Molejon gold project to deferred mineral property costs.

Consulting fees increased by \$149,593 from \$115,126 for the three months ended January 31, 2007, compared to \$264,719 for the three months ended January 31, 2008; office administration costs increased \$145,514 from \$237,398 for the three months ended January 31, 2007, compared to \$382,912 for the three months ended January 31, 2008. Furthermore, wages and benefits decreased \$100,580 from \$586,117 for the three months ended January 31, 2007, compared to \$485,537 for the three months ended January 31, 2008.

The net income for the three months ended January 31, 2008, was \$10,136,528 or \$0.11 per basic share and \$0.10 per diluted share compared to a net loss of \$3,467,366 or \$0.04 per basic and diluted share for the three months ended January 31, 2007.

## **Cash Flow**

### ***Operating Activities***

Corporate and administrative cash costs, offset by interest and other income and changes in non-cash working capital resulted in a cash outflow of \$2,115,110 from continuing operating activities in the three months ended January 31, 2008 compared to an outflow of \$377,251 in the comparable period of the prior year.

### *Financing Activities*

During the three months ended January 31, 2008, the exercise of stock options, financing from private placements and proceeds from capital leases, offset by repayment of advances to PTC resulted in net cash inflow of \$187,715 compared to \$4,713,829 in the comparable period of the prior year.

### *Investing Activities*

For the three months ended January 31, 2008, acquisition costs of property and equipment totaling \$7,025,349 were incurred. Investment in mineral properties was \$2,346,309 for the three months ended January 31, 2007 and was comprised of deferred exploration costs and deferred interest on long-term debt. In the same period of the prior year, acquisition costs of property and equipment was \$478,306 and investment in mineral properties was \$10,187,558.

### **Balance Sheet**

As at January 31, 2008, PTQ had total assets of \$86,508,491 as compared with \$45,375,983 at April 30, 2007. This increase is primarily a result of proceeds received from private placements, as well as equipment purchases and mineral property expenditures during the period. The working capital deficiency as at January 31, 2008 of \$4,184,074 decreased from a working capital deficiency of \$4,220,761 at April 30, 2007.

### **SUMMARY OF QUARTERLY RESULTS**

	<b>2008 Jan 31 Q3</b>	<b>2007 Oct 31 Q2</b>	<b>2007 Jul 31 Q1</b>	<b>2007 Apr 30 Q5</b>
Net income (loss) from continuing operations	10,136,528	\$ 3,434,611	\$ (5,924,128)	\$ (11,370,015)
Net income (loss)	10,136,528	\$ 3,434,611	\$ (5,924,128)	\$ (11,370,015)
Earnings (loss) per share from continuing operations – basic and diluted <sup>(1)</sup>	0.11	\$ 0.04	\$ (0.06)	\$ (.14)
Earnings (loss) per share – basic and diluted <sup>(1)</sup>	0.10	\$ 0.04	\$ (0.06)	\$ (.14)
	<b>2007 Jan 31 Q4</b>	<b>2006 Oct 31 Q3</b>	<b>2006 July 31 Q2</b>	<b>2006 April 30 Q1</b>
Net loss from continuing operations	\$ (3,467,366)	\$ (9,237,684)	\$ (2,987,297)	\$ (900,088)
Net loss	\$ (3,467,366)	\$ (9,237,684)	\$ (2,987,297)	\$ (900,088)
Loss per share from continuing operations – basic and diluted <sup>(1)</sup>	\$ (0.04)	\$ (0.12)	\$ (0.04)	\$ (0.01)
Loss per share – basic and diluted <sup>(1)</sup>	\$ (0.04)	\$ (0.12)	\$ (0.04)	\$ (0.01)

- (1) The effect of potential share issuances pursuant to the exercise of options and warrants would be anti-dilutive and, therefore, basic and diluted losses per share are the same for the quarters ended January 31, 2006 to July 31, 2007. For the quarters ended October 31, 2007 and January 31, 2008, potential share issuances pursuant to the exercise of options and warrants would be dilutive and the basic and diluted earnings per share using the treasury stock method are shown above.

## **LIQUIDITY AND CAPITAL RESOURCES**

PTQ does not currently own or have an interest in any mineral producing properties and has not derived any revenues from the sale of gold, copper or other materials in the last three financial years.

As at January 31, 2008, PTQ had a working capital of \$4,184,074 (April 30, 2007 – working capital deficiency of \$4,220,761). PTQ will have to raise additional funds to undertake ongoing development and further exploration of the Molejon gold deposit, and to meet its obligations. Management will be pursuing additional sources of financing and while it has been successful in the past there can be no assurance that it will be able to do so in the future.

During the period ended April 30, 2007, the Company deposited \$30,000 with HSBC Bank to be used as collateral for the credit card used by the Company to pay ongoing travel and related costs.

During the fifteen months ended April 30, 2007, the Company pledged \$266,425 (US\$250,000) outstanding by way of a term deposit with the bank as security for financings. As at January 31, 2008, the CAD\$ equivalent of this term deposit is \$250,550.

Other than as discussed herein, PTQ is not aware of any trends, demands, commitments, events or uncertainties that may result in PTQ's liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the PTQ's liquidity will be substantially determined by the timing of any production decision on its Molejon gold deposit which, in turn, will be substantially determined by the price of gold.

## **CONTRACTUAL AND OTHER OBLIGATIONS**

The Company is committed to plant and equipment acquisitions totalling \$3,526,308 related to the mine site construction. This cost is broken down as follows:

- a) \$1,579,108 for gold recovery equipment;
- b) \$1,598,759 for the CIP plant;
- c) \$348,441 for other support items.

These commitments will be paid within the current year.

PTQ has a five-year lease for office premises. PTQ's contractual and other obligations as at January 31, 2008, are summarized as follows:

	<b>Less than 1 Year</b>	<b>2-3 Years</b>	<b>4-5 Years</b>	<b>More than 5 Years</b>
Office Lease	\$ 33,120	\$ 66,240	\$ 19,320	Nil

During the period ended April 30, 2007, the Company entered into a five-year lease for office premises at an estimated annual cost of \$66,240 commencing September 1, 2006. Cancellation of two previous lease obligations was obtained effective May 15, 2006.

From October 18, 2006, the office leasing costs have been split equally between the Company and Petaquilla Copper Ltd., consequent to the Plan of Arrangement (see Note 4 Plan of Arrangement and Advances to Petaquilla Copper Ltd.) Therefore the estimated annual cost is \$33,120 to the Company.

During the period, the Company entered into four contracts relating to strategic and corporate communications services for approximate total consideration of US\$33,357 and Euros 24,660. These contracts have durations from June 15, 2007 to September 2008 and the balances remaining to be paid as at January 31, 2008 are approximately US\$5,350 and Euros 13,440.

Geneva Gold Ltd. has claimed for loss in share value said to be caused by Petaquilla's news release announcing that the agreement with the Company has been rescinded. The amount of the claim has not been quantified, and according to Company counsel it is too early to provide an opinion on either party's chances of success as discoveries have not yet taken place. The claim is under the review of an arbitrator whose decision will be final and binding on all parties.

## **CAPITAL LEASE OBLIGATION**

During the period, the Company entered into a capital lease arrangement with Banco Bilbao Vizcaya Argentaria (Panama) S.A. ("BBVA") for the purchase of equipment to advance the Molejon project into production.

The facility is for the following concurrent tranches:

- a) Financial leasing of up to US\$2,798,806; and
- b) Financial leasing of up to US\$10,580,747.

The equipment includes but is not restricted to: ball mills, Metso crushing plant; cranes and an aggregate crushing plant.

As a condition of the loan, the equipment will serve as collateral throughout the amortization period and will be registered with the Public Registry of the Republic of Panama.

Future minimum lease payments on the capital lease obligation are as follows:

2008	\$	3,301,738
2009		3,301,738
2010		<u>2,954,655</u>
		9,558,131
Less: Imputed interest of 9%		<u>(1,155,758)</u>
Total		8,402,373
Current obligation		<u>(2,769,460)</u>
Long-term obligation	\$	<u>5,632,913</u>

## CAPITAL STOCK

### Authorized Capital

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Unlimited common shares without par value  
 Unlimited preference shares without par value

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At the June 6, 2006, Annual and Special Meeting of Shareholders, a special resolution was approved changing the authorized capital of the Company to an unlimited number of common shares without par value and an unlimited number of preference shares without par value.

### Issued Capital

As at January 31, 2008, an aggregate of 95,413,197 common shares were issued and outstanding of which 44,200 were repurchased. As of March 10, 2008, 95,662,497 common shares were issued and outstanding with 44,200 common shares being held as treasury stock.

Stock transactions are as follows:

	Number of Shares	Amount	Contributed Surplus
Balance as at January 31, 2006	70,246,303	\$62,977,209	\$ 1,004,480
Non-brokered private placement, net of finders' fees (b)	9,400,000	11,717,220	-
Exercise of stock options	5,247,813	12,336,264	(9,435,997)
Exercise of warrants	4,982,835	5,979,403	-
Stock-based compensation	-	-	20,504,666
Share issuance costs (Note 13)	-	(1,414,061)	-
Balance as at April 30, 2007	89,876,951	91,596,035	12,073,149
Non-brokered private placement	4,552,412	10,918,344	-
Exercise of stock options	959,739	4,147,110	(3,115,237)
Exercise of warrants	24,095	86,780	-
Stock-based compensation	-	-	5,602,495
Share issuance costs	-	(760,283)	-
Balance as at January 31, 2008	95,413,197	105,987,986	14,560,407
Exercise of warrants	249,300	383,922	-
Balance as at March 10, 2008	95,662,497	\$ 106,371,908	\$14,560,407

PTQ had the following Warrants outstanding as at the date of this report:

Number of Warrants Outstanding	Exercise Price	Expiry Date
9,524,605	\$1.54	October 17, 2011
705,955	\$3.50	May 8, 2009
1,120,875	\$3.50	October 31, 2009
182,000	\$3.50	December 20, 2009
389,000	\$3.50	January 9, 2010
11,922,435		

On October 17, 2006, the Company issued share purchase warrants in connection with the non-brokered private placement which closed during the period. Each warrant entitles the holder to purchase an additional common share of the Company for a period of five years at a price of \$3.00 per share.

In addition, the Company agreed to issue 398,000 finders' warrants, each finder's warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$3.00 per share for a period of five years.

On the Effective Date of the Plan of Arrangement, the warrant holders received:

- a. one share purchase warrant (a “PTQ Warrant”), where each PTQ Warrant entitles the holder to purchase one common share of the Company for a period of five years; and
- b. one share purchase warrant (a “Copper Warrant”), where each Copper Warrant entitles the holder to purchase one common share of Copper for a period of five years.

Until such time as Copper has been listed on a recognized Canadian stock exchange (the “Copper Listing Date”), the Copper Warrant and the PTQ Warrant must be exercised together. From and after the first five trading days after the Copper Listing Date, the Warrants can be exercised separately, and in that event, the respective exercise prices of the PTQ Warrants and the Copper Warrants will be based on \$3.00 multiplied by the ratio of the five day volume weighted average price of each of the PTQ and Copper shares during the first five trading days for Copper.

The Copper shares and Copper Warrants are subject to resale restrictions until such time that Copper becomes a reporting issuer or another exemption from resale restrictions is available. The PTQ common shares will be freely tradable following the Effective Date.

On December 31, 2007, Copper commenced trading on the Toronto Stock Exchange. The respective exercise prices of the PTQ Warrants and the Copper Warrants have been determined to be \$1.54 and \$1.46 based on \$3.00 multiplied by the ratio of the five day weighted average price of each of the PTQ and Copper shares during the first five trading days of Copper.

The following summarizes information about the stock options outstanding as at March 10, 2008:

Number of Stock Options		Exercise Price	Expiry Date
Outstanding			
150,000		2.25	October 19, 2008
87,064		0.50 <sup>(1)</sup>	April 21, 2010
201,720		0.50 <sup>(1)</sup>	July 11, 2010
1,001,640		1.05 <sup>(1)</sup>	February 1, 2011
120,000		1.73 <sup>(1)</sup>	April 27, 2011
5,415,854		2.01	January 15, 2012
200,000		2.22	June 12, 2012
500,000		2.25	June 20, 2012
50,000		2.48	July 11, 2012
100,000		2.49	July 12, 2012
50,000		2.54	July 23, 2012
50,000		2.76	September 10, 2012
20,000		3.04	November 15, 2012
75,000		2.70	February 4, 2013
<u>100,000</u>		2.80	February 11, 2013
<u>8,121,278</u>			

<sup>(1)</sup> Exercise price is the aggregate exercise price required to exercise one option of PTQ and one option of Copper with half of the proceeds to be allocated to the Company and half to Copper. Both options must be exercised together.

During the nine months ended January 31, 2008, PTQ issued 983,834 shares for the exercise of stock options and warrants for gross proceeds of \$1,068,979 and 4,552,412 shares for gross proceeds of \$12,245,805 pursuant to a private placement closed in May 2007, October 2007, December 2007 and January 2008.

Subsequent to period end, Company issued 249,300 shares on the exercise of warrants for proceeds of \$383,922.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

During the nine months ended January 31, 2008, PTQ had the following transactions with related parties:

- a.) The Company paid consulting fees of \$116,020 (nine months ended January 31, 2007 - \$329,414) to companies controlled by an officer and a director.
- b.) The Company paid wages of \$111,053 (nine months ended January 31, 2007 - \$Nil) to companies controlled by directors.

- c) The Company paid legal fees of \$78,622 (nine months ended January 31, 2007 - \$188,085) and share issue costs of \$163,635 (nine months ended January 31, 2007 - \$219,698) to a law firm controlled by an officer.
- d) The Company received \$24,840 (nine months ended January 31, 2007 - \$Nil) from Copper as payment of office rent.
- e) The Company received or accrued \$159,881 in asset usage fees from Copper for the use of certain office and mining equipment. Also during the period, the Company and Copper advanced negotiations with the lesser of the equipment to have the commercial terms of the leasing arrangement correspond with the terms of the Plan of Arrangement made effective on October 18, 2006, such that Copper will ultimately become the lessee of the equipment. The cost recovery arrangement will be subject to review and revision to reflect changes in operations.

Included in receivables is the amount of \$27,000 receivable from related companies controlled by a director and an officer of the company.

Included in payables is the amount of \$22,471 payable to related companies controlled by a director and an officer of the Company.

Certain employees of the PTC with knowledge in mining, government, environmental and community relations were previously employed and trained by the Company. During the period ended January 31, 2008, the Company charged Copper for technical know-how and other intellectual property transferred to the company. The amount of these fees has been determined to be USD\$4,577,250 (CAD\$4,587,320).

As at January 31, 2008, the Company has an amount receivable from Copper of \$329,759 (April 30, 2007 - \$4,582,937) resulting from mineral property costs and general and administrative expenses paid by the company on Copper's behalf. The receivable bears interest at a rate of US prime plus 1%. The Company accrued interest of \$2,064 during the period.

The Company has posted 5,000,000 common shares of PTC as security of its account payable to PTC. PTC's common shares posted as security shall be held in escrow pending payment of the account payable and cannot be sold until the account payable has been paid in full pursuant to a Warranty Agreement dated September 30, 2007.

The common shares serving as security are based on a market value of \$2.00 per common share. If the market value of the common shares changes, the number of shares required to be posted as security shall be adjusted accordingly.

Effective December 31, 2007, the Company transferred back to Copper 1,815,069 common shares of the Company held in escrow as settlement of the amount payable to Copper as at December 31, 2007.

Subsequent to the transfer of shares, Copper released to the Company the remaining shares it held in escrow.

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

## SUBSEQUENT EVENTS

Subsequent to January 31, 2008:

- a) The Company granted 175,000 incentive stock options to consultants. These options have exercise prices of \$2.70 and \$2.80 per share, vest over 21 months, and have expiry dates ranging between February 4, 2013 and February 11, 2013;
- b) The Company issued 249,300 shares on the exercise of warrants for total proceeds of \$383,922;
- c) Petaquilla Infrastructure Ltd. ("PQI") was incorporated to manage and expedite the development of the power, port and related infrastructure facilities in support of the Company's Molejon gold project. PQI will also make these facilities available in connection with the Petaquilla copper project in Panama. PQI will be owned 51% by the Company and 49% by Copper.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's interim consolidated financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, as well as revenues and expenses.

The most critical accounting estimates, upon which the Company's financial statements depend, are those estimates of proven and probable reserves and resources, recoverable ounces there from, and assumptions of operating costs and future copper prices. Such estimates and assumptions affect the potential impairment of long-lived assets and the rate at which depreciation, depletion and amortization are charged to earnings. In addition, management must estimate costs associated with mine reclamation and closure costs.

### *Mineral Property Costs*

During the period, the Company has capitalized mineral property acquisition costs and mine development costs at cost since it has decided that the copper deposit has economically flexible production potential. It is in accordance with Canadian generally accepted accounting principles that the Company should capitalize pre-production expenditures net of revenues received, until the commencement of commercial production. A significant portion of the Company's property, plant and equipment and mine development costs will then be depreciated and amortized on a unit-of-production basis. Under the unit-of-production method, the calculation of depreciation, depletion and amortization of property, plant and equipment and mine development costs is based on the amount of reserves expected to be recovered from each location.

The process of estimating quantities of copper reserves is complex, requiring significant decisions in the evaluation of all available geological, geophysical, engineering and economic data. The data for a given ore body may also change substantially over time as a result of numerous factors, including but not limited to, additional development activity, production history and the continual reassessment of the viability of ore bodies under various economic conditions. A material revision to existing reserve

estimates could occur because of, among other things: revision to geological data or assumptions; a change in the assumed copper prices; and the results of drilling and exploration activities.

If estimates of reserves prove to be inaccurate, or a mining plan changes due to reductions in the price of copper or otherwise, resulting in a reduction in the reserves expected to be recovered, the Company could be required to write-down the recorded value of its plant and equipment and mine development costs, or to increase the amount of future depreciation, depletion and amortization expense, both of which would adversely affect the Company's earnings and net assets.

### ***Asset Retirement Obligations***

The Company will have an obligation to reclaim its properties after the minerals have been mined from the site and will estimate the costs necessary to comply with existing reclamation standards. These estimated costs, referred to as Asset Retirement Obligations, will be recorded as a liability at their fair values in the periods in which they occur, and at each reporting period, are increased to reflect the interest element (accretion expense) considered in the initial fair value measurement of the liabilities. If the estimate of reclamation costs proves to be inaccurate, the Company could be required to increase the provision for site closure and reclamation costs, which would increase the amount of future reclamation expense per ounce, resulting in a reduction in the Company's earnings and net assets. However, the Company continuously reviews its obligation in this regard.

### ***Stock-based Compensation***

The Company accounts for all stock-based payments and awards using the fair value-based method. Under the fair value-based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the vesting period of the award and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. Compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period.

## **CHANGES IN ACCOUNTING POLICY**

The Company is not presently aware of any pending changes to accounting policies that would impact its financial reporting.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, receivables, restricted cash, prepaid expenses, accounts payable and other accrued liabilities, long term debt and capital lease obligations. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

## **FOREIGN EXCHANGE RISK**

The Company is subject to financial risk arising from fluctuations in foreign currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

## **RISK AND UNCERTAINTIES**

The following is a brief discussion of those distinctive or special characteristics of PTQ's operations and industry, which may have a material impact on, or constitute risk factors in respect of PTQ's financial performance.

The next twelve months or more will see the continuation of the ongoing development of the Molejon gold deposit. This includes planned completion of road access with related bridge crossings where needed, evaluation of the optimal short and long term power supply and access to the potential mine site and ongoing engineering evaluation.

### ***Potential delays in the Development of Molejon Gold Deposit and Cost Overruns***

Whilst the Molejon gold deposit development is underway, costs for required equipment remain under review and may escalate beyond original estimates. This possible cost escalation, along with other as yet unresolved logistical and engineering issues relating to the Molejon development, all part of a standard building, construction and anticipated start up of a new mining operation, may result in significant cost experiences that differ from present day estimates. This cost concerns are in addition to the tight labor market in the mining industry as well as rising material and fuel costs. There is no guarantee the Molejon gold project will, after more development and engineering work is completed, together with required capital equipment purchases, be an economically feasible production opportunity.

### ***Mining Risks and Insurance***

A risk analysis has as yet to be completed for the Molejon deposit. While it is not possible to speculate on possible risks associated with an open pit mining operation in Panama, there may be as yet to be identified significant risk factors. PTQ anticipates the planned Feasibility Study for the Molejon Project will in due course illuminate the knowledge data set on both potential risks and the plans to mitigate same where possible.

Any as yet to be identified risks cannot be completely eliminated and it is possible that the occurrence of one or more of such factors could have a material adverse effect on PTQ's financial condition and results of operations.

The business of gold mining is subject to certain types of risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected changes to rock formations, changes in the regulatory environment, cave-ins and flooding and gold bullion losses. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Any payments made with regards to such liabilities may have a material adverse effect on PTQ's financial

performance and results of operations. PTQ carries insurance to protect itself against certain risks of mining and processing to the extent that is economically feasible but which may not provide adequate coverage in all circumstances.

### ***Gold Price Volatility***

PTQ's development plans are highly sensitive to changes in the price of copper and gold. With the near term focus being on the Molejon gold deposit, ongoing development is highly dependent on gold prices as it affects the ability to raise required financing.

Gold prices fluctuate and are affected by numerous factors, including expectations with respect to the rate of inflation, exchange rates, interest rate, global and regional political and economic crises and governmental policies with respect to gold holdings by central banks. The demand for and supply of gold affects gold prices but not necessarily in the same manner as demand and supply affect the prices of other commodities.

The supply of gold consists of a combination of mine production and existing stocks of bullion and fabricated gold held by governments, public and private financial institution, industrial organization and private individuals. The demand for gold consists of jewelry and investment demand.

### ***Uncertainty of Mineral Reserves***

Mineral reserves and mineral resources are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. No assurance can be given that the present inferred reserves and related grades will eventually be confirmed either in whole or in part, as measured or indicated reserves. Prolonged declines in the market price of gold may render inferred mineral reserves containing relatively lower grades of gold mineralization uneconomic to exploit and could materially reduce the PTQ's reserves. Should such reductions occur, PTQ could be required to delay or discontinue production plans or the development of new projects, resulting in increased net losses and reduced cash flow. Short-term factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may impair the potential economic feasibility of the Molejon gold deposit.

### ***Replacement of Mineral Reserves***

There are a number of uncertainties inherent in any program relating to the location of economic mineral reserves, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities and the appropriate financing thereof. Accordingly, there can be no assurance that PTQ's programs will yield new mineral reserves to expand current inferred mineral reserves.

### ***Financing of Exploration Programs***

There are inferred mineral reserves on PTQ's Ley Petaquilla concession, but PTQ may carry out further exploration on this property with the objective of establishing additional economic mineral reserves. Exploration for minerals is a speculative business necessarily involving a high degree of risk. It is not known if the expenditures to be made by PTQ on its mineral properties will result in discoveries of commercial mineral reserves. If PTQ's efforts are not successful at individual properties, the expenditures at those properties will be written off. If PTQ's exploration programs are successful, additional funds may be required for the development of economic mineral reserves in order to achieve commercial production. In addition, the exploration and development of PTQ's properties may depend upon PTQ's ability to obtain financing through the joint venturing of projects, sale of property interests, debt financing, equity financing or other means. There is no assurance that PTQ will be successful in obtaining the required financing, equity financing or other means on commercially reasonable terms, or at all. The inability of PTQ to obtain necessary financing could have a material adverse effect on PTQ's ability to explore and develop its properties.

### ***Government Permits***

Further development of the Molejon gold deposit to completion of an economic feasibility study, construction of mill facilities and commencement and continuation of production at the Molejon gold deposit will require additional approvals, permits and certificates of authorization from different government agencies on an on-going basis. Obtaining the necessary governmental permits is a complex and time consuming process involving numerous jurisdictions and may involve public hearings and costly undertakings on the part of PTQ. The duration and success of permitting efforts are contingent upon many variables not within PTQ's control.

Environmental protection permitting, including the approval of reclamation plans, could increase costs and cause delays in the development of the Molejon gold deposit, depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and, if obtained, that the costs involved will not exceed those previously estimated by PTQ. It is possible that the costs and delays associated with the compliance with such standards and regulations could become such that PTQ would not proceed with the development or operation of a mine or mines.

### ***Asset Retirement Obligation***

Reclamation requirements may change and do vary depending on the location and the government regulatory body, but they are similar in that they aim to minimize long term effects of exploration and mining disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree of pre-disturbance land forms and vegetation. All of PTQ's operations are subject to reclamation liability based on current laws and regulations and the expected future costs to be incurred in reclaiming, restoring and closing its operating mine sites. It is possible that PTQ's estimate of its ultimate reclamation liability could change from the amount recorded in the financial statements, in the near term due to possible changes in laws and regulations and changes in cost estimates.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES**

Management is responsible for the design and maintenance of both internal control systems over financial reporting and disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Current disclosure controls include meetings with the CEO, chief financial officer and members of the board of directors and audit committee through emails, telephone conferences and informal meetings to review public disclosure. All public disclosures are reviewed by certain members of senior management and of the board of directors and audit committee. The board of directors has delegated the duties to the chief executive officer who is primarily responsible for financial and disclosure controls.

The design of the Company's internal control systems over financial reporting and the effectiveness of its disclosure controls and procedures were reviewed during the period ended January 31, 2008, and determined not to be effective. The audit committee has been provided information on the deficiencies.

The Company has assessed the effectiveness of its disclosure controls and procedures and the design of internal controls over financial reporting and during the process identified certain weaknesses in internal controls.

These weaknesses are as follows:

- Due to the limited number of staff it is not feasible to achieve complete segregation of incompatible duties; and
- Due to the size of the Company and the limited number of staff, the Company does not have the optimum complement of personnel with all of the technical accounting knowledge to address all complex and non-routine accounting transactions that may arise.

Management and the board of directors continue to work to mitigate the risk of a material misstatement. Management has identified certain areas where it can improve process controls and intends on incorporating these changes into the control over the financial reporting over the next twelve months. Steps have been taken to mitigate these issues as management has engaged certain specialists in a consulting role to assist on an as required basis.

## **CAUTIONARY NOTE TO USA READERS**

As a British Columbia corporation, PTQ is subject to certain rules and regulations issued by the British Columbia Securities Commission ("BCSC"). PTQ is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, security of samples and mineral resources and mineral reserve estimates. Further, PTQ describes mineral resources associated with its properties utilizing terminology such as "inferred" or "indicated" which are terms recognized by Canadian regulators but not recognized by the United States Securities and Exchange Commission ("SEC").

### **Cautionary Note to USA Investors Regarding Mineral Resources**

The SEC allows mining companies, in their filings with the SEC, to disclose only those mineral deposits they can economically and legally extract or produce. PTQ may use certain terms in this document, such as “mineral resources”, “indicated mineral resources” and “inferred resources” that are recognized and mandated by Canadian securities regulators but not recognized by the SEC.

This report may use the term “inferred resources”. USA readers are cautioned that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. “Inferred resources” have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. USA Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

### **ADDITIONAL INFORMATION**

Additional information relating to PTQ, including News Releases, Financial Statements and prior period MD & A filings, PTQ’s Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).