Zacks Small-Cap Research

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Petaquilla Minerals Ltd. (T.PTQ – TSE)

T.PTQ: Target raised to $2.00 due to accelerated production schedule of Lomero-Poyatos.

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	12/20/11
Current Price (03/28/12)	$0.49
Six- Month Target Price	**$2.00**

OUTLOOK

Petaquilla Minerals Ltd. is a junior gold production and exploration company with a producing gold mine (Molejón) located in Panamá and numerous mineral exploration properties in Panamá and Spain. The recently acquired Lomero-Poyatos concessions in Spain are now expected to initiate production in late calendar 2012. Both Molejón and Lomero-Poyatos have 43-101 compliant Technical Reports with estimated reserves and resources, respectively. We reiterate our Outperform rating and raise our target to $2.00 due to production from Lomero-Poyatos now being expected in calendar 2012 and from the price of gold having increased to $1,650.

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SUMMARY DATA

52-Week High	**$1.05**
52-Week Low	**$0.46**
One-Year Return (%)	**-51.5**
Beta	**2.06**
Average Daily Volume (shrs.)	**274,552**
Shares Outstanding (million)	**221.1**
Market Capitalization ($ mil.)	**$108.3**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2012 Estimate	**9.8**
P/E using 2013 Estimate	**4.9**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small - Value**
Industry	**Mining - Gold**
Zacks Rank in Industry	**22 of 43**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Aug)	Q2 (Nov)	Q3 (Feb)	Q4 (May)	Year (May)
2010	0.0 A	0.0 A	11.4 A	16.4 A	27.8 A
2011	14.7 A	17.4 A	19.2 A	19.8 A	71.7 A
2012	26.2 A	25.3 A	19.1 E	27.0 E	97.7 E
2013					130.2 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Aug)	Q2 (Nov)	Q3 (Feb)	Q4 (May)	Year (May)
2010	-$0.07 A	-$0.08 A	-$0.05 A	-$0.05 A	-$0.25 A
2011	-$0.05 A	-$0.18 A	$0.01 A	$0.03 A	-$0.03 A
2012	$0.03 A	$0.03 A	-$0.01 E	$0.00 E	$0.05 E
2013					$0.10 E

Zacks Projected EPS Growth Rate - Next 5 Years % **15.0**

Quarterly financials do not equal annual due to adoption of IFRS.

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KEY POINTS

- Petaquilla Minerals is a junior gold production and exploration company with numerous mineral exploration properties in Panamá and Spain. The **Molejón gold project** in north-central **Panamá** achieved commercial production in January 2010 and **has poured 159,006 ounces of gold**. Approximately **625,850 ounces** have yet to be monetized from the proven and probable reserve delineated in the most recent 43-101 compliant mineral reserve report at Molejón.
- An **on/off leach pad has been constructed** at Molejón and is currently initiating production. Management expects this incremental leach operation to recover 3,000 ounces Au per quarter.
- Petaquilla Minerals holds the mineral exploration and development rights to 842 square kilometers of concession lands that contain gold, copper and molybdenum deposits in Panamá. Certain mineral concessions, such as Oro del Norte, are being advanced with exploration programs.
- In **Spain**, Petaquilla Minerals owns a 100% interest in **Lomero-Poyatos** through the acquisition of Iberian Resources. Based on historical drilling results, a NI 43-101 compliant Technical Report (dated July 29, 2011) estimated that the inferred mineral resource contains **2.07 million ounces Au** and **41.98 million ounces Ag**. The initial development plan includes shipping 20-ton containers of Spanish ore to the Molejón project in Panamá for processing.
- Management's focus for the remainder of calendar 2012 lies in boosting gold production at Molejón gold project, continuing exploration at the Oro del Norte concession, advancing the newly acquired Lomero-Poyatos concessions and pursuing the spin-out of Panamanian Development and Infrastructure Ltd. (PDI).
- In fiscal 2013, management plans to begin production at Lomero-Poyatos by shipping ore to Panamá for processing and complete the spin-out of PDI. In addition, **the NI 43-101 for the Panamanian projects will be updated in April.** Also, a 50,000 meter drilling program is expected to be completed during the next 12-to-18 months.
- Consult our Initiation Report dated December 22, 2011 for full background information of the company and its projects.
- We maintain our Outperform rating on Petaquilla Minerals and raise our target to $2.00.

OVERVIEW

Based in Vancouver, British Columbia, Petaquilla Minerals Ltd. (PTQ: TO, PTQMF: OTCOB) is a junior gold production and exploration company with a producing gold concession located in the Republic of Panamá and with numerous mineral exploration properties in Panamá and Spain. Incorporated in October 1985 as Adrian Resources Ltd., the company was renamed Petaquilla Minerals Ltd. on October 12, 2004.

Petaquilla Minerals Ltd. has a complex corporate structure with interests in many subsidiaries, of which the more significant are Petaquilla Minerals, S.A., Corporacion de Recursos Iberia S.L and Panamanian Development and Infrastructure Ltd[1]. Through **Petaquilla Minerals, S.A.,**[2] the company owns numerous mineral exploration concessions in the Petaquilla district of Panamá, and in particular the gold deposits within the Cerro Petaquilla Concession, and especially **100% of the Molejón gold-producing property**. **Corporacion de Recursos Iberia S.L.**, a subsidiary of the recently acquired Iberian Resources, owns 100% of the **Lomero-Poyatos mining concessions** in Spain. Petaquilla Minerals Ltd. owns 47.78% of **Panamanian Development and Infrastructure** Ltd.,[3] which the company plans to spin-out to shareholders.

[1] The other subsidiaries are Adrian Resources (BVI) Ltd., Instituto Petaquilla, S.A., Brigadas Verdes, S.A., Compania Minera Belencillo, S.A., Aqua Azure, S.A., Petaquilla Infraestructura Ltd., Panama Desarollo de Infraestructuras, S.A., Petaquilla Security, S.A. and Panama Central Electrica, S.A.
[2] Petaquilla Minerals, S.A. was originally incorporated as Adrian Resources, S.A., but was renamed Petaquilla Minerals, S.A. on February 3, 2005. Also, Petaquilla Minerals, S.A. owns 68.88% of Compañìa Minera Belencillo, S.A., which holds a 100% interest in Zone 2 of the Rio Belencillo Concession and 68.88% of Zone 1.
[3] Panamanian Development and Infrastructure Ltd., was formerly named Petaquilla Infrastructure Ltd.

Management's primary focus has been the production of gold from the **Molejón** open pit mine. Molejón is situated in one of the four zones of the Cerro Petaquilla Concession which operates under a unique set of rules and regulations known as **Ley Petaquilla No. 9**. Having successfully reached commercial production in January 2010, Molejón poured gold at a rate of 18,100 ounces during the second fiscal quarter from a carbon-in-pulp (CIP) leaching process and a carbon-in-column (CIC) gold adsorption stack. However, during the third fiscal quarter, gold poured declined to a rate of 14,163 **ounces per quarter** due to an interruption brought about by a four-month delay in the installation of a new Metso Crusher 125 mobile crushing system at the Molejón project

At current gold prices, management believes that the low grade gold resource (between 0.2 g/t and 1.0g/t) at Molejón can be economically processed through on/off pad leaching. After conducting column leach tests on the low grade material at laboratory facilities in Arizona, an on/off pad leach project was advanced, and a stockpile of low grade ore was accumulated. **The leach pad and a pregnant solution processing plant have been constructed.** Management expects the leach operation initially to recover 3,000 ounces Au per quarter.

In return for the 100% interest in Molejón, Petaquilla Minerals transferred its interest in the copper and molybdenum deposits of Cerro Petaquilla Concession to Petaquilla Copper Ltd., which was acquired by Inmet Mining Corporation (IMN: TSE). However, if the value of the gold resource supersedes the value of the copper-molybdenum resources within deposits of the Cerro Petaquilla Concession, Petaquilla Minerals has a claim to the gold rights. Also, the development of the copper project will benefit **Panamanian Development and Infrastructure Ltd.**, which is receiving contracts to aid in the construction of the project's infrastructure, such as supplying aggregate for roads to the copper mines.

In total, Petaquilla Minerals Ltd. holds gold exploration and development rights to 842 square kilometers of concession lands in north-central Panamá, including the Cerro Petaquilla Concession, and Oro del Norte. An exploration program is being advanced at Oro del Norte with the Tucan Project, under which 5,310 meters of diamond drilling and 3,972 meters of trenching have already been completed. Additional exploration is expected to upgrade the inferred resource calculated by management to a NI 43-101 compliant measured and indicated resource.

On September 1, 2011, Petaquilla Minerals **acquired Iberian Resources Corp**., **which holds a 100% interest in the Lomero-Poyatos concessions in Spain.** Located in the northeast part of the Iberian Pyrite Belt, Lomero-Poyatos contains an estimated inferred mineral resource **of 2.07 million ounces Au** and **41.98 million ounces Ag**. Though the acquisition provides geographic diversification, the transaction is indicative of the opportunistic nature of management. The initial development plan includes shipping 20-ton containers of Spanish ore to the Molejón project in Panamá for processing. With the anticipated gold value of $750 per ton, the estimated transportation costs of $75 per ton are considered economically feasible.

The company has been successful in obtaining capital through equity and debt offerings. After raising $29.9 million through several private placements in fiscal 2007, the planned proto-type 200 tonne per day (t/d) facility at Molejón was abandoned in favor of a commercial-scale 2,200 t/d operation, which required additional capital. Despite the challenges of brought forth by the 2008-2009 financial crisis, Petaquilla Minerals was able to complete two offerings: $60,000,000 of 5-year 15% coupon Secured Notes and $40,000,000 of 2-year 15% coupon Convertible Notes, which together helped fund the company's initiatives. During fiscal 2010, Petaquilla Minerals not only raised equity capital, but also entered into a $45,000,000 prepaid Forward Gold Purchase Agreement with Deutsche Bank AG, requiring Petaquilla Minerals to deliver 66,650 ounces of gold to Deutsche Bank over a five-year period. With the cash flow from gold sales, successful equity offerings and the proceeds from the Forward Gold Purchase Agreement, management was able to retire most of the debt issued in fiscal 2008 and 2009. The acquisition of Iberian Resources was financed through the issuance of 44,635,225 newly issued

common shares, along with warrants and options exercisable into 4,997,732 shares. The closing of a CAD$6,000,000 Convertible Loan Agreement and a US$11,300,000 Forward Silver Purchase Agreement in March 2012 enabled the company to retire the remainder the debt issued in fiscal 2008 and 2009 and will allow Petaquilla Minerals to proceed with the development of the Lomero-Poyatos project and further expand the Molejón mine without the need for further equity financings.

RECENT NEWS

On March 29, 2012, Petaquilla Minerals announced preliminary results for the third quarter of fiscal 2012 ending February 29, 2012. During the quarter, **Gold sold declined 20.4% sequentially** versus the second fiscal quarter from 15,959 to 12,701 ounces generating revenues of $19 million**. Gold poured declined 21.8% sequentially** from 18,100 to 14,163 ounces. Management cited that the decline in **gold poured** was due to an **unanticipated four-month delay in the installation of a new Metso Crusher 125 mobile crushing system** at the Molejón project. The company's cash position declined from $12.2 million to $8.5 million; however, subsequent to the quarter-end, the company closed a CAD $6.0 million 6.35% four-year Convertible Loan Agreement and a US $11.3 million Forward Silver Purchase Agreement with Deutsche Bank, AG (see below). Approximately 1.3 million shares have been repurchased under the 17 million share authorization announced in June 2011. Management is proceeding with the development of Lomero-Poyatos. After obtaining the proper regulatory approvals, management plans to build a water treatment plant and dewater the mine. By late calendar 2012, management expects to begin shipping 20-ton containers of Spanish ore to the Molejón project in Panamá for processing. With the anticipated gold value of $750 per ton, the estimated transportation costs of $75 per ton are considered economically feasible.

On March 26, 2012, the President of Panamá signed Ley 11 (Law 11), establishes a special restrictions and procedures for the development of mineral, water and environmental resources within the Comarca (reservation) Ngäbe Buglé for indigenous inhabitants and adjoining areas. Ley 11 cancels and prohibits the concessions for the exploration, exploitation and extraction of mineral resources, and also prohibits the alteration of rivers and water sources. Future hydroelectric projects within the protected region must be approved by the full General Congress and also be submitted to a local referendum. If a project is approved, the reservation will receive 5% of the profits; in addition, 25% of staff must be indigenous to the area. The Comarca Ngäbe Buglé contains lands from the Provinces of provinces of Bocas del Toro, Chiriquí and Veraguas. Petaquilla's Molejón gold is located in the Province of Colon, approximately 75 kilometers east from the closest border of Comarca Ngäbe Buglé.

On March 16, 2012, Petaquilla Minerals closed a **CAD$6,000,000 6.35% four-year Convertible Loan Agreement** and a **US$11,300,000 Forward Silver Purchase Agreement** with Deutsche Bank, AG, London Branch. The conversion price of the Convertible Loan Agreement is CAD$0.6121. The Forward Silver Purchase Agreement requires Petaquilla Minerals to deliver 525,500 ounces of silver to Deutsche Bank over a five year period, with Petaquilla to receive an additional cash payment for when the price of silver is above $25 per ounce, up to a maximum of $30 per ounce. The net proceeds will be used to expand the Molejón gold plant (specifically with a fourth ball mill, two leach tanks, two CIP tanks, mining equipment and a second Metso crushing system) and fund drilling, development and construction costs of the Iberian concessions. Also, a portion of the net proceeds from the Silver Agreement was utilized to redeem the remaining outstanding Notes and Convertible Notes issued during fiscal 2008 and 2009. Previously in September 2010, Deutsche Bank AG entered into a $45,000,000 Forward Gold Purchase Agreement with Petaquilla Minerals. This second round of financing indicates that Deutsche Bank has a certain degree of confidence with the expected production level of silver at the Molejón project. All the funding facilities provided by Deutsche Bank are secured by all of the assets of Petaquilla Minerals and its subsidiaries in the Western Hemisphere.

On February 27, 2012, Petaquilla Minerals announced the installation of a new Metso Crusher 125 mobile crushing system at the Molejón project. The system not only increases crushing capacity by

approximately 10,000 tonnes per day, but also will reduce the stacking period of the on/off leach pads. In addition, additional construction-grade aggregate can be produced to produce concrete. The system is composed of a Nordberg NW 125, a GP300S cone, a NW300HPS cone and a DF2016P screen.

On January 18, 2012, Petaquilla Minerals reported second fiscal quarter results for the period ending November 30, 2011. Earnings per diluted share were $0.03, $0.01 above expectations, primarily due to lower mining costs than anticipated leading to a higher gross margin. For the quarter, revenues decreased 3.3% sequentially to $25.3 million from $26.2 million as the amount of gold sold declined 8.4% sequentially versus the first fiscal quarter of 2012 from 17,418 to 15,959 ounces. The amount of gold poured increased 0.5% sequentially from 18,014 to 18,100 ounces. **The gross operating profit increased 8.1% sequentially to $10.6 million, and the gross operating profit margin expanded 181basis points to 57.7%**. The cash cost per ounce of gold sold has hovered in the $554 to $557 range during the last three quarters.

On September 1, 2011, Petaquilla Minerals acquired Iberian Resources Corp. for 44,635,225 newly issued common shares and 1,511,248 warrants to purchase 1,640,419 shares at prices between US$0.14 and US$0.60, along with options to purchase 3,357,313 shares between CAD$0.10 and US$0.60.

On June 29, 2011, **Petaquilla Minerals** announced that the Toronto Stock Exchange has approved the company's request **to repurchase up to 17 million shares** (or approximately 9.6% of the shares outstanding).

PANAMÁ

Panamá is a unique mining environment where mineral rights are governed by the Mineral Resources Code of Panamá and regulated by the Código de Recursos Minerales. The Code provides a framework for the exploration and extraction of minerals, including concession terms, surface taxes, royalties, income taxes on production and environmental requirements.



Petaquilla Minerals holds several mineral concessions in Panamá, of which one, the Cerro Petaquilla Concession, receives preferential treatment through Ley Petaquilla No. 9, which was approved by the National Assembly in 1997. The company's Molejón mine is situated in one of the four zones of the Cerro Petaquilla Concession. Under Ley Petaquilla, the gold extraction concession was granted for a 20-year period, which expires on February 25, 2017, with two renewal periods of 20 years also having been

granted. The annual surface land taxes and mineral production royalty rates conform to the Mineral Resources Code of Panamá. On February 11, 2011, the Government of Panamá amended the Mineral Resources Code of Panamá with Law No. 8, which increased the royalty rate from 2% to 4%; however, the subsequent opposition resulted in its repeal.

Ley 11 (Law 11), signed into law on March 26, 2012, establishes a special restrictions and procedures for the development of mineral, water and environmental resources within the Comarca (reservation) Ngäbe Buglé and adjoining areas. Ley 11 cancels and prohibits the concessions for the exploration, exploitation and extraction of mineral resources, and also prohibits the alteration of rivers and water sources. The Comarca Ngäbe Buglé for indigenous inhabitants contains lands from the Provinces of provinces of Bocas del Toro, Chiriquí and Veraguas. Petaquilla's Molejón gold is located in the Province of Colon, approximately 75 kilometers east from the closest border of Comarca Ngäbe Buglé. Petaquilla's management is sensitive to the desires of the indigenous inhabitants in the Province of Colon and allocates well over $1 million annually to donations and community relations, which is a separate line item on the income statement.

PETAQUILLA'S CONCESSION AREAS IN PANAMÁ

Cerro Petaquilla Concession encompasses 136 square kilometers (13,600 hectares) in north-central Panamá. Divided into four contiguous Zones (the blue areas in the map on the left and the yellow area in the map on the right), **the Molejón gold deposit is entirely within Zone No. 3** (1,200 hectares). Gold mineralization has also been identified in Zone No. 4 (1,800 hectares) at Botija Abajo and in Zone No. 1 (4,000 hectares) at Brazo. Zone No. 2 is comprised of 6,600 hectares (see close-up map in Initiation Report) [4].

Ley Petaquilla No. 9, which was enacted by the Panamanian of Legislative Assembly in February 1997, is a project-specific piece of legislation that governs the Cerro Petaquilla Concession in Panamá. The Law promotes mineral development by granting Minera Petaquilla, S.A. (now a wholly owned subsidiary of Inmet) the right to gold, copper, and other mineral deposits located in the 13,600 hectare Concession Area, along with favorable financial treatment on income, depreciation, depletion, dividends, imports and infrastructure tax credits in return for the timely development of the concession. In addition, Ley Petaquilla specifies a minimum level of investment towards the concession's development.

Under Ley Petaquilla No. 9, mine development was required to begin by August 2006, having been extended from the original date in August 2001 due to the price of copper remaining below $1.155 per pound for five years. **An Agreement in early June 2005 transferred / assigned the gold rights to Petaquilla Gold S.A.** (a wholly owned subsidiary of Petaquilla Minerals Ltd.) not only for the 1,186 hectares in the Molejón area, but also for the entire 13,600 hectare Cerro Petaquilla Concession Area in exchange for obtaining government approval for a Mine Development Plan, which Petaquilla submitted to the Panamanian Government in September 2005, and which was subsequently approved by Ministerial Resolution.

In total, Petaquilla Minerals Ltd. holds the gold exploration and development rights to 842 square kilometers of concession lands in north-central Panamá, including the Cerro Petaquilla Concession (especially at Botija Abajo and Lata), the Rio Belencillo Concession, and **Oro del Norte** (the four beige concessions in the North on the map above). Petaquilla's management believes that the company's concessions surrounding the Molejón property may contain not only porphyry copper-gold-molybdenum deposits but also additional epithermal gold vein systems. If the value of the gold resource supersedes the value of the copper-molybdenum resources within deposits in the Cerro Petaquilla Concession, Petaquilla Minerals has a claim to the gold rights[5].

[4] The dimensions of the Zones are from Ley Petaquilla, Contrato N° 9 del 26/02/97, Anexo I, pages 57 – 59.
[5] The rights to mineral deposits the Cerro Petaquilla Concession with predominant gold mineralization are retained by Petaquilla Minerals, according to the letter of intent (dated December 13, 2004) for the Agreement among Teck, Inmet and Petaquilla Minerals.

In the Cerro Petaquilla Concession, Cobre Panama (formerly Petaquilla Copper Ltd.) holds 100% of the copper interests[6] over 795 square kilometers of concession lands. Inmet acquired 100% of Cobre Panamá in 2008, but subsequently sold an option for 20% to Korea-owned LS-Nikko. The area hosts a massive porphyry deposit[7], grading 0.493% copper, 0.015% molybdenite and 0.11 g/t gold. Three project areas are located in Zone No. 1 of the Cerro Petaquilla Concession at Botija, Petaquilla and Valle Grande (see map below). A pre-NI-43-101 feasibility study completed in 1998 indicates a resource of 9.4 billion pounds copper, 1.37 million ounces gold, 24.1 million ounces silver and 131.1 million pounds molybdenum. The development of the copper deposits in the Cerro Petaquilla Concession is the responsibility of Inmet; however, the management of Petaquilla Minerals Ltd. expects to provide considerable infrastructure services towards the construction of the Cobre Panamá Project, especially by supplying crushed rock aggregates.

MOLEJÓN MINE (PANAMÁ) - GOLD

Petaquilla Minerals acquired 100% of the gold rights and related surface rights on the Cerro Petaquilla Concession, including the Molejón gold property (Zone 3) from an **Agreement** among Teck Cominco (now Teck Resources Ltd. - TCK-A & TCK-B: TSE), Inmet Mining Corporation (IMN: TSE) and Petaquilla Minerals in June 2005. Located in the Republic of Panamá (District of Donoso, Province of Colon), the Molejón property is approximately 130 kilometers west of Panama City, 20 kilometers inland from the Caribbean coast and 54 kilometers from the Penonomé exit of the Pan-American Highway (13 kilometers by paved road and 41 kilometers by a maintained gravel road[8]). **Since 2009 through the second fiscal quarter of 2012, the Molejón gold property has produced 146,305 poured ounces of gold, of which 143,663 ounces have been sold** by the company.

Reserves

The project area has undergone extensive drilling to better delineate and identify the resource base in and around the vicinity of Molejón. Between 1994 and 2008, 67,335 meters were drilled in 627 holes at Molejón. Starting in 1994 and 1995, 124 holes were drilled along 50-meter grid lines with spacing of 40 to 70 meters between holes, which contributed to a pre-NI 43-101[9] resource estimate of **661,000 ounces Au** (7.8 million tonnes grading 2.63 g/t). As the prices of copper and gold drifted lower and the deadline for mine development under Ley Petaquilla No. 9 was extended, the exploration of the property was postponed. However, by 2005 exploration efforts were rekindled. An NI 43-101 compliant technical study completed by Steffan, Robertson & Kirsten (SRK) in October 2005 established an inferred resource of **893,000 ounces Au** (11.2 million tonnes grading 2.48 g/t). The 2006 in-fill drilling program consisted of 11,398 meters of diamond drilling that reduced the separation between existing drill holes to at least 35 meters, along with 1,627 meters of exploration drilling on the southern part of the deposit that surface trenching identified as promising. Utilizing the assay results of the in-fill and extension drilling program, in April 2007, AAT Mining Services completed a NI 43-101 compliant resource estimate, which outlined 405,141 ounces Au of measured resources, 109,192 ounces Au of indicated resources and 361,011 ounces Au of inferred resources[10] for a total of **875,344 ounces Au** in the measured, indicated and inferred categories.

In October 2007, an updated NI 43-101 compliant gold resource estimate was announced based on the results of 30,000 meters of drilling during 2006 and 2007. With a cutoff grade at 0.5 g/t, AAT Mining

[6] On October 18, 2006, Petaquilla Minerals Ltd. transferred ownership of the copper assets in the Cerro Petaquilla Concession to Petaquilla Copper Ltd. in return for the gold rights of the Molejon deposit as well as to the gold and precious mineral deposits that may be developed in the Cerro Petaquilla Concession. Petaquilla Minerals also retained 20.4 million shares of Petaquilla Copper Ltd. until September 2008, when the shares were sold to IMN Resources Inc, a wholly-owned subsidiary of Inmet Mining Corp., for $43,238,852 (CAD $44,920,843).
[7] An igneous (volcanic) rock formation composed of rocks in which the minerals vary markedly in size due to a complex cooling history.
[8] The gravel road was constructed in 2006, and later bridges spanning the San Juan and Coclesito rivers were built.
[9] The 1998 Feasibility Study was prepared prior to the introduction of the standards for the National Instrument 43-101.
[10] Measured (6,846,000 tonnes grading 1.84 g/t); Indicated (3,121,000 tonnes grading 1.09 g/t); Inferred (10,473,000 tonnes grading 1.07 g/t).

Services estimated measured resources of 532,801 ounces, an indicated resource of 223,785 ounces and an inferred resource of 342,111 ounces[11], which totaled **1,098,697 ounces Au** (11.2 million tonnes grading 2.48 g/t).

The most recent 43-101 compliant mineral reserve report for the Molejón project area as of the October 1, 2010 was completed in April 2011 by Behre Dolbear. The report upgraded the measured and indicated Molejón resource to a proven and probable reserve since the mine is currently in production and the reserves are economically mineable. The proven and probable reserve totals **643,266 ounces Au** (15.3 million tonnes graded at 1.30 g/t). Since October 1, 2010 (the effective date of the Behre Dolbear resource estimate), approximately 75,853 ounces have been poured, **leaving about 567,500 ounces yet to be monetized**.

Molejón Project Proven & Probable Reserves[12]
(dated April 2011 as of October 1, 2010 production cut-off**)**

Molejón (Oct. 2010)	**Tonnes**	**Grade (g/t Au)**	**Contained ounces Au**
Measured	9,072,000	1.549	451,884
Indicated	6,259,000	0.951	191,382
Total Reserves	15,330,000	1.305	**643,266**

The April 2011 Behre Dolbear 43-101 Technical Report **plans for two processes at Molejón**:

1) milled ore with an average grade of 1.77 g/t processed through the carbon-in-pulp (CIP) column leaching process with an expected 93% recovery rate and
2) leached ore with an average grade of 0.56 g/t with an expected 81% recovery rate[13].

The Molejón deposit contains zones of both high-grade and low-grade gold mineralization. In 2005, a new 200-meter strike length of high-grade mineralization was encountered in the Central Zone during a follow-up trenching program, in which seven of the 26 showed at least 5.0 g/ton over 10 to 69 meters. The 2006 58-hole (5,000 meter) diamond drilling program at the Molejón gold deposit observed a high grade gold zone, namely core hole MO-06-01 32.5 g/t o 8.5 meters, which confirmed a nearby (five meters) historic 1995 core hole MO-95-244, which showed 20.7 g/ton over 12.5 meters. With the high-grade gold mineralization being more extensive than previously believed (see 3-D View of Molejón Pit below), in mid-2007, it was determined that low-grade material could be blended with high-grade tonnage to the mill feed to enhance the recovery of gold resources by the CIP process.

All of the above resource/reserve estimates utilized a **bottom cut-off grade of 0.50 g/t Au** since other mines in Central America historically have operated profitably using that resource estimate cutoff. However, with the price of gold rising well above the assumed price of $500 per ounce in prior feasibility reports and with the availability of multiple grades of ore at the Molejón project, not only has management begun blending ores for the CIP process, but also has embarked on the construction of leach pad for low grade ore (between 0.2 g/t to 1.0 g/t). As a result, the 43-101 Technical Report issued in 2011 concludes that the Molejón deposit contains **917,491 ounces Au** (33.3 million tonnes graded at 0.86 g/t) in the measured and indicated categories **utilizing a cut-off grade of 0.20 g/t Au**. Management believes that resources with a cut-off grade of 0.18 g are economically recoverable through on/off pad leaching.

[11] Measured (9,445,109 tonnes grading 1.75 g/t); Indicated (6,281,558 tonnes grading 1.11 g/t); Inferred (12,209,004 tonnes grading 0.872 g/t).
[12] Molejón NI 43-101 Technical Report, April 2011, pages 112.
[13] Molejón NI 43-101 Technical Report, April 2011, page 124.

Molejón Project Resources[14]

(dated April 2011 as of October 1, 2010 production cut-off)

Cut-off Grade (g/t)	M&I tonnes	Grade (g/t Au)	Contained ounces Au
≥ 10.0	121,000	15.13	58,957
≥ 5.0	568,000	8.46	154,373
≥ 2.0	2,904,000	4.08	381,238
≥ 1.0	6,689,000	2.56	549,813
≥ 0.5	14,574,000	1.55	725,822
≥ 0.2	33,311,000	0.86	917,491

Production

After Petaquilla Minerals obtained the gold rights for Molejón, the open pit gold project officially began in September 2005 when governmental approval was attained for the Mine Development Plan. Under Ley Petaquilla No. 9, mine development was required to begin by August 2006. Also, as required by Ley Petaquilla, an environmental feasibility study was delivered to the General Directorate of Mineral Resources of the Ministry of Commerce and Industries for evaluation. In May 2007, the company secured a $15.74 million loan facility to purchase equipment, including the ball mills, a Metso crushing plant, cranes and an aggregate crushing plant, having previously raised $29.9 million through private placements to fund the development of the mine. In November 2008, Autoridad Nacional del Ambiente (ANAM - the National Authority of the Environment) authorized the construction of a commercial gold mine at Molejón by Petaquilla Gold[15]. In 2008 and 2009, Petaquilla Minerals developed the Molejón open pit mine and constructed the gold processing plant. During the commissioning period, which includes the testing of gold room recovery processes, approximately 29,500 ounces of gold were poured. In November 2009, the project received an operating permit from the Government of the Republic of Panamá to advance to **commercial production**, which **was achieved on January 8, 2010**[16]**.**

Currently, ore is extracted from the open pit mine through a combination of blasting and mechanized mining with stripping shovels, and then loaded by excavators into dump trucks. The ore is transported to either the processing plant or staged for later processing. Once at the processing plant, ore is crushed by a series of three crushers and ground/milled into smaller particles of 74 microns or less by one of three ball mills operated in parallel. With approximately 60% of the gold being released during the milling process, the classified ore material is treated with thickeners to separate the clear fraction of the pulp, which is fed directly to the carbon-in-column (CIC) adsorption stack for gold recovery. The remaining milled ore slurry undergoes a carbon-in-pulp (CIP) leaching process before entering the CIC circuit. During the CIP process, the ore is mixed with cyanide leach solution and granular hard carbon, and then agitated in leach tanks. The leached gold is retained by the carbon, which is removed by screening. The carbon is then subjected to a cyanide solution, the gold is re-dissolved and the resulting pregnant solution enters the CIC stack. During the carbon-in-column process, activated carbon absorbs the gold from the pregnant solutions. Afterwards, the loaded activated carbon is transferred to the elution (desorption) circuit and then fed through electrowinning cells, where gold is precipitated onto cathodes. The gold is removed from the cathodes and melted to produce doré bars. Tailings are detoxified and stored at a 40 hectare, high-density polyethylene lined facility.

[14] Molejón NI 43-101 Technical Report, April 2011, page 108.

[15] ANAM also fined Petaquilla Gold $934,000 Balboas for having initiated construction activities before the Environmental Impact Assessment (EIA) was approved. However, the company successfully argued before the Supreme Court of the Republic of Panamá that notification had been given by March 6, 2009, which resolved the issue in favor of Petaquilla Minerals.

[16] In January 2010, the Molejón Gold project continuously maintained a processing rate of 1,500 tonnes per day or an operating rate of approximately 70% of the designed capacity 2,200 tonnes per day for a period of 30 days with metallurgical recoveries approaching forecast levels.

Initially constructed with a capacity of 2,200 tons of ore per day (tpd), **currently the mill processes approximately 3,000 tpd**[17]. Two capacity expansion programs are underway. First, the installation of a third drum scrubber and an additional horizontal Carbon-in-Column circuit should increase in production by 1,000 tpd. Second, a fourth ball mill, two leach tanks and two CIP tanks are being procured, which should boost capacity by another 1,000 tpd. The fourth ball mill is planned to be operational by August 2012. The two leach tanks, two CIP tanks and additional electrowinning capacity are expected to be online by November 2012. A

Molejón Gold poured (ounces)	1Q (Aug)	2Q (Nov)	3Q (Feb)	4Q (May)	Total (May)
FY 2009	0	0	0	2,973	2,973
FY 2010	13,256	10,482	13,756	14,158	51,652
FY 2011	10,738	15,268	12,825	16,735	55,566
FY 2012	18,014	18,100	14,163		

Molejón Gold sold (ounces)	1Q (Aug)	2Q (Nov)	3Q (Feb)	4Q (May)	Total (May)
FY 2009	0	0	0	703	703
FY 2010	15,440	10,558	13,350	14,100	53,448
FY 2011	12,211	13,166	13,880	14,608	53,865
FY 2012	17,418	15,959	12,701		

During the first fiscal quarter of 2012, gold production sequentially increased 7.64% to 18,014 ounces poured from 16,735 ounces in the prior quarter. In the second fiscal quarter, gold production increased 0.5% sequentially from 18,014 to 18,100 ounces (6,033 ounces per month). However, during the third fiscal quarter, gold poured declined 21.8% sequentially from 18,100 to 14,163 ounces due to disruptions caused by a four-month delay in the installation of a new Metso Crusher 125 mobile crushing system.

Molejón Avg. realized gold price	1Q (Aug)	2Q (Nov)	3Q (Feb)	4Q (May)	Total (May)
FY 2010	-	-	$1,079	$1,151	$1,115
FY 2011	$1,210	$1,312	$1,340	$1,413	$1,319
FY 2012	$1,508	$1,592	N/A		

Molejón Cash cost per oz. Au sold[18]	1Q (Aug)	2Q (Nov)	3Q (Feb)	4Q (May)	Total (May)
FY 2010	-	-	$574	$601	$590
FY 2011	$740	$647	$610	$557	$634
FY 2012	$554	$557	N/A		

[17] In May 2011, the installation of a third drum scrubber and a new horizontal carbon-in-column circuit increased throughput capacity of the plant by 40%.
[18] Cash cost includes mine site operating costs (such as mining, processing and administration) but does not include amortization, depletion, reclamation, capital costs, exploration costs, corporate administration costs and royalties. Contrary to most mining companies, Petaquilla Minerals began excluding royalties from cash cost in FY 2011, restating FY 2010's cash cost to $590 from $681.

Leaching Project

At current gold prices, management believes that the low grade gold resource (between 0.2 g/t and 1.0g/t) **at Molejón can be economically processed through on/off pad leaching**. Initially, Petaquilla Minerals conducted column leach tests on the low grade material at laboratory facilities in Arizona (Phase 1). Following positive results for oxide material[19], a Phase 2 metallurgical testing program was performed on-site in Panamá during 2010. Gold recoveries from large diameter column leach tests of four oxide ore types ranged between 72.4% and 97.0% and was achieved with modest consumption of sodium cyanide (0.14 kg/t to 0.44 kg/t) and lime (0.93 kg/t to 5.07 kg/t) [20]. The evaluation of leach parameters, such as crush size, agglomeration, leach solution concentration and irrigation flow rates, is being systematically conducted in order to identify a cost effective gold extraction process. Currently, the majority of the low-grade oxide ore is prepared by crushing to 3.0 inches (7.6 cm) while sulfide ore requires a secondary crushing to ⅜ inch (0.95 cm). The crushed ore undergoes an agglomeration pretreatment to enhance the material's percolation characteristics, thereby improving the gold extraction process and decreasing the leaching period. Portland cement is added (2 kg/t), along with lime (4 kg/t) to maintain a pH between 10.5 and 11.0. Cyanide solution is applied to the top of the leach pad at a flow rate between 4 ℓ/hr/m^2 and 6 ℓ/hr/m^2. The column leach tests indicate that the leach time required for oxidized material will be approximately 47 days, though a 23 to 28 day leach cycle appears to be economically optimal. Actual production will help determine the most advantageous leach time.

During fiscal 2011, the on/off pad leach project was advanced, and a stockpile of low grade ore was accumulated. Having completed the final engineering and design of the project (Phase 3), the construction of a leach pad and a pregnant solution processing plant occurred during the dry season of 2011. Having commenced production at the end of the second fiscal quarter of 2012, management had expected the on/off leach operation initially to recover 3,000 ounces Au per quarter. However, the four-month delay in the installation of a new Metso Crusher 125 mobile crushing system has delayed advancement of the on/off leach operation.

Taxes and Royalties

Petaquilla Minerals is subject to surface taxes per hectare (on zones designated as Project Areas), according to Petaquilla Law No. 9. Initially, surface taxes were $0.50 per hectare in 1997 and 1998, $1.00 per hectare during 1999 and 2000, and currently are $1.50 per hectare. In addition, annual taxes and royalties are owed on extracted minerals based on a Table[21] in the Law. Taxes on mined gold are 1% in the first five years of production, rising to 3.5% after 11 years. The Government of Panamá receives a royalty of 2% on gold and silver sold. Also, the June 2005 agreement provided for a graduated 1% to 5% Net Smelter Return, based on the future gold price at the time of production, payable to Teck Cominco (35.135% of NSR) and to Inmet (64.865%)[22]. Lastly, Ley No. 9 requires a minimum investment of $400 million in the development of the Cerro Petaquilla Concession, which has been fulfilled.

[19] Recovery rates for oxide material ranged between 80% and 98%, while fresh primary sulfide ore only achieved rates between 38% and 53%.
[20] Petaquilla Minerals announced Phase 2 results of the Column Leach Test Program on November 1, 2010.
[21] Molejón NI 43-101 Technical Report, April 2011, page 15.
[22] Petaquilla Minerals 6-K, Item 5.8 Net Smelter Return, June 2, 2005, page 12.

LOMERO – POYATOS MINING CONCESSIONS (SPAIN) - GOLD

Petaquilla Minerals acquired a 100% interest in the Lomero-Poyatos concessions through the acquisition of Iberian Resources Corp. by way of a "three-cornered amalgamation" in late August 2011. Located in the Kingdom of Spain (Huelva Province, Andalusia Autonomous Community), Lomero-Poyatos is approximately 85 kilometers northwest of Seville and 60 kilometers north of the major port of Huelva. Though first worked by the Romans, the mine was rediscovered in 1853 by Ernesto Deligny and mining re-commenced in the late 1850's. The mining complex includes two open pits (one at Lomero and the other at Poyatos) and a six level underground mine[23] with a central shaft between the open pits. At least 2.6 million tonnes of massive sulphide ore was mined for pyrite content, which was smelted to manufacture sulfuric acid. Lomero-Poyatos was mined continuously from 1905 to 1982 solely as a sulphide (pyrite) mine. Since then, several companies, including the pyrite smelter[24], have investigated Lomero-Poyatos as a possible gold-silver deposit and/or a base metal (copper-lead-zinc) deposit. The project is currently at the exploration stage with an inferred mineral resource estimate based on historical data and relatively wide-spaced drilling.

Description

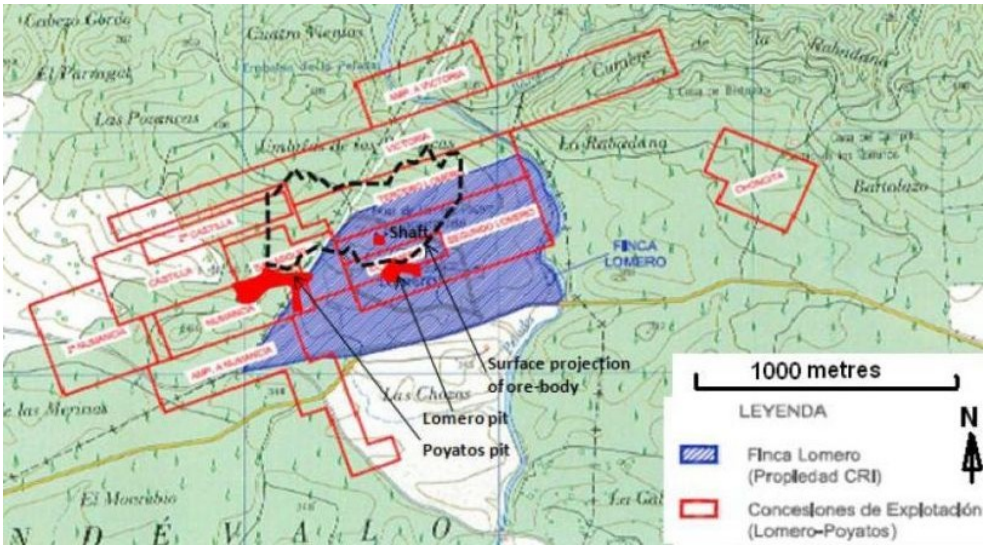
Lomero-Poyatos is a poly-metallic, massive-sulphide deposit, in which pyrite is the predominant sulphide. When mined for pyrite, sulfur mineralization greater than 43% sulfur was regarded as ore. However, the sulphide zones are significantly enriched in gold with two drill holes assaying with grades above 14 g/t[25]. According to work by University of Madrid in April 2011, there are at least three different ore types at Lomero-Poyatos: cupriferous ore assaying 1.0% to 1.5% Cu, arsenic/pyrite ore containing gold and massive sulphide ore containing copper, lead and zinc (with silver associated with lead and gold associated with sulphides). The cupriferous ore lies predominately in the central area while the zinc-lead-gold enrichment is predominate at the eastern and western borders.

Located in the northeast part of the Iberian Pyrite Belt, the Lomero-Poyatos permit block consists of **13 concessions** (El Lomero, Ampliación a Numancia, Segundo Lomero, Castilla, Numancia, San Miguel, Ampliación Victoria, Victoria, Segunda A Castilla, Demasía San Miguel, Segunda Numancia, Tercer Lomero and Conchita). In mid-2001, the Andalusia Autonomous Community granted a consolidation of these concessions, which are valid until August 2033.

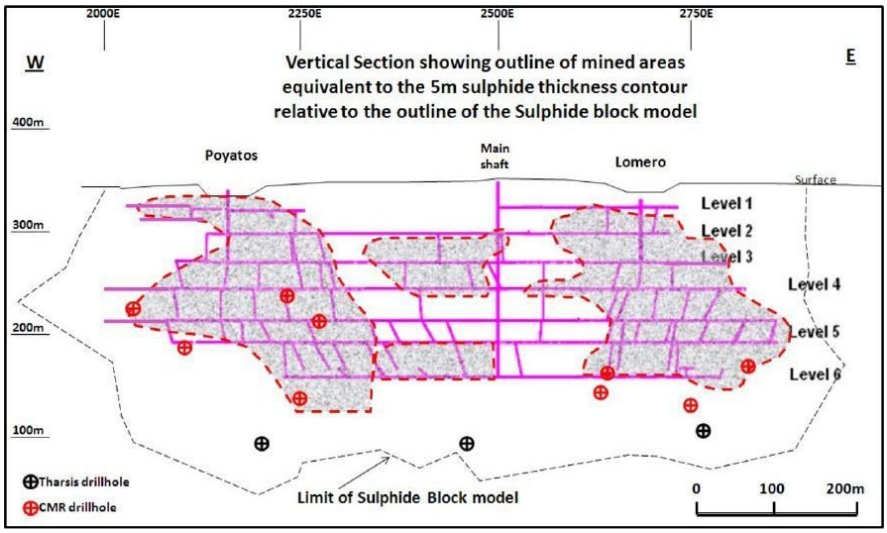


[23] The underground mine was begun in 1905.
[24] Indumetal, the smelting company that treated the roasted pyrite residue from Lomero-Poyatos, conducted some underground mapping and sampling in 1986 in order to assess the gold grades and delineate the gold reserves.
[25] During the drilling program of Cambridge Mineral Resources, a drill hole returned 14.1 g/t Au over 2.0 meters and another assayed 0.55m at 16.84 g/t Au over 0.55 meters within a northeast target.

Mineral Concessions (red) and Surface Rights (blue)



Lomero-Poyatos contains two independent ore bodies (Lomero and Poyatos) that form a single ore body at depth, over 800 meters in strike. Initially, each ore body was opened to the surface by small open pit mines. Later, in the twentieth century, a main shaft and an underground mine complex with at least six levels that intersected both ore bodies was developed. The underground mine has been flooded for the about 20 years.



Behre Dolbear NI43-101 Technical Report July 29, 2011

Resources

During the last decade, the mineral resources at the Lomero-Poyatos concessions have been reviewed and estimated by three consultant companies: Steffen Robertson and Kirsten Ltd. (SRK) in 2002[26], Wardell Armstrong International (WAI) in 2005 and 2007[27] and Behre Dolbear International Ltd. in 2011. Primarily based on the 2,490 meter diamond drill hole program conducted by Newmont Mining, **in 2002**, SRK estimated an **inferred** mineral resource of **2.05 million ounces Au** under an **open-pit** mining scenario (20.6 million tonnes at an average grade of 3.1 g/t Au), which included an indicated resource of 389,894 ounces Au attainable by underground mining (3.71 million tonnes at an average grade of 3.26 g/t Au at 1.5 g/t Au cut-off). Also, SRK estimated that Lomero-Poyatos contains 46.3 million ounces Ag, 675,000 tonnes Zn and 250,000 tonnes Cu. SRK indicated that expected recoveries were approximately 76% for gold, 78% for zinc and 50% for copper.

[26] This upgraded Conceptual Mining Study was completed in 2002; SRK produced another updated report in September 2010.
[27] In 2005, WAI completed a NI 43-101 compliant pre-feasibility study and in April 2007 a Competent Persons Report based upon the 2005 resource data.

In July 2005, WAI completed a pre-feasibility study[28] that assessed the economic viability of an underground mining operation at Lomero-Poyatos using the processing facilities at nearby Almagrera. Drawing upon exploration and drilling programs, including 1,100 meters of trenching and 10,000 meters[29] of drilling, WAI estimated an **indicated** mineral resource of **389,000 ounces Au** under an **underground** mining scenario, (3.71 million tonnes at an average grade of 3.26 g/t Au at 1.5 g/t Au cut-off) [30]. Though the study concluded that the project was not economically practical due to the anticipated development and operating costs, the pre-feasibility study recommended that a surface drilling program test the established targets both within the mine area and along strike. Utilizing the information in the 2005 pre-feasibility study, WAI completed a NI 43-101 compliant Competent Persons Report (Scoping Study) in April 2007, which was updated in 2010.

Behre Dolbear International Limited completed a NI 43-101 compliant Technical Report on the Lomero-Poyatos **in July 2011**. Based primarily on historical drill-hole data of the 124 known drill holes (roughly one-half surface and one-half underground) and augmented by mineral resource estimation reviews generated by Gemcom's deposit block model software, Behre Dolbear estimated an **inferred** mineral resource of **2.07 million ounces Au** under an **open-pit** mining scenario (20.93 million tonnes at an average grade of 3.08 g/t Au at a 1.0 g/t Au cut-off) [31]. Under an **underground** mining scenario, Behre Dolbear concluded the Lomero-Poyatos deposit contained an **inferred** mineral resource of **830,000 ounces Au (**6.07 million tonnes at an average grade of 4.25 g/t Au at a 1.0 g/t Au cut-off, along with 88.74 g/t Ag).

Lomero-Poyatos Project Resources[32]

(Behre Dolbear NI 43-101 compliant Technical Report dated July 29, 2011**)**

Cut-off Grade (g/t)	M&I tonnes	Grade (g/t Au)	Contained ounces Au
> 6.0	0	0	0
≥ 5.0	2,530,000	5.41	440,106
≥ 4.0	5,380,000	4.90	847,653
≥ 3.0	9,380,000	4.30	1,296,913
≥ 2.0	16,350,000	3.52	1,850,547
≥ 1.0	**20,930,000**	**3.08**	**2,072,810**
none	30,350,000	2.31	2,258,006

Despite having some of the higher gold grades in the Iberian Pyrite Belt, extracting the resources at Lomero-Poyatos may prove challenging. As a consequence of the diversity of ores (60% cupriferous, 32% arsenic/pyrite, 8% massive sulphide) [33], metallurgical testing is required to better define the nature and distribution of the gold, silver, zinc, copper and lead mineralization (the mineral deposit anatomy), along with the optimal extraction process. Cupriferous ore would likely require a grinding and copper flotation plant while arsenic-pyrite ore involves grinding, sulphide oxygenation and cyanide leaching. In addition, the depth of the deposit would require an open-pit depth of at least 250 meters, which is on the verge of the transition depth from open-pit to underground mining. As a consequence, the permitting would be difficult, and the waste:ore ratio would probably exceed 50:1.

[28] The WAI a pre-feasibility study is also referred to as a Scoping Study.
[29] The 10,000 meters in drilling may include historical drilling completed by Billiton, Indumetal and Newmont Mining. This has included nine diamond drill holes for 2,490 meters in 2001 and 48 near-surface drill holes for 4,781meters in 2003
[30] The 2007 estimate also included 27.99 g/t Ag, 1.57% Zn, 0.87% Cu and 1.16% Pb.
[31] The 2011 estimate also included 62.38 g/t Ag.
[32] Lomero-Poyatos NI 43-101 Technical Report, July 29, 2011, Table 11, page 58.
[33] Cupriferous ore typically assays 1.0%-1.5% Cu with gold credits but no Pb/Zn/Ag; arsenic-pyrite ore contains gold only; massive sulphide contains Zn/Cu/Pb with Ag associated with Pb and Au associated with sulphides, of which some is free gold.

In the studies at Lomero-Poyatos under an open-pit mining scenario and in the most recent NI 43-101 compliant Technical Report by Behre Dolbear International, the mineral resource at Lomero-Poyatos deposit has been categorized as an Inferred Mineral Resource since the estimate is based on relatively wide-spaced drilling; therefore, the estimated reserves have not yet demonstrated economic viability. The 2011 Behre Dolbear NI 43-101 Technical Report recommends drilling an additional 20,080 meters to better define the deposits in two parts: a scoping study and a pre-feasibility study. The Phase 1 drilling program would be composed of drilling at 50 meter intervals along N-S lines 100 meters apart (10,040 meters) and a scoping study (costing €6 million), followed by a Phase 2 pre-feasibility study that would require in-fill drilling at 50 meter intervals along N-S section lines 50 meters apart (10,040 meters costing €7 million). The University of Madrid Minerals Faculty is preparing the scoping study, which calls for initially processing 100 tonnes per day from the underground mine sometime in 2012. Simultaneously, an 18-month, 50,000 meter core-drilling program is planned to upgrade the deposits to an indicated mineral resource and/or probable mineral reserve. By advancing the project in this manner, Petaquilla Minerals, through Corporacion de Recursos Iberia SLU, will be complying with the legal requirements to maintain title to the Lomero-Poyatos operating concessions.

Included in the 2011 **Behre Dolbear** Technical Report is a **preliminary valuation** of the Lomero-Poyatos deposit. Based on equal weightings of 1) average global stock market valuations per ounce of in-situ gold resources and 2) the value of comparable acquisition transactions, Behre Dolbear estimated that the appropriate current value of the Lomero-Poyatos project is **$53.5 million**.

PANAMA DEVELOPMENT AND INFRASTRUCTURE, LTD.

Panamanian Development and Infrastructure Ltd. (PDI) is a British Columbia corporation that is 47.78% owned by Petaquilla Minerals (PTQ). Originally incorporated as Petaquilla Infrastructure Ltd. in February 2008, PDI was renamed Panamanian Development and Infrastructure Ltd. in July 2010, just prior to completing an initial round of seed capital, which consisted of a partially subscribed $2.0 million private placement[34]. Since May 2009, the **management of Petaquilla Minerals has intended to realize value from the mining infrastructure business that was instrumental in bringing the Molejón mine to commercial production** and is expected to benefit significantly from the development of copper mines in the Cerro Petaquilla concessions. Management's plan involves contributing the infrastructure operating company known as **Panama Development of Infrastructure, S.A. (PDI Panama)** [35] to PDI in return for additional ownership of PDI. Thereafter, PTQ's total ownership of PDI is to be spun-out to the shareholders of PTQ on a 1 share of PDI for every 4 shares of PTQ owned on the record date for the distribution[36]. With the assets of PDI Panama, PDI will be poised to provide infrastructure-related services not only for mine development in north-central Panamá, but also for general construction projects for roads, bridges, buildings, mini-hydro plants and electricity transmission.

PDI Panama is the infrastructure operating company of Petaquilla Minerals that will give operational value to PDI. Having provided mining infrastructure services for the construction, commissioning and operation of the Molejón gold mine, PDI Panama is currently pursuing contracts in Panamá for 1) the construction of roads, housing projects, hospitals, schools and water treatment facilities, 2) power generation and transmission projects and 3) mining services, such as mine construction, earth movement, blasting, exploratory drilling, topography mapping, campsite services, aggregate mining, permitting and certification procedures, heavy construction equipment fleet management, laboratory services, environmental controls and security. Also, management hopes that PDI Panama will be able to secure contracts for the development, construction and operation of renewable energy projects in Panamá and the Central American region. The management of PDI Panama is focused on building a portfolio of infrastructure-related projects.

[34] Petaquilla Minerals participated in the private placement, thereby attaining its 47.78% interest in PDI. Initially, the private placement was expected to raise CAD $2 million (2,000,000 shares at CAD $1.00).
[35] Panama Development of Infrastructure, S.A. (PDI Panama) is also known as Panama Desarrollo de Infraestructuras, S.A.
[36] The spin-out was approved at a special meeting of shareholders on February 25, 2010.

The Cobre Panama project, which is less than 4 kilometers from Molejón, **will require mine services that PDI Panama can provide**. Controlled by Inmet Mining Corporation, the development of this copper mine is expected to invest over $4 billion into central Panamá. Large quantities of aggregate will be required for building foundations and road bases. The un-mineralized rock overlaying Molejón's gold mineralization is suitable for the aggregate needs of the Cobre Panama project. Preliminary agreements have been reached with PDI Panama regarding prices and the annual quantities. In addition, when the aggregate is excavated, management believes that an additional 100,000 contained ounces of gold at Molejón will become economically mineable.

PDI Panama controls a large fleet of heavy equipment, which is used at Molejón and is available to complete infrastructure-related projects. In October 2010**,** a $9.1 million leasing facility[37] provided by Global Bank financed the acquisition of several pieces of heavy equipment Then in April 2011, Caterpillar Credito S.A., the Panamanian subsidiary of Caterpillar Financial, provided a $5 million leasing facility[38] to Petaquilla Gold, S.A. and PDI Panama for the acquisition of a 2 megawatt Caterpillar diesel power generator, along with additional heavy and secondary equipment. Most recently, in September, a $10 million leasing facility from a major Panamanian bank financed the acquisition of additional mining and trucking equipment. The additional equipment capacity enabled PDI Panama to expand its operations beyond the pre-stripping and tailings management activities that supplemented the mining work performed by Sococo, the contract miner at Molejón. PDI Panama's equipment helped create a stock pile of ore for the on/off leach operation and is assisting with the construction of the on/off leach pads. Also, the equipment can be used to expand the daily mining rate at Molejón and will provide the capacity to extract and transport aggregates for infrastructure projects. The current fleet includes 18 Caterpillar articulated trucks, four Caterpillar hydraulic excavators, two Caterpillar wheel loaders, five hydraulic crawler drill rigs, two backhoes, and several other pieces of heavy equipment.

During the last nine months, PDI Panama has been awarded over $28 million in contracts for infrastructure-related projects. In June 2011, a joint venture with Constructora MECO (Costa Rica) received a contract to construct a 3.9 kilometer road for direct access to the copper project being advanced in the Cerro Petaquilla concessions by Minera Panama, S.A., Inmet Mining's wholly owned subsidiary that is developing the Cobre Panama project. In addition, a Panamanian construction company has ordered 1.8 million cubic meters of construction aggregate from PDI Panama to be delivered over the next five years. In November, PDI Panama received an order from Constructora Urbana S.A. to deliver 100,000 cubic meters of aggregates for the construction of a new 42 kilometer road between La Pintada and the Coclesito area where the Molejón mine is located. Most recently, PDI has been awarded a contract to build two houses for the Cobre Panama project and another contract awarded to PDI to construct three wharfs in Veraguas by the Cantraloria of the Republic of Panama.

Lastly, PDI Panama is advancing the **Petarcilla clay project**. Using tailings from the Molejón mine, PDI Panama plans to manufacture and sell construction-grade bricks for use in Panamá. By processing waste material from the mine, not only will mining costs be reduced, but also these building materials can be produced at costs lower than competing products in Panamá.

Petaquilla Minerals is proceeding with the regulatory requirements for the spin-off. Audited financials statements for PDI are being prepared and a Proxy Information Circular is expected to be circulated in April, which will be followed by a Special Meeting of shareholders in May. The ex-date for the spin-off will be determined according to the date of the Special Meeting.

[37] The four-year leasing facility carries an annual interest rate of 5%. PDI Panama has the option to purchase the equipment at the end of the lease period.
[38] The five-year leasing facility carries an annual interest rate of 6%, with PDI Panama acquiring the equipment at the end of the lease period for $1.

VALUATION

Managements of mineral production and exploration companies create value through evaluating, acquiring, exploring and/or developing mining properties. In the case of Petaquilla Minerals, management's strategy is to increase shareholder value through developing the Molejón gold project and other properties in north-central Panamá, along with evaluating and acquiring other projects, such as Lomero-Poyatos in Spain. Also, **Petaquilla Minerals has achieved the status of an exploration/production company, in which the reserves at Molejón warrant a higher valuation** than typical junior gold exploration companies. Therefore, we believe it would be inappropriate to value Petaquilla Minerals on a current earnings, cash flow or book value basis. Both earnings and cash flow are ramping up and do not adequately capture the value of the company's resource base. Book value can often represent the value of a junior gold exploration company, but **Molejón mine has evolved beyond the exploration phase**.

Our calculation of **share value of attributable reserves and resources** is based on the ascertained value of each property plus balance sheet adjustments for working capital, PPE (property, plant and equipment) and marketable securities. **The value of each individual property is determined by adjusting the value of current reserves/resources for the expected recovery rate, mining/processing costs and royalties, if any.** The reserves/resources are assigned a **confidence factor** that attempts to take into account the risks of each project, such as the locality of the deposits, the assurance level of the reserves/resources, various technical mining/production risks, etc. The current price of gold is utilized. The reserve/resource valuation methodology involves the following assumptions:

1) At Molejón, a 90% confidence factor is applied to measured & indicated reserves with an average grade of 1.305 g/t since the production facility has been operating consistently since 2009. The grade of ore is quite high for an open pit mine.
2) At Molejón, a 60% confidence factor is applied to measured & indicated reserves with an average grade of 0.70 g/t for a combination of factors, but primarily since the on/off leach operations have begun recently and the company has yet to report production from the process.
3) At Molejón, only a 10% confidence factor is applied to measured & indicated reserves with an average grade of 0.50 g/t. According to laboratory column leach tests, only low grade oxide materials can be processed economically on the on/off leach pads. The low recovery rate of fresh ore in the laboratory (between 38% and 53%) impedes its profitable extraction. A breakdown of low grade oxide materials and fresh ore is not available.
4) At Oro del Norte, Botija Abajo and Brazo a 20% confidence factor is applied to inferred resource. The inferred resource is not yet NI 43-101 compliant, and production is not expected until 2016.
5) At Lomero-Poyatos, a 25% confidence factor is applied to measured & indicated resource. The property was previously mined for pyrite, but not for precious metals. The silver, copper, lead and zinc deposits are currently not included in the valuation; however, when a feasibility study provides sufficient information for their evaluation, they will be included. The accelerated production schedule for Lomero-Poyatos and a higher gold price increased the project's value to $79.9 million versus the $48.3 million value estimated in our Initiation Report.
6) Each property's estimated production life is 10 years.
7) The royalties and Net Smelter Return for Molejón include both the Government of Panamá's 2% royalty on gold and silver sold and the graduated 1% to 5% NSR provided by the June 2005 agreement.
8) In the case of PDI Panama, only the announced contracts are being used to value the operations on a price-to-sales (P/S) basis. Small-capitalization companies with a sales profile that should grow and expand over time historically are valued in a P/S range between 1.1 and 3.2. Given the limited information on PDI Panama, the valuation target is based on a third quartile 1.6 price-to-sales ratio valuation. Only Petaquilla's percentage interest in PDI is attributed in the valuation model.

Based on our calculation of share value of attributable resources (see table below), **our target for Petaquilla Minerals stock is $2.00.**

Petaquilla Minerals Ltd.

GOLD Projects	Metal	Measured & Indicated Reserve (oz)	Measured & Indicated Resource (oz)	Grade (g/t)	Management Inferred Resource (oz)	Recovery Rate	Average Production Costs (per oz)	Current Price	Royalties & Net Smelter Return (NSR)	% Ownership	Net Value to PTQ	Net Present Value to PTQ
PANAMA												
Molejón (CIP/CIC)	Au	625,848		1.305		90%	590	1,650	4.0%	100%	515,858,969	379,676,692
Molejón (on/off leach)	Au	99,974		0.700		70%	625	1,650	4.0%	100%	41,317,255	27,645,326
Molejón (on/off leach)	Au	191,669		0.500		45%	650	1,650	2.0%	100%	8,452,603	5,655,627
PDI Panama	N/A									47.48%	5,348,147	5,348,147
BALANCE SHEET ADJUSTMENTS												
Working capital											(31,033,809)	(31,033,809)
Debt											(16,172,388)	(16,172,388)
Deferred revenue											(27,374,719)	(27,374,719)
								Net Assets & Resources			496,396,058	343,744,876
								Shares Outstanding			221,064,726	221,064,726
									Asset Value (Molejon)		2.25	
									Discounted Asset Value (Molejón only)			**1.55**
PANAMA												
Oro Del Norte	Au			0.470	276,383	85%	800	1,650	4.0%	100%	38,339,850	7,008,899
Botija Abajo Brazo	Au			0.260	253,440	85%	800	1,650	4.0%	100%	35,157,197	5,141,663
SPAIN												
Lomero-Poyatos	Au		2,072,810	3.080		75%	750	1,650	0.0%	100%	349,786,688	79,930,529
									Asset Value		4.00	
									Discounted Asset Value			**1.97**

PROJECTED INCOME STATEMENT

Petaquilla Minerals Ltd.

Consolidated Statements of Operations and Retained Earnings (US $)

For the years ending May 31	IFRS 2011 JJA 1Q	IFRS 2011 SON 2Q	Canadian GAAP 2011 DJF 3Q	Canadian GAAP 2011 MAM 4Q	IFRS Year 2011	IFRS 2012 JJA 1Q	IFRS 2012 SON 2Q	IFRS 2012 DJF 3Q E	IFRS 2012 MAM 4Q E	IFRS Year 2012 E
Gold poured (ounces)	10,738	15,268	12,825	16,735	55,566	18,014	18,100	14,163	18,000	68,277
Gold sold (ounces)	12,211	13,166	13,880	14,608	53,865	17,418	15,959	12,701	18,000	64,078
Avg. realized gold price	$1,210	$1,312	$1,340	$1,413	$1,319	$1,508	$1,592	$1,500	$1,500	$1,525
Revenue	**14,728,011**	**17,371,378**	**19,235,284**	**19,805,680**	**71,708,685**	**26,176,900**	**25,310,502**	**19,051,500**	**27,000,000**	**97,718,950**
Cost of sales	10,076,688	9,744,754	10,368,901	8,498,413	39,157,086	11,549,160	10,708,285	8,522,371	12,078,000	42,857,816
Amortization and depletion	2,812,858	2,900,294	2,604,307	3,491,197	12,510,346	4,792,464	3,972,940	2,990,477	4,238,137	15,994,018
Gross operating profit	**1,838,465**	**4,726,330**	**6,262,076**	**7,816,070**	**20,041,253**	**9,835,276**	**10,629,277**	**7,538,652**	**10,683,863**	**38,867,116**
Accounting and legal	-	-	418,904	318,969	-	-	-	-	-	-
Accretion of asset retirement obligation	-	-	89,862	89,862	-	-	-	-	-	-
Consulting fees	-	-	158,561	418,348	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-
Filing fees	-	-	(1,329)	26,338	-	-	-	-	-	-
Investor relations and shareholder information	-	-	287,145	283,492	-	-	-	-	-	-
General and administrative	1,981,602	2,822,324	594,449	817,725	10,088,183	1,965,505	3,492,388	3,500,000	3,500,000	12,457,893
Rent	-	-	29,654	31,486	-	-	-	-	-	-
Donations and community relations	30,392	43,075	542,054	195,919	1,707,190	344,931	639,618	492,275	500,000	1,976,824
Exploration and development costs	2,324,971	2,351,318	1,948,562	2,644,455	9,269,306	1,371,658	2,824,101	2,894,704	2,967,071	10,057,534
Stock-based compensation	171,698	32,392	543,046	148,269	919,856	130,310	283,988	850,000	250,000	1,514,298
Travel	-	-	193,193	100,668	-	-	-	-	-	-
Fees on forward sale agreement	-	-	-	-	-	-	-	-	-	-
Debt issuance costs	-	3,988,012	99,090	(1,690,043)	-	-	-	-	-	-
Wages and benefits	-	-	935,579	662,612	-	-	-	-	-	-
Other operating expenses	76,299	-	-	-	4,385,816	0	0	0	0	0
Operating expenses	**4,584,962**	**9,237,121**	**5,838,770**	**4,048,100**	**26,370,351**	**3,812,404**	**7,240,095**	**7,736,978**	**7,217,071**	**26,006,548**
Gain (loss) from operations	**(2,746,497)**	**(4,510,791)**	**423,306**	**3,767,970**	**(6,329,098)**	**6,022,872**	**3,389,182**	**(198,326)**	**3,466,792**	**12,860,568**
Foreign currency gain (loss)	-	-	469,400	(330,966)	-	-	-	-	-	-
Gain (loss) on marketable securities	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-
Finance (expense)	(181,778)	(418,748)	32,697	68,904	(533,888)	(160,918)	(151,103)	(149,592)	(148,096)	(609,709)
Interest on long-term debt	-	-	(60,890)	-	-	-	-	-	-	-
Cost associated with forward sales agreement	-	-	(399,662)	-	-	-	-	-	-	-
Asset usage fees	-	-	-	-	-	-	-	-	-	-
Gain on redemption of performance bond	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of property and equipment	-	-	-	-	-	-	-	-	-	-
Gain on equity investments	-	-	-	-	-	-	-	-	-	-
(Loss) on equity investments	104,937	-	-	(204,499)	0	(431,130)	0	0	0	(431,130)
Power and drilling services	-	-	-	-	-	-	-	-	-	0
Gain on expiry of deferred services contract	-	-	3,153,394	-	-	-	-	-	-	0
Gain on disposal and dilution	-	-	-	5,243,309	-	-	-	-	-	0
Gain on dilution of equity investment	-	-	-	-	-	-	-	-	-	0
Redemption loss on senior secured notes	-	-	-	-	-	-	-	-	-	0
Mark-to-market (loss) on purchase warrants	6,789	-	-	-	0	(495,635)	0	75,000	(25,000)	(445,635)
Mark-to-market (loss) on senior secured notes	(2,918,360)	-	(1,508,761)	802,230	0	34,209	-	-	-	34,209
Non-operating income (expenses)	0	(18,403,771)	0	0	3,019,470	0	5,658,973	0	0	5,658,973
Total other income (expense)	**(2,988,412)**	**(18,822,519)**	**1,686,178**	**5,578,978**	**2,485,582**	**(1,053,474)**	**5,507,870**	**(74,592)**	**(173,096)**	**4,206,708**
Income (loss) before minority interest and income taxes	**(5,734,909)**	**(23,333,310)**	**2,109,484**	**9,346,948**	**(3,843,516)**	**4,969,398**	**8,897,052**	**(272,918)**	**3,293,696**	**17,067,276**
Non-controlling interests	-	-	-	(2,507,156)	(2,507,156)	(219,878)	(2,118,831)	(1,594,868)	(2,260,265)	(6,193,842)
Unrealized loss on translating financial statements to U.S. dollar reporting currency										
Gain (loss) on sale of treasury stock	0	0	0	0	0	0	0	0	0	0
Shareholders income (loss) before income taxes	(5,734,909)	(23,333,310)	2,109,484	6,839,792	(1,336,360)	4,749,520	6,778,221	(1,867,786)	1,033,431	10,873,434
Provision for income taxes										
Net income for the year (continuing operations)	**(5,734,909)**	**(23,333,310)**	**2,109,484**	**6,839,792**	**(1,336,360)**	**4,749,520**	**6,778,221**	**(1,867,786)**	**1,033,431**	**10,873,434**
Net income per common share (diluted) - continuing ops.	**(0.05)**	**(0.18)**	**0.01**	**0.04**	**(0.01)**	**0.03**	**0.03**	**(0.01)**	**0.00**	**0.05**
Weighted average common shares outstanding - diluted	125,294,994	127,176,855	156,821,635	176,323,851	146,404,334	178,684,859	221,658,390	225,000,000	227,000,000	213,085,812
Gross margin (net of amortization & depletion)	31.58%	43.90%	46.09%	57.09%	45.39%	55.88%	57.69%	55.27%	55.27%	56.14%

The following line item reported in the unaudited quarterly Income Statements (canadian GAAP) did not appear in the audited Annual Income Statement (IFRS):
Cost associated with forward sales agreement of $399,662 in the third fiscal quarter on 2011

Petaquilla Minerals Ltd.

Consolidated Statements of Operations and Retained Earnings (in $ US)

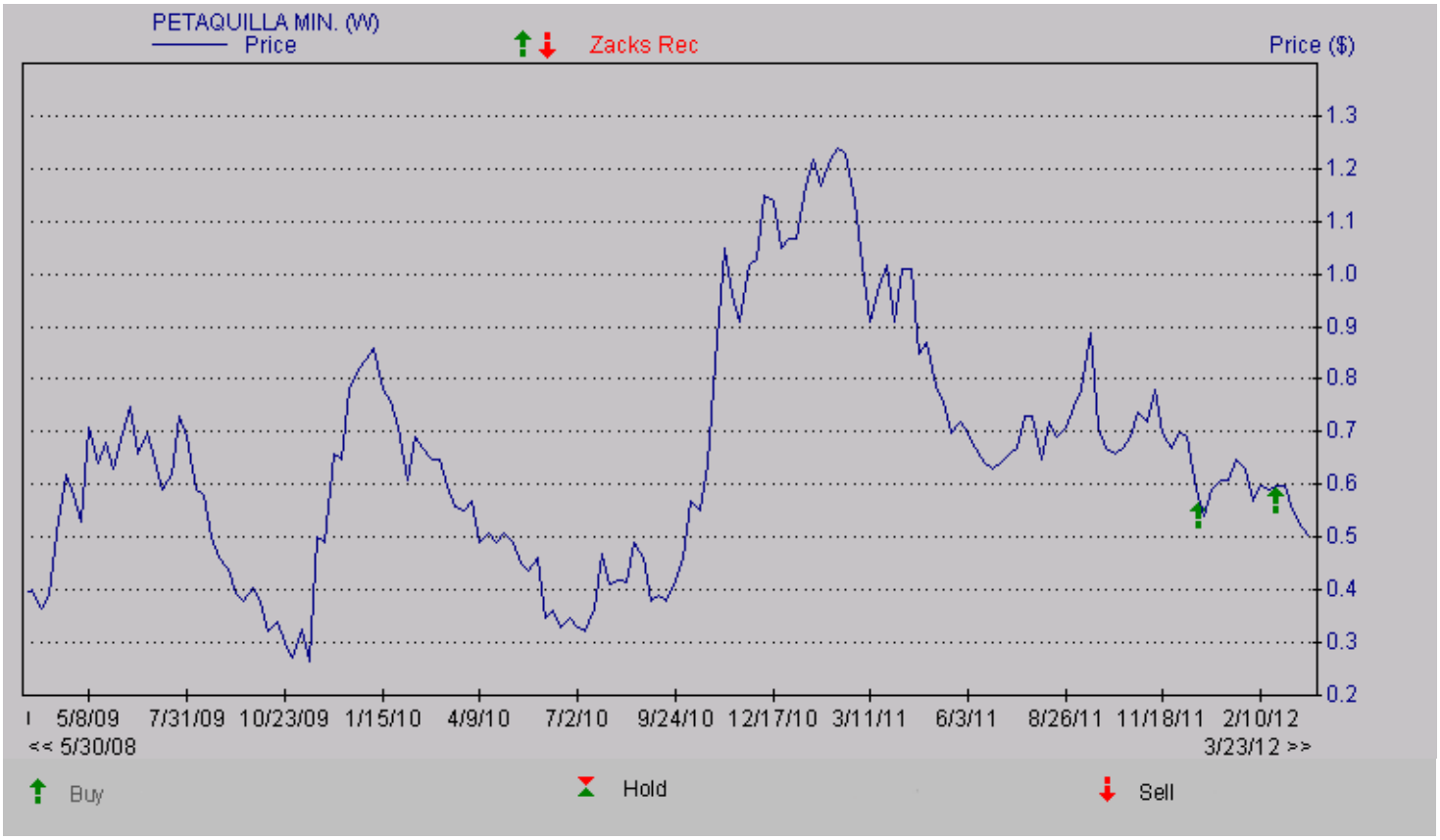
(as reported prior to application of IFRS)	Canadian GAAP		Canadian GAAP		Canadian GAAP		Canadian GAAP		IFRS	IFRS	IFRS
(in Canadian $ prior to FY 2009, in US $ starting in FY 2009)	2005	2006	2007	2007	2008	2009	2010	2011	2011	2012 E	2013 E
For the years ending as noted	ending 1/31	ending 1/31	ending 1/31	ending 4/30	ending 4/30	ending 5/31	ending 5/31	ending 5/31	ending 5/31	ending 5/31	ending 5/31
Revenue	**0**	**0**	**0**	**0**	**0**	**0**	**27,542,363**	**71,708,685**	**71,708,685**	**97,718,950**	**130,200,000**
Cost of sales	0	0	0	0	0	0	16,237,588	39,157,086	39,157,086	42,857,816	54,180,000
Amortization and depletion	0	0	0	0	0	0	4,839,420	11,335,717	12,510,346	15,994,018	20,832,000
Gross operating profit	**0**	**0**	**0**	**0**	**0**	**0**	**6,465,355**	**21,215,882**	**20,041,253**	**38,867,116**	**55,188,000**
Accounting and legal	161,203	266,967	433,266	726,929	1,306,921	1,944,302	1,775,357	1,655,679	-	-	-
Accretion of asset retirement obligation	-	-	-	-	305,692	331,504	325,287	359,448	-	-	-
Consulting fees	141,158	291,034	667,788	1,077,362	943,250	370,248	663,796	983,667	-	-	-
Amortization	7,660	56,697	296,442	471,309	-	-	-	-	-	-	-
Filing fees	33,679	30,637	67,027	82,669	87,005	115,295	64,303	33,821	-	-	-
Investor relations and shareholder information	98,790	388,991	979,155	1,267,505	1,012,822	475,092	502,690	843,313	-	-	-
General and administrative	81,173	257,859	700,350	971,936	2,711,908	2,187,020	1,609,746	2,421,243	10,088,183	12,457,893	15,384,247
Rent	88,939	80,520	124,344	179,497	122,495	240,693	119,920	118,010	-	-	-
Donations and community relations	-	-	-	-	-	949,271	1,240,479	1,411,440	1,707,190	1,976,824	2,289,043
Exploration and development costs	234,664	11,105	10,930,276	-	11,690,204	7,761,862	4,304,303	9,269,306	9,269,306	10,057,534	10,912,789
Stock-based compensation	716,876	410,301	14,962,731	20,386,270	5,561,247	898,454	1,351,106	971,208	919,856	1,514,298	2,492,888
Travel	83,398	346,332	1,248,787	1,686,536	857,907	1,014,530	906,989	657,616	-	-	-
Fees on forward sale agreement	-	-	-	-	-	-	-	2,473,358	-	-	-
Debt issuance costs	-	-	-	-	-	6,398,825	613,244	-	-	-	-
Wages and benefits	243,139	397,907	1,591,959	1,991,770	1,668,455	2,916,615	3,428,470	3,357,862	-	-	-
Other operating expenses									4,385,816	0	0
Operating expenses	**1,890,679**	**2,538,350**	**32,002,125**	**28,841,783**	**26,267,906**	**25,603,711**	**16,905,690**	**24,555,971**	**26,370,351**	**26,006,548**	**31,078,968**
Gain (loss) from operations	**(1,890,679)**	**(2,538,350)**	**(32,002,125)**	**(28,841,783)**	**(26,267,906)**	**(25,603,711)**	**(10,440,335)**	**(3,340,089)**	**(6,329,098)**	**12,860,568**	**24,109,032**
Foreign currency gain (loss)	(79,147)	(77,647)	23,723	(836,847)	1,342,442	(8,157,720)	(93,159)	(72,928)	-	-	-
Gain (loss) on marketable securities	-	-	18,584	21,191	-	-	-	-	-	-	-
Interest income	18,266	48,239	260,393	352,880	51,926	169,366	52,394	118,835	-	-	-
Finance expense	-	-	-	-	-	-	-	-	(533,888)	(609,709)	(750,000)
Interest on long-term debt	-	-	-	(68,239)	(68,465)	(37,382)	(501,574)	(305,003)	-	-	-
Cost associated with forward sales agreement									-	-	-
Asset usage fees	-	-	-	103,348	126,775	(4,155)	-	-	-	-	-
Gain on redemption of performance bond	198,142	-	-	-	-	-	90,000	-	-	-	-
Gain (loss) on disposal of property and equipment	(44,855)	-	-	-	-	-	-	-	-	-	-
Gain on equity investments	-	-	-	-	4,347,077	40,604,938	-	-	-	-	-
(Loss) on equity investments	-	-	(714,756)	(1,773,000)	(8,301,371)	(2,396,011)	0	(204,499)	0	(431,130)	0
Power and drilling services	-	-	-	-	76,430	156,597	90,000		-	-	-
Gain on expiry of deferred services contract	-	-	-	-	-	-	-	3,153,394	-	-	-
Gain on disposal and dilution	-	-	-	-	-	-	-	5,243,309	-	-	-
Gain on dilution of equity investment	-	-	1,701,589	3,080,000	12,582,085	2,238,492	-	-	-	-	-
Redemption loss on senior secured notes	-	-	-	-	-	(13,130,982)	-	-	-	-	-
Mark-to-market (loss) on purchase warrants			-	-	-	-	-	-	-	(445,635)	0
Mark-to-market loss on senior secured notes	-	-	-	-	-	(14,939,298)	(16,089,408)	(6,023,189)	0	34,209	0
Non-operating income (expenses)									3,019,470	5,658,973	0
Total other income (expense)	**92,406**	**(29,408)**	**1,289,533**	**879,333**	**10,156,899**	**4,503,845**	**(16,451,747)**	**1,909,919**	**2,485,582**	**4,206,708**	**(750,000)**
Income (loss) before minority interest and income taxes	**(1,798,273)**	**(2,567,758)**	**(30,712,592)**	**(27,962,450)**	**(16,111,007)**	**(21,099,866)**	**(26,892,082)**	**(1,430,170)**	**(3,843,516)**	**17,067,276**	**23,359,032**
Non-controlling interests	-	-	-	-	-	-	-	(2,507,156)	(2,507,156)	(6,193,842)	(1,000,000)
Unrealized loss on translating financial statements to U.S. dollar reporting currency											
Gain (loss) on sale of treasury stock	0	(4,847,462)	0	0	0	0	0	0	0	0	0
Shareholders income (loss) before income taxes	(1,798,273)	(7,415,220)	(30,712,592)	(27,962,450)	(16,111,007)	(21,099,866)	(26,892,082)	(3,937,326)	(6,350,672)	10,873,434	22,359,032
Provision for income taxes	0	0	0	0	0	0	0	0	0	0	0
Net income for the year (continuing operations)	**(1,798,273)**	**(7,415,220)**	**(30,712,592)**	**(27,962,450)**	**(16,111,007)**	**(21,099,866)**	**(26,892,082)**	**(3,937,326)**	**(6,350,672)**	**10,873,434**	**22,359,032**
Net income per common share (diluted) - continuing ops.	**(0.04)**	**(0.13)**	**(0.38)**	**(0.35)**	**(0.17)**	**(0.22)**	**(0.25)**	**(0.03)**	**(0.04)**	**0.05**	**0.10**
Extraordinary item											
Unrealized loss on translating financial statements to U.S. dollar reporting currency			-	-	-	(4,648,716)	-	-	-	-	-
Net income per common share (diluted)	**(0.04)**	**(0.13)**	**(0.38)**	**(0.35)**	**(0.17)**	**(0.27)**	**(0.25)**	**(0.03)**	**(0.04)**	**0.05**	**0.10**
Weighted average common shares outstanding - diluted	50,370,747	56,115,596	79,992,262	79,992,262	93,131,030	96,019,488	107,740,441	146,404,334	146,404,334	216,719,759	225,000,000

Notes:

In FY 2009, the functional currency of Petaquilla Minerals changes from the Canadians dollar to the US dollar, requiring a one-tine translation charge.

At the end of FY 2011, Petaquilla Minerals adopted IFRS.

HISTORICAL ZACKS RECOMMENDATIONS



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