This document is important and requires your immediate attention. If you are in doubt about how to respond to the offer, you should consult with your investment dealer, stockbroker, bank manager, lawyer or other professional advisor. Enquiries concerning the information in this document should be directed to Kingsdale Shareholder Services Inc. at 1-866-581-0507.

PETAQUILLA COPPER LTD.

DIRECTORS' CIRCULAR

RELATING TO THE OFFER BY

6910360 Canada Inc., a wholly owned subsidiary of

INMET MINING CORPORATION

to purchase all of the outstanding common shares of

PETAQUILLA COPPER LTD.

for $2.00 in cash per common share

NO RECOMMENDATION

This Directors' Circular contains no recommendation of the Board of Directors of Petaquilla Copper Ltd. ("PTC") as to whether Shareholders should accept or reject the Offer of 6910360 Canada Inc. (the "Inmet Offer"). The Board of Directors urges Shareholders NOT TO TENDER to the Inmet Offer until a further communication is made by the Directors.

NOTICE TO NON-CANADIAN SHAREHOLDERS

This Director's Circular has been prepared in accordance with Canadian disclosure requirements. Shareholders should be aware that such requirements are different from those of the United States and other non-Canadian jurisdictions. The enforcement by PTC Shareholders of civil liabilities under United States federal securities laws or under the laws of other non-Canadian jurisdictions may be affected adversely by the fact that PTC is incorporated under the laws of British Columbia, its executive officers and directors are residents of Canada, Australia and Panama, some or all of the experts noted herein may be residents of Canada and that all of PTC's assets are located outside the United States. You may not be able to sue PTC or its officers or directors in a Canadian court for violations of United States or other non-Canadian securities laws. It may be difficult to compel PTC and its affiliates to subject themselves to the jurisdiction of a court in the United States or other non-Canadian jurisdiction or to enforce a judgment obtained from a court in the United States or other non-Canadian jurisdiction. This transaction has not been approved or disapproved by any United States or other securities regulatory authority, nor has any such authority passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. Information concerning mineral deposits is prepared in accordance with Canadian disclosure requirements, which differ from the requirements of the U.S. Securities and Exchange Commission applicable to United States companies. See "Note Concerning Resource Calculations".

August 7, 2008

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PETAQUILLA COPPER LTD.

August 7, 2008

Dear PTC Shareholder:

On July 28, 2008, Inmet Mining Corporation ("**Inmet**"), through its wholly owned subsidiary, 6910360 Canada Inc. made an offer (the "**Inmet Offer**") to purchase all of the outstanding common shares of Petaquilla Copper Ltd. ("**PTC Shares**") at a price of $2.00 per share.

In response to the Inmet Offer, the Board of Directors of PTC (the "**Board**") established a special committee of independent directors (the "**Special Committee**"). The Special Committee has carefully reviewed and considered the Inmet Offer, and based on that review and a review of strategic alternatives the Board has determined that it is not yet in a position to make a recommendation to PTC Shareholders with respect to the Inmet Offer for the reasons set out in the accompanying Directors' Circular. As a result, the Board of Directors urges PTC Shareholders to NOT tender PTC Shares to the Inmet Offer until there is further communication from the Board in a Supplemental Directors' Circular (the "**Supplement**"). The Supplement must be delivered at least 7 days before the scheduled expiry of the period during which securities may be deposited under the Inmet Offer.

The attached Directors' Circular explains in detail the background to and reasons for the Board's decision. We strongly encourage you to read the Directors' Circular in its entirety, in particular the "Reasons for Making No Recommendation" and "Background to the Offer and Response of PTC", and consider all these points carefully.

Sincerely,

On behalf of the Board of Directors

(signed) *"Dr. Marcel Salamin"*
Director and Co-Chairman of the Special Committee

(signed) "*Dale Lucas*"
Chairman of the Board of Directors and
Co-Chairman of the Special Committee

(signed) *"Richard Fifer"*
Director and Chief Executive Officer

QUESTIONS AND ANSWERS ABOUT THE INMET OFFER

Should I accept or reject the Inmet Offer?

Your Board unanimously recommends that PTC Shareholders **NOT TENDER** their PTC Shares until a further communication is made by the Board concerning the Inmet Offer.

How do I reject the Inmet Offer?

You do not need to do anything. **DO NOT TENDER** your PTC Shares until a further communication is made by the Board concerning the Inmet Offer.

Are the directors and executive officers of PTC planning to tender their PTC Shares to the Inmet Offer?

All of the directors and executive officers of PTC have indicated their intention to **NOT TENDER** their PTC Shares to the Inmet Offer until a further communication is made by the Board concerning the Inmet Offer.

Can I withdraw my PTC Shares if I have already tendered?

YES. According to the Inmet Circular, you can withdraw your PTC Shares: (a) at any time until your PTC Shares have been taken up by Inmet; (b) if your PTC Shares have not been paid for by Inmet within three business days after having been taken up by Inmet; or (c) up until the tenth day following the day Inmet files a notice announcing that it has changed or varied the Inmet Offer unless, among other things, prior to filing such notice Inmet has taken up your PTC Shares or the change in the Inmet Offer consists solely of an increase in the consideration offered and the PTC Offer is not extended for more than ten days.

How do I withdraw my PTC Shares?

If you have already tendered PTC Shares to the Inmet Offer and you decide to withdraw these PTC Shares from the Inmet Offer, we recommend you contact your broker or PTC's information agent, Kingsdale Shareholder Services Inc., at the telephone number listed at the end of this Q&A for information on how to withdraw your PTC Shares.

My broker advised me to tender my PTC Shares. Should I?

NO. Your Board of Directors unanimously recommends that PTC Shareholders **NOT TENDER** their PTC Shares until a further communication is made by the Board concerning the Inmet Offer.

Is this a "hostile" take-over bid?

YES. In a friendly take-over, the two companies work together to come to an agreement that would enhance shareholder value. Inmet, however, initiated its offer without the support of PTC. Given this, the Inmet Offer should be considered a hostile offer.

Do I have to decide now?

NO. You do not have to take any actions at this time. The Inmet Offer is scheduled to expire on September 3, 2008 and is subject to a number of conditions that have yet to be satisfied. The Board of Directors of PTC unanimously recommends that PTC Shareholders **NOT TENDER** their PTC Shares until a further communication is made by the Board concerning the Inmet Offer.

Who do I ask if I have more questions?

Your Board of Directors recommends that you read the information contained in this Directors' Circular. Please contact PTC's information agent, Kingsdale Shareholder Services Inc. with any questions or requests for assistance that you might have.

Kingsdale Shareholder Services Inc.
Telephone Number: 1-866-581-0507

SUMMARY

The information set out below is intended to be a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Directors' Circular. All capitalized terms in the summary have the meanings ascribed to such terms elsewhere in this Directors' Circular.

The Inmet Offer: Inmet, through its wholly-owned subsidiary, 6910360 Canada Inc., has offered to purchase all of the outstanding PTC Shares at a price of $2.00 per PTC Share. The Inmet Offer is conditional and is currently scheduled to expire on September 3, 2008 unless extended or withdrawn.

Unanimous Decision of the Board of Directors: **The Board of Directors unanimously recommends that PTC Shareholders NOT TENDER to the Inmet Offer until a further communication is made by the Board.**

Reasons for No Recommendation: The Board of Directors and the Special Committee have carefully reviewed and considered the Inmet Offer, with the benefit of advice from their financial and legal advisors and unanimously concluded that further consideration is required in order to determine the merits of the Inmet Offer. As such, the Board of Directors is making no recommendation as to whether PTC Shareholders should accept or reject the Inmet Offer. **The Board of Directors intends to communicate with PTC Shareholders on a timely basis prior to the expiry of the Inmet Offer.**

The following is a summary of the principal reasons for the unanimous decision by the Board of Directors to make no recommendation with respect to the Inmet Offer.

- Inmet's Offer is based on outdated and incomplete data and may not take into account certain technical factors that could add significant value to the Project.
- Strategic alternatives including alternative business combinations are being pursued by PTC with the intention to generate value for the PTC Shareholders that is superior to the Inmet Offer.
- PTC is currently involved in arbitration with Teck which, if successful, will result in PTC owning 52% of the Project.
- The value to PTC of its right to bid to provide power to the Project is not quantifiable at this time.
- To date PTC has been unable to obtain consent from Teck to allow its advisors to discuss the interim FEED study directly with AMEC, which PTC believes is necessary to fully assess the Project.

Alternatives to the Inmet Offer: The Board of Directors is considering strategic alternatives to the Inmet Offer that may potentially offer value to PTC Shareholders superior to the Inmet Offer. The Board is endeavouring to maximize value for PTC Shareholders and continues to canvass the market to identify any alternative transactions that would provide greater value to PTC Shareholders. Discussions between PTC and other parties have commenced but are at preliminary stages.

ANY QUESTIONS OR REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO:
Kingsdale Shareholder Services Inc.
PTC's Information Agent:
Call Toll Free: 1-866-581-0507

PETAQUILLA COPPER LTD.
DIRECTORS' CIRCULAR

This directors' circular (the "**Directors' Circular**") is issued by the board of directors (the "**Board**" or "**Board of Directors**") of Petaquilla Copper Ltd. ("**PTC**" or the "**Company**") in connection with the offer (the "**Inmet Offer**") dated July 28, 2008, made by 6910360 Canada Inc., a wholly-owned subsidiary of Inmet Mining Corporation (collectively referred to as "**Inmet**" or the "**Offeror**") to purchase all of the outstanding common shares of PTC (the "**PTC Shares**") at a price of $2.00 per PTC Share.

The terms and conditions of the Inmet Offer, the method of acceptance of the Inmet Offer and other information relating to the Inmet Offer, PTC and the Offeror are set out in the Inmet Offer and the take-over bid circular (the "**Inmet Circular**") that accompanies and forms part of the Inmet Offer, and the letter of transmittal and the notice of guaranteed delivery that accompany the Inmet Offer.

In this Directors' Circular, "PTC" and "the Company" refers to Petaquilla Copper Ltd. and its subsidiaries unless the context requires otherwise. Unless defined elsewhere, certain terms used in this Directors' Circular are defined in the "Glossary" section of this Directors' Circular.

INFORMATION REGARDING THIRD PARTIES

All information contained in this Directors' Circular relating to the Inmet Offer and to Inmet has been taken from the Inmet Circular or is based on publicly available documents or records of Inmet filed with Canadian provincial securities regulatory authorities and other public sources. Information contained in this Directors' Circular regarding securities holdings of third parties is based on publicly available documents or records filed with Canadian provincial securities regulatory authorities and other public sources. While the Board has no reason to believe that such information is inaccurate or incomplete, the Board of Directors assumes no responsibility for the accuracy or completeness of such information.

CURRENCY AND EXCHANGE RATES

All references to $ herein are to Canadian dollars. On July 4, 2008, the last trading day before the announcement of the Inmet Offer, the noon rate of exchange as reported by the Bank of Canada was C$1 = US$0.9847. On August 7, 2008, the noon rate of exchange as reported by the Bank of Canada was C$1 = US$0.9514.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors has carefully considered the Inmet Offer, has received the recommendation of a special committee of independent directors that the Board of Directors established to review and consider the Inmet Offer and strategic alternatives to the Inmet Offer (the "**Special Committee**"), and after consultation with its financial and legal advisors unanimously concluded that further consideration is required in order to determine the merits of the Inmet Offer. As such, the Board of Directors is making no recommendation as to whether PTC Shareholders should accept or reject the Inmet Offer. Instead, the Board of Directors recommends that PTC Shareholders should not tender to the Inmet Offer until there is further communication from the Board of Directors pursuant to a Supplemental Directors' Circular (the "**Supplement**"). The Supplement must be delivered at least 7 days before the scheduled expiry of the period during which PTC Shares may be deposited under the Inmet Offer.

NO RECOMMENDATION

This Directors' Circular contains no recommendation of the Board of Directors of Petaquilla Copper Ltd. ("PTC") as to whether Shareholders should accept or reject the Offer of 6910360 Canada Inc. (the "Inmet Offer"). The Board of Directors urges Shareholders NOT TO TENDER to the Inmet Offer until a further communication is made by the Directors.

PTC Shareholders who are in doubt as to how to respond to the Inmet Offer should consult their own investment dealer, stockbroker, bank manager, lawyer or other professional advisors. PTC Shareholders are advised that acceptance of the Inmet Offer may have tax consequences and they should consult their own professional tax advisors. Enquiries concerning the information in this Directors' Circular should be directed to PTC's information agent, Kingsdale Shareholder Services Inc., at 1-866-581-0507.

PTC Shareholders should consider the terms of the Inmet Offer carefully and should come to their own decision, after receiving the Supplement, as to whether to accept the Inmet Offer.

REASONS FOR MAKING NO RECOMMENDATION

After careful consideration and consultation with its financial and legal advisors, the Board of Directors has unanimously concluded that further consideration is required in order to determine the merits of the Inmet Offer. As such, the Board of Directors is making no recommendation as to whether PTC Shareholders should accept or reject the Inmet Offer.

In reaching its decision, the Board of Directors gave careful consideration to a number of relevant factors, including:

1. The Inmet Offer is based on outdated and incomplete data, and may not take into account certain technical factors that could add significant value to the Project.

The Inmet Offer uses certain technical estimates contained in the draft interim Front-end Engineering and Design ("**FEED**") study in respect of the Project dated January 2008 as a basis for the value of the PTC Shares. The interim FEED study was prepared by AMEC Americas Limited (formerly H.A. Simons Ltd.) ("**AMEC**") in an attempt to permit Teck Cominco Limited ("**Teck**") to reach a development milestone required to earn a 26% participating interest in the Project. It is based on the scope described in the 1998 Feasibility Study prepared by H.A. Simons Ltd. In the opinion of the Board, the interim FEED study presents a very conservative and outdated view of the development potential for the Project. To the extent that the Inmet Offer relies on the interim FEED study, there is the potential that the Inmet Offer undervalues the PTC Shares. Among other things, PTC believes the interim FEED study:

- excludes 278 holes (28,640 meters) drilled by PTC and significant drilling estimated to be 7,000 meters completed by MPSA in 2007 to 2008, the details and results of which MPSA has not provided to PTC resulting in the interim FEED study significantly understating the quantity and quality of the development potential of the Project and its value;
- is based mainly on the resources of the Botija and Petaquilla deposits and excludes the majority of the known historical resources for the Valle Grande deposit;
- excludes the Valle Grande deposit, the inclusion of which would likely result in a materially larger inferred mineral resource that would reasonably justify an expanded processing facility beyond the 120,000 tpd facility contemplated in the interim FEED study while not reducing mine life, and could result in a significantly increased value for all Project stakeholders including PTC;
- excludes the significant upside value to be achieved through analysis of mill throughput optimization beyond 120,000 tpd which Inmet notes in the Inmet Circular can be achieved at "modest incremental capital expenditure". Inmet does not offer details on this potential upside value in the Inmet Circular;
- excludes the significant increase in value that could result from the replacement of the diesel generated power described in the interim FEED study with a third party provided coal-fired generator at the Punta Rincon port. Inmet has publicly commented that this will result in a $500 million capital cost saving to the Project and PTC estimates further potential operating cost savings;
- excludes consideration of further capital expenditure optimization which Inmet agrees could increase the Project's value. However, the value of that optimization will only be disclosed in the final feasibility study, which was expected to have been delivered before March 31, 2008 but which now Inmet has indicated in the Inmet Offer will not be ready until mid-2009;

- used 1979 aerial photography of the Project area which the interim FEED study indicates has an estimated error margin of 5 to 15 meters to determine quantities of civil earthworks and concrete for site access, site preparation, facility foundations, water management structures, tailings retention structures and mine development, resulting in a large contingency. PTC has acquired, at its own cost, topographic mapping with an accuracy of ± 2 meters. This mapping was offered at cost to MPSA. PTC believes this more accurate mapping would justify a significant reduction in the contingency;
- includes pre-1997 drill holes with material survey errors which were re-surveyed and corrected by PTC in 2008, then incorporated by PTC into a complete drill hole database incorporating all pre-2007 MPSA drilling and PTC drilling, resulting in a better understanding of the amount of overburden, which would advance a bankable feasibility study. This database was offered to MPSA and is not reflected in the interim Feed study; and
- excludes consideration of an environmental impact study commenced on the coast road and Project infrastructure completed at PTC's cost, including access roads, camp site facilities, assay lab facilities and helicopter pads, an operations center, communications network and infrastructure for the supply of water and power, which PTC estimates would shorten certain development timelines for the Project and result in a reduction in capital costs from the estimate in the interim FEED study.

Work is continuing on the preparation of a final FEED study and opportunities to reduce capital costs from the interim FEED study continue to be explored. Tendering PTC Shares to the Inmet Offer before the final FEED study is published may result in your PTC Shares being significantly undervalued. Jochen Tilk, the President and Chief Operating Officer of Inmet, has publicly admitted that the Inmet Offer is "opportunistic".

2. **Strategic alternatives including alternative business combinations are being pursued by PTC with the intention to generate value for the PTC Shareholders that is superior to the Inmet Offer.**

The Board of Directors and the Special Committee, together with PTC's management, financial advisors and legal advisors, are working to pursue strategic alternatives, including alternative business combinations, that may enhance PTC Shareholder value. PTC is in discussions with a number of third parties who have expressed an interest in consummating alternative transactions related to PTC and the Project. PTC has executed confidentiality agreements with some of these third parties. The Board is endeavouring to maximize value for PTC Shareholders and continues to canvass the market to identify any alternative transactions that would provide greater value to PTC Shareholders. Discussions between PTC and other parties have commenced but are at preliminary stages.

Although discussions are ongoing with third parties, it is impossible to predict whether any offers or transactions will emerge from these efforts. However, these discussions demonstrate that PTC and its assets are potentially attractive to other parties in addition to Inmet.

Tendering PTC Shares to the Inmet Offer before the Board of Directors and its advisors have had an opportunity to fully explore all available strategic alternatives may preclude the possibility of a financially superior transaction emerging.

3. **PTC is currently involved in arbitration with Teck which, if successful, will result in PTC owning 52% of the Project.**

Management of PTC decided to commence the arbitration proceedings based on its view that Teck had failed to satisfy certain pre-conditions under the MPSA Shareholders' Agreement. On April 29, 2008, PTC announced that it had delivered to Teck a request to arbitrate seeking a declaration that Teck's interest in the Project had terminated.

In the request to arbitrate, PTC claims that the interim FEED study, which forms the basis of Teck's claim that it has met the necessary milestones under the MPSA Shareholders' Agreement in order to earn a 26% interest in the Project, does not satisfy the pre-conditions required for Teck to earn an interest in the Project, which pre-conditions include the delivery of an interim FEED study that is a bankable feasibility study and that complies with the Work Plan attached to the MoU.

PTC has retained Burnet, Duckworth & Palmer LLP as special counsel with respect to the arbitration proceedings, and has engaged Pincock Allen & Holt to provide expert advice in the arbitration. As of the date of this Directors' Circular, PTC has filed its Statement of Claim, but Teck has yet to file its Statement of Defence, and the parties have not conducted documentary or oral discovery nor exchanged expert opinions.

On April 30, 2008, Inmet announced its support of Teck's position in the arbitration. If the Inmet Offer is successful, and at least 50.1% of the outstanding PTC Shares are tendered under the Inmet Offer, Inmet has stated that it would initiate a process by which PTC would terminate the arbitration process.

The Inmet Offer values the PTC Shares based on PTC holding a 26% interest in the Project, not the 52% interest PTC will hold if it is successful in the arbitration.

As a result, the Inmet Offer does not reflect the potential for PTC to succeed and the resulting effect in the value of PTC Shares.

4. The value to PTC of its right to bid to provide power to the Project is not quantifiable at this time.

MPSA is currently in discussions with several power providers with regard to the provision of coal fired electrical power for the Project as an alternative to the diesel fired power plant assumed in the interim FEED study. PTC is interested in making a bid to provide electrical power to MPSA.

Under the terms of a memorandum of understanding dated May 3, 2007 among PTC, Inmet, Teck, Petaquilla Minerals Ltd. ("**Petaquilla Minerals**") and MPSA (the "**MoU**") it was agreed that to the extent that PTC can present alternatives for infrastructure development (including the provision of electrical power) that are: (i) reasonably capable of being integrated into the Project development plan; (ii) technically and economically equivalent to, or more attractive than, the base case alternatives; and (iii) financeable and otherwise commercially feasible in the context of the development of the Project as a whole, Teck and Inmet would give bona fide consideration to PTC's proposals and, to the extent that any such proposal is technically, economically and commercially equivalent to, or more attractive than, the base FEED case, will incorporate any such proposal into the development of the Project and PTC will be entitled to receive management fees in respect of the construction and operation of such infrastructure. MPSA requested that PTC sign a confidentiality agreement in order to participate in the bidding process. PTC believes that as a shareholder of MPSA it should not have to enter into a confidentiality agreement in order to bid to provide power for the Project and this view was expressed orally to MPSA on December 12, 2007. To date PTC has not been allowed to participate in the bidding process.

On July 7, 2008, PTC announced that it had entered into a memorandum of understanding with Isagen S.A E.S.P. ("**Isagen**"), a Colombian mixed public utility corporation affiliated with the Colombian Ministry of Mining and Energy. Isagen is currently Colombia's third largest power company and focuses on electrical energy generation and commercialization, commercialization of natural gas by networks, and commercialization of coal, steam, and other energetics for industrial use. Under the terms of the memorandum of understanding, PTC and Isagen agreed to advance feasibility studies covering all aspects of the development, structural design, construction, operation and maintenance of a power production facility intended to provide the energy needs of the Project and other mining projects on the Petaquilla Concession, as well as the commercial sale of excess power into the Panamanian and Central American grids. PTC and Isagen also agreed that following the feasibility study they would form a new joint venture company to be owned 51% by Isagen and 49% by PTC, for the construction and operation of the proposed power plan.

The ability to provide coal fired electrical power for the Project represents a significant reduction in the capital costs of the Project and potentially the operating costs, as well as a relevant financial opportunity to PTC which has not been taken into account in the Inmet Offer. Tendering PTC Shares to the Inmet Offer before the resolution of bidding for the provision of electrical power for the Project may result in PTC Shares being undervalued.

5. To date PTC has been unable to obtain consent from Teck to allow its advisors to discuss the interim FEED study directly with AMEC, which PTC believes is necessary to fully assess the Project.

PTC has requested that its advisors be able to discuss the interim FEED study directly with AMEC. To date, Teck has not consented to these discussions though it has permitted AMEC to respond through Teck to written questions. In order to fully assess the Project, PTC believes its advisors need to discuss directly with AMEC important details of the interim FEED study, namely: (i) the reasons for not including the vast majority of the Valle Grande resources (ii) the reasons for not considering dump leaching of low grade ores, (iii) the impact of increased throughput in revised mine plans and mill feed grade sequences and (iv) the basis for long term copper price assumptions.

NO NEED FOR IMMEDIATE ACTION

The Inmet Offer remains open for acceptance until 5:00 p.m. (Toronto time) on Wednesday, September 3, 2008. The Special Committee recommends that no action with respect to the Inmet Offer be taken at this time. The Special Committee will communicate further with PTC Shareholders prior to the expiry of the Inmet Offer.

The foregoing summary of the information and factors considered by the Board of Directors is not intended to be exhaustive of the factors considered by the Board of Directors in reaching its conclusion and making its recommendation, but includes the material information, factors and analysis considered by the Board of Directors in reaching its conclusion and recommendation. The members of the Board of Directors evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of PTC, and based upon the advice of PTC's financial and legal advisors and the recommendation of the Special Committee. In view of the numerous factors considered in connection with their evaluation of the Inmet Offer, the Board of Directors did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusion and recommendation. In addition, individual members of the Board of Directors may have given different weight to different factors. The conclusion and unanimous recommendation of the Board of Directors were made after considering all of the information and factors involved.

BACKGROUND TO THE OFFER AND RESPONSE OF PTC

The Concession

The Project is located 120 kilometres northwest of Panama City and 20 kilometres from the Caribbean Sea coast, in the district of Donoso, Colón Province, in the Republic of Panama. Access to the Project is via the southern Pan-American Highway system from Panama City to Penonome, surfaced all-weather roads to La Pintada and gravel road via the town of Coclecito. The topography in the area is rugged with considerable local relief covered by dense forest. Climatic conditions are equatorial, with high precipitation levels, high humidity and a relatively high temperature of 25 to 30 degrees Celsius.

MPSA, which was incorporated in January 1997 under the laws of the Republic of Panama, holds the Petaquilla Concession, by virtue of Contract-Law No. 9 of February 26, 1997 promulgated by the Government of Panama ("***Ley Petaquilla***"). The Petaquilla Concession grants MPSA rights to explore and exploit the Project. *Ley Petaquilla* has an initial twenty year term from the date of its enactment in February 1997 with provisions for two consecutive extensions of twenty years each. *Ley Petaquilla* requires the parties to take certain steps to advance the Project, and includes provisions stating that it can be terminated by a party in the event of a substantial default by the other party, subject to certain notice requirements.

On February 21, 1997, Teck, Inmet and Adrian Resources Ltd. (now Petaquilla Minerals), among others, entered into the MPSA Shareholders Agreement in respect of MPSA and the Petaquilla Concession. Inmet owns a 48% equity interest in MPSA through its wholly owned subsidiary Minnova. At the time of execution of the Petaquilla Shareholders Agreement, Adrian Resources Ltd. owned the remaining 52% equity interest in MPSA (the "**PTC Interest**") through a wholly owned Panamanian subsidiary. As described above under the heading "Reasons for Making No Recommendation", Teck was given an option to acquire half of the PTC Interest and PTC and Teck are currently in arbitration with respect to the option.

Prior to March 26, 2008 (the date of the Teck and Inmet Copper Project Arrangement, as defined below) PTC's participation at the Project was focused on (i) ensuring the creation of greater value for the PTC Shareholders and (ii) helping its MPSA joint-venture partners, Teck and Inmet, in advancing the Project in line with the milestones agreed with the Government of Panama in accordance with *Ley Petaquilla*.

In pursuing its strategies, Adrian Resources Ltd. (PTC's predecessor) and subsequently PTC, established specific contractual rights with Teck and Inmet through two binding arrangements:

- the MPSA Shareholders' Agreement defining, among other things, the terms and conditions for Teck's involvement as mine operator and its right to earn a 26% interest in MPSA; and
- the MoU intended principally to realign the Project timelines with the tenure requirements set out in *Ley Petaquilla*.

In the context of these agreements, PTC's efforts were directed at advancing fundamental aspects of the Project development, namely the construction of critical road infrastructure and camp site facilities, including the provision of water, power and communication systems. Such facilities have since been extensively utilized by Teck and Inmet and have proven to be essential contributions to MPSA's Project advancements.

Additionally, PTC has been providing MPSA with a comprehensive range of on-site support services that have allowed Teck and Inmet to advance exploration and development work that has been critical for the expeditious completion of the initial Project milestones, including: drilling and drilling support services; lab sample services; food and accommodation; helicopter support; main site and satellite site specific logistics; earth moving works and equipment; camp site security; fuel; skilled and unskilled labour; and general logistics.

Requests for such services from MPSA personnel continue to be rendered regularly by PTC despite Inmet's assertions that PTC is obstructing development of the Project.

PTC's continuous drilling program has uncovered additional NI 43-101 compliant resources in areas adjacent to the known Petaquilla and Botija deposits. This work has also been instrumental for the reassessment of historical data which, in conjunction with the independent certification work now being done on the Project, will soon provide MPSA shareholders with an updated resource estimate on the Project. The interim FEED study, which Inmet has based its bid on, does not reflect this updated resource estimate.

PTC believes that its Social & Community program has been instrumental for the acceptance of mining activity in the region and will facilitate MPSA and Inmet's transition into field project management. Additionally, PTC believes that its promotion and participation in local and national environmental forums is contributing to a wider acceptance of a sustainable mining concept that will assist PTC to enter into future exploration and development projects in other areas of Panama.

PTC has also advanced technical work in critical Project domains, and have commenced:

- a pre-feasibility study on the multi-purpose port of Punta Rincon (entry port for equipment and supplies and outbound shipping of copper concentrate for the Project); and
- baseline studies and environmental permitting for key infrastructure (principally a road from the plant site to the port and a power transmission line).

Additionally, in preparation to exercise its right to present proposals for the construction of infrastructure, including the provision of power, PTC entered into agreements with qualified partners for the technical study and subsequent construction of a power plant for the provision of commercial power to the mining district and the Panamanian and Central America grids. A similar arrangement is being finalized for the required transmission infrastructure for connecting to the public grid.

On March 26, 2008, Inmet and Teck entered into an arrangement (the "**Copper Project Arrangement"**) between them to proceed with the development of the Project. Despite its position as majority shareholder of MPSA and its demonstrated capabilities and availability to contribute to the technical advancement of the Project, PTC was not previously consulted or informed about this private arrangement and the consequences thereof. Nonetheless, PTC publicly stated that the Copper Project Arrangement represented a significant endorsement of the Project and saw in the interim appointment of Inmet as mine operator a real opportunity for the Project to reacquire much needed momentum and stability.

At the subsequent MPSA Shareholders Committee Meeting of April 25, 2008 in Panama City, Inmet, MPSA and PTC discussed ways to work together to advance the Project and, as a result, a number of working meetings were held and initiatives were instituted, including meetings to discuss exchanges of information related to geology, project development and social programs.

On April 29, 2008, PTC delivered to Teck a notice of request to arbitrate alleging that Teck had failed to satisfy the preconditions for Teck to acquire half of PTC's interest in MPSA. On April 30, 2008, Inmet announced its disappointment over PTC's decision to dispute Teck's ownership in MPSA. At Inmet's election, all on going joint activities came to a stand still.

In the Inmet Circular it is asserted that obstruction from PTC was a factor in Inmet's decision to launch the Inmet offer. However, in its second quarter results, published subsequent to the Inmet Offer, an explanation for delays at the Project is given that contains no mention of any obstruction by PTC and this assertion is not supported by the facts, as demonstrated above.

Discussions with Inmet

On May 6, 2008, Jochen Tilk, Inmet's President and Chief Operating Officer wrote to Dale Lucas, PTC's Chairman, indicating that Inmet would be prepared to enter into discussions with PTC regarding an offer to acquire all of the issued and outstanding PTC Shares for cash consideration of $2.10 per PTC Share. The letter from Mr. Tilk was not binding and stated that the offer would be subject to certain conditions. Certain of these conditions, including that PTC Shareholders holding an aggregate of at least 50 percent of the issued and outstanding PTC Shares would be required to enter into lock-up agreements with Inmet, were determined by PTC to be unreasonable and completely beyond its control.

On May 9, 2008, Mr. Lucas responded orally and in writing to Mr. Tilk that the proposed terms and conditions of the non-binding offer would not be acceptable and outlined the reasons for the response.

On June 3, 2008, Graham Scott, PTC's Secretary, met with Mr. Tilk and Frank Balint, Inmet's Vice-President, Corporate Development, in Toronto to discuss the 2008 MPSA work plan and budget. Inmet had previously stated that it would be reviewing its work plan and budget for the Project in the light of PTC's commencement of arbitration proceedings. PTC took the initiative, and at the meeting presented Inmet with a proposal such that Inmet, without unreasonable risk, could continue with its proposed program even during the currency of the arbitration proceedings. At the conclusion of the meeting, it was agreed that Inmet would prepare and deliver to PTC for its consideration a term sheet outlining Inmet's counter-proposal.

On June 13, 2008, Inmet delivered a term sheet outlining a proposal to implement the 2008 MPSA work plan and budget. The term sheet proposed certain arrangements for the funding of MPSA based on the outcome of PTC's arbitration with Teck. The term sheet also provided that MPSA would purchase certain assets of PTC relating to the Project from PTC for US$19.65 million. These assets included road improvements and infrastructure on or relating to the Petaquilla Concession and geophysical and other data concerning the Petaquilla Concession developed or obtained by PTC and its related companies independently of Teck as operator of the Project. The term sheet required that MPSA carry out all current and future activities on or relating to the Petaquilla Concession and that PTC, its related companies and Petaquilla Minerals stop all activity on or relating to the Petaquilla Concession, with future activity by them to be conducted or coordinated only through MPSA.

On June 16, 2008, Mr. Scott advised Mr. Tilk that the PTC Board would meet to discuss Inmet's term sheet on June 22, 2008 and on June 25, 2008, Mr. Scott advised Mr. Tilk that PTC would submit to Inmet a counterproposal that would take a more global approach to the issues in question.

Prior to PTC presenting its counterproposal, on July 6, 2008, Inmet issued a press release announcing its intention to make the Inmet Offer and Mr. Tilk telephoned Mr. Lucas to advise him of the issuance of the press release. On July 7, 2008, Mr. Tilk wrote to Mr. Lucas requesting certain documents relating to PTC's shareholder rights plan, stock options and common share purchase warrants and to request that PTC's Board waive the application of the Shareholder Rights Plan in the context of the Inmet Offer. PTC filed a copy of its Shareholder Rights Plan on SEDAR on July 18, 2008 and, with the approval of the Special Committee, Blake, Cassels & Graydon LLP delivered the requested stock option and warrant information to Inmet's legal counsel on July 23, 2008.

On July 10, 2008, Dr. Marcel Salamin met with Messrs. Tilk and Balint of Inmet in Panama City. During that meeting, Dr. Salamin proposed a "global approach" to Messrs. Tilk and Balint. The intent of the proposal was that PTC would enter into an agreement with Teck and Inmet that would settle all issues between the parties, including the arbitration between Teck and PTC and management of the Project. In a subsequent email to Mr. Lucas, Mr. Tilk informed PTC that this proposal was not acceptable to Inmet.

On July 11 and 12, 2008, Mr. Lucas contacted Mr. Tilk by telephone to discuss Inmet's intention to make the Inmet Offer. Over the course of that weekend, Mr. Lucas and Mr. Tilk discussed by telephone and email the potential for an acquisition of PTC by Inmet to be supported by PTC's Board and the benefits for both companies of such an approach. Mr. Lucas indicated he would discuss the matter with the Board and PTC's advisors.

On July 16, 2008, Mr. Lucas and Mr. Tilk resumed their discussions concerning a potential transaction that could be supported by PTC's Board. Mr. Lucas expressed the view that PTC's efforts had significantly increased the mineral resources of the Project and therefore justified a higher price for PTC. Mr. Tilk discussed the basis for the cash price of the Inmet Offer and advised Mr. Lucas of Inmet's position that the Inmet Offer fully valued PTC on the basis of Inmet's assessment of the Project. He also informed Mr. Lucas that the quantum of the Inmet Offer incorporated Inmet's assessment, which PTC does not agree, that PTC was unlikely to prevail in the arbitration concerning Teck's 26% interest in MPSA. Please refer to the description of the arbitration above under the heading “Reasons for Making No Recommendation”.

On July 19, 2008, Mr. Lucas contacted Mr. Tilk by telephone and together with Dr. Salamin, outlined to Mr. Tilk PTC’s position on a transaction that could be supported by PTC’s Board. In the context of a friendly transaction, Mr. Lucas and Dr. Salamin indicated that retention of PTC as the face of the Project would be in the best interests of MPSA in order to preserve the community relationships PTC had established. Mr. Tilk advised them that this approach would not be acceptable to Inmet.

On August 4, 2008, Dr. Salamin and Mr. Lucas contacted Mr. Tilk to continue discussions regarding a transaction that could be supported by PTC’s Board. Mr. Tilk advised that he would consult with his colleagues and would get back to Dr. Salamin and Mr. Lucas.

Deliberations of the Special Committee and Board of Directors

The Board of Directors of PTC met on July 7, 2008 and July 9, 2008 to discuss Inmet’s announcement that it would make the Inmet Offer. The purpose of the meetings was to discuss strategy and to advise the directors of their duties and obligations. Although no legal or financial advisers had been appointed at the time of the meetings, representatives of Blake, Cassels & Graydon LLP and Genuity Capital Markets were present during part of the meetings.

On July 14, 2008, the Board of Directors constituted the Special Committee consisting of Dr. Marcel Salamin and Mr. Dale Lucas. The Special Committee’s mandate includes reviewing and evaluating the Inmet Offer and all alternatives that may be available to PTC to enhance value for the PTC Shareholders. The Special Committee reports to the Board regarding its activities and any recommendations regarding matters within its mandate, including the Board’s response to the Inmet Offer.

On July 14, 2008, the Board, on the recommendation of the Special Committee, authorized and approved the preparation and issue of a press release announcing the appointment of the Special Committee and that the Board would not be in a position to comment on the Inmet Offer until the formal Inmet Offer was received and reviewed by the Board.

The Special Committee and the Board met on July 15, 2008, to consider, among other things, Inmet’s announcement on July 6, 2008 of its intention to make the Inmet Offer, the engagement of a financial advisor and the engagement of a legal advisor. At the meeting the Special Committee formally retained Genuity Capital Markets as its financial advisor and Blake, Cassels & Graydon LLP as its legal advisor. The Special Committee and the Board received advice with respect to their legal duties and responsibilities in connection with the Inmet Offer from Blake, Cassels & Graydon LLP.

On July 17, 2008, the Special Committee and the Board met with management and their financial and legal advisors to discuss strategic alternatives that could provide greater value to the PTC Shareholders than the Inmet Offer.

On July 24, 2008, the Board met with management and the financial and legal advisors to discuss the status of strategic alternatives to the Inmet Offer.

On July 28, 2008, Inmet formally commenced the Inmet Offer.

On July 28, 2008, the Special Committee and the Board met with management and their financial and legal advisors for an initial review of the Inmet Offer and to consider the status of the strategic alternatives to the Inmet Offer. The Board, on the recommendation of the Special Committee, authorized and approved the preparation and issue of a press release advising PTC Shareholders to take no action with respect to the Inmet Offer until the Board had the opportunity to fully evaluate the Inmet Offer and all of PTC’s strategic alternatives.

Since July 28, 2008, the date that Inmet formally commenced the Inmet Offer, the Board and Special Committee met with management and with the financial and legal advisors several times to review the terms of the Inmet Offer and consider strategic alternatives to maximize PTC Shareholder value. During that time, the Board and Special Committee, together with management and the financial and legal advisors, have been working to evaluate a range of strategic alternatives that may enhance PTC Shareholder value. During the period from July 6, 2008 through to the date of this Directors’ Circular, the Special Committee and the Board also communicated informally on numerous occasions to, among other things, receive updates from management and to discuss strategic alternatives.

On August 7, 2008, the Special Committee met to consider its recommendations to the Board of Directors with respect to the Inmet Offer. Genuity Capital Markets, Blake, Cassels & Graydon LLP and management of PTC were asked to give presentations to the Special Committee on the Inmet Offer, the review process that had been undertaken with respect to the Inmet Offer and the strategic alternatives that could enhance PTC Shareholder value. After discussion, and based on its own deliberations, its review of the Inmet Offer, the advice of its financial and legal advisors and the other factors described above under the heading "Reasons for Making No Recommendation" the Special Committee unanimously concluded that further consideration is required in order to determine the merits of the Inmet Offer, that the Board should not make any recommendation regarding the Inmet Offer and that the Board should urge PTC Shareholders not to tender to the Inmet Offer until a further communication is made by the Board.

On August 7, 2008, after the meeting of the Special Committee, the Board met and received the report of the Special Committee. Based on the decision of the Special Committee described above, the Board's own deliberations and review of the Inmet Offer and other factors described under "Reasons for Making No Recommendation", the Board unanimously concluded that further consideration is required in order to determine the merits of the Inmet Offer, that the Board would not make any recommendation regarding the Inmet Offer and that the Board should urge PTC Shareholders not to tender to the Inmet Offer until a further communication is made by the Board. The Board also approved this Directors' Circular and its mailing to the PTC Shareholders.

PTC'S SHARE CAPITAL

PTC's authorized share capital consists of an unlimited number of PTC Shares. As at August 7, 2008: (i) 160,738,763 PTC Shares were issued and outstanding as fully paid and non-assessable shares in the capital of PTC; (ii) there were outstanding options (the "**Options**") issued under PTC's stock option plan (the "**Stock Option Plan**") providing for the issuance of an aggregate of 15,621,983 PTC Shares upon the exercise thereof; and (iii) there were outstanding common share purchase warrants of the Company entitling the holders thereof to acquire an aggregate of 35,751,593 PTC Shares.

The PTC Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "PTC".

SHAREHOLDER RIGHTS PLAN

The Shareholder Rights Plan of PTC is dated as of June 6, 2006, is available at www.sedar.com and is summarized in Schedule A to this Directors' Circular.

By permitting all PTC Shareholders other than an unsolicited bidder to purchase PTC Shares at a discount, the Shareholder Rights Plan is intended to encourage a person interested in acquiring 20% or more of the outstanding PTC Shares to do so by way of a Permitted Bid (as defined in the Shareholder Rights Plan) or otherwise to encourage a take-over bid that the Board of Directors considers to represent the full value of the PTC Shares. A Permitted Bid is one which meets certain established standards of fairness, including a requirement that it remain open for at least 60 days.

Inmet's Offer, as currently constituted, is not a Permitted Bid.

OWNERSHIP OF SECURITIES BY DIRECTORS AND OFFICERS

The following table sets out the names and positions with PTC of each of its directors and officers and the number and percentage of outstanding securities beneficially owned, directly or indirectly, or over which control or direction is exercised, by each such person and, where known after reasonable enquiry, by their respective associates and any person or company acting jointly or in concert with PTC as at August 7, 2008.

Name and Position	Number of Shares	Percentage of Shares	Number of Shares under Option	Percentage of Options
Richard Fifer *Chief Executive Officer and Director*	1,773,583	1.103%	3,117,520[(1)]	19.96%
John Cook *President and Director*	80,000[(2)]	0.050%	954,000[(2)]	6.11%
João Manuel *Chief Financial Officer*	0	n/a	400,000	2.56%
Graham Scott *Corporate Secretary*	28,000	0.017%	296,080	1.90%
Ralph Ansley *Director*	84,600	0.053%	618,708	3.96%

Name and Position	Number of Shares	Percentage of Shares	Number of Shares under Option	Percentage of Options
Dale Lucas *Director and Chairman of the Board*	0	n/a	1,000,000(3)	6.40%
Dr. Marcel Salamin *Director*	0	n/a	1,000,000	6.40%
Marco Tejeira *Director*	23,000	0.014%	955,000	6.11%
Octavio Jacinto Choy *VP Commercial Operations/General Manager of Petaquilla Copper S.A.*	67,904	0.040%	136,957	0.88%
Janet Francis *VP Corporate Affairs*	44,777	0.030%	98,640	0.63%
Bassam Moubarak *Chief Financial Officer of Petaquilla Minerals Ltd.*	5,000	0.003%	400,000	2.56%
Thomas Byrne *Corporate Communications Manager*	182,000	0.113%	469,100	3.00%
Petaquilla Copper Ltd.	1,815,069	1.129%	0	n/a

Notes:

(1) Registered in the name of Gold Consulting, S.A.

(2) Registered in the name of John Cook Super Fund Pty. Ltd.

(3) Registered in the name of D.A. Lucas Enterprises Inc.

PRINCIPAL SHAREHOLDERS

As at August 7, 2008, to the knowledge of the directors and officers of PTC, no person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the PTC Shares, other than the following:

Name	Number of Shares	Percentage of Shares
Capital Group International, Inc. and affiliated entities	19,685,400	12.25%
Petaquilla Minerals Ltd.	20,418,565	12.70%

INTENTIONS WITH RESPECT TO THE OFFER

PTC has made reasonable enquires of each director and officer of PTC and their respective associates, any person or company acting jointly or in concert with PTC and each person holding more than 10% of the issued and outstanding PTC Shares. Except for the Locked-Up Shareholders (see "Arrangements Between the Offeror and PTC Shareholders"), which have indicated that they intend to tender 15,079,000 PTC Shares to the Inmet Offer pursuant to the Lock-Up Agreement, each such person, has indicated that they currently intend not to tender their respective PTC Shares to the Inmet Offer.

OWNERSHIP OF SECURITIES OF THE OFFEROR

None of PTC, its directors and officers and, to the knowledge of such directors and officers after reasonable enquiry, none of their respective associates, nor any person or company acting jointly or in concert with PTC, owns (directly or indirectly), or exercises control or direction over, securities of the Offeror, other than the following:

Name	Number of Shares	Percentage of Shares
Graham Scott *Corporate Secretary*	1,000	0.002%

TRADING IN SHARES OF PTC

During the six months preceding the date hereof, none of the directors, officers or other insiders of PTC nor, to the knowledge of such directors and officers after reasonable enquiry, any of their respective associates or any person or company acting jointly or in concert with PTC, has traded any PTC Shares except as follows:

Name	Date of Transaction	Number of Shares	Price ($)
Richard Fifer	February 8, 2008	+5,700	1.64
	February 8, 2008	+10,000	1.65
	February 8, 2008	+9,300	1.69
	April 11, 2008	−2,000	1.34
	April 11, 2008	−47,500	1.33
	April 11, 2008	−10,000	1.31
	April 11, 2008	−13,000	1.30
	April 11, 2008	−3,000	1.36
	April 11, 2008	−1,000	1.40
	April 11, 2008	−10,000	1.38
	April 11, 2008	−25,000	1.35
John Cook	February 14, 2008	+20,000	1.35
Octavio Jacinto Choy	April 8, 2008	−10,000	1.54
	April 8, 2008	−5,000	1.53
	April 17, 2008	−10,000	1.30
	April 29, 2008	−20,584	0.25
Bassam Moubarak	April 23, 2008	+5,000	1.50
Petaquilla Copper Ltd.	April 9, 2008	+1,815,069	3.09

ISSUANCES OF SECURITIES OF PTC

Except as disclosed below, no PTC Shares or securities convertible into PTC Shares (other than options under the Stock Option Plan) have been issued to the directors, officers or other insiders of PTC during the two years preceding the date of this Directors' Circular.

Name	Date of Issuance	Number of Shares	Price ($)
Ralph Ansley	October 18, 2006	61,500	n/a(1)
Tom Byrne	October 18, 2006	57,000	n/a(1)
Octavio Choy	October 18, 2006	72,320	n/a(1)
Richard Fifer	October 18, 2006	1,572,883	n/a(1)
Janet Francis	October 18, 2006	14,000	n/a(1)
Graham Scott	October 18, 2006	28,000	n/a(1)
Marco Tejeira	October 18, 2006	23,000	n/a(1)
Petaquilla Minerals Ltd	October 18, 2006	22,189,434	n/a(1)
Capital Group International, Inc.(2)	June 1, 2007	10,563,200(3)	2.00
Capital Group International, Inc.(2)	December 21, 2007	6,571,200(3)	3.50

Notes:

(1) Issued pursuant to a plan of arrangement between PTC and Petaquilla Minerals effected October 18, 2006.

(2) Includes affiliates and related entities of Capital Group International, Inc.

(3) One-half of one common share purchase warrant was also issued with each PTC Share.

The Options referred to below were granted to directors, officers or other insiders of PTC under PTC's Stock Option Plan during the two years preceding the date of this Directors' Circular.

Name	Date of Grant	Number of Options Granted	Exercise Price of Options ($)
Octavio Choy	April 25, 2005	20,584	0.25
Richard Fifer	July 11, 2005	118,800	0.25
Marco Tejeira	July 11, 2005	210,000	0.25
Marco Tejeira	July 11, 2005	23,100	0.25
Janet Francis	July 11, 2005	3,120	0.25
Tom Byrne	September 21, 2005	49,200	0.25
Tom Byrne	December 31, 2005	115,800	0.50
Richard Fifer	February 1, 2006	585,000	0.585
Marco Tejeira	February 1, 2006	90,000	0.585
Ralph Ansley	January 25, 2007	424,640	2.00
Tom Byrne	January 25, 2007	319,100	2.00
Octavio Choy	January 25, 2007	136,957	2.00
John Cook	January 25, 2007	554,000	2.00
Richard Fifer	January 25, 2007	2,013,720	2.00
Janet Francis	January 25, 2007	48,640	2.00
Graham Scott	January 25, 2007	252,880	2.00
Marco Tejeira	January 25, 2007	805,000	2.00
Dale Lucas	April 20, 2007	1,000,000	2.00
Ralph Ansley	June 28, 2007	194,068	2.00
Tom Byrne	July 12, 2007	50,000	2.00
Janet Francis	July 12, 2007	50,000	2.00
John Cook	October 18, 2007	400,000	2.00
Richard Fifer	October 18, 2007	400,000	2.00
Marcel Salamin	November 6, 2007	1,000,000	2.00
Tom Byrne	November 15, 2007	100,000	2.00
Joao Manuel	November 15, 2007	400,000	2.00
Bassam Moubarak	February 11, 2008	400,000	1.90

TRADING PRICES OF THE PTC SHARES

On July 3, 2008, the last full trading day of the PTC Shares prior to the public announcement by the Offeror of its intention to make the Offer, the closing price of the PTC Shares on the Toronto Stock Exchange was $0.96 per share.

ARRANGEMENTS BETWEEN PTC AND ITS DIRECTORS AND OFFICERS

Except as set forth below, no arrangements or agreements have been made or are currently proposed to be made between PTC and any of its directors or officers as to any payments or other benefits to be made or given by way of compensation for loss of office or as to the directors or senior officers remaining in or retiring from office if the Inmet Offer is successful.

Pursuant to a service agreement entered into between PTC and D.A. Lucas Enterprises Inc. dated October 1, 2007, PTC has agreed to pay D.A. Lucas Enterprises Inc. $120,000 per year for the provision of Dale Lucas' services as Chairman of the Board of Directors. D.A. Lucas Enterprises is owned 51% by Dale Lucas and 49% by Marlene A. Lucas. This agreement contains no provisions with regards to any payments or other benefits to be made or given by way of compensation for loss of office or for remaining in or retiring from office in the event of a change in the control of the Company.

As compensation for services rendered in connection with serving on the Special Committee, each of the members of the Special Committee will receive a retention fee of $30,000 and a fee of $1,000 for each meeting of the Special Committee they attend.

RELATIONSHIP BETWEEN THE OFFEROR AND THE DIRECTORS AND OFFICERS OF PTC

No arrangement or agreements have been made or are proposed to be made between the Offeror and any of PTC's directors or officers, including with respect to any payments or other benefits to be made or given by way of compensation for loss of office or as to the directors or officers remaining in or retiring from office if the Inmet Offer is successful.

None of PTC's directors or officers is a director or officer of the Offeror or any subsidiary of the Offeror.

None of PTC's directors or officers or their respective associates has any interest in any material contract to which the Offeror is a party.

ARRANGEMENTS BETWEEN THE OFFEROR AND PTC SHAREHOLDERS

Except as disclosed herein, no arrangement, commitment or understanding has been made in relation to the Inmet Offer, or is proposed to be made, between the Offeror and any PTC Shareholder or their respective associates or affiliates.

The following is a summary of the Lock-Up Agreement entered into between the Locked-Up Shareholders and Inmet based on the disclosure of the Lock-Up Agreement provided in the Inmet Circular.

Lock-Up Agreement

Pursuant to the Lock-Up Agreement, the Locked-Up Shareholders agreed to tender an aggregate of 15,079,000 PTC Shares, representing 9.38% of the outstanding PTC Shares, to the Inmet Offer (together with any PTC Shares they may acquire subsequent to the date of the Lock-Up Agreement) and not to withdraw such PTC Shares from the Inmet Offer except in certain circumstances. The Locked-Up Shareholders have also provided certain covenants in favour of Inmet. In particular, the Locked-Up Shareholders have agreed that during the term of the Lock-Up Agreement they will not (i) solicit, encourage, initiate or assist any inquiry, proposal or offer from any person or group of persons which relates, or may reasonably be expected to lead to, an Acquisition Transaction (as defined below); (ii) enter into or participate in or continue any discussions or negotiations regarding, agree to or endorse or recommend, or enter into or propose to enter into any agreement, arrangement or understanding in relation to, an Acquisition Transaction; (iii) make any public comment or statement, written or oral, which is inconsistent with the Locked-Up Shareholders' agreement to support the Inmet Offer; (iv) grant or agree to grant to any person other than Inmet any proxy or other right to vote the Locked-Up Shareholders' PTC Shares or enter into any voting trust, vote pooling or other agreement with respect to the right to vote the Locked-Up Shareholders' PTC Shares, call meetings of shareholders or give consents or approvals of any kind as to the Locked-Up Shareholders' PTC Shares; or (v) take any action which is inconsistent with the performance of their obligations under the Lock-Up Agreement.

Pursuant to the Lock-Up Agreement an "**Acquisition Transaction**" means (i) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, issuer bid, recapitalization, consolidation or business combination involving, directly or indirectly, PTC or any of its subsidiaries, (ii) any direct or indirect acquisition of assets representing 30% or more of the book value (on a consolidated basis) of the assets of PTC and any of its subsidiaries (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect) in a single transaction or a series of related transactions, or (iii) any direct or indirect acquisition of beneficial ownership of 30% or more of the PTC Shares in a single transaction or series of related transactions. However an Acquisition Transaction does not include the Inmet Offer or, following the date of the Lock-Up Agreement, any alternative form of transaction that Inmet concludes is necessary or desirable to proceed with as an alternative to the Inmet Offer (including, without limitation, a plan of arrangement or amalgamation) whereby Inmet or its affiliates would effectively acquire all the PTC Shares on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Locked-Up Shareholders that are equivalent to or better than those contemplated by the Lock-Up Agreement.

The Lock-Up Agreement may be terminated by the Locked-Up Shareholders in certain circumstances, including if a take-over bid is made by a third party for 100% of the PTC Shares at a cash price per PTC Share greater than $2.00 and Inmet has not, within, two Business Days, publicly announced that it will match such offer.

MATERIAL CHANGES IN THE AFFAIRS OF PTC

Except as otherwise described in this Directors' Circular or as otherwise publicly disclosed, none of the directors or officers of PTC are aware of any information that indicates any material change in the affairs or prospects of PTC since April 30, 2007, the date of the last audited consolidated financial statements of PTC.

OTHER INFORMATION

Except as disclosed in this Directors' Circular, there is no information that is known to the directors of PTC that would reasonably be expected to affect the decision of the PTC Shareholders to accept or reject the Inmet Offer.

ALTERNATIVES TO THE OFFER

Except as disclosed in this Directors' Circular, there are no negotiations currently underway or transactions, Board of Directors' resolutions, agreements in principle or signed contracts of PTC that relate to or would result in: (a) an extraordinary transaction such as a merger or reorganization involving PTC; (b) the purchase, sale or transfer of a material amount of assets by PTC; (c) an issuer bid or other tender offer for or other acquisition of securities by or of PTC; or (d) any material change in the present capitalization or dividend policy of PTC.

Notwithstanding the foregoing, the Board of Directors may engage in negotiations in response to the Inmet Offer that could have one or more of the effects specified in the preceding paragraph. The Board of Directors has determined that disclosure with respect to the parties to, and the possible terms of, any transactions or proposals of the type referred to in the preceding paragraph might jeopardize any discussions or negotiations that PTC may conduct. Accordingly, PTC does not intend to disclose the possible terms of any such transaction or proposal until an agreement relating thereto has been reached or as otherwise may be required by law.

OTHER PERSONS RETAINED IN CONNECTION WITH THE INMET OFFER

In addition to its legal counsel and financial advisors described above, PTC has retained the persons described below in connection with the Inmet Offer.

Kingsdale Shareholder Services Inc. has been retained to assist in responding to PTC Shareholder enquiries. PTC will pay Kingsdale Shareholder Services Inc. customary compensation for its services. Except as set forth above, neither PTC nor any person acting on its behalf has employed, retained or agreed to compensate any person making solicitations or recommendations to PTC Shareholders in connection with the Inmet Offer.

STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides PTC Shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price reversion or to damages, if there is a misrepresentation in a circular or a notice that is required to be delivered to the PTC Shareholders. However, such rights must be exercised within prescribed time limits. PTC Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

AVAILABILITY OF DOCUMENTS

PTC is a reporting issuer or equivalent in the Provinces of British Columbia, Alberta and Ontario. PTC files its continuous disclosure documents and other documents with Canadian provincial securities authorities in such provinces, which documents are available under the Company's profile at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Directors' Circular contains forward-looking statements concerning the Company's plans for its projects, claims, mineralization and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the prospect is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ from those reflected in the forward-looking statements, including, without limitation:

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of occurring mineralization;
- results of initial scoping and pre-feasibility studies, and the possibility that future exploration results will not be consistent with the Company's expectations;
- the potential for delays in exploration activities or the completion of pre-feasibility studies;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms;
- risks and uncertainties relating to the results of a scoping study which are preliminary in nature in that they include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves;
- exploration risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with, or interruptions in, exploration;
- risks related to price fluctuations;
- political and regulatory risks associated with exploration;
- risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;
- risks related to environmental regulation and liability;
- the uncertainty of profitability based upon the Company's history of losses; and
- other risks and uncertainties related to the Company and its business strategy.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Persons reading this Directors' Circular are cautioned against attributing undue certainty to forward-looking statements.

The Board of Directors believe that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this Directors' Circular. The Board of Directors does not intend, and does not assume any obligations, to update these forward-looking statements.

NOTE CONCERNING RESOURCE CALCULATIONS

Information in this circular and PTC's disclosure documents filed with securities regulatory authorities concerning mineral properties has been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws. Without limiting the foregoing, these documents use the terms "measured resources", "indicated resources" and "inferred resources". United States investors are advised that, while such terms are recognized and required by Canadian securities laws, the United States Securities and Exchange Commission (the "**SEC**") does not recognize them. Under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher category. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of contained pounds is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in these documents may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all resource estimates contained in this circular have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System.

APPROVAL OF THE DIRECTORS' CIRCULAR

The contents of this Directors' Circular have been approved by the Board of Directors and the delivery of this Directors' Circular has been authorized by the Board of Directors.

GLOSSARY

In this Directors' Circular, unless the context otherwise requires:

"**affiliate**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);

"**AMEC**" means AMEC Americas Limited, formerly H.A. Simons Ltd.;

"**associate**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);

"**Board**" or "**Board of Directors**" means the board of directors of PTC;

"**Company**" means PTC;

"**Directors' Circular**" means this directors' circular dated August 7, 2008;

"**FEED**" means Draft Interim Front-end Engineering and Design Study;

"**Inmet**" means Inmet Mining Corporation, a corporation incorporated under the laws of Canada, and includes its wholly owned subsidiary 6910360 Canada Inc.;

"**Inmet Circular**" means the take-over bid circular related to the Offer dated July 28, 2008;

"**Inmet Offer**" means the offer made by the Offeror by way of a take-over bid for all of the outstanding PTC Shares at a price of $2.00 per share, upon the terms and subject to the conditions set forth in the offer to purchase of the Offeror accompanying the take-over bid circular, letter of acceptance and transmittal and notice of guaranteed delivery of the Offeror dated July 28, 2008;

"**Isagen**" means Isagen S.A E.S.P., a company formed under the laws of the Republic of Colombia;

"**Lock-Up Agreement**" means the agreement dated July 5, 2008 between the Locked-Up Shareholders and Inmet pursuant to which the Locked-Up Shareholders agreed to tender their PTC Shares to the Inmet Offer;

"**Ley Petaquilla**" means Contract-Law No. 9 of February 26, 1997 promulgated by the Government of Panama;

"**Locked-Up Shareholders**" means Capital Guardian International (Non-US) Small Capitalization Fund for Tax Exempt Trusts, Capital Guardian International (Non-US) Small Capitalization Master Fund, Capital International Growth Income Fund, Capital Guardian International Small Capitalization — World Sub-fund, and Capital International Global Small Cap;

"**MoU**" means the memorandum of understanding dated May 3, 2007 among PTC, Inmet, Teck, Petaquilla Minerals Ltd. and MPSA;

"**MPSA**" means Minera Petaquilla, S.A., a company incorporated under the laws of the Republic of Panama;

"**MPSA Shareholders' Agreement**" means the shareholders' agreement between Teck, Inmet, Petaquilla Minerals Ltd. (formerly Adrian Resources Ltd.), their respective subsidiaries, Menera Teck Panama, S.A., Georecursos Internacional S.A., Minnova (Panama) Inc. and MPSA dated February 21, 1997, in respect of MPSA and the Petaquilla Concession, as amended by the Molejon gold project agreement dated June 1, 2005 and the memorandum of understanding between Inmet, Teck, PTC, Petaquilla Minerals and MPSA dated May 3, 2007;

"**NI 43-101**" means National Instrument 43-101 — *Standards of Disclosure for Mineral Projects;*

"**Offeror**" means Inmet;

"**Petaquilla Concession**" means the mineral concession held by MPSA pursuant to Contract-Law No. 9 dated February 26, 1997, promulgated by the Government of Panama;

"**Petaquilla Minerals**" means Petaquilla Minerals Ltd., a company incorporated under the laws of British Columbia;

"**Project**" means the mineral project in Panama known as the Petaquilla Concession in which PTC has an interest;

"**PTC**" means Petaquilla Copper Ltd., a company incorporated under the laws of British Columbia;

"**PTC Interest**" means the 52% interest in MPSA owned by Adrian Resources Ltd. at the time of the execution of the MPSA Shareholder Agreement;

"**PTC Shareholders**" means the holders of PTC Shares;

"**PTC Shares**" means the common shares of PTC;

"**Rights**" means the rights issued or issuable pursuant to the Shareholder Rights Plan;

"**SEC**" means the United States Securities and Exchange Commission;

"**Shareholder Rights Plan**" means the shareholder rights plan agreement dated June 6, 2006 between PTC and Computershare Trust Company of Canada;

"**Special Committee**" means the special committee of independent members of the Board of Directors, the members of which are Dr. Marcel Salamin and Mr. Dale Lucas;

"**subsidiary**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);

"**Supplement**" means the Supplemental Director's Circular to be delivered at least 7 days before the scheduled expiry of the period during which PTC Shares may be deposited under the Inmet Offer; and

"**Teck**" means Teck Cominco Limited.

CERTIFICATE

DATED: August 7, 2008

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. The foregoing does not contain any misrepresentation likely to affect the value or the market price of the securities subject to the bid within the meaning of the *Securities Act* (Quebec).

On behalf of the Board of Directors

(signed) *"Dr. Marcel Salamin"*
Director and Co-Chairman of the Special Committee

(signed) "*Dale Lucas*"
Chairman of the Board of Directors and Co-Chairman of the Special Committee

(signed) *"Richard Fifer"*
Director and Chief Executive Officer

Schedule A

Summary of Shareholder Rights Plan

The following is a summary of the principal terms of the Shareholder Rights Plan of PTC which was created pursuant to the Shareholder Rights Plan Agreement (the "**Shareholder Rights Plan**") dated as of June 6, 2006 between PTC and Computershare Investor Services Inc. This summary is qualified in its entirety by reference to the Shareholder Rights Plan, the full text of which is available on *www.sedar.com*.

General

The certain rights (the "**Rights**") have been issued pursuant to the Shareholder Rights Plan. Each Right will entitle the holder to purchase from PTC one PTC Share at the exercise price of $30 per PTC Share, subject to adjustments, at any time after the Separation Time (defined below). However, if a Flip-in Event (defined below) occurs, each Right will entitle the holder to receive, upon payment of the exercise price, PTC Shares having a market value equal to two-times the exercise price. The Rights are nonexercisable until the Separation Time.

Trading of Rights

Until the Separation Time, the Rights will be evidenced by the outstanding certificates for PTC Shares and the Rights will be transferred with, and only with, the PTC Shares. As soon as practicable following the Separation Time, separate certificates evidencing the Rights will be mailed to holders of record of PTC Shares as of the close of business at the Separation Time and the separate Rights certificates will thereafter evidence the Rights.

Separation Time and Acquiring Person

The Rights will separate and trade apart from the PTC Shares and become exercisable at the Separation Time. "**Separation Time**" generally means the close of business on the 10th trading day following the commencement or announcement of the intent of any person to commence a take-over bid, other than a Permitted Bid or a "competing permitted bid", but under certain circumstances can mean the eighth trading day after a person becomes an "acquiring person" by acquiring 20% or more of the voting shares of any class.

Flip-in Event

A "**Flip-in Event**" will, in general terms, occur when a person becomes an acquiring person. Upon the occurrence of a Flip-in Event, each right will entitle the holder to acquire, on payment of the exercise price, that number of PTC Shares having a market value equal to two-times the exercise price. However, any Rights beneficially owned by an acquiring person or by any direct or indirect transferees of such person, will be void. The term "beneficial ownership" is defined to include, under certain circumstances, shares owned indirectly through affiliates, associates, trusts and partnerships, other situations of ownership deemed by operation of law, shares subject to acquisition or voting agreements and shares owned by persons acting jointly or in concert. There are several exceptions, including exceptions directed towards investment managers, trust companies, and independent managers of pension plans who are not participating in a take-over bid.

Permitted Bids

Permitted Bids are exempted from the operation of the Shareholder Rights Plan. In summary, a Permitted Bid is a take-over bid made by way of take-over bid circular which complies with the following provisions:

(a) It is made to all holders of voting shares of PTC of a particular class and for all those voting shares.

(b) No voting shares can be taken up and paid for before the close of business on the "Permitted Bid Expiry Date", as described below, and unless more than 50% of voting shares held by shareholders independent of the offeror are tendered and not withdrawn.

(c) Voting shares may be tendered at any time until the Permitted Bid Expiry Date and may be withdrawn until taken up and paid for.

(d) If the condition described in (b) above is met, there will be a public announcement and the takeover bid will be open for a further period of 10 business days.

A competing Permitted Bid is one made while a Permitted Bid is in existence and which satisfies the above provisions except that it may provide for take up and payment on a date not earlier than the later of 35 days after the date of the bid or the earliest date shares may be taken and paid for under another Permitted Bid then in existence.

Permitted Bid Expiry Date

The Permitted Bid provisions require that for a take-over to be a Permitted Bid it must be left open until the Permitted Bid Expiry Date. The "**Permitted Bid Expiry Date**" means 60 days following the date of the Take-Over Bid.

Exchange Option

Under certain circumstances, the Board of Directors can, on exercise of a right and payment of the exercise price, issue other securities or assets of PTC in lieu of PTC Shares. The Board of Directors can also determine to issue in exchange for the Rights, but without payment of the exercise price, PTC Shares having a value equal to the exercise price or other securities or assets of PTC having the same value.

Adjustments

The exercise price, the number and kind of shares subject to purchase upon exercise of each right and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event that PTC takes certain actions involving PTC's share capital which would otherwise have a dilutive effect.

Redemption

At any time before the occurrence of a Flip-in Event, the Board of Directors may elect to redeem the Rights in whole at a redemption price of $0.0001 per right.

Waiver

The Board of Directors may waive the application of the PTC Shareholder Rights Plan to any Flip-in Event if it determines that a person became an acquiring person by inadvertence, conditional upon such person having, within 10 days after the determination by the Board of Directors, reduced its beneficial ownership of shares such that it is no longer an acquiring person. The Board of Directors may also, until a Flip-in Event has occurred, waive the application of the PTC Shareholder Rights Plan to any particular Flip-in Event, but in that event, the Board of Directors shall be deemed to have waived the application of the PTC Shareholder Rights Plan to any other Flip-in Event which may arise under any take-over bid then in effect.

Amendments

The Board of Directors may amend the PTC Shareholder Rights Plan to correct clerical or typographical errors, to maintain the validity of the plan as a result of any changes in any applicable legislation or to increase or decrease the exercise price. Any amendments required to maintain the validity of the Shareholder Rights Plan must be submitted to PTC Shareholders or, after the Separation Time, to the holders of the Rights for confirmation.

Other amendments can only be made with the approval of PTC Shareholders or, after the Separation Time, the holders of the Rights. Any supplements or amendments to the PTC Shareholder Rights Plan require the prior written consent of the Toronto Stock Exchange.

Term

The Shareholder Rights Plan has a term of 10 years; however, it is subject to ratification at the at each of the shareholder meetings following the third and sixth anniversaries of the effective date of the Shareholder Rights Plan. If the Shareholder Rights Plan is not so ratified at any meeting, the Shareholder Rights Plan shall terminate at the end of the applicable meeting (provided no Flip-in Event has occurred).

Any questions and requests for assistance may be directed to:

KINGSDALE
Shareholder Services Inc.

The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2

North American Toll Free Phone:

1-866-581-0507

Email: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272