



Jennings Capital Inc.
A Canadian Investment Dealer

Accessing Canadian Capital Markets for Peruvian/ South American Projects

Wednesday, October 5th, 2011

Simion S. Candrea

Members of:



Investment Banking Considerations

Agenda

Today's Markets and Realities

Overview of Capital Markets in Canada

Preparing for a Public Listing in Canada

The Role of an Investment Dealer

Introduction to Jennings Capital Inc.

Case Studies/ Appendices

October 5th, 2011

- (Despite) today's headlines...
 - More European nations facing downgrades on their sovereign debts
 - Dutch parliament to vote (tomorrow, Oct 6th) on the Eurozone Bailout Fund
 - EU agrees to unite in defense of its banks
 - Bernake accuses China of "hurting the recovery" with currency moves
 - Vix Index around 50-55 (reached 85-87 in Sept/ Oct 2008) & other resemblances of late Q4 '08/ Q1 '09
- ...the world will continue to grow...
 - Whether measured by the # of iPhone 4S (launched Oct 4th) sold in the US or by the amount of Copper sold in Shanghai, and
 - Metals & mining still very much needed by the developed and the developing world
- ...and mining is here to stay:
 - Represents one solution to the world's hunger for natural resources
 - Represents one solutions for the local communities where it operates (i.e. Peru, Latin America, etc.)

Peru

- New President – July 2011
- New taxation framework* for the mining sector:
 - The current **royalties** based on revenues (formerly on a sliding scale from 1% to 3%) will be replaced with royalties on **operating profits**:
 - a) Individual mining operations that do not have taxation stability agreements (signed with past governments) will pay 2 taxes:
 - » a royalty (updated from % of sales to % of operating profits); and
 - » a new tax, called the “Impuesto Especial de Minería” (IEM) or “Special Mining Tax” (SMT)
 - b) Mines that do have stability agreements in place will pay another new tax called the “Gravamen Especial de Minería” (GEM) or “Special Mining Duty” (SMD)
- New mining tax code coupled with the overall sell-off in the global equities put pressure on Peruvian stories
- Certain investors reticent to increase Peruvian exposure
- Seniors committed to developing big cap-x projects in Peru
- Excellent geological potential

Overview of Capital Markets in Canada

- Mining – world leader in mining finance and mineral exploration
 - TSX is home of:
 - 58% of world’s public mining companies,
 - 82% of world’s mining financings (strong junior market),
 - 32% of money raised globally for mining over past 5 years.
 - Global destination for financing international projects:
 - 1,000 Canadian companies operating in 100 countries,
 - Disclosure standards – 43-101.
- Oil & gas – globally recognized
 - World’s 3rd largest producer of natural gas, 7th largest of oil,
 - Largest supplier of crude oil to United States,
 - Industry represents 25% of the value of TSX,
 - 500,000 people employed in the industry.

Overview of Capital Markets in Canada

- Canada offers:
 - Knowledgeable investor base
 - Politically stable environment
 - Strong currency – strengthened over the past 10 years
 - Strong governance and reporting standards
 - Globally recognized stock exchange – TSX & TSX Venture
- 524 new TSX listings in 2010

**Unique
Public
Market for
Mining and
Resource
Companies**

- Access to Capital
- Liquidity
- Visibility

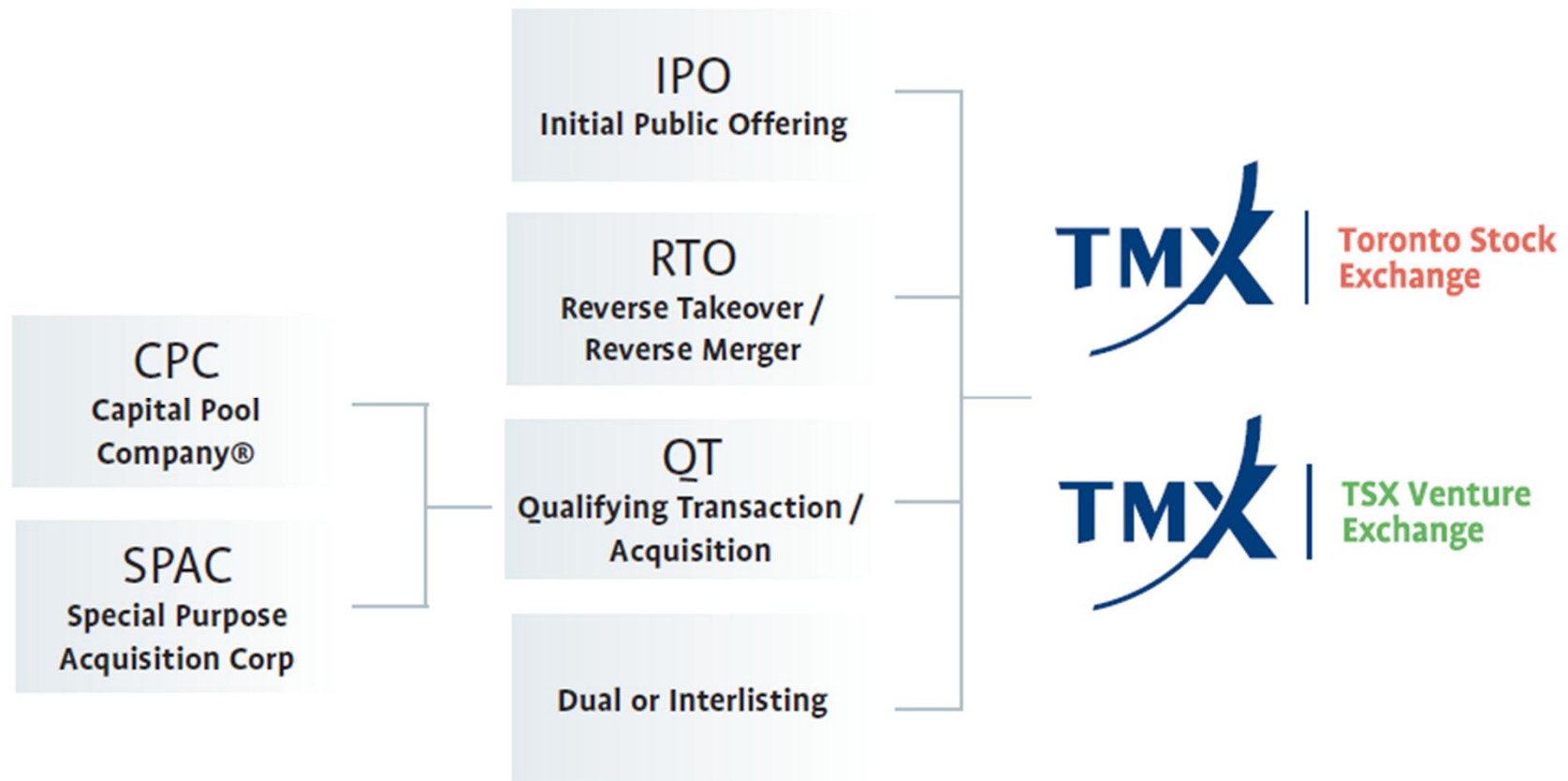
Preparing for a Public Listing in Canada (3Ps)

For a public listing, a company must prepare itself with:



- **People**
 - Management team and Board of Directors with public company experience and industry experience,
- **Project**
 - Project or business operations which meet listing requirements,
 - In mining, 43-101 technical report, oil & gas 51-101
- **Processes**
 - Financial reporting and control systems,
 - Quarterly reporting

Methods of a Public Listing

- Depending on company size and project, there are different methods of obtaining a public listing:



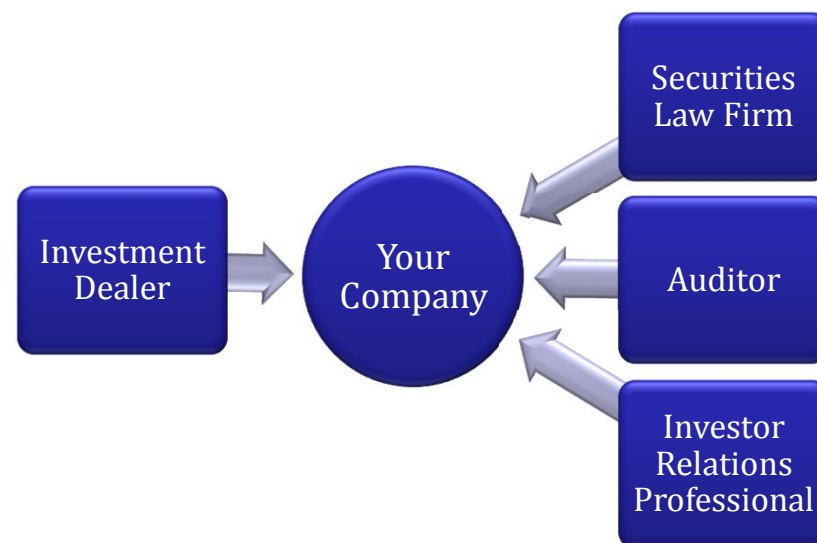
Estimated Costs of Going Public and Listing

		
Initial Listing Fees	\$10,000 - \$200,000	\$7,500 - \$40,000
Annual Sustaining Fees	\$12,500 - \$95,000	\$5,000 - \$90,000
Accounting & Audit Fees	\$75,000 - \$200,000	\$25,000 - \$100,000
Legal Fees	\$400,000 - \$750,000	\$75,000+
Underwriters' Commission	5.0% - 7.0%	6.5% - 10.0%

*Other fees to consider include: Securities Commission fees ♦ Transfer agency fees ♦ Investor relations costs
Geological or engineering reports ♦ Printing / translation costs
♦ Valuation reports ♦ Director and Officer liability insurance*

The Role of an Investment Dealer

- Prepare your company for public markets
 - Advise on corporate structure, assist in valuation
- Organize investor introductions
 - Show why an investment is compelling
 - Create awareness of project/company
- Conduct financings
 - Raising capital for your company from investors
- Follow up & support
 - Research Analysts – provide independent research reporting
 - Trading desk – trading shares for liquidity.



Choosing an Investment Dealer

- There are over 100 Investment Dealers in Canada
- Choose a Dealer that is properly matched for your company:
 - Proper size to accomplish the role and maintain proper focus,
 - Demonstrated capabilities to complete the role,
 - Experience in the related industry sector,
 - Works with a team of related service providers.
- Has **access to capital** for your industry
 - Relationships with institutions which invest in your industry
- Provides **liquidity**
 - Stock trading services,
- Offers your company **visibility**
 - Research analysts reports are one of the most important tools to create awareness with investors about your company.

Jennings Capital – Extensive Experience in Latin America

28 companies under full research coverage, with operations in Latin America,
6 companies under weekly watch – Rock Talk & Oil & Gas Watchlist

Mining: Research Coverage

Logos for mining companies under research coverage include: Atacama Pacific, Carpathian Gold, First Majestic Silver Corp., Guana Goldfields Inc., Rio Novo Gold Inc., Ecooro, Goldcorp, Scorpio Gold Corporation, Lithium Americas, Levon Resources Ltd., Minera IRL Limited, Minefinders Corporation Ltd., Sand Spring Resources Ltd., Pershingo Resources Inc., Newgold, SilverCrest Mining Inc., and Timmins Gold Corp.



Oil & Gas: Research Coverage

Logos for oil and gas companies under research coverage include: Alange Energy Corp., Canacol Energy Ltd., Gran Tierra Energy Inc., Pacific Rubiales Energy, Petroamerica Oil Corp., Tuscany International Drilling Inc., Brownstone Energy Inc., Petrodorado, Petrominerales, Uetzal Energy, and Suroco Energy Inc.

Mining Rock Talk and Oil & Gas Watchlist

Logos for companies on the Rock Talk and Oil & Gas Watchlist include: Extorre Gold Mines Limited, Rio Verde Minerals, PetroNova, Lagoourado Minerals Ltd., Veraz Petroleum Ltd., and Petrovista Energy Corp.

Peruvian & Argentinean Gold Production & Development: Minera IRL Limited

Over the past year, Jennings Capital has been actively involved in Researching, Trading, and Financing Minera IRL

Jennings Capital has the highest 12-month price target on the Street - \$3.50/share

Research Activity

May 25, 2011

Recommendation: SPECULATIVE BUY
12-Month Target: C\$3.50

MINERA IRL LTD. (TSX:IRL \$1.16)

JENNINGS CAPITAL INC.

MORNING COMMENT
SEPTEMBER 7, 2011

MINERA IRL LTD.²³ (TSX:IRL)

Concurayoc Main Resource Estimate Beats Expectations; Ollachea Now Contains Over 2.5Moz

Previous Close	\$1.20	Start	10/17/10	End	10/17/10	High	10/17/10	Low	10/17/10	Open	10/17/10	Close	10/17/10
Price/Share	101.7%	P/E Dec 31	12.53	0.22	EPS (US\$)	0.02	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Market Cap (MM)	\$144	2010	31,125	0.69	13.3x	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
52 Week High	\$1.65	2010E	22,586	0.24	30.2x	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
52 Week Low	\$0.69	2010E	72,194	0.20	4.3x	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41
Adjusted NAV	\$2.87	2010E											
Dividend	0.00												

Jennings McDougall Spec. Buy \$3.50 7-Sep-11

Jennings' 12-month Target Price: \$3.50

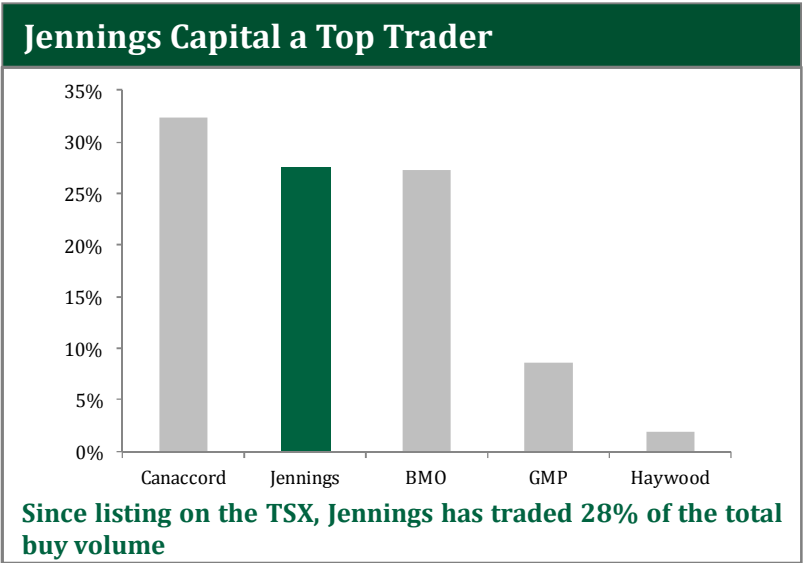
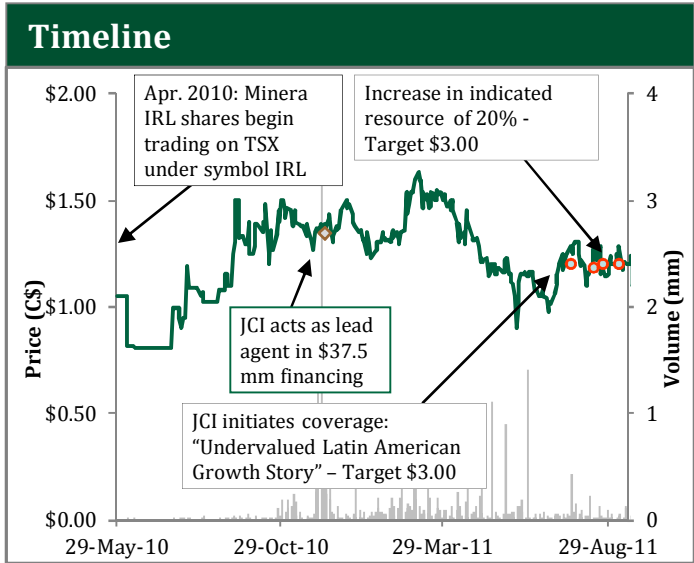
Dealer	Analyst	Rating	Target (C\$)	Updated
Fox-Davies	Rose	Buy	\$2.08	12-Sep-11
Kallpa	Vega	Overweight	\$1.76	9-Sep-11
Haywood	Mazumdar	Outperform	\$2.10	9-Sep-11
RBC	Walker	Outperform	\$2.20	7-Sep-11
Jennings	McDougall	Spec. Buy	\$3.50	7-Sep-11
Finnicap	Potts	Corporate	n/a	7-Sep-11
Collins	McGloin	Buy	\$2.11	17-Aug-11

Equity Raise



\$37,537,840
Common Shares

Lead Agent
November 2010



Copper in Dominican Republic: GlobeStar Mining*

Jennings' support of GlobeStar has resulted in:

First to launch research coverage (December 2005)

38 research reports & notes

Jennings is the top trader by buy volume, accounting for 34% of buy volume over the last 2 years

Instrumental in 4 equity financings for appx. \$75mm

*Oct 6, 2010: GlobeStar Announces Proposed Cdn.\$1.65 Per Share Cash Offer by Perilya

Research Activity

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GLOBESTAR MINING CORPORATION (TSX-GMI CS0.88)

Q1/09 FINANCIAL RESULTS FIRST QUARTER OF COMMENCEMENT

- In mid-January 2009, GlobeStar production retroactive to January owned Cerro de Mamón copper in the Dominican Republic.
- Net earnings for the quarter were however, adjusted earnings were or \$0.03/share, ahead of our estimate.
- The sulphide plant appears designed, whereas the oxide plant capacity was added in Q1/09 to the oxide plant was still off.
- Subsequent to the quarter, the much more closely to its design.
- The Company reported that total copper was \$0.75 net of by higher than guidance of \$0.50 fewer ounces of gold produced slower than expected improved oxide plant.

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GLOBESTAR MINING CORPORATION (TSX-GMI CS1.03)

Q2/09 RESULTS BELOW REVISIONS PRODUCTION PIONEER

- Lighter than expected prod Mamón mine in the second few ramp-up problems in plants.
- Heavy rains in the quarter, expected clay content in handling difficulties for both throughput than forecast.
- Both plants experienced low The oxide plant feed was 1.1 grade of 2 g/t and sulphide 6 versus 3.0% expected.
- The sulphide plant expect concentrate thicker and it experience soluble copper in affecting silver recovery.
- While these issues have caused 2009 guidance, they are eliminated or ameliorated by
- In Q2/09, GlobeStar generated revenue on sales of 6.2 million gold and 130,000 oz of silver

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GLOBESTAR MINING CORPORATION (TSX-GMI CS1.27)

GLOBESTAR AGREES TO TAKEOVER BY AUSTRALIAN MINING INTEREST

- GlobeStar has agreed to be taken over by Australian miner Perilya for \$1.65 per share, by way of a binding letter agreement. The offer represents a 36.5% premium to the 20-day VWAP of GlobeStar's shares.
- GlobeStar's Board of Directors has unanimously recommended acceptance of Perilya's offer.
- The directors, officers and certain shareholders of GlobeStar, representing 48.77% of its fully-diluted outstanding shares have entered into a lock-up agreement with Perilya. The takeover proposal requires 66.66% of GlobeStar's outstanding common shares to be tendered to the offer.
- Perilya will enter into a definitive support agreement, subject to obtaining bank financing and approval of its board of directors. Both conditions will be satisfied by November 4, 2010, subject to the right of Perilya to extend the date to November 14, 2010.
- The agreement is subject to a break fee of C\$7.35 million if the acquisition is not completed.
- GlobeStar reports that Perilya intends to finance the transaction through a combination of debt and existing cash of AU\$115.4 million. Perilya's major shareholder, Shenzhen Zhongxin Lingnan Nonferrous Co. Ltd, is reported to fully support the transaction.

October 7, 2010

Revised Recommendation: TENDER TO OFFER
Previous Recommendation: SPECULATIVE BUY
Revised 12-Month Target: C\$1.65
Previous 12-Month Target: C\$1.70
Risk Rating: ABOVE AVERAGE

Sector: MINING AND METALS

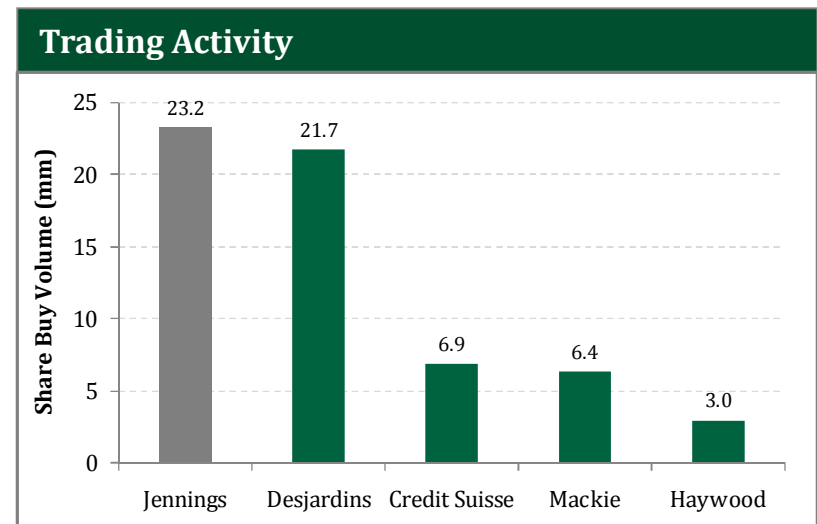
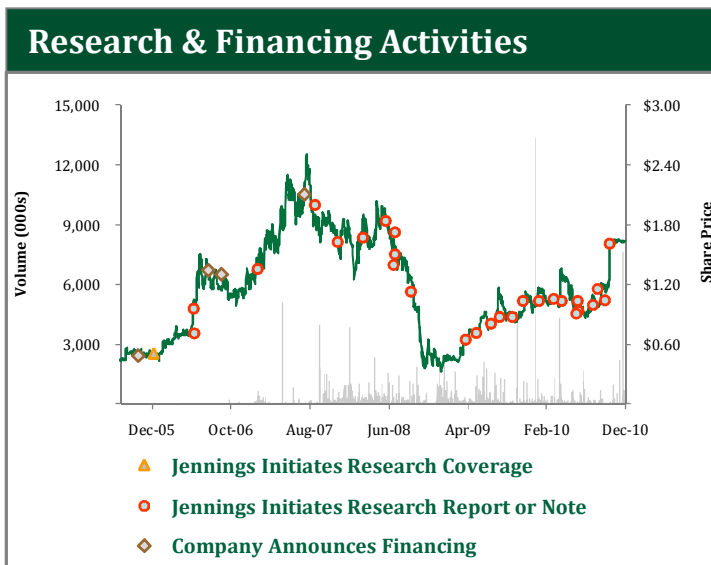
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Equity Market:
Market Cap: C\$137.7 Million
Basic Shares O/S: 102.3 Million
Fully Diluted Shares O/S: 117.7 Million
52 Week Range: C\$0.8 - C\$1.43
Cash, including restricted cash (09/30/10): US\$116.6 Million
Cash/Equity: 0.60/0.91
Working Capital (09/30/10): US\$11.9 Million
Book Value (09/30/10): US\$2.27/share

Summary of Financial and Operating Performance:

Yr. End:	2006	2007	2008	2009
Production:				
Copper (MM lbs)	25.3	21.4	19.6	19.6
Gold (000s oz)	12.1	16.6	17.4	17.4
Silver (000s oz)	627.0	454.3	369.8	362.8
Copper US\$/lb	2.80	3.20	3.66	2.76
Gold US\$/oz	1,022	1,144	1,113	1,083
Silver US\$/oz	15.56	14.09	14.13	17.25
ADU EPS FD US\$	\$0.18	\$0.15	\$0.13	\$0.12
OCFFS FD US\$	\$0.22	\$0.26	\$0.23	\$0.23
Price Earnings FD	1.54	1.21	1.64	1.84
PDGF FD	-0.39	-4.11	-4.71	-4.71
2010 Operating Exp. US\$MM	120.584	120.586	120.586	120.586
ADU EPS FD US\$	\$0.04	\$0.04	\$0.04	\$0.04



Financing Activity

GlobeStar Mining Corporation

\$31,810,000
Common Shares
Co-Manager
May 2007

GlobeStar Mining Corporation

\$10,000,001
Common Shares
Lead Underwriter
July 2006

GlobeStar Mining Corporation

\$29,999,935
Common Shares
Lead Agent
August 2006

GlobeStar Mining Corporation

\$3,500,000
Units
Lead Agent
August 2005

Oil & Gas Drilling in South America: Tuscany International

Advised Tuscany on reverse takeover of Cheq-IT

First Dealer on the Street to provide research on Tuscany

Sponsored Tuscany on its application to list on the TSX

Jennings acted as sole financial advisor to Tuscany on its \$200MM acquisition of Caroil SAS

Research Activity

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TUSCANY INTERNATL (TSX:TID CS1.80)

2011 BUILD PROGRAM COULD BE A GAME CHANGER

Tuscany announced today that it has built new drilling rigs, marking the 2011 construction program.

- The first rig is an AC electric includes a working system. Two from an existing fleet to convert which also includes a potential for
- The second is a 1,000 HP rig working system, one more rig
- Construction is anticipated to start and the rig are expected to be
- 2011 Construction Program. We

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TUSCANY INTERNATL (TSX:TID CS1.80)

OPERATIONAL / START UP OUTLOOK FORECASTED RIG DEPLETION

Tuscany announced its fourth quarter is not material, however construction program to date, we

- On another note, although 2010 disclosed by the Company on M to well actual results were
- our construction program actual

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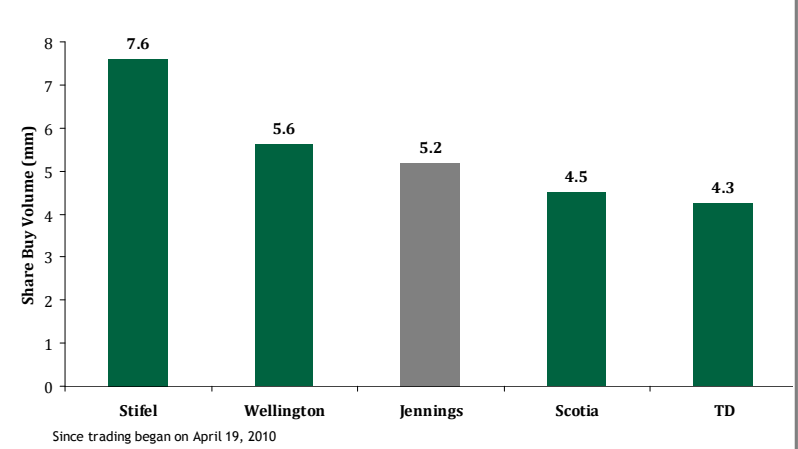
TUSCANY INTERNATIONAL DRILLING INC. (TSX:TID CS1.30)

OFF RESTRUCTURED BRAZIL ACQUISITION AND FINANCING UPDATE - DEAL WITH ROMANS

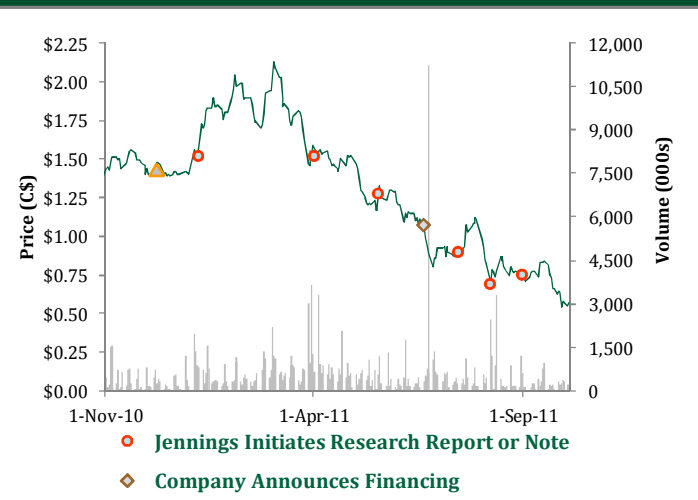
Financial acquisition, on April 21, 2011, Tuscany announced the

Recommendation: BUY
Revised 12-Month Target: C\$2.25
Risk Rating: ABOVE AVERAGE

Trading Activity



Research & Financing Activities



Financing Activity

TUSCANY International Drilling Inc.

- \$16,825,000 Common Shares Agent June 2009
- \$63,400,000 Special Warrant Co-Lead Agent February 2010
- \$46,000,000 Common Shares Underwriter December 2010
- \$100,000,000 Common Shares Underwriter April 2011

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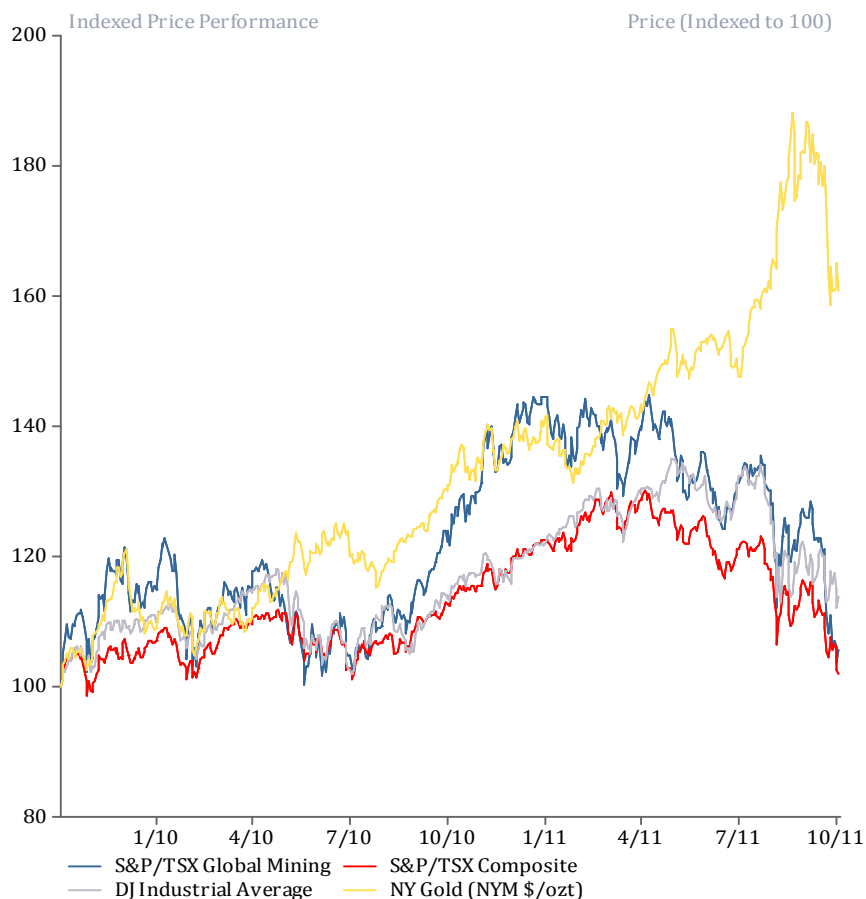
Investment Banking

416-304-2186

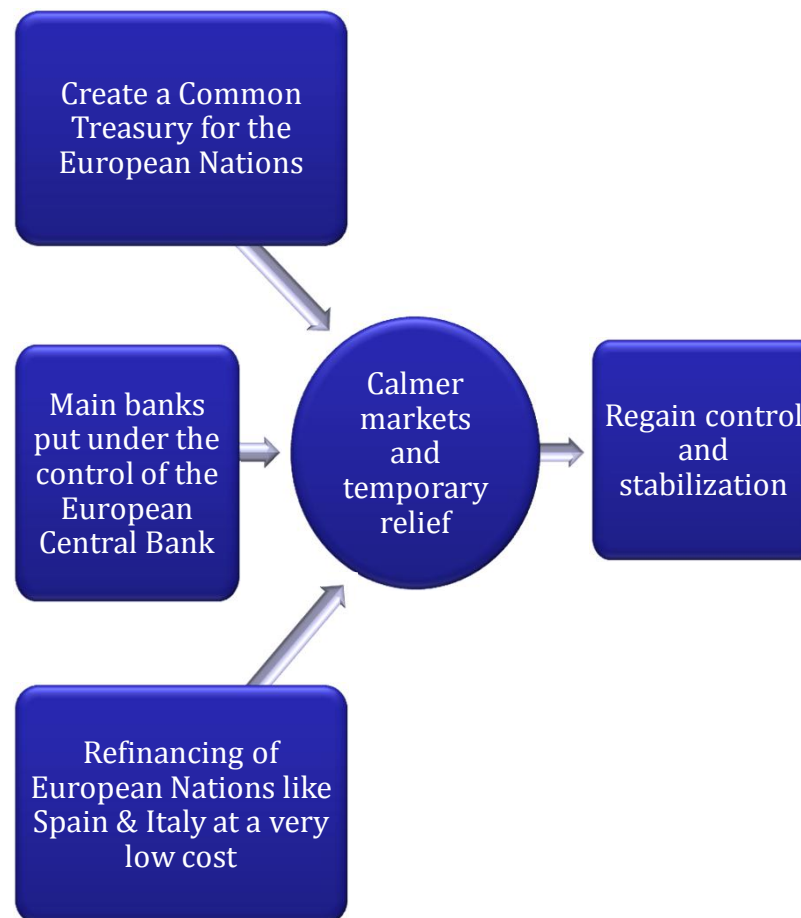
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Appendix I: Recent Market Movements & Possible Solutions

Two-Year Performance – Gold vs. Main Indices



George Soros on Avoiding a Second Depression



Appendix II: Peru – Proposed Mining Taxation Changes

- New taxation framework for the mining sector:
 - The current **royalties** based on revenues (formerly on a sliding scale from 1% to 3%) will be replaced with royalties on **operating profits**:
 - a) Individual mining operations that do not have taxation stability agreements (signed with past governments) will pay 2 taxes:
 - a royalty (updated from % of sales to % of operating profits); and
 - a new tax, called the “Impuesto Especial de Minería” (IEM) or “Special Mining Tax” (SMT)
 - b) Mines that do have stability agreements in place will pay another new tax called the “Gravamen Especial de Minería” (GEM) or “Special Mining Duty” (SMD)
- All three are structured using a marginal tax rate scale applied to operational profit – at different percentages depending on 17 different levels of operational margin. The lowest band is up to 10% operating margin, with bands rising by 5% increments up to an operating margin of 85%, as follows:

Peru’s New Tax Proposals: Royalty and Special Mining Tax (SMT)					
Operational Margin Band	Royalty Rate	SMT Rate	Royalty + SMT	SMD Rate	Difference
0%	1.00%	2.00%	3.00%	4.00%	1.00%
10%	1.75%	2.40%	4.15%	4.57%	0.42%
15%	2.50%	2.80%	5.30%	5.14%	-0.16%
20%	3.25%	3.20%	6.45%	5.71%	-0.74%
25%	4.00%	3.60%	7.60%	6.28%	-1.32%
30%	4.75%	4.00%	8.75%	6.85%	-1.90%
35%	5.50%	4.40%	9.90%	7.42%	-2.48%
40%	6.25%	4.80%	11.05%	7.99%	-3.06%
45%	7.00%	5.20%	12.20%	8.56%	-3.64%
50%	7.75%	5.60%	13.35%	9.13%	-4.22%
55%	8.50%	6.00%	14.50%	9.70%	-4.80%
60%	9.25%	6.40%	15.65%	10.27%	-5.38%
65%	10.00%	6.80%	16.80%	10.84%	-5.96%
70%	10.75%	7.20%	17.95%	11.41%	-6.54%
75%	11.50%	7.60%	19.10%	11.98%	-7.12%
80%	12.00%	8.00%	20.00%	12.55%	-7.45%
85%	12.00%	8.40%	20.40%	13.12%	-7.28%