

INTERNATIONAL E&P COMPANY VALUATION UPDATE

**MARKET CONDITIONS AND LOWER
COMMODITY PRICES TAKE THEIR TOLL**

▪ **Market conditions have changed (as if that is news).** We do not expect any significant turnaround in the foreseeable future, so we have made the following revisions to our criteria and valuation methodology in setting our target prices:

- We are raising our discount rates for international assets to 13% after tax from 10% (and to 10% from 8% for domestic assets).
- We are replacing ExNAV with a risked estimate of core NAV based on each company's expected reserve additions from its drilling program over the next 12 months.
- The market is giving heavy discounts to companies without production and cash flow, so we are assigning a 0.5 multiple to the 12 Month NAV to those so lacking.
- We have reduced our Debt Adjusted Cash Flow multiples by an average of 75%.

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▪ **New valuations incorporate our November 18, 2008 commodity price decks.** These lower prices have a commensurate effect on cash flow and net asset value.

▪ **Few company-specific changes.** Many of these companies have only minor changes due to incorporation of their Q3 financial and operating results. Those that have some significant changes include Canoro, Petrolifera, Primeline, TG World and Tethys.

We will issue update reports with more detail regarding individual company developments, as appropriate.

| | | 12 Month Target | | | | Recommendation | |
|--------------------------------|-----|-----------------|--------|---------|----------|----------------|-----------|
| | | Price | New | Old | % Change | New | Old |
| Corridor Resources Inc. | CDH | \$2.34 | \$4.25 | \$9.00 | -53% | Buy | Buy |
| Canoro Resources Ltd. | CNS | \$0.24 | \$1.50 | \$2.75 | -45% | Spec. Buy | Spec. Buy |
| Calvalley Petroleum Ltd. | CVI | \$1.45 | \$3.00 | \$5.50 | -45% | Spec. Buy | Spec. Buy |
| Cirrus Energy Corporation | CYR | \$0.95 | \$3.00 | \$5.00 | -40% | Spec. Buy | Spec. Buy |
| CGX Energy Inc. | OYL | \$0.30 | \$2.00 | \$12.00 | -83% | Spec. Buy | Spec. Buy |
| Petrolifera Petroleum Limited | PDP | \$1.58 | \$5.00 | \$14.50 | -66% | Buy | Buy |
| Primeline Energy Holdings Inc. | PEH | \$0.26 | \$1.00 | \$3.75 | -73% | Spec. Buy | Spec. Buy |
| TG World Energy Corp. | TGE | \$0.09 | \$0.12 | \$2.15 | -94% | Spec. Buy | Spec. Buy |
| Tethys Petroleum Limited | TPL | \$0.80 | \$3.00 | \$5.85 | -49% | Spec. Buy | Spec. Buy |
| Winstar Resources Ltd. | WIX | \$1.74 | \$4.50 | \$6.50 | -31% | Spec. Buy | Spec. Buy |

Changes in Valuation Methodology

The ongoing turmoil and uncertainty in the credit and equity markets have put pressure on the valuations of all sectors including natural resources and energy. In recognition of this, and the fact that we see no significant turnaround in the foreseeable future, we are adjusting our valuation criteria and methodology for setting target prices:

- (1) We are increasing the discount rates we use in calculating NAV to 13% after-tax from 10%, for all companies with international operations, and to 10% from 8%, for domestic operations.
- (2) The market will no longer pay for potential resources. At best, a few companies are seeing full value for their 2P reserves, and *many are trading even below the value of the cash on their balance sheet*. Going forward, we are no longer using ExNAV in calculating a 12-month target. Instead, we will substitute an estimate for the core NAV (2P reserves only) 12 months out, based on each company's expected drilling program.

For example, consider a company with 2 MMBbl of 2P reserves, and an exploration inventory consisting of 10 prospects, each of which has potential resources of 1 MMBbl and a 10% chance of success. The company will only be able to drill and test three of these prospects in the coming year. The table below illustrates the difference between ExNAV and the 12-month NAV:

| ExNAV | 12-Month NAV |
|--------------------------------|--------------------------------|
| Existing 2P Reserves 2.0 MMBbl | Existing 2P Reserves 2.0 MMBbl |
| Plus: | Plus: |
| 10 prospects | 3 prospects |
| x 1 MMBbl | x 1 MMBbl |
| x 10% COS = <u>1.0 MMBbl</u> | x 10% COS = <u>0.3 MMBbl</u> |
| 3.0 MMBbl | 2.3 MMBbl |

ExNAV will continue to be an indicator of the longer term potential value of the company.

- (3) Investors are putting a (relative) premium on production and cash flow, and conversely, a discount on companies lacking them. This affects three of our international companies, CGX Energy, Primeline and TG World. We have applied a 0.5 multiple to the 12-month NAV in setting our targets.
- (4) We will continue to assign Debt Adjusted Cash Flow multiples based primarily upon the 2P reserve life index, with adjustments for other factors such as interest reversion per PSA terms, short-term production constraints, political risk, etc. The new multiples are, however, approximately 75% lower for all ranges of RLI, again consistent with the market's current state.

Revised Commodity Price Forecasts

We last updated our commodity price forecasts on November 18 (summarized in the table below and compared to our October 1 forecasts). These new prices have been included in our new valuations, with differentials appropriate for each company and its respective PSA adjusting back to a wellhead price.

| Jennings Price Forecasts | | |
|-------------------------------------|-----------|-------------|
| Effective | 18-Nov-08 | 1-Oct-08 |
| Crude Oil: WTI (US\$/Bbl) | | |
| 2008 Bal | \$61.00 * | \$102.10 ** |
| 2009 | \$74.50 | \$102.50 |
| 2010 | \$86.50 | \$103.90 |
| 2011 | \$89.50 | \$103.50 |
| 2012 | \$90.00 | \$101.50 |
| Crude Oil: Brent (US\$/Bbl) | | |
| 2008 Bal | \$57.50 * | \$98.80 ** |
| 2009 | \$74.00 | \$102.70 |
| 2010 | \$85.00 | \$104.50 |
| 2011 | \$88.00 | \$104.10 |
| 2012 | \$88.50 | \$102.20 |
| Natural Gas: Henry Hub (US\$/MMBtu) | | |
| 2008 Bal | \$6.75 * | \$7.80 ** |
| 2009 | \$7.50 | \$8.40 |
| 2010 | \$8.25 | \$8.70 |
| 2011 | \$8.50 | \$8.80 |
| 2012 | \$9.00 | \$9.00 |

* for Dec ** for Oct - Dec

CORRIDOR RESOURCES INC.^{1,2,3} (TSX-CDH C\$2.34) MKT CAP C\$205 MM

RECOMMENDATION: BUY

(Previous Recommendation: Buy)

12-MONTH TARGET: C\$4.25

(Previous Target: C\$9.00)

Company Specific Factors:

- Minor changes to production forecast based on latest well test information and production data
- Incorporation of Q3 financial statements
- ExNav (FD) of \$13.70 represents our view of the Company's longer term potential

| Company Statistics | | | | |
|--|--------------|---|--------------|------------------|
| Market Cap | | | | \$205.1 MM |
| Basic Shares O/S | | | | 87.6 MM |
| Fully Diluted Shares O/S | | | | 89.2 MM |
| 52-Week Range | | | | \$1.7 - \$11.96 |
| Major Shareholders | | Sprott Asset Management Inc. | 18.2% | |
| | | Trapeze Asset Management Inc. & Trapeze Capital Corp. | 14.9% | |
| Cash (09/30/08 Act.) | | | | \$39.5 MM |
| Cash Value per share | | | | \$0.45/sh |
| Debt (09/30/08 Act.) | | | | \$0.0 MM |
| Working Capital (09/30/08 Act.) | | | | \$24.4 MM |
| Earnings Summary | | | | |
| FYE: December | 2008F | exit 2008F | 2009F | 2010F |
| Production (MMcf/d) | 17.4 | 13.9 | 29.5 | 31.0 |
| EPS (FD) | \$0.20 | \$0.23 | \$0.16 | \$0.15 |
| CFPS (FD) | \$0.56 | \$0.55 | \$0.69 | \$0.70 |
| DACF (FD) | \$0.56 | \$0.55 | \$0.69 | \$0.71 |
| Debt (avg for period) | \$4.7 | \$1.5 | \$4.9 | \$11.0 |
| P/E | 11.7x | 10.3x | 14.5x | 15.3x |
| P/CF | 4.2x | 4.2x | 3.4x | 3.3x |
| DACFM | 4.2x | 4.2x | 3.4x | 3.4x |
| Trading Parameters | | | | |
| EV/BOE/d | | \$78,037 | \$36,695 | \$34,946 |
| EV/BOE (2P, estimated at exit 2007) | | | (\$/BOE) | \$8.59 |
| Price/NAV | | | | 60% |
| Price/ExNAV | | | | 17% |
| Implied Value of Potential Resources * | | | | |
| | Unrisked | | (\$/BOE) | (\$0.14) |
| | Risked | | (\$/BOE) | (\$0.93) |

* = (EV-2P PV10)/Potential Resources

| Corridor Resources Inc. Net Asset Value | | | |
|--|------------------|---------------|-----------------|
| | 30-Sep-08 | | |
| | Value | Shares | NAV/sh |
| | (C\$MM) | (MM) | (C\$/sh) |
| Oil & Gas Assets | | | |
| Engineering Report Value ⁽¹⁾ | \$333 | | |
| Adjustments ⁽²⁾ | (\$17) | | |
| Land | \$37 | | |
| Abandonment Liabilities | (\$2) | | |
| | \$351 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$24 | | |
| Debt | \$0 | | |
| G&A | (\$31) | | |
| | (\$7) | | |
| Net Asset Value (basic) | \$344 | 87.63 | \$3.92 |
| Proceeds/Shares from Options | \$0 | 0.14 | |
| Net Asset Value (FD) | \$344 | 87.77 | \$3.92 |
| Risked Exploration Prospects | | | |
| To be drilled within 12 months | \$113 | | |
| Proceeds/Shares from Options | \$3 | 0.86 | |
| Risked 12-Month NAV | \$460 | 88.62 | \$5.19 |
| Remaining exploration prospects | \$956 | 88.62 | |
| 2 Year Timing Discount | (\$166) | | |
| Deduct Land Value | (\$37) | | |
| Proceeds/Shares from Options | \$8 | 0.61 | |
| ExNAV (FD) | \$1,222 | 89.23 | \$13.70 |

(1) PV10, after tax

(2) Includes substitution of JCI price forecast and deduction of post reserve report production

Corridor Resources Inc. 12-Month Target Calculation

| | Parameter | Multiple | Value | Weight | Weighted Value |
|--|-----------------------|-----------------|----------------|---------------|-----------------------|
| | (\$/sh) | | (\$/sh) | | (\$/sh) |
| | 2009 DACF | 5.0 | \$3.28 | 33.33% | \$1.09 |
| | 2009 Exit DACF | 4.5 | \$3.93 | 33.33% | \$1.31 |
| | 12 Month NAV | 1.00 | \$5.19 | 33.33% | \$1.73 |
| | | | | | \$4.13 |

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CANORO RESOURCES LTD.^{1,2} (TSXV-CNS C\$0.24) MKT CAP C\$27 MM

RECOMMENDATION: SPECULATIVE BUY

(Previous Recommendation: Speculative Buy)

12-MONTH TARGET: C\$1.50

(PREVIOUS TARGET: C\$2.75)

Company Specific Factors:

- Amguri production being restricted to 750 BOE/d until gas re-injection commences (good reservoir management practice) reduces cash flow by approximately \$800 K per quarter
- Capital program reduced by approximately 33% over next three to four quarters, to US\$27 - \$30 million
- Incorporation of Q2 financial and operating results
- ExNav (FD) of \$5.05 represents our view of the Company's longer term potential

| Company Statistics | | | | |
|---|--------------|--------------|-------------------|--|
| Market Cap | | | | \$27 MM |
| Basic Shares O/S | | | | 113.7 MM |
| Fully Diluted Shares O/S | | | | 123.0 MM |
| 52-Week Range | | | | \$1.95 - \$0.2 |
| Major Shareholders | | | | Trapeze Capital Corp. 22.4% together with Trapeze Asset Management Inc. |
| Cash (09/30/08 Act.) | | | | US\$ 17 MM |
| Cash Value per share | | | | US\$ 0.15 |
| Debt (09/30/08 Act.) | | | | US\$ 0.0 MM |
| Working Capital (09/30/08 Act.) | | | | US\$ 25 MM |
| Earnings Summary | | | | |
| FYE: March | 2008A | 2009F | 2010F | 2011F |
| Production (BOE/d) | 210 | 800 | 1,404 | 2,260 |
| EPS (US\$/FD Sh) | (\$0.07) | (\$0.05) | (\$0.03) | \$0.19 |
| CFPS (US\$/FD Sh) | (\$0.00) | \$0.03 | \$0.10 | \$0.36 |
| DACF (US\$/FD Sh) | (\$0.00) | \$0.03 | \$0.11 | \$0.37 |
| Debt (US\$MM) | \$0.0 | \$0.0 | \$8.0 | \$13.0 |
| P/E | nm | nm | nm | 1.1x |
| P/CF | nm | 7.4x | 2x | 0.6x |
| DACFM | nm | 1.3x | 2.6x | 0.6x |
| Trading Parameters | | | | |
| | 2008F | 2009F | exit 2009F | 2010F |
| EV/BOE/d | -\$6,938 | -\$1,822 | -\$1,944 | -\$1,038 |
| EV/BOE (2P, estimated at exit 2008) | | | (\$/BOE) | -\$0.13 |
| Price/NAV | | | | 19% |
| Price/ExNAV | | | | 4% |
| Implied Value of Potential Resources * | | | | |
| | Unrisked | | (\$/BOE) | (\$0.96) |
| | Risked | | (\$/BOE) | (\$4.49) |
| * =(EV - PV10 of 2P reserves)/potential resources | | | | |

| Canoro Resources Ltd. Net Asset Value | | | |
|---|--------------------|--------------|---------------|
| | September 30, 2008 | | |
| | Value | Shares | NAV/Sh |
| | (US\$MM) | (MM) | (US\$/sh) |
| Oil & Gas Assets | | | |
| Engineering Report Value ⁽¹⁾ | \$151.9 | | |
| Adjustments ⁽²⁾ | (\$10.6) | | |
| New Reserves | \$0.0 | | |
| Other (Gemini ORR) ⁽³⁾ | (\$14.3) | | |
| Land | \$12.1 | | |
| Abandonment Liabilities | (\$0.6) | | |
| Total | \$138.4 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$24.8 | | |
| Debt | \$0.0 | | |
| G&A | (\$38.5) | | |
| Total | (\$13.7) | | |
| Net Asset Value | \$124.7 | 113.7 | \$1.10 |
| Proceeds/Shares from Options | \$2.3 | 2.9 | |
| Net Asset Value (FD) | \$127.0 | 116.6 | \$1.09 |
| Exploration Prospects | | | |
| To Be Drilled within 12 months | \$120.7 | | |
| Proceeds/Shares from Options | \$7.3 | 5.7 | |
| Risked 12-month NAV | \$255.0 | 122.3 | \$2.08 |
| Remaining prospects | \$498.8 | | |
| Deduct Land Value | (\$6.8) | | |
| Proceeds/Shares from Options | \$2.6 | 0.7 | |
| ExNAV (FD) | \$621.7 | 123.0 | \$5.05 |

- (1) PV13, after tax
(2) Includes substitution of JCI price forecast and deduction of post reserve report production
(3) Assumes Canoro does not exercise buy back option

Canoro Resources Ltd. 12-Month Target Calculation

| | Parameter | Exchange Rate | Multiple | Valuation | Weight | Weighted Valuation |
|----------------------------|-----------|---------------|----------|-----------|--------|--------------------|
| | (US\$/sh) | (US\$/C\$) | | (C\$/sh) | | (C\$/sh) |
| FY 2010 DACF | \$0.11 | 0.86 | 7.0 | \$0.76 | 25.0% | \$0.19 |
| FY 2010 exit DACF | \$0.13 | 0.90 | 6.5 | \$0.77 | 25.0% | \$0.19 |
| FY 2011 DACF | \$0.37 | 0.95 | 6.0 | \$2.27 | 25.0% | \$0.57 |
| Risked 12 Month NAV | \$2.08 | 0.86 | 1.0 | \$2.42 | 25.0% | \$0.60 |
| | | | | | | \$1.55 |

CALVALLEY PETROLEUM INC.¹ (TSX-CVI.A C\$1.45) MKT CAP C\$146 MM

RECOMMENDATION: SPECULATIVE BUY

(Previous Recommendation: Speculative Buy)

12-MONTH TARGET: C\$3.00

(PREVIOUS TARGET: C\$5.50)

Company Specific Factors:

- Incorporation of Q3 financial and operating results
- ExNav (FD) of \$5.76 represents our view of the Company's longer term potential

| Company Statistics | | | | |
|--|--------------|--------------|-------------------|-------------------|
| Market Cap | | | | \$146 MM |
| Basic Shares O/S | | | | 100.7 MM |
| Fully Diluted Shares O/S | | | | 104.6 MM |
| 52-Week Range | | | | \$6.65 - \$0.85 |
| Major Shareholders | | | Mgmt & Directors | 21.4MM |
| Cash (09/30/08 act.) | | | | US\$67.4 MM |
| Cash Value per share | | | | US\$0.67 |
| Debt (09/30/08 act.) | | | | US\$0.0 MM |
| Working Capital (09/30/08 act.) | | | | US\$79.0 MM |
| Earnings Summary | | | | |
| FYE: December | 2008F | 2009F | exit 2009F | 2010F |
| Production (BOE/d) | 2,356 | 5,000 | 5,000 | 15,338 |
| Brent Crude (US\$/Bbl) | \$97.96 | \$74.00 | \$74.00 | \$85.00 |
| EPS (US\$/FD) | \$0.17 | \$0.17 | \$0.15 | \$1.19 |
| CFPS (US\$/FD) | \$0.33 | \$0.49 | \$0.51 | \$1.39 |
| DACF (US\$/FD) | \$0.33 | \$0.49 | \$0.51 | \$1.39 |
| P/E | 7.4x | 7.4x | 8.4x | 1.1x |
| P/CF | 3.8x | 2.6x | 2.4x | 0.9x |
| DACFM | 1.4x | 1.2x | 1.3x | 0.8x |
| Valuation Metrics | | | | |
| | 2007A | 2008F | 2009F | exit 2009F |
| EV/BOE/d | \$20,576 | \$23,048 | \$10,860 | \$10,860 |
| EV/BOE (2P, estimated at exit 2008) | | | (\$/BOE) | \$3.30 |
| Price/NAV | | | | 52% |
| Price/ExNAV | | | | 22% |
| Implied Value of Potential Resources * | | | | |
| Unrisked | | | (\$/BOE) | (\$0.33) |
| Risky | | | (\$/BOE) | (\$1.64) |

*=(EV - PV10 of 2P reserves)/potential resources

| Calvalley Petroleum Inc. Net Asset Value | | | |
|---|----------------|--------------|---------------|
| September 30, 2008 | | | |
| | Value | Shares | NAV/Sh |
| | (US\$MM) | (MM) | (US\$/sh) |
| Oil & Gas Assets | | | |
| Engineering Report Value ⁽¹⁾ | \$172.1 | | |
| Adjustments ⁽²⁾ | (\$17.3) | | |
| New Reserves | \$0.0 | | |
| Undeveloped Land | \$35.3 | | |
| Abandonment Liabilities | (\$0.1) | | |
| Total | \$190.1 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$79.0 | | |
| Debt | \$0.0 | | |
| G&A | (\$24.7) | | |
| Total | \$54.3 | | |
| Net Asset Value | \$244.4 | 100.7 | \$2.43 |
| Proceeds/Shares from Options | \$1.0 | 0.7 | |
| Net Asset Value (FD) | \$245.4 | 101.4 | \$2.42 |
| Exploration Prospects | | | |
| To Be Drilled within 12 months | \$76.9 | | |
| Proceeds/Shares from Options | \$0.3 | 0.1 | |
| Risky 12-Month NAV | \$322.5 | 101.4 | \$3.18 |
| Remaining prospects | \$402.8 | | |
| 3 Year Timing Discount | (\$100.2) | | |
| Deduct Land Value | (\$35.3) | | |
| Proceeds/Shares from Options | \$10.5 | 2.8 | |
| ExNAV (FD) | \$600.4 | 104.2 | \$5.76 |

(1) PV13, after tax

(2) Includes substitution of JCI price forecast and deduction of post reserve report production

Calvalley Petroleum Inc. 12-Month Target Calculation

| | Parameter | F/X Rate | Multiple | Valuation | Weight | Weighted |
|---------------------------|-----------|------------|----------|-----------|--------|---------------|
| | (US\$/sh) | (US\$/C\$) | | (C\$/sh) | | Valuation |
| | | | | | | (C\$/sh) |
| Cal. 2009 DACF | \$0.49 | 0.90 | 4.0 | \$2.80 | 33.3% | \$0.93 |
| 2009 exit DACF | \$0.51 | 0.95 | 3.5 | \$2.43 | 33.3% | \$0.81 |
| Risky 12-Month NAV | \$3.18 | 0.86 | 1.0 | \$3.70 | 33.3% | \$1.23 |
| | | | | | | \$2.97 |

CIRRUS ENERGY CORPORATION¹ (TSXV-CYR C\$0.95) MKT CAP C\$67 MM

RECOMMENDATION: SPECULATIVE BUY

(Previous Recommendation: Speculative Buy)

12-MONTH TARGET: C\$3.00

(PREVIOUS TARGET: C\$5.00)

Company Specific Factors:

- No significant changes from our October 22 update
- ExNav (FD) of \$4.58 represents our view of the Company's longer term potential

| Company Statistics | | | | |
|--|--------------|--------------|------------------------|-----------------|
| Market Cap | | | | \$67 MM |
| Basic Shares O/S | | | | 70.4 MM |
| Fully Diluted Shares O/S | | | | 75.1 MM |
| 52-Week Range | | | | \$5.25 - \$0.80 |
| Major Shareholders | | | Directors & Management | 11.4% |
| | | | Robert Disbrow | 11.24% |
| Cash (08/31/08 est.) | | | | \$ 100.9 MM |
| Cash Value per share | | | | \$1.43 |
| Debt (08/31/08 est.) | | | | \$ 0.0 MM |
| Working Capital (08/31/08 est.) | | | | \$ 97.2 MM |
| Earnings Summary | | | | |
| FYE: August | 2007A | 2008F | 2009F | 2010F |
| Production (BOEe/d) | 164 | 124 | 1,300 | 4,388 |
| EPS (FD) | (\$0.04) | (\$0.06) | \$0.27 | \$0.35 |
| CFPS (FD) | (\$0.01) | \$0.01 | \$0.18 | \$0.68 |
| DACF | (\$0.01) | \$0.01 | \$0.20 | \$0.71 |
| Debt (Period end) | \$0.00 | \$0.0 | \$21.4 | \$35.0 |
| P/E | nm | nm | 3.5x | 2.7x |
| P/CF | nm | 71.6x | 5.2x | 1.4x |
| DACFM | nm | -0.2x | 1.2x | 1.2x |
| Trading Parameters | | | | |
| EV/BOE/d | \$407,932 | \$538,438 | \$51,471 | \$15,245 |
| EV/BOE (2P, estimated at exit 2007) | | | (\$/BOE) | \$18.12 |
| Price/NAV | | | | 48% |
| Price/ExNAV | | | | 21% |
| Implied Value of Potential Resources * | | | | |
| | | Unrisked | (\$/BOE) | (\$0.61) |
| | | Risked | (\$/BOE) | (\$2.56) |
| *=(EV - PV10 of 2P reserves)/potential resources | | | | |

Cirrus Energy Corporation Net Asset Value

| | 31-Aug-08 | | |
|---|------------------|----------------|--------------------|
| | Value (C\$MM) | Shares (MM) | NAV/sh (C\$/sh) |
| Oil & Gas Assets | | | |
| Engineering Report Value ⁽¹⁾ | \$19.0 | | |
| Reserve Value Adjustment ⁽²⁾ | \$29.5 | | |
| Undeveloped Land | \$11.9 | | |
| Abandonment Liabilities | (\$3.9) | | |
| | \$56.4 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$97.2 | | |
| Debt | \$0.0 | | |
| G&A | (\$8.6) | | |
| | \$88.6 | | |
| Net Asset Value (basic) | \$145.1 | 70.42 | \$2.06 |
| Proceeds/Shares from Options | \$3.0 | 4.04 | |
| Net Asset Value (FD) | \$148.1 | 74.46 | \$1.99 |
| Risked Exploration Prospects | | | |
| To Be Drilled within 12 months | \$49.0 | | |
| Proceeds/Shares from Options | \$1.4 | 0.54 | |
| Risked 12-Month NAV | \$198.4 | 75.00 | \$2.65 |
| Remaining prospects | \$190.0 | 74.46 | |
| 2 Year Timing Discount | (\$33.0) | | |
| Deduct Land Value | (\$11.9) | | |
| Proceeds/Shares from Options | \$0.5 | 0.13 | |
| ExNAV (FD) | \$344.1 | 75.13 | \$4.58 |

(1) PV13, after tax

(2) Includes substitution of JCI price forecast and deduction of post reserve report production

Cirrus Energy Corporation 12-Month Target Calculation

| Method | Parameter (\$/sh) | Multiple | Valuation | Weight | Weighted Valuation (\$/sh) |
|----------------------------|----------------------|----------|-----------|--------|----------------------------------|
| FY2009 Exit DACF | \$0.61 | 4.5 | \$3.11 | 33.3% | \$1.04 |
| FY2010 DACF | \$0.71 | 4.0 | \$2.94 | 33.3% | \$0.98 |
| Risked 12-Month NAV | \$2.65 | 1.00 | \$2.65 | 33.3% | \$0.88 |
| | | | | | \$2.90 |

CGX ENERGY INC. (TSXV-OYL C\$0.30) MKT CAP C\$38 MM

RECOMMENDATION: SPECULATIVE BUY

(Previous Recommendation: Speculative Buy)

12-MONTH TARGET: C\$2.00

(PREVIOUS TARGET: C\$12.00)

Company Specific Factors:

- Incorporation of Q3 financial and operating results
- ExNav (FD) of \$12.02 represents our view of the Company's longer term potential

| Company Statistics | | | | | |
|--|--------------|--------------|--------------|-------------------------------|-----------------|
| Market Cap | | | | | \$37.8 MM |
| Basic Shares O/S | | | | | 126.1 MM |
| Fully Diluted Shares O/S | | | | | 135.3 MM |
| 52-Week Range | | | | | \$0.26 - \$4.6 |
| Major Shareholders | | | | Cormark Asset Management Inc. | 11% |
| Cash (09/30/08 Act.) | | | | | US\$36.6 MM |
| Cash Value per share | | | | | US\$0.29 |
| Debt (09/30/08 Act.) | | | | | US\$0.0 MM |
| Working Capital (09/30/08 Act.) | | | | | US\$35.4 MM |
| Earnings Summary | | | | | |
| FYE: December | 2008F | 2009F | 2010F | 2011F | 2012F |
| Production (Bbl/d) | 0 | 0 | 0 | 0 | 7,133 |
| EPS (FD) | (\$0.03) | (\$0.03) | (\$0.03) | (\$0.03) | \$0.83 |
| CFPS (FD) | (\$0.02) | (\$0.02) | (\$0.02) | (\$0.01) | \$0.88 |
| DACF (FD) | (\$0.02) | (\$0.02) | (\$0.02) | (\$0.01) | \$0.89 |
| Debt (US\$MM) | \$0 | \$0 | \$20 | \$70 | \$115 |
| P/E | n/m | n/m | n/m | n/m | 2.5 x |
| P/CF | n/m | n/m | n/m | n/m | 2.4 x |
| DACFM | n/m | n/m | n/m | n/m | 3.0 x |
| Trading Parameters | | | | | |
| EV/BOE/d | nm | nm | nm | nm | 18,256 |
| EV/BOE (2P, estimated at exit 2007) | | | | (C\$/BOE) | nm |
| Price/NAV | | | | | 31% |
| Price/ExNAV | | | | | 2% |
| Implied Value of Potential Resources * | | | | | |
| | Unrisked | | | (C\$/BOE) | (\$0.001) |
| | Risked | | | (C\$/BOE) | \$0.059 |
| * = (EV-2P PV10)/Potential Resources | | | | | |

| CGX Energy Inc. Net Asset Value | | | |
|---|------------------|--------------|----------------|
| | Value | 30-Sep-08 | NAV/sh |
| | (US\$MM) | (MM) | (US\$/sh) |
| Oil & Gas Assets | | | |
| Engineering Report Value | - | | |
| Undeveloped Land | \$72.0 | | |
| | \$72.0 | | |
| Financial Assets & Liabilities | | | |
| Working Capital ⁽²⁾ | \$35.4 | | |
| Debt | \$0.0 | | |
| G&A | (\$0.3) | | |
| | \$35.0 | | |
| Net Asset Value (basic) | \$107.0 | 126.1 | \$0.85 |
| Proceeds/Shares from Options | \$4.7 | 6.2 | |
| Net Asset Value (FD) | \$111.7 | 132.3 | \$0.84 |
| Risked Exploration Prospects | | | |
| To be drilled within 12 months ⁽¹⁾ | \$371.0 | | |
| Proceeds/Shares from Options | \$4.0 | 3.0 | |
| Risked 12 Month NAV | \$486.6 | 135.3 | \$3.60 |
| Remaining prospects ⁽¹⁾ | \$1,417.2 | 135.3 | |
| 2 Year Timing Discount | (\$145.4) | | |
| Deduct Corentyne Land Value | (\$25.1) | | |
| Development Capital | | | |
| Project Debt | (\$113.6) | | |
| New Equity | \$113.6 | 8.9 | |
| Proceeds/Shares from Options | \$0.0 | - | |
| ExNAV (FD) | \$1,733.5 | 144.2 | \$12.02 |

(1) PV20, after tax

(2) Before current seismic program, estimated to cost approximately US\$19 million

CGX Energy Inc. 12-Month Target Calculation

| | Parameter | F/X | Multiple | Value | Weight | Weighted Value |
|---------------------|-----------|------------|----------|----------|---------|----------------|
| | (US\$/sh) | (US\$/C\$) | | (C\$/sh) | | (C\$/sh) |
| 12 Month NAV | \$3.60 | 0.86 | 0.50 | \$2.09 | 100.00% | <u>\$2.09</u> |
| | | | | | | \$2.09 |

PETROLIFERA PETROLEUM LIMITED^{1,3} (TSX-PDP C\$1.58) MKT CAP C\$87 MM

RECOMMENDATION: BUY

(Previous Recommendation: Buy)

12-MONTH TARGET: C\$5.00

(PREVIOUS TARGET: C\$14.50)

Company Specific Factors:

- Incorporation of Q3 financial and operating results
- Capital budget for 2009 reduced to \$30 million
- Petrolifera is seeking farm-in partners for both Peru and Colombia. Drilling in Peru will not proceed without a partner
- ExNav (FD) of \$19.00 represents our view of the Company's longer term potential

| Company Statistics | | | | |
|---|--------------|--------------|--------------------------|-----------------|
| Market Cap | | | | \$87 MM |
| Basic Shares O/S | | | | 54.9 MM |
| Fully Diluted Shares O/S | | | | 58.6 MM |
| 52-Week Range | | | | \$12.95 - \$1.2 |
| Major Shareholders | | | Connacher Oil & Gas Ltd. | 13.3 MM |
| Cash (09/30/08) | | | | \$14.9 MM |
| Cash Value per share | | | | \$0.27 |
| LT Debt (09/30/08) | | | | \$45.6 MM |
| Working Capital (09/30/08) | | | | \$8.1 MM |
| Earnings Summary | | | | |
| FYE: December | 2008F | 2009F | 2009exit | 2010F |
| Production (BOE/d) | 7,987 | 9,367 | 9,556 | 9,310 |
| EPS (FD) | \$0.29 | \$0.70 | \$0.75 | \$0.63 |
| CFPS (FD) | \$1.03 | \$1.28 | \$1.23 | \$1.19 |
| DACF | \$1.11 | \$1.36 | \$1.30 | \$1.26 |
| Debt (\$MM) | \$68.9 | \$61.6 | \$61.6 | \$61.6 |
| P/E | 5.4x | 2.3x | 2.1x | 2.5x |
| P/CF | 1.5x | 1.2x | 1.3x | 1.3x |
| DACFM | 2.3x | 1.3x | 1x | 0.6x |
| Trading Parameters | | | | |
| EV/BOE/d | \$9,850 | \$8,399 | \$8,233 | \$8,450 |
| EV/BOE (est. 2P) | | | | \$3.36 |
| Price/NAV | | | | 36% |
| Price/ExNAV | | | | 8% |
| Implied Value of Potential Resources * | | | | |
| Unrisked | | | (\$/BOE) | (0.48) |
| Risky | | | (\$/BOE) | (3.64) |
| * =(EV - PV10 of 2P reserves)/potential resources | | | | |

| Petrolifera Petroleum Limited Net Asset Value | | | |
|---|------------------|--------------|----------------|
| | 30-Sep-08 | | |
| | Value | Shares | NAV/sh |
| | (C\$MM) | (MM) | (C\$/sh) |
| Oil & Gas Assets | | | |
| Engineering Report Value ⁽¹⁾ | \$287.4 | | |
| Reserve Value Adjustment ⁽²⁾ | (\$18.1) | | |
| Land Value | \$40.3 | | |
| Abandonment Liabilities | (\$6.4) | | |
| | \$303.2 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$8.1 | | |
| Long Term Investments ⁽³⁾ | \$16.0 | | |
| Long Term Debt | (\$45.6) | | |
| G&A | (\$40.0) | | |
| | (\$61.5) | | |
| Net Asset Value (basic) | \$241.8 | 54.95 | \$4.40 |
| Proceeds/Shares from Options | \$2.6 | 1.05 | |
| Net Asset Value (FD) | \$244.3 | 55.99 | \$4.36 |
| Risky Exploration Prospects | | | |
| To Be Drilled within 12 Months ⁽⁴⁾ | \$66.3 | 55.99 | |
| Deduct Land Value | (\$7.5) | | |
| Proceeds/Shares from Options | \$1.1 | 0.23 | |
| Risky 12 Month NAV | \$304.2 | 56.22 | \$5.41 |
| Remaining Prospects ⁽⁴⁾ | \$506.8 | 55.99 | |
| Deduct Land Value | (\$32.8) | | |
| Proceeds/Shares from Options | \$29.4 | 2.30 | |
| ExNAV (FD) | \$1,111.9 | 58.52 | \$19.00 |

- (1) PV13, after tax
(2) Includes substitution of JCI price forecast and deduction of post reserve report production
(3) ABCP holdings valued at 50% of balance sheet
(4) Assumes 50% farm-out in Colombia, and 75% farm-out in Peru

Petrolifera Petroleum Limited 12-Month Target Calculation

| Method | Parameter | Multiple | Valuation | Weight | Weighted Valuation |
|------------------------------------|-----------|----------|-----------|--------|--------------------|
| | (\$/sh) | | | | (\$/sh) |
| 2009 DACF | \$1.36 | 4.0 | \$5.10 | 33.3% | \$1.70 |
| 2009 exit DACF (annualized) | \$1.30 | 3.5 | \$4.69 | 33.3% | \$1.56 |
| 12 Month NAV | \$5.41 | 1.0 | \$5.41 | 33.3% | \$1.80 |
| | | | | | \$5.07 |

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PRIMELINE ENERGY HOLDINGS INC.¹ (TSXV-PEH C\$0.26) MKT CAP C\$12 MM

RECOMMENDATION: SPECULATIVE BUY

(Previous Recommendation: Speculative Buy)

12-MONTH TARGET: C\$1.00

(PREVIOUS TARGET: C\$3.75)

Company Specific Factors:

- Incorporation of Q3 financial and operating results
- Primeline has entered into an Agreement in Principle for natural gas sales, which we believe will have prices of US\$12/MMBtu
- Assumed farm-out of exploration well to be drilled in 2009 (Primeline is in negotiations for drilling rig now)
- Assumed \$50 million equity raise in late 2009, to support Company share of LS36-1 development costs
- ExNav (FD) of \$2.68 represents our view of the Company's longer term potential

Primeline Energy Holdings Inc. Net Asset Value

| | Value (C\$MM) | Shares (MM) | NAV/sh (C\$/sh) |
|---|-----------------------------|----------------|--------------------|
| Oil & Gas Assets | | | |
| Contingent Resources ⁽¹⁾ | \$32.5 | | |
| Undeveloped Land | \$34.6 | | |
| Total | \$67.1 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$9.5 | | |
| G&A | included in operating costs | | |
| Total | \$9.5 | | |
| Net Asset Value (basic) | \$76.6 | 47.0 | \$1.63 |
| Financing ⁽²⁾ | | | |
| Option Proceeds/Dilution | \$50.0 | 50.0 | |
| Net Asset Value (FD) | \$126.6 | 97.0 | \$1.31 |
| Exploration Prospects | | | |
| To Be Drilled within 12 Months | \$90.4 | | |
| Option Proceeds/Dilution | \$9.1 | 5.7 | |
| 12 Month NAV ⁽³⁾ | \$226.2 | 102.7 | \$2.20 |
| Remaining Prospects | \$49.0 | | |
| Option Proceeds/Dilution | \$0.0 | - | |
| ExNAV | \$275.2 | 102.7 | \$2.68 |

(1) PV13, after tax

(2) Assumes C\$50 million at \$1.00 in late 2009

(3) Assumes LS30-3 exploratory well is successful and is farmed out on a 100% to earn 50% basis

| Company Statistics | | | | | |
|--|---|--------------|--------------|--------------|--------------|
| Market Cap | \$12 MM | | | | |
| Basic Shares O/S | 47.0 MM | | | | |
| Fully Diluted Shares O/S | 52.7 MM | | | | |
| 52-Week Range | \$1.80 - \$0.145 | | | | |
| Major Shareholders | Primeline International (Holdings) Inc. 47% | | | | |
| Cash (09/30/08) | \$9.7 MM | | | | |
| Cash Value per share | \$0.21 | | | | |
| Debt (09/30/08) | nil | | | | |
| Working Capital (09/30/08) | \$9.5 MM | | | | |
| Earnings Summary | | | | | |
| FYE: March | 2009F | 2010F | 2011F | 2012F | 2013F |
| Production (MMcf/d) | - | - | - | - | 8.75 |
| EPS (FD) | (\$0.04) | (\$0.03) | (\$0.07) | (\$0.15) | \$0.20 |
| CFPS (FD) | \$0.00 | (\$0.01) | (\$0.05) | (\$0.13) | \$0.40 |
| DACF (FD) | \$0.00 | \$0.00 | \$0.00 | (\$0.02) | \$0.52 |
| P/E | nm | nm | nm | nm | 1.3x |
| P/CF | nm | nm | nm | nm | 0.7x |
| DACFM | nm | nm | nm | nm | 1.6x |
| Trading Parameters | | | | | |
| EV/BOE/d | nm | nm | nm | \$76,652 | |
| EV/BOE (2P, estimated at exit 2007) | (\$/BOE) | | | nm | |
| Price/NAV | 16% | | | | |
| Price/ExNAV | 11% | | | | |
| Implied Value of Potential Resources * | | | | | |
| Unrisked | (\$/BOE) | | | 0.06 | |
| Risked | (\$/BOE) | | | 0.13 | |
| * = (EV-2P PV10)/Potential Resources | | | | | |

Primeline Energy Holdings Inc. 12-Month Target Calculation

| | Parameter (\$/sh) | Multiple | Value (\$/sh) | Weight | Weighted Value (\$/sh) |
|---------------------|----------------------|----------|------------------|--------|------------------------------|
| 12 Month NAV | \$2.20 | 0.50 | \$1.10 | 100% | <u>\$1.10</u> |
| | | | | | \$1.10 |

TG WORLD ENERGY CORP.¹ (TSXV-TGE C\$0.09) MKT CAP C\$11 MM

RECOMMENDATION: SPECULATIVE BUY

(Previous Recommendation: Speculative Buy)

12-MONTH TARGET: C\$0.12

(PREVIOUS TARGET: C\$2.15)

Company Specific Factors:

- Incorporation of Q3 financial and operating results
- TG World has declined to participate in upcoming winter drilling program in Alaska. The Company will participate in planned seismic acquisition and processing to better define prospects for 2009/10 season
- Drilling in Niger is still on hold, pending resolution of security situation in Ténéré block
- ExNav (FD) of \$2.36 represents our view of the Company's longer term potential

| Company Statistics | | | |
|--|--------------|-------------------|-----------------|
| Market Cap | | | \$ 11.0 MM |
| Basic Shares O/S | | | 122.3 MM |
| Fully Diluted Shares O/S | | | 128.8 MM |
| 52-Week Range | | | \$1.07 - \$0.05 |
| Major Shareholders | | Clifford M. James | 8.8% |
| Cash (09/30/08 act.) * | | | \$ 15.7 MM |
| Cash Value per share | | | \$0.13 |
| Debt (09/30/08 act.) | | | \$ 0.0 MM |
| Working Capital (09/30/08 act.) * | | | \$ 16.3 MM |
| * Includes \$4 million tax refund received after quarter end | | | |
| Earnings Summary | | | |
| FYE: August | 2008F | 2009F | 2010F |
| Production (Boe/d) | 0 | 0 | 0 |
| EPS (FD) | (\$0.01) | (\$0.01) | (\$0.01) |
| CFPS (FD) | (\$0.01) | (\$0.01) | (\$0.01) |
| DACF | (\$0.01) | (\$0.01) | (\$0.01) |
| Debt (\$MM) | \$0 | \$0 | \$0 |
| P/E | n/m | n/m | n/m |
| P/CF | n/m | n/m | n/m |
| DACFM | n/m | n/m | n/m |
| Trading Parameters | | | |
| EV/BOE/d | n/m | n/m | n/m |
| EV/BOE (2P, estimated at exit 2007) | | (\$7.59) | (\$/BOE) |
| Price/NAV | | | 37% |
| Price/ExNAV | | | 4% |
| Implied Value of Potential Resources | | | |
| | Unrisked | (\$0.34) | (\$/BOE) |
| | Risked | (\$2.21) | (\$/BOE) |

| TG World Energy Corp. Net Asset Value | | | |
|---|----------------|--------------|---------------|
| | Value | Shares | NAV/sh |
| | (MM\$) | (MM) | (C\$/sh) |
| Oil & Gas Assets | | | |
| North Shore-1 | \$15.6 | | |
| Land | \$5.1 | | |
| Total | \$20.7 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$16.3 | | |
| G&A | (\$6.9) | | |
| Total | \$9.4 | | |
| Net Asset Value (basic) | \$30.1 | 122.3 | \$0.25 |
| Option Proceeds/Dilution | \$0.1 | 0.5 | |
| NAV/share (FD) | \$30.1 | 122.8 | \$0.25 |
| Exploration Prospects | | | |
| To be drilled within 12 months | \$0.0 | | |
| Option Proceeds/Dilution | \$0.0 | - | |
| 12 Month NAV | \$30.1 | 122.8 | \$0.25 |
| Remaining Prospects | \$263.2 | | |
| Option Proceeds/Dilution | \$7.3 | 6.0 | |
| ExNAV | \$300.6 | 128.8 | \$2.36 |

(1) Alaska assets discounted at 10% after tax, Niger assets at 13% after tax

TG World Energy Corp. 12-Month Target Calculation

| | Parameter | Multiple | Value | Weight | Weighted Value |
|---------------------|-----------|----------|---------|--------|----------------|
| | (\$/sh) | | (\$/sh) | | (\$/sh) |
| 12 Month NAV | \$0.25 | 0.50 | \$0.12 | 100% | <u>\$0.12</u> |
| | | | | | \$0.12 |

TETHYS PETROLEUM LIMITED^{1,2,3,4} (TSX-TPL C\$0.80) MKT CAP C\$53 MM

RECOMMENDATION: SPECULATIVE BUY

(Previous Recommendation: Speculative Buy)

12-MONTH TARGET: C\$3.00

(Previous Target: C\$5.85)

Company Specific Factors:

- Incorporation of Q3 financial and operating results
- Includes new rig and well service equipment recently purchased by Tethys
- Adds reserve volumes from AKK15 and AKK16 discoveries.
- Incorporates start up of Phase 2 and production increase to 40+ MMcf/d in January 2009
- Recent discoveries may be prolific enough to reach Phase 3 production rates (72 MMcf/d) without additional compression
- ExNav (FD) of \$12.90 represents our view of the Company's longer term potential

| Company Statistics | | | | |
|--------------------------------------|-------------------|----------|-----------|----------|
| Market Cap | C\$53 MM | | | |
| Basic Shares O/S | 66.4 MM | | | |
| Fully Diluted Shares O/S | 82.7 MM | | | |
| 52-Week Range | C\$3.10 - C\$0.50 | | | |
| Major Shareholders | none over 10% | | | |
| Cash (09/30/08) | US\$ 37.0 MM | | | |
| Cash Value per share | C\$ 0.65 | | | |
| Debt (09/30/08) | US\$ 4.1 MM | | | |
| Working Capital (09/30/08) | US\$ 36.9 MM | | | |
| Earnings Summary | | | | |
| FYE: December | 2008F | 2009F | 2009 exit | 2010F |
| Production (MMcf/d) | 18 | 53 | 71 | 71 |
| EPS (US\$, FD) | (\$0.30) | (\$0.04) | (\$0.04) | \$0.02 |
| CFPS (US\$, FD) | (\$0.11) | \$0.39 | \$0.56 | \$0.46 |
| DACF (US\$, FD) | (\$0.11) | \$0.39 | \$0.57 | \$0.47 |
| P/E | nm | nm | nm | 33.4x |
| P/CF | nm | 1.8x | 1.2x | 1.5x |
| DACFM | nm | 1.4x | 0.8x | 1x |
| Trading Parameters | | | | |
| | 2008F | 2009F | 2009 exit | 2010F |
| EV/BOE/d | \$5,088 | \$6,052 | \$3,260 | \$3,280 |
| EV/BOE | (C\$/BOE) | | | \$1.09 |
| Price/NAV | | | | 23% |
| Price/ExNAV | | | | 5% |
| Implied Value of Potential Resources | | | | |
| Unrisked P50 | (C\$/BOE) | | | (\$0.07) |
| Risked P50 | (C\$/BOE) | | | \$0.24 |

Tethys Petroleum Limited Net Asset Value

| | 30-Sep-08 | | |
|---|--------------------------------|----------------|---------------------|
| | Value (US\$MM) | Shares (MM) | NAV/sh (US\$/sh) |
| Oil & Gas Assets | | | |
| Engineering Report Value ⁽¹⁾ | \$41.5 | | |
| Gas Price Differential | \$6.9 | | |
| Land | \$59.3 | | |
| New Discoveries ⁽²⁾ | \$21.4 | | |
| Other ⁽³⁾ | \$44.0 | | |
| Abandonment Liabilities | included in Engineering Report | | |
| | \$173.1 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$36.9 | | |
| Debt | (\$4.1) | | |
| | \$32.8 | | |
| Net Asset Value (basic) | \$205.9 | 66.4 | \$3.10 |
| Option Proceeds/Dilution | \$19.7 | 8.7 | |
| Net Asset Value (FD) | \$225.6 | 75.1 | \$3.00 |
| Risked Exploration Prospects | | | |
| To be drilled within 12 months | \$114.0 | | |
| Option Proceeds/Dilution | \$7.2 | 2.2 | |
| Risked 12 Month NAV | \$346.9 | 77.3 | \$4.49 |
| Remaining Prospects | \$907.5 | 75.1 | |
| 2 Year Timing Discount | (\$157.5) | | |
| Deduct Land Value | (\$59.3) | | |
| Option Proceeds/Dilution | \$29.4 | 5.4 | |
| ExNAV (FD) | \$1,067.0 | 82.7 | \$12.90 |

(1) PV13, after tax

(2) New discoveries made after the December 31, 2007 effective date of the reserve report

(3) Includes pre-built excess pipeline capacity, drilling rigs and well service equipment

Tethys Petroleum Limited 12-Month Target Calculation

| Method | Parameter (US\$/sh) | F/X Rate (US\$/C\$) | Multiple | Valuation | Weight | Weighted Valuation (C\$/sh) |
|----------------|------------------------|------------------------|----------|-----------|--------|-----------------------------------|
| 2009 Exit DACF | \$0.39 | 0.90 | 4.0 | \$1.73 | 33.3% | \$0.58 |
| 2010 Exit DACF | \$0.57 | 0.90 | 3.5 | \$2.29 | 33.3% | \$0.76 |
| 12-Month NAV | \$4.49 | 0.90 | 1.00 | \$4.99 | 33.3% | \$1.66 |
| | | | | | | \$3.00 |

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WINSTAR RESOURCES LTD. (TSX-WIX C\$1.74) MKT CAP C\$60 MM

RECOMMENDATION: SPECULATIVE BUY

(Previous Recommendation: Speculative Buy)

12-MONTH TARGET: C\$4.50

(Previous Target: C\$6.50)

Company Specific Factors:

- Incorporation of Q3 financial and operating results
- ExNav (FD) of \$7.19 represents our view of the Company's longer term potential

| Company Statistics | | | | |
|--|--------------|--------------|--------------------------|----------------------|
| Market Cap | | | | \$60 MM |
| Basic Shares O/S | | | | 34.2 MM |
| Fully Diluted Shares O/S | | | | 36.7 MM |
| 52-Week Range | | | | \$6.32 - \$1.4 |
| Major Shareholders | | | Yorktown Partners 46.55% | Pala Holdings 18.36% |
| Cash (09/30/08 Act.) | | | | \$19.3 MM |
| Cash Value per share | | | | \$0.56 |
| Debt (09/30/08 Act.) | | | | \$0.0 MM |
| Working Capital (09/30/08 Act.) | | | | \$11.2 MM |
| Earnings Summary | | | | |
| FYE: December | 2008F | 2009F | 2009 exit | 2010F |
| Production (Boe/d) | 1,831 | 2,906 | 3,005 | 3,503 |
| EPS (FD) | (\$0.24) | \$0.22 | \$0.14 | \$0.54 |
| CFPS (FD) | \$0.97 | \$1.25 | \$1.17 | \$1.40 |
| DACF | \$0.97 | \$1.26 | \$1.18 | \$1.41 |
| P/E | nm | 7.8x | 12.8x | 3.3x |
| P/CF | 1.8x | 1.4x | 1.5x | 1.2x |
| DACFM | 1.4x | 1.6x | 2.0x | 1.7x |
| Trading Parameters | | | | |
| EV/BOE/d | \$26,399 | \$26,167 | \$29,217 | \$24,756 |
| EV/BOE (2P, estimated at exit 2007) | | | (\$/BOE) | \$4.22 |
| Price/NAV | | | | 50% |
| Price/ExNAV | | | | 24% |
| Implied Value of Potential Resources* | | | | |
| | Unrisked | | (\$/BOE) | (\$1.54) |
| | Risked | | (\$/BOE) | (\$5.02) |
| *=(EV - PV10 of 2P reserves)/potential resources | | | | |

| Winstar Resources Ltd. Net Asset Value | | | |
|---|----------------|-------------|---------------|
| | Value | 30-Sep-08 | NAV/sh |
| | (C\$MM) | (MM) | (C\$/sh) |
| Oil & Gas Assets | | | |
| Engineering Report Value ⁽¹⁾ | \$135.5 | | |
| Reserve Value Adjustment ⁽²⁾ | (\$3.5) | | |
| Land | \$7.8 | | |
| Abandonment Liabilities | (\$2.5) | | |
| | \$137.3 | | |
| Financial Assets & Liabilities | | | |
| Working Capital | \$11.2 | | |
| Debt | \$0.0 | | |
| G&A | (\$29.5) | | |
| | (\$18.3) | | |
| Net Asset Value (basic) | \$119.1 | 34.2 | \$3.48 |
| Option Proceeds/Dilution | \$2.7 | 0.9 | |
| Net Asset Value (FD) | \$121.8 | 35.2 | \$3.46 |
| Risked Exploration Prospects | | | |
| To be drilled within 12 months | \$37.1 | | |
| Option Proceeds/Dilution | \$3.3 | 0.9 | |
| 12 Month NAV | \$162.2 | 36.1 | \$4.50 |
| Remaining prospects | \$109.2 | 35.2 | |
| 2 Year Timing Discount | (\$23.7) | | |
| Deduct Land Value | (\$7.2) | | |
| Option Proceeds/Dilution | \$3.4 | 0.7 | |
| ExNAV (FD) | \$264.1 | 36.7 | \$7.19 |

(1) PV13, after tax

(2) Includes substitution of JCI price forecast and deduction of post reserve report production

Winstar Resources 12-Month Target Calculation

| Method | Parameter | Multiple | Valuation | Weight | Weighted Valuation |
|--------------------------|-----------|----------|-----------|--------|--------------------|
| | (\$/sh) | | | | (\$/sh) |
| 2009 Average DACF | \$1.26 | 5.0 | \$6.07 | 10.0% | \$0.61 |
| 2009 Exit DACF | \$1.18 | 4.0 | \$4.40 | 30.0% | \$1.32 |
| 2010 Average DACF | \$1.41 | 3.5 | \$4.63 | 30.0% | \$1.39 |
| 12 Month NAV | \$4.50 | 1.00 | \$4.50 | 30.0% | \$1.35 |
| | | | | | \$4.67 |

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Stock Ratings

Speculative Buy: The stock is expected to provide a total return in excess of 10% over the current trading price over the next 12 months; however, there is material event risk associated with the investment.

Buy: The stock is expected to provide a total return in excess of 10% over the current trading price over the next 12 months.

Hold: The stock is expected to provide a total return of 0% to 10% over the current trading price over the next 12 months.

Sell: The stock is expected to provide a negative total return over the next 12 months.

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Low/Average Risk — Stocks with less volatility than the market as a whole, with solid balance sheets and dependable earnings.

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| | |
|------------------------|-----|
| BUY | 34% |
| SPECULATIVE BUY | 57% |
| HOLD | 2% |
| RESTRICTED | 0% |
| UNDER REVIEW | 2% |
| SELL | 5% |

Revised Monthly

Security Abbreviations: NVS (non-voting shares); RVS (restricted voting shares); RS (restricted shares); SVS (subordinate voting shares); MV (multiple voting shares).

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Note: On March 28, 2006 we initiated coverage on **Corridor Resources Inc.** with a BUY recommendation and a C\$5.80 target price. Share price at that time was C\$5.00. On May 9, 2006 we introduced a risked longer-term potential target price of C\$10.50. Share price at that time was C\$5.37. On August 17, 2006 we raised our target price to C\$6.60. Share price at that time was C\$5.80. On October 12, 2006 we lowered our target price to C\$5.95. Share price at that time was C\$5.35. On January 22, 2007 we raised our target price to C\$7.15 and introduced a risk rating of ABOVE AVERAGE as a result of additions to our rating system. Share price at that time was C\$5.60. On April 4, 2007, we increased our target price to C\$9.90. Share price at that time was C\$8.70. On July 5, 2007 we raised our target price to C\$13.65, while maintaining our BUY recommendation. Share price at that time was C\$11.45. On December 18, 2007 we decreased our target price to C\$12.30. Share price at that time was C\$7.40. On April 1, 2008 we reduced our target price to C\$11.25. Share price at that time was \$6.64. On October 16, 2008 we reduced our target price to C\$9.00. Share price at that time was C\$2.15.

Note: We initiated coverage on **Canoro Resources Ltd.** on October 5, 2006 with a SPECULATIVE BUY recommendation and a C\$2.80 target price. Share price at that time was C\$0.99. On February 6, 2007 we introduced a risk rating of ABOVE AVERAGE as a result of additions to our rating system. Share price at that time was C\$1.12. On April 9, 2007 we reduced our target price to C\$2.35. Share price at that time was C\$0.90. On June 5, 2007 we downgraded our recommendation to HOLD and reduced our target price to C\$0.75. Share price at that time was C\$0.69. On August 2, 2007 we upgraded our recommendation to SPECULATIVE BUY and increased our target price to C\$1.75. Share price at that time was C\$1.06. On October 23, 2007 we increased our target price to C\$4.00. On October 16, 2008 we decreased our target price to C\$2.75. Share price at that time was C\$0.34.

Note: We initiated coverage on **Calvalley Petroleum Inc.** on January 5, 2006 with a BUY recommendation and a C\$6.75 target price. Share price at that time was C\$4.49. On February 10, 2006 we raised our target price to C\$8.35. Share price at that time was C\$6.70. On April 20, 2006 we raised our target price to C\$9.25. Share price at that time was C\$8.19. On June 16, 2006 we upgraded our recommendation to a STRONG BUY. Share price at that time was C\$5.80. On July 25, 2006 we raised our target price to C\$12.60. Share price at that time was C\$6.19. On November 2, 2006 we decreased our target price to C\$11.85. Share price at that time was C\$7.55. On December 13, 2006 we downgraded our recommendation to a BUY. Share price at that time was C\$8.09. On January 15, 2007 we raised our recommendation to a STRONG BUY and added a risk rating of ABOVE AVERAGE as a result of additions to our rating system. Share price at that time was C\$6.96. On March 19, 2007 we decreased our target price to C\$11.10, while maintaining a STRONG BUY recommendation. Share price at that time was C\$6.75. On August 28, 2007 we downgraded our recommendation to SPECULATIVE BUY and reduced our target price to C\$8.10. Share price at that time was C\$4.50. On April 14, 2008 we decreased our target price to C\$6.80. Share price at that time was C\$3.70. On October 29, 2008 we decreased our target price to C\$5.50. Share price at that time was C\$1.33.

Note: We initiated coverage on **Cirrus Energy Corporation** on April 4, 2008, with a SPECULATIVE BUY recommendation, an ABOVE AVERAGE risk rating and a target price of C\$4.70 per share. Share price at that time was \$3.35. On July 18, 2008 we increased our target price to C\$6.75. Share price at that time was C\$4.10. On October 22, 2008 we lowered our target price to C\$5.00. Share price at that time was C\$2.19.

Note: We initiated coverage on **CGX Energy Inc.** on April 4, 2008 with a SPECULATIVE BUY recommendation, an ABOVE AVERAGE risk rating and a target price of C\$12.00 per share. Share price at that time was \$3.14.

Note: We initiated coverage on **Petrolifera Petroleum Limited** on January 30, 2006 with a BUY recommendation and a 12-month target of C\$17.25. The Share price at the time was C\$12.35. On May 16, 2006, we reduced our target to C\$14.55, while maintaining our BUY recommendation. Share price was C\$9.74. On August 3, 2006, we increased our 12-month target to C\$19.15 with a BUY recommendation. The share price was C\$14.45. On August 18, 2006, we increased our 12-month target to C\$20.20. Share price was C\$17.67. On October 19, 2006, we increased our target to C\$30.50. Share price at the time was C\$23.70. On December 6, 2006, we decreased our target to C\$25.50 but upgraded to a STRONG BUY recommendation. Share price at the time was C\$16.90. On March 6, 2007 we downgraded our recommendation to BUY and decreased our target price to C\$22.00. We also introduced an ABOVE AVERAGE risk rating due to additions to our rating system. Share price at that time was C\$16.43. On June 11, 2007 we upgraded our recommendation to STRONG BUY and increased our target price to C\$26.75. Share price at that time was C\$16.91. On August 10, 2007 we decreased our recommendation to BUY and reduced our target to C\$22.00. Share price at that time was C\$16.47. On November 22, 2007 we decreased our target price to C\$17.40. Share price at that time was C\$10.38. On March 18, 2008 we reduced our target price to C\$16.50. Share price at that time was C\$11.00. On May 9, 2008 we reduced our target price to C\$15.25. Share price at that time was C\$9.50. On June 11, 2008 we increased our target price to C\$17.15. Share price at that time was C\$9.39. On August 12, 2008 we decreased our target price to C\$14.50. Share price at that time was C\$5.49.

Note: We initiated coverage on **Primeline Energy Holdings Inc.** on July 14, 2006 with a SPECULATIVE BUY recommendation and a C\$4.10 target price. Share price at that time was C\$2.50. On May 4, 2007 we introduced an ABOVE AVERAGE risk rating due to additions to our rating system. Share price at that time was C\$2.25. On September 26, 2007 we decreased our target price to C\$3.75. Share price at that time was C\$1.91.

Note: We initiated coverage on **TG World Energy Corp.** on February 26, 2007 with a SPECULATIVE BUY recommendation, a C\$4.15 target price and an ABOVE AVERAGE risk rating. Share price at that time was C\$2.09. On February 28, 2007 we reduced our target to \$2.15, but maintained our SPECULATIVE BUY recommendation. Share price at that time was C\$1.55.

Note: We initiated coverage on **Tethys Petroleum Limited** on October 17, 2007 with a SPECULATIVE BUY recommendation, an ABOVE AVERAGE risk rating and a target price of C\$5.80. Share price at that time was C\$3.25. On January 18, 2008 we increased our target price to C\$6.35. Share price at that time was C\$3.08. On July 9, 2008 we decreased our target price to C\$5.85. Share price at that time was C\$2.50.

Note: We initiated coverage on **Winstar Resources Ltd.** on July 3, 2008 with a SPECULATIVE BUY recommendation, a C\$7.75 target price and an ABOVE AVERAGE risk rating. Share price at that time was C\$5.50. On October 21, 2008 we reduced our target price to C\$6.50, but maintained our SPECULATIVE BUY recommendation. Share price at that time was C\$2.01.