Presentation Overview

- Dundee overview
- Geothermal development and cost timeline
- Investor risk and financing options for each stage
Dundee Corporation Overview

Wealth Management, Resources & Real Estate

- Dundee Corporation (TSX:DBC.SV.A) is a holding company dedicated to wealth management and financial services, resources and real estate
- Current market capitalization is approximately $1.3 billion
- Domestic financial services activities are carried out through a 64%-owned subsidiary, Dundee Wealth Management Inc. (TSX:DW)
- Resource activities are conducted through wholly-owned Dundee Resources Ltd., which owns 21% of Dundee Precious Metals Ltd., 19% of Breakwater Resources and 51% of Eurogas Corporation
- Real estate activities are carried out through its 86%-owned Dundee Realty Corporation and 30%-owned Dundee REIT, which owns approximately 16 million square feet of properties
- International financial services businesses are conducted in Bermuda and the Cayman Islands through the Dundee Bank
- Dundee Bank of Canada is a Schedule I bank with almost $2 B in deposits
The Dundee Family

- Dundee Bancorp Inc. (TSX: DBC.A)
- Dundee Bancorp Inc. (TSX: DBC.SV.A)
- Dundee Resources Ltd. (TSX: DW)
- Dundee Resources Ltd. Dundee Realty Corp. (TSX: D.UN)

- Other land & housing investments
- Other portfolio investments

100% Dundee Resources Ltd.
63% Dundee Bancorp Inc.
86% Dundee Realty Corp.

- 100% 21% Dundee Precious Metals Inc. (TSX: DPM)
- 19% Breakwater Resources Ltd. (TSX: BWR)
- 51% Eurogas (TSXV: EUG)
- 12% Great Plains Exploration Inc. (TSX: GPX)

- 30% Other portfolio investments
The Full Support of an Integrated Financial Partner

DUNDEE CORPORATION
(TSX: DBC.A)
(TSX: DBC.SV.A)

DUNDEE WEALTH MANAGEMENT
BLUE-CHIP GROWTH
(TSX: DW)

Dundee Resources Ltd.

DUNDEE REIT
(TSX: D.UN)

Goodman & Company

Investment Management

Capital Markets, Retail Distribution, and Banking

DUNDEE SECURITIES CORPORATION

• Goodman & Company Investment Counsel
• Goodman Private Wealth Management
• CMP Group of Companies

• Dynamic
• Dynamic Power
• Dynamic Focus
• Viscount
• StrategicNova

DUNDEE PRIVATE INVESTORS INC.

• Retail Distribution
• Research
• Institutional Sales & Trading
• Investment Banking
• Capital Markets

DUNDEE BANK OF CANADA

• Schedule 1 Chartered Bank

DUNDEE INSURANCE AGENCY LTD.

• General Managing Agent
Dundee Securities Corporation Involvement In the Alternative Energy Market

- Over the past 3 years, Dundee has been the lead underwriter for over $250 million and a syndicate member for in excess of $1.1 billion in capital transactions within the alternative power sector.

- $150 MILLION OF CAPITAL RAISED FOR GEOTHERMAL POWER PROJECT DEVELOPERS

- Dundee has a focused mandate to provide aftermarket support for its alternative power universe.

- Within the alternative power sector, Dundee has acted as an underwriter/advisor and as a principal investor for select transactions.
Geothermal Development and Cost Timeline
Capital Cost and Timeline

20 MW example (approx $3 million per MW to build)
Feasibility Stage

Milestones / Financing

1. Secure land lease rights (license for 1% to 5% of revenue)

2. Conduct geologic surveys to determine the size, location and temperature of the resource – mapping, testing, slim holes
   - Slim holes or temperature gradient well drilling (300’ to 1,500’) - $150,000 to $800,000 per well (3 to 10 wells required)

3. Drill and test exploration/production well - $2 - $5 million per well

4. Drill confirmation wells/injector – usually about ½ the required resource for the project, i.e. for 20MW = 2 production wells, 1 injector - $2 - $5 million per well

Approx $7-$10 million+ of capital required (the 20 MW example) or 10% of budget

Financed usually with equity from personal resources, industry partners (farm-in), private equity and/or grants such as from the DOE
**Resource Development Stage (Drilling)**

**Milestones / Financing**

1. Produce Feasibility Study which provides data for plant design

2. Drill remaining producers and injectors.
   - Each well will cost $2 million to $5 million

3. Production flow tests are conducted to assess resource economics
   - Temperature of resource
   - Flow per well
   - Fluid chemistry

- Approx $15 million capital required at this stage
  - **Equity**
    - Public equity – available but subject to market forces
    - Private equity – available, but can be expensive
    - Debt capital – not easily available at this stage

- Existing Federal incentives (PTCs, accelerated depreciation and depletion allowances) are usually sufficient to spur development post-feasibility study but are of little help in the pre-feasibility study phase
Construction Stage (post feasibility)

Milestones / Financing

- A feasibility study should enable:
  - permitting
  - the PPA
  - Traditional project finance - debt financing of approx 70% the other 30% will be raised as equity, private or public

- Costs include: Permits $1 million, plant $32 million, Steam gathering system $4mm, transmission line and tie-in $2mm, financing and “soft costs”

- Approx $35-$40 million required at this stage
  - A combination of equity, debt and tax-driven financing

- Tax-driven deal / Production Tax Credit - $19/MWh tax credit
  - Allows developer to monetize full tax benefits which might expire worthless
  - Utilize flip structure to transfer tax benefits to a taxable investor
  - The federal incentives (PTC) form part of the return to the taxable investor and thereby reduces the borrowing cost to the project
  - Other incentives include - Accelerated depreciation, Depletion allowance & First year write-off of intangible drilling costs
CONCLUSIONS

- There is capital available in the market for experienced/capable developers with solid resource prospects

- **TAX AND OTHER INCENTIVES AT THE FEASIBILITY AND RESOURCE DEVELOPMENT STAGES ARE ESSENTIAL TO ATTRACTING RISK CAPITAL AND DRIVING GEOTHERMAL DEVELOPMENT IN THE U.S.**
Alternative Power Expertise

Recent Power Financings

- **Polaris**
  - $33,040,000
  - Common & Pref Shares
  - Lead Underwriter

- **Plasco Energy Group**
  - $17,700,000
  - Common Share Issue
  - Lead Underwriter

- **Western Geopower Corp.**
  - $22,000,000
  - Common Share Issue
  - Lead Underwriter

- **US Geothermal**
  - $25,000,000
  - Common Share Issue
  - Lead Underwriter

- **Ormat**
  - $17,500,000
  - Common Share Issue
  - Lead Underwriter

- **Canadian Hydro**
  - $142,887,000
  - Common Share Issue
  - Co-Manager

- **SkyPower**
  - $172,500,000
  - Common Share Issue
  - Co-Manager

- **SkyPower**
  - $77,000,000
  - LP Units
  - Co-Manager
Alternative Power Expertise

Recent Power Financings

- **$5,000,000**
  - **AIM PowerGen Corporation**
  - Common Share Issue
  - Lead Underwriter

- **$122,000,000**
  - **USGeothermal**
  - Project Equity
  - Co-Arranger

- **$15,000,000**
  - **USGeothermal**
  - Common Share Issue
  - Lead Underwriter

- **$4,000,000**
  - **Nomis Power Corp**
  - Common Share Issue
  - Lead Underwriter

- **US$34,000,000**
  - **USGeothermal**
  - Project Equity
  - Lead Underwriter

- **$10,000,000**
  - **Run of River Power Inc.**
  - Common Share Issue
  - Co-Manager

- **$3,400,000**
  - **USGeothermal**
  - Common Share Issue
  - Co-Manager

- **$10,000,000**
  - **Finavera Renewables Inc.**
  - RTO and Common Share Issue
  - Co-Manager
Dundee Securities Renewable Power Team

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