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DAVID PESCOD'S STOCKTALK LATE EDITION

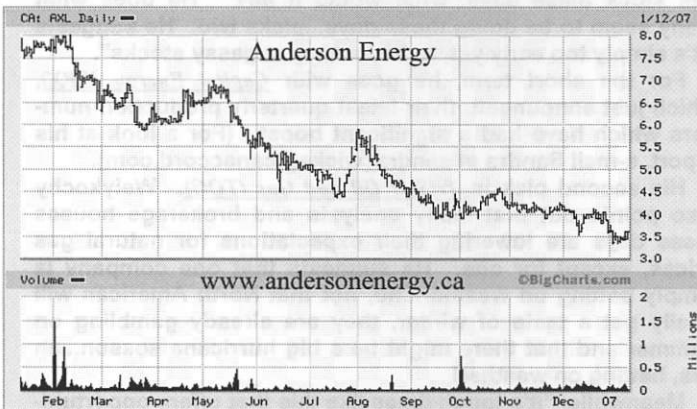
CANACCORD
CAPITAL

INDEPENDENT THINKING

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ANDERSON ENERGY	(T-AXL)	\$3.74 +0.12
TERRA ENERGY	(V-TTR)	\$1.05 -0.05
DELPHI ENERGY	(T-DEE)	\$2.30 +0.08
MIDNIGHT OIL EXPL.	(T-MOX)	\$1.95 +0.18

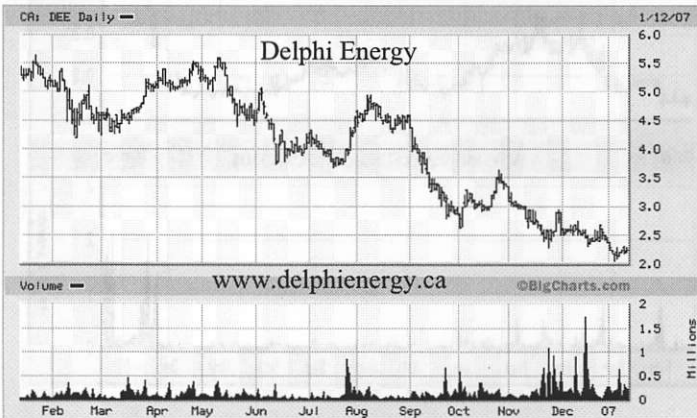
It doesn't matter how good a management team you've got in your business, if the product that you sell suddenly drops 50%, 60% or 70%, you know you could be in big trouble.

The charts surrounding are those of oil and gas companies with a significant natural gas component and of course over the last year, natural gas prices have been clobbered. With no winter hitting most of North America, the concern is, what next?

We talk to the President of one sizeable oil and gas company today and he tells us that "natural gas could simply get butt-ugly this spring" when whatever demand for heating there might be now, disappears and before one needs cooling in the summertime.

He also points out that in the last week, no less than three companies had approached him looking to merge. Yes, they were all natural gas companies and they were having problems. In good times in bull markets when gas is flying, you call it leverage. But in bad times like this, it's simply called debt and it's something that's causing a lot of gassy stocks these days, a big problem.

When we talk to analyst *Jim Welykochy* of *Genuity Capital*, he suggests the natural gas business right now reminds him of farming.



The investments mentioned in this report should be considered highly speculative due to the nature of the junior market and the various stages of company development that involve many risks, which even a combination of experience, knowledge, and careful evaluation may not be able to overcome. There are no guarantees that any commercially viable products or contracts will be created or acquired by any of the companies. This newsletter is solely the work of the author for the private information of clients and is intended for distribution in those jurisdictions where both the author and Canaccord Capital are registered to do business in securities, any distribution or dissemination of this newsletter in any other jurisdiction is strictly prohibited. Although the author is a registered investment advisor at Canaccord Capital Corporation, this is not an official publication of Canaccord Capital and the author is not a Canaccord Capital analyst. The information contained in this newsletter is drawn from sources believed to be reliable, but the accuracy and completeness of the information is not guaranteed, nor in providing it does the author or Canaccord Capital assume any liability. This information is given as of the date appearing on this newsletter, and neither the author nor Canaccord Capital assume any obligation to update the information or advise on further developments relating to the information provided herein. The holdings of the author, Canaccord Capital, its affiliated companies and holdings of their respective directors, officers, and employees and companies with which they are associated may, from time to time, include the securities mentioned in this newsletter.

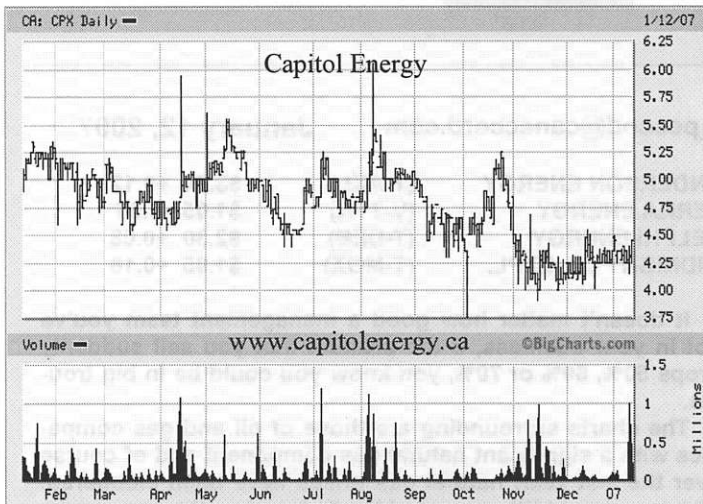


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SERENGETI RESOURCES (T-SIR) \$0.99 +0.11

It's been a pretty rough entrance to the year 2007 with several commodity prices being clobbered and exchanges plummeting. And no place more so than the junior resource sector where gas is weak, oil suddenly plummeting and copper starting to look as if they are giving it away. But as we go from analyst to market commentators to newsletter writers to whatever, looking for both a little hand holding and also new stories, we found it interesting yesterday that when we talked to *Graeme Currie* he reminded us that if he could only buy stock for the coming year it would be *Metallica Resources*. "But you better take a look at this new drill hole that *Serengeti* just pulled" he suggests.

Next call we make is to *David Coffin*, who reiterates, yes, if he could only buy a few stocks for the coming year, it would be *Selkirk*, *Coastport Capital* and yes, you have to watch *Shear Minerals*. "But hey, have you seen that drill hole *Serengeti* just pulled?"

When you get a coincidence like that, you better pay attention and the chart on *Serengeti* shows you that in the last few days, they are attracting attention. The company has about 77,000 hectares of land in 14 separate properties, focusing on the porphyry/copper/gold trough between the *Kemess* mine and the *Mount Milligan* deposit. They pulled a hole that had 111 meters average .69% copper and .54 g/t gold. At porphyry standards, that's a very rich number over a humongous width. It's a good news/bad news story—the good news is they've got a heck of a hole. The bad news is so far it's only one hole. *Currie* has since written up a report on *Serengeti* that gives you a very good look at the story and he's even brave enough to call it a speculative buy and gives it a target of \$1.70.

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In that farming is something that always looks good for next year! He suggests more than a few folks are looking at gas companies for better times in the first and second quarter of 2008, which seems a long way away.

When we ask *Welykocho*, "if he could only buy one oil and gas stock these days, what would it be?" He does what many seem to be doing these days...picks two. He suggests "it's simply too early yet, to be looking at gassy stocks".

For the short term, he goes with *Capitol Energy (CPX)*, which just announced their latest quarterly production numbers which have had a significant boost. (For a look at his report, e-mail Sandra at sandra_wicks@canaccord.com).

His second pick is *TriStar Oil and Gas (TOG)*. *Welykocho* also points out that many analysts and brokerage houses these days are lowering their expectations for natural gas prices, except for one. He suggests that one company is simply betting on weather...no, not that North American will finally get a taste of winter, they are already gambling on summer and that there might be a big hurricane season...ah yes, betting on weather!

Meanwhile, "it's tough times like this that offers opportunities to companies to purchase distressed assets cheap". He suggests a booming mergers and acquisition activity.



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One of the big things that overhangs most natural resource companies is the fact that many project just simply never finish on time. Mainly, when you are dealing with small junior companies, possibly in frontier locations, probably with management that is overworked and understaffed and probably dealing in an area where services that are required are probably not nearby—it just makes you remember the old saying, anything that can go wrong...will.

Look at the basic industry of laying pipe. What could be more basic than that? Dig a long hole, stick the pipe in, weld it, no problems, right? Former top-ranked oil and gas analyst and now management-type with Candax Energy, *John Clarke*, send us along this picture showing you once again, what can take up ones time trying to get a simple project like a pipeline built.



Disclosure: Serengeti Resources: Canaccord Capital covers this stock and has a Speculative Buy rating on it. (Speculative buy: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.) Canaccord has recently participated in financings for Terra Energy, Midnight Oil Exploration and Capitol Energy.

DEB'S DITTY:

This guy was lonely and so he decided life would be more fun if he had a pet. So he went to the pet store and told the owner that he wanted to buy an unusual pet. After some discussion, he finally bought a centipede which came in a little white box to use for his house.

He took the box back home, found a good location for the box, and decided he would start off by taking his new pet to the bar to have a drink. So he asked the centipede in the box, "Would you like to go to Frank's with me and have a beer?" But there was no answer from his new pet. This bothered him a bit, but he waited a few minutes and then asked him again, "How about going to the bar and having a drink with me?" But again, there was no answer from his new friend and pet. So he waited a few more minutes, thinking about the situation. He decided to ask him one more time; this time putting his face up against the centipede's house, shouting, "Hey, in there! Would you like to go to Frank's place and have a drink with me?"

A little voice came out of the box:

"I heard you the first time. I'm putting on my damn shoes!"