

Kwanika
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Serengeti Resources Inc.

SIR : TSX-V : \$0.77

SPECULATIVE BUY

Target: \$1.70

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COMPANY STATISTICS:

52-week Range:	\$0.86-0.13
Avg. Daily Vol. (000):	361,501
Market Capitalization (M):	C\$22.9
Shares Out. (M) basic:	29.7
Shares Out. (M) fd:	33.0
Long-term Debt (M):	Nil
Working Capital:	C\$600,000

SHARE PRICE PERFORMANCE:



COMPANY SUMMARY:

Serengeti Resources is a Vancouver based junior under the stewardship of David Moore, President. The company's exploration focus is in the province of British Columbia, in particular within the Quesnel porphyry copper-gold Trough.

All amounts in C\$ unless otherwise noted.

Mining and Metals -- Exploration and Development

INITIATING COVERAGE

Event

Serengeti Resources is a Vancouver-based junior under the stewardship of David Moore, President. The company's exploration focus is in the province of British Columbia, in particular within the Quesnel porphyry copper-gold Trough. Serengeti currently holds interests in 14 separate properties covering over 77,000 hectares located within the trough between the Kemess Mine operated by Northgate Minerals (NGX : TSX | \$3.85 | BUY) and the Mt. Milligan deposit held by Terrane Metals (TRX : TSX-V : \$0.68 | Not Rated).

Earlier this week, Serengeti announced the results from drill hole K-06-9, from the recently completed second phase of drilling on its 100%-owned Kwanika property which is situated in the Quesnel Trough and is accessible by all-season road from Ft. St. James, BC. The results from this vertical hole include a sulphide zone averaging 0.69 % Cu and 0.54 g/t Au over 111.1 metres including a higher grade zone located near its base averaging 1.49% Cu and 1.90 g/t Au over 22.1 metres. Within the 111.1-metre interval three dykes (possibly flat-lying sills) that yielded nil to trace values are included in the averaging of the grade calculation. If they are removed the average grade increases to 0.83% Cu and 0.62 g/t Au over 85.0 metres. The drill hole was stopped in dyke material and there is no evidence that the hole implies the total depth of the mineralized system has been conclusively confirmed.

Impact - Positive

We consider this drill intersection, coupled with supporting geological and geophysical data, may represent a new porphyry discovery. Based on the initial results (see Background comment below) there is early evidence that the target could develop significant size. We would note that this is pure conjecture at this very early stage of exploration.

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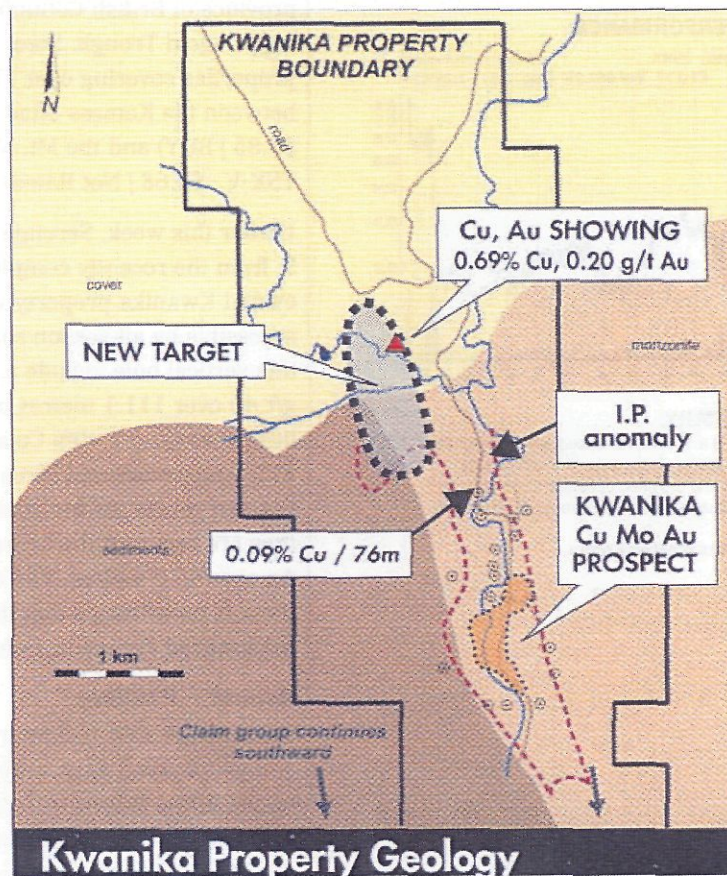
11 January 2007

Background

The Kwanika property covers 28 square kilometres and is situated at an elevation averaging about 1100 metres within generally flat terrain. The company bases exploration activities from Takla Landing and logging road access to site exists year-round. Serengeti acquired the project in part because historical work on the southern portion of the property had yielded mineralized samples returning values between 0.1 % and 1.0 % copper, with gold and molybdenum credits. The main historic mineralized zone, as outlined by 12 drill holes, is open in two directions and to depth and is locally more than 150 metres thick.

The company entered 2006 and completed a helicopter airborne geophysical survey that confirmed the previously known mineralized occurrences on this project. However, a second large anomaly was identified in an overburden covered area 1.5 kilometres north of previous workings. This anomaly is well in excess of 2.2 kilometres in length and up to 700 metres in width. The geophysical signature was confirmed by geochemical sampling in the immediate area, with grab samples running up to 0.69 % copper, 0.20 g/t gold, and 0.41 % molybdenum from porphyry-style mineralization.

Figure 5: Kwanika Property



Source: Serengeti Resources

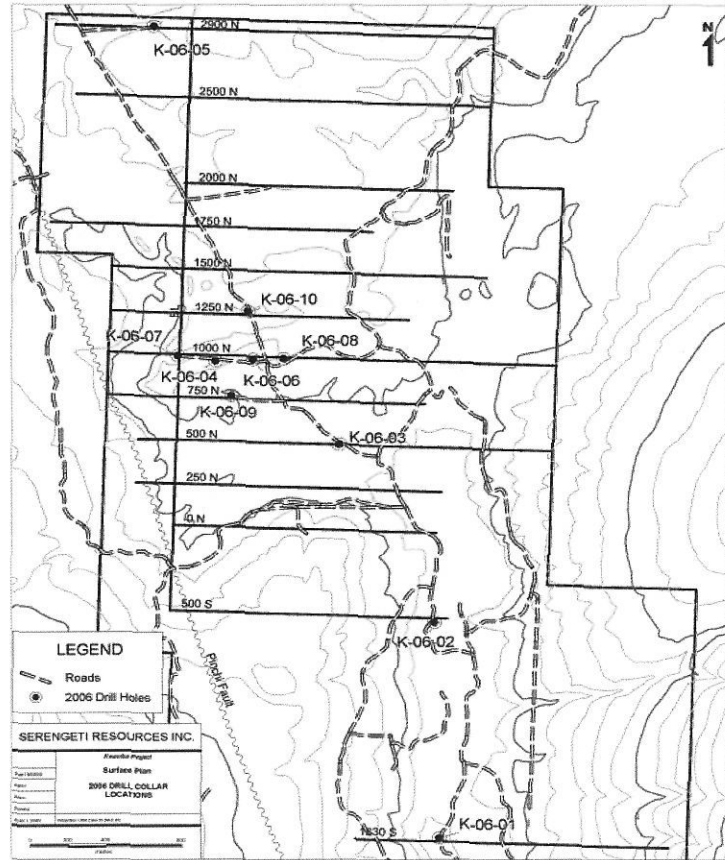
Serengeti completed an initial wide-spaced five-hole program in Q3/06. Hole K-06-4 returned the best interval with 18.3 metres 0.32% Cu and 0.15 g/t Au. This hole was interpreted by the company as being closely associated with potassic alteration at the contact of andesites and intrusive rock. The company interpreted this interval as being along the boundary of a larger target.

A second phase of five holes was completed in Q4/06. With the exception of hole 9, all holes were drilled along the same fence as hole 4, or further to the north. All holes intercepted altered and variably mineralized material based on a visual description by the company. Hole K-06-9 was drilled 250 metres south of the fence line on which holes 4 and 6 through 8 were drilled. The results from holes 6 through 8 plus hole 10, drilled 250 metres north of hole 4, are still pending but are not anticipated to yield grades nearing that of hole 9.

Mineralization in hole 9 includes a 34 metre interval of oxide copper-gold below which the main quartz tourmaline sulphide unit is intercepted. The hole is highly altered and is currently thought to be located at a monzanite/andesite contact. The zone is open to the south where the geophysical anomaly implies a target size that could extend beyond space 1.2 kilometres.

Geologically, hole 9 intercepted three dykes (sills?) and bottomed in dyke material. There is no evidence presently to negate an argument that further depth potential exists.

Figure 6: 2006 Drill Holes



Source: Serengeti Resources

Next catalyst

The company has indicated to us that the next phase of drilling is anticipated to begin with one rig in mid to late February. A rig capable of drilling up to 500 metres in depth is anticipated to be employed. Drilling plans are not finalized but we would anticipate that additional holes will be completed on the same fence line as hole 9, being line 750N, as well as step-outs to the south. We would anticipate drill spacings of a minimum of 100 metre centres.

MANAGEMENT**David Moore, President**

Mr. Moore heads up this junior after a 30-year career with Teck Cominco, Cominco and related companies, where he participated in the discovery and delineation of mineral deposits in several countries. He brings experience and expertise ranging from grassroots prospecting to international exploration, business management, and development.

Myron Osatenko, Chief Geologist

Mr. Osatenko has 35 years in exploration experience with Teck Cominco Limited, Cominco and related companies where he specialized in the identification and discovery of large tonnage porphyry copper and copper-gold deposits. He has detailed experience with these deposits over a geographical range from Chile, to Highland Valley, BC, and to the Pebble Copper-Gold deposit in Alaska.

George Tikkanen, Director

Mr. Tikkanen brings over 40 years of exploration and mining experience, including more than 29 years at the corporate and board level. He retired from Cominco in 1999 as Vice President Exploration and was President of Cominco Resources, from its inception in 1987 until 1995. In the course of his career, he was responsible for the management of a number of underground and open-pit mines in several countries and the discovery and acquisition of many mineral deposits.

Victor Tanaka, Director

Mr. Tanaka has over 30 years experience as a geologist and exploration manager with junior and senior companies. During his career he has participated in numerous mineral discoveries. He is currently President and Director of Fjordland Exploration Inc. and Pathfinder Resources Ltd. He has held senior positions with Freeport McMoran Gold Co., Aber Resources Ltd., Asamera Inc., Cominco Ltd. and Canarc Resources.

VALUATION

Serengeti holds a large portfolio of mineral exploration projects in BC, however, in this *Daily Letter* note, we have only focused on the Kwanaki project.

Within the balance of Serengeti's portfolio, there are a number of targets of interest including:

- Davie Creek: previous drilling on this molybdenum prospect in BC has returned up to 203 metres at 0.073% Mo.
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- Croy-Bloom: located 75 kilometres south of the Kemess Mine, sampling and geophysics has outlined several large target areas with associated surface sampling up to 5.5% Cu and 9.4 g/t Au.
- Germansen; recent geophysics has outlined two large copper-gold targets associated with anomalous copper and gold values. The largest target area measures 1.4 by 0.6 kilometres.

The company has current issued capital of 29.7 million shares and working capital is estimated at about \$600,000, therefore we believe the likelihood of further equity dilution in the near-term is high.

Drill hole K-06-9 represents, in our view, a potentially significant discovery. The average grades reported equate to a copper equivalent grade of 1.04% Cu, which compares very favourably to our copper database of explorers as noted in the following tables. This table also includes the current enterprise value per copper equivalent pound in situ, which averages Canadian 2.7 cents. This is based on long-term average copper and gold prices which Canaccord Adams has employed in our data-base for valuation estimates and includes US\$550/oz Au and US\$1.25/lb. Cu. For better clarification of the EV cents/attribution copper equivalent pound in situ please see Figure 3.

Figure 3: Copper database Sub Set Explorers: enterprise value and related data

Company	Symbol	Price \$C	O/S	Mkt Cap.-	EV.	Attr Cu	Attri Cu	EV cents	Av. Cu
	-Exch.	Jan 10/07	Sh	Basic	\$C M	M lbs	eq	cdn/Attrib	eq
			M	\$C M	\$C M		M lbs	Cu eq.lbs	Grade
Arizona Star Res Corp	V-AZS	\$13.90	42.4	589.4	\$580.8	3,815	10,172	5.71	0.72
Ascendant Copper Corp	T-ACX	\$0.55	41.9	23.1	\$14.8	19,268	25,266	0.06	1.17
bcMetals Corp	V-C	\$1.15	35.0	40.3	\$37.5	3,445	5,246	0.71	0.65
Chariot Resources Ltd	T-CHD	\$0.58	232.4	134.8	\$116.8	4,982	4,982	2.34	0.68
Corriente Res Inc	T-CTQ	\$3.58	74.5	266.7	\$128.7	23,303	25,802	0.50	0.68
Equinox Minerals Limited	T-EQN	\$1.85	434.3	803.5	\$659.4	13,844	15,528	4.25	0.78
Global Copper Corp	T-GLQ	\$2.36	26.5	62.5	\$60.0	6,410	7,869	0.76	0.64
Inca Pacific Resources Inc	V-IPR	\$0.90	24.3	21.9	\$14.6	1,884	2,688	0.54	1.06
Metallica Resources Inc	T-MR	\$4.37	84.1	367.5	\$341.5	2,964	6,583	5.19	0.69
New Gold Inc	T-NGD	\$9.20	24.1	221.7	\$149.2	1,336	2,007	7.43	1.80
Norther Dynasty Minerals Ltd	V-NDM	\$8.38	90.6	759.2	\$649.9	46,770	91,155	0.71	0.78
Northern Peru Copper Corp	T-NOC	\$6.30	27.3	172.0	\$165.7	10,107	13,631	1.22	0.66
Novagold Res	T-NG	\$18.75	91.7	1719.4	\$1,561.7	12,275	22,925	6.81	0.75
Peru Copper Inc	T-PCR	\$4.42	119.2	526.9	\$479.6	21,897	30,624	1.57	0.65
					\$354.3	12,307	18,891	2.70	0.84

Source: Canaccord Adams

11 January 2007

Figure 4: Data sorted by EV cents cdn/Attributable Cu Eq lbs. Jan, 10/07

Company	Sym/Exch.	Attri Cu eq M lbs	EV cents cdn/Attrib Cu eq lbs
Ascendant Copper Cp	T-ACX	25,266	0.06
Corriente Resources Inc	T-CTQ	25,802	0.50
Inca Pacific Resources Inc	V-IPR	2,688	0.54
bcMetals Cp	V-C	5,246	0.71
Northern Dynasty Minerals Ltd	V-NDM	91,155	0.71
Global Copper Corp.	T-GLQ	7,869	0.76
Northern Peru Copper Cp	T-NOC	13,631	1.22
Peru Copper Inc	T-PCR	30,624	1.57
Chariot Resources Ltd	T-CHD	4,982	2.34
EQUINOX MINERALS LIMITED	T-EQN	15,528	4.25
Metallica Resources Inc	T-MR	6,583	5.19
Arizona Star Resource Cp	T-AZS	10,172	5.71
Novagold Resources Inc	T-NG	22,925	6.81
New Gold Inc	T-NGD	2,007	7.43
		18,891	2.70

Source: Canaccord Adams

Figure 5: Data sorted by Cu eq grade Jan, 10/07

Company	Sym/Exch.	Average Cu eq Grade %	Resource M Tonnes
Global Copper Corp.	T-GLQ	0.64	555
Peru Copper Inc	T-PCR	0.65	2,127
bcMetals Cp	V-C	0.65	364
Northern Peru Copper Cp	T-NOC	0.66	940
Corriente Resources Inc	T-CTQ	0.68	1,729
Chariot Resources Ltd	T-CHD	0.68	332
Metallica Resources Inc	T-MR	0.69	433
Arizona Star Resource Cp	T-AZS	0.72	643
Novagold Resources Inc	T-NG	0.75	1,387
Northern Dynasty Minerals Ltd	V-NDM	0.78	5,295
EQUINOX MINERALS LIMITED	T-EQN	0.78	901
Inca Pacific Resources Inc	V-IPR	1.06	115
Ascendant Copper Cp	T-ACX	1.17	982
New Gold Inc	T-NGD	1.80	51
		0.84	1,132

Source: Canaccord Adams

Given the size of the geophysical target, the results of hole 9 and the geologic model that is being pursued, we believe a minimum threshold target of 100 million tonnes is a reasonable benchmark to define valuation. This benchmark is a speculative target as clearly drilling to date has not defined a significant zone of mineralization. Assuming this tonnage target, at the copper equivalent grade of 1.04% and valuing the net attributable copper at Canadian 2.7cents/lb., a target level of \$62.0 million (rounded) could be argued. Given the early stage of exploration and the likely requirement for additional capital, we incorporate an arbitrary 30% discount for targeting purposes. To this we will add an arbitrary sum of C\$7.0 million for the company's extensive property portfolio. The estimate of \$7.0 million is roughly equivalent to the average market capitalization of Serengeti over the past year, prior to the results released on hole K-06-9.

This valuation approach derives a target level of C\$50.4 million, or \$1.70/share (rounded). We initiate coverage of Serengeti with a SPECULATIVE BUY recommendation for high-risk accounts only and set a target price of \$1.70/share.

Investment risks

The commercialization associated with mineral exploration and developments are high, thus investments in the shares of Serengeti Resources Inc. are for risk accounts only.

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Site Visit: An analyst has not visited the issuer's projects.

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Global Stock Ratings
(as of 1 January 2007)

Rating	Coverage Universe		IB Clients
	#	%	%
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Speculative Buy	64	12.2%	65.6%
Hold	147	28.0%	30.6%
Sell	22	4.2%	9.1%
	525	100.0%	

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"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

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HRA - Special Delivery

#294 - 10 January 2007

Enhanced copper

Should you be wondering why we seem to have an emphasis on copper right now despite calling for a lower copper price, the short answer would be that we are simply dealing with results as they come out. We don't consider the current metals price decline a negative for junior's delivering good results. The market needs baselines if orderly deal making is to take place. Most producers are being valued to the discounted futures price for their product. That makes doing deals with explorers with share prices based on higher spot market pricing tougher. This correction should enhance the likelihood of closing out deals in the sector, and finding and moving into developers and stronger explorers during the correction therefore makes sense. This works so long as this is a market correcting from enthusiasm rather than a broad cyclical correction of the economy. Should the latter start on weakness in Asia or Europe, we would go back to a waiting game. Right now, getting into stocks delivering good news ahead of a market rebound simply makes sense.

Copper and zinc both had strong days today. Copper bounced hard on news Chilean state-owned miner Codelco is concerned about potential for rockslides at its Chuquibambilla copper mine, the world's largest. Whether that translates into more gains remains to be seen. Copper inventories have been climbing and traders will need to see them stabilize before they come back in force. Zinc inventories have also risen, but not as meaningfully. Zinc seems to be following copper around in spite of retaining the better short term fundamentals. Commodity traders are chart lovers. Zinc's chart shows plenty of nearby support. Copper's doesn't, but that may build if it can hold the current range for a few sessions. Either way, prices have stabilised enough that the market is starting to look for buys. The underlying strength was evident in precious metals today with producers and strong development and exploration stocks seeing gains even though the metals were taking an inverse slide to US \$ strength. That augers near term gains for gold.

Before new news, we need to make a couple of notes in the last SD. Having now had a chance to take a closer look at the data and plans with **Serengeti**, we now find the situation that much more appealing. The drilling was stopped within the highest grade portion of the system due to equipment limitations. More importantly we found out that contrary to our assumption with the third caveat, SIR will be back drill testing the extensions of the discovery hole as quickly as that can be arranged. That should be about the time the last of the results are in from this past round of drilling. While some parts of BC with difficult access and the potential for snow sliding off of slopes are difficult to drill during winter, the secondary access road to the discovery area should be relatively simple to keep open and Serengeti's management recognises the importance of maintaining the momentum it has built up. We will therefore be outlining SIR for the balance of our subscriber base near term and will fill out the company's portfolio (it has been staking since the discovery) and background when we do. With this new information in hand, **our outlook shifts up two notches to strong speculative buy for ongoing work on the Kwanika.**

<http://www.serengetiresources.com/>

Globestar Mining (GMI-T; up 10 cents on 1.7 MM shares at \$1.35) moved this morning from the Venture exchange to the main board TSX. This means, as was seen today, that some institutional players with restrictions on owning "Venture level" equities can now buy the stock. Note that some systems may have lost track of the stock due the move from one exchange to the other, but the actual ticker symbol remains GMI on the TSX. There should be price gains from accumulation by new players looking for developers, which would be enhanced by either an upturn in base metals prices or new strong results from the nickel testing. We maintain an accumulate outlook for GMI. <http://www.globestarmining.com/>