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Kwanika's upside in BC 'very much alive,' says Serengeti

Serengeti Resources president and CEO David Moore (centre), passes around high-grade copper-gold core samples from the Kwanika project in B.C. at a lunch gathering in Vancouver.

Credit: Robert Cameron.

POSTED BY: LESLEY STOKES

The latest drill results from **Serengeti Resources'** (TSXV: SIR) copper-gold Kwanika project, 250 km east of Smithers, B.C., have triggered a 35% drop in the company's share price, despite delivering what Serengeti president and CEO David Moore calls "terrific" results.

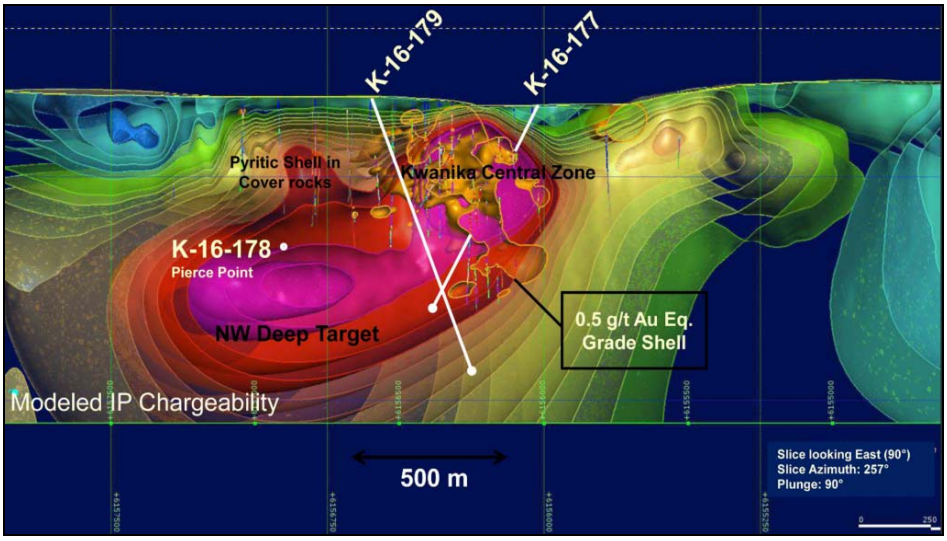
One hole, K-177, which was drilled into the heart of Kwanika's Central Zone copper-gold resource, returned some of the highest grades at the project to date: 438 metres grading 0.71% copper and 0.83 gram gold per tonne, including 233.6 metres of 1.18% copper and 1.3 grams gold.

Hole K-179, which tested the down-dip, northwest edge of Central, returned 234.8 metres of 0.17% copper and 0.15 gram gold. The hole bottomed in another 59-metre mineralized interval of 0.26% copper and 0.29 gram gold from 846 metres depth.

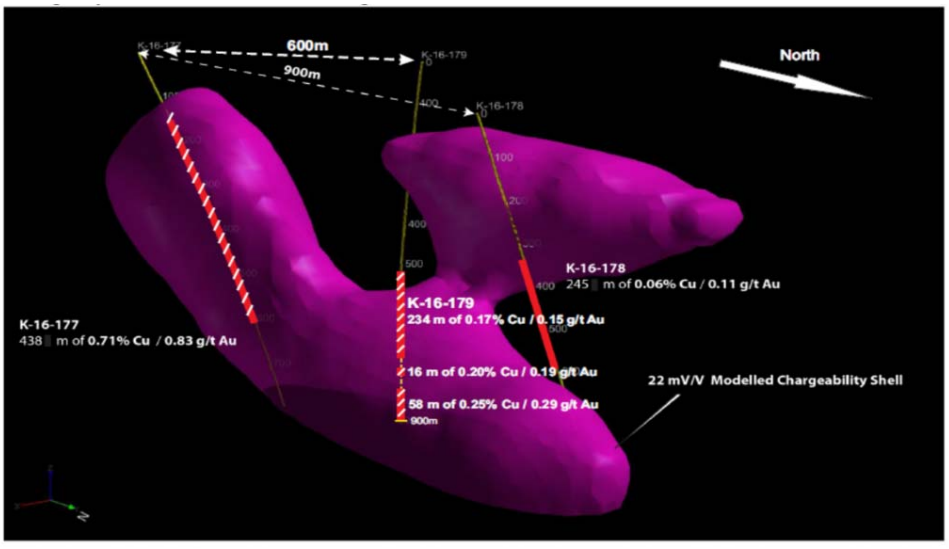
The last hole in the 2,500-metre program, K-178, tested a deep, induced polarization (IP) chargeability anomaly, which the company suspects could represent a new mineralized centre located 900 metres north of K-177. Hole K-178 hit 245.3 metres of 0.06% copper and 0.11 gram gold, before the mineralization was cross-cut with a fault and a post-mineral intrusive.

"Perhaps the market expected us to deliver a new discovery in our exploration holes, but we're really pleased with the results," Moore tells *The Northern Miner* from the company's office in Vancouver.

"We were hoping to find a system but the next best thing would be to establish a vector, and the resounding answer to that is, this deeper IP target is very much alive. Everything we saw in the holes, both in metal distribution and alteration, along with the geophysics, indicates that we are still in the carapace to a mineralized porphyry, it just needs more drilling," he says.



A map of Serengeti Resources' Kwanika copper-gold projects near Smithers, B.C., showing a deep induced-polarization target and Central Zone resource area relative to 2016 drill holes.
Credit: Serengeti Resources.

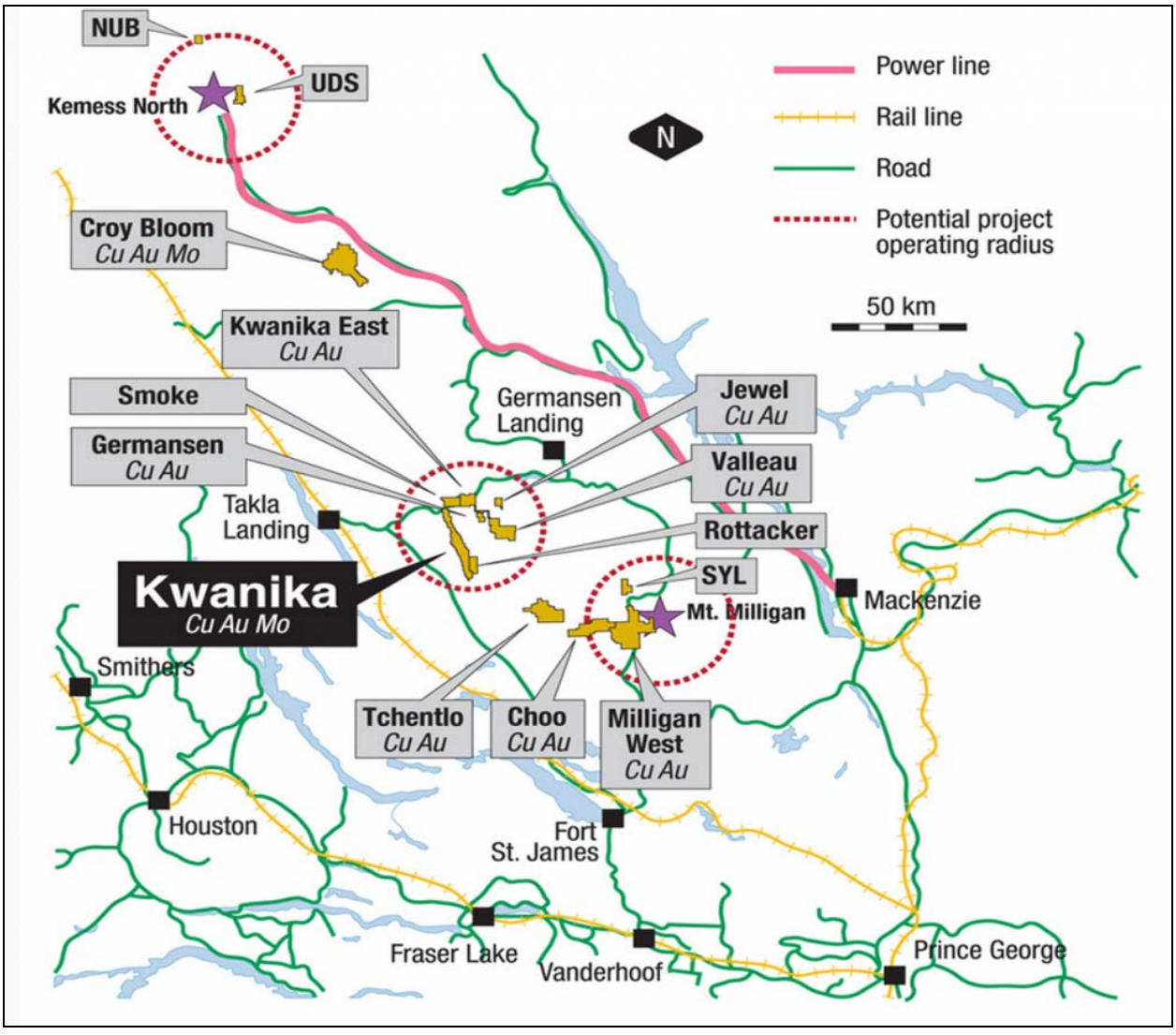


At Serengeti Resources' Kwanika gold-copper project in B.C., a conceptual map with a southwest view of mineralized intercepts from 2016 drilling relative to a deep IP anomaly.
Credit: Serengeti Resources.

The IP anomaly, which Moore says K-178 skirted over, suggests that mineralization could extend up to 1 km to the north of the Central Zone below prior drilling, giving Kwanika more room to grow.

"Over the past five years, there's been a lot of recognition that these alkali systems have extraordinarily persistent, high-grade roots," Moore says, using AuRico Metals' Kemess Underground copper-gold project, 150 km north of Kwanika, and New Gold's New Afton mine in Kamloops, B.C., as supporting examples.

"We believe the roots of these systems are the future for B.C. porphyries, and that potential exists at Kwanika," he says. "We haven't hit the barn-burner hole yet but we think we're on the doorstep."



A map of Serengeti Resources' Kwanika property location and related infrastructure in northern British Columbia.
Credit: Serengeti Resources.

The company plans to incorporate the drill results into a revised resource estimate for the Central Zone, which, according to a 2011 estimate, hosts 243.6 million indicated tonnes of 0.23% copper and 0.21 gram gold, and 55.2 million inferred tonnes of 0.14% copper and 0.14 gram gold.

The calculations use a US$7.5 per tonne cut-off within a conceptual, open-pittable shell.

Moore says that K-177 was strategically drilled perpendicular to the other drill holes used in previous resource calculations, with the intention to deliver data that'll assist with new modelling parameters for the upcoming estimate.

"We're trying to determine the highest grade domain because that's what we envision as becoming a potentially economic starter project. Then we can focus on additional centres of high-grade mineralization, which will likely come from a buried system," he says.

Serengeti's drill program has been funded by Daewoo Minerals Canada, a subsidiary of Posco-Daewoo, one of South Korea's leading trading corporations, as part of a deal inked in April. Moore says that by the end of the current program, Daewoo will have earned a 5% interest in the project having paid Serengeti $400,000 in cash, and reaching $800,000 in expenditures on the project in the first year.

Early next year, Daewoo may choose to earn another 30% interest by committing $7 million over two years.

From left: Posco Daewoo's Ji Su Go and Kyu-Youl Sung, and Serengeti Resources geologist Cole Godfrey at a drill site on Serengeti's Kwanika property in British Columbia.
Credit: Serengeti Resources.

The project also hosts the South Zone, a copper-molybdenum-gold-silver porphyry located 2 km south of Central zone. The porphyry has an open-pittable, inferred resource of 239.9 million tonnes of 0.2 % copper and 0.09 gram gold, assuming a US$7.50 per tonne cut-off.

Both deposits occur within fault-bounded blocks adjacent to a northwesterly trending, terrane-bounding structure called the Pinchi fault.

An irregular conglomeratic unit overlying the Central Zone helped preserve a 5- to 70-metre thick copper enriched supergene zone, which is an unusual style of mineralization to see in porphyry deposits of the Canadian Cordillera.

Shares of Serengeti have traded in a 52-week range of 1¢ and 33¢, and closed at 17¢ on Sept. 30. The company has 69.9 million shares outstanding for a $10.5-million market capitalization.