Condensed Consolidated Interim Financial Statements

Three Month period ended May 31, 2017

(Unaudited – prepared by Management)

(Expressed in Canadian Dollars)

Condensed Consolidated Unaudited Interim Financial Statements

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim unaudited financial statements for the three month period ended May 31, 2017.

(Expressed in Canadian dollars)

	Notes	May 31, 2017	February 28, 2017
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 429,369	$ 406,451
Receivables	4	11,697	7,982
Prepaid expenses		15,912	14,893
		456,978	429,326
Non-current assets			
Equipment		2,885	3,119
Exploration and evaluation assets	6	19,142,672	19,034,436
Reclamation deposits	5	83,024	73,024
		19,228,581	19,110,579
TOTAL ASSETS		**$ 19,685,559**	**$ 19,539,905**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	$ 65,590	$ 72,264
Short-term debt – notes payable	11	57,300	57,300
		122,890	129,564
TOTAL LIABILITIES		**122,890**	**129,564**
SHAREHOLDERS' EQUITY			
Share capital	8	39,661,185	39,361,430
Warrants	8	189,704	221,959
Reserves		7,836,634	7,836,634
Deficit		(28,124,854)	(28,009,682)
TOTAL SHAREHOLDERS' EQUITY		**19,562,669**	**19,410,341**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 19,685,559**	**$ 19,539,905**

Nature of operations and going concern (Note 1)
Subsequent events (Note 11)

(Expressed in Canadian dollars)

	Three month period ended	
	May 31, 2017	**May 31, 2016**
Expenses		
Consulting	$ 20,644	$ 10,683
Conventions and tradeshows	11,340	3,168
Corporate development	-	4,577
Depreciation	234	334
Investor relations	19,700	3,627
Management fees	39,436	30,935
Office and miscellaneous	15,687	22,684
Professional fees	6,650	8,077
Project investigation costs	-	1,086
Share-based payments	-	40,153
Transfer agent and filing fees	3,250	2,419
	(116,941)	(127,743)
Interest income	1,769	-
Net loss before income taxes	(115,172)	(127,743)
Loss and comprehensive loss for period	**$ (115,172)**	**$ (127,743)**
Loss per share – basic and diluted	**$ (0.00)**	**$ (0.00)**
Weighted average number of common shares outstanding	**73,835,125**	**63,120,821**

(Expressed in Canadian dollars)

	Share capital		Reserves			
	Number of shares	Amount	Warrants	Share-based payment reserve	Deficit	Total
Balance at February 29, 2016	**63,120,821**	**$ 38,781,638**	**$ 72,471**	**$ 7,543,288**	**$ (27,115,258)**	**$ 19,282,139**
Share-based payments	-	-	-	40,153	-	40,153
Net loss for the period	-	-	-	-	(127,743)	(127,743)
Balance at May 31, 2016	**63,120,821**	**$ 38,781,638**	**$ 72,471**	**$ 7,583,441**	**$ (27,243,001)**	**$ 19,194,549**
Balance at February 28, 2017	**71,543,821**	**$ 39,361,430**	**$ 221,959**	**$ 7,836,634**	**$ (28,009,682)**	**$ 19,410,341**
Shares issued for cash - exercise of warrants	5,350,000	267,500	-	-	-	267,500
Reallocation - fair market value of warrants exercised	-	32,255	(32,255)	-	-	-
Net loss for the period	-	-	-	-	(115,172)	(115,172)
Balance at May 31, 2017	**76,893,821**	**$ 39,661,185**	**$ 189,704**	**$ 7,836,634**	**$ (28,124,854)**	**$ 19,562,669**

(Expressed in Canadian dollars)

	Note	Three month period ended May 31, 2017	Three month period ended May 31, 2016
Operating activities			
Net loss for the period		$ (115,172)	$ (127,743)
Adjustments for non-cash items:			
Depreciation		234	334
Share-based payments		-	40,153
Changes in non-cash working capital items:			
Receivables		(3,715)	(1,562)
Prepaid expenses		(1,019)	(17,728)
Trade payables and accrued liabilities		(9,566)	14,160
Notes payable - accrual		-	13,815
Net cash flows used in operating activities		(129,238)	(78,571)
Investing activities			
Expenditures on exploration and evaluation assets		(105,344)	(32,621)
Recovery of exploration and evaluation property expenditure	6	-	1,200,000
Reclamation deposits		(10,000)	-
Net cash flows provided by investing activities		(115,344)	1,167,379
Financing activities			
Proceeds on issuance of common shares	8	267,500	-
Net cash flows provided by financing activities		267,500	-
Increase (decrease) in cash and cash equivalents		22,918	1,088,808
Cash and cash equivalents, beginning of period		406,451	146,169
Cash and cash equivalents, ending of period		**$ 429,369**	**$ 1,234,977**

(Expressed in Canadian dollars)

1. Nature of operations and going concern

Serengeti Resources Inc. (the "Company" or "Serengeti") was incorporated on March 5, 1973, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "SIR-V".

The head office and principal address of the Company is located at 800 West Pender Street, Suite 520, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered and records office address is 1185 West Georgia Street, Suite 1750, Vancouver, British Columbia, Canada, V6E 4E6.

2. Significant accounting policies and basis of preparation

These condensed consolidated interim financial statements were authorized for issue by the directors of the Company on July 28, 2017.

Statement of compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended February 28, 2017.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended February 28, 2017.

3. Cash and cash equivalents

	May 31, 2017	February 28, 2017
Cash at bank	$ 96,869	$ 6,451
Guaranteed investment certificates	332,500	400,000
	$ 429,369	$ 406,451

(Expressed in Canadian dollars)

4. Receivables

		May 31, 2017		February 28, 2017
HST / GST receivable	$	10,157	$	7,982
Other receivables		1,540		-
	$	11,697	$	7,982

5. Reclamation deposits

The Company has posted bonds and investment certificates to provide for certain potential reclamation liabilities as agreed with the Province of BC – Ministry of Energy, Mines and Petroleum Resources.

		May 31, 2017		February 28, 2017
Balance, beginning of period	$	73,024	$	73,024
Addition		10,000		-
Balance, end of period	$	83,024	$	73,024

6. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the three months ended May 31, 2017:

	Kwanika		Milligan West		Other		Three months ended May 31, 2017
Balance, beginning and end of period	$ 202,931	$	43,111	$	777,756	$	1,023,798
Exploration and evaluation costs							
Balance, beginning of period	$ 17,036,577	$	311,112	$	662,949	$	18,010,638
Costs incurred during period:							
Administration	24				-		24
Camp and operations	901		180		57		1,138
Consulting	7,520		3,111		2,542		13,173
Drilling	467		-		-		467
Resource Study/Engineering	91,081		-		-		91,081
Travel and accommodation	1,607		373		373		2,353
	101,600		3,664		2,972		108,236
Balance, end of period	$ 17,138,177	$	314,776	$	665,921	$	18,118,874
Total	$ 17,341,108	$	357,887	$	1,443,677	$	19,142,672

6. Exploration and evaluation assets (cont'd)

a) Kwanika

The Kwanika property was originally acquired by staking and is currently 95% owned by the Company as a result of the transaction set out below. It is located in the northern portion of the Quesnel Trough, British Columbia.

Unincorporated joint venture agreement

On April 6, 2016, the Company closed a transaction with Daewoo Minerals Canada Corp. ("DMC"), a 100% owned Canadian subsidiary of POSCO Daewoo Corp, whereby DMC may earn up to a 35% interest in Serengeti's Kwanika copper-gold project and four adjacent properties by providing funding of $8.2 million.

The principal business terms of the joint venture agreement are as follows:

- DMC will fund $1.2 million in the first year (paid) and has therefore earned a 5% interest in the Kwanika project, of which $800,000 was dedicated to project expenditures and $400,000 was paid directly to Serengeti as an operator's fee. This latter payment has been treated as a recovery of costs previously incurred by Serengeti on the Kwanika project.

- DMC may acquire an additional 30% interest in the project by electing, during the 90-day period subsequent to the filing of a Preliminary Economic Assessment ("PEA") in respect to the project, to fund an additional $7 million contribution to the joint venture. Note 11 sets out that this notice to proceed to the 35% ownership was received from Daewoo on July 26, 2017.

Other terms include:

- Serengeti remains as project operator as long as it maintains a majority interest, and is entitled to charge a 10% operator's fee on expenditures beyond the initial $1.2 million investment by DMC.
- Serengeti, in addition to maintaining its project interest, would be granted a 1% NSR royalty if its project interest is diluted below 50% and an additional 0.5% NSR royalty if its interest is diluted below 33 ⅓ %, subject to partial buyback provisions to DMC.
- DMC is to have certain concentrate offtake rights from production on the project, subject to Serengeti's ability to enter into separate streaming arrangements.

b) Milligan West

The Company owns a 56.3% interest in the Milligan West property in joint venture with Fjordland Exploration Inc.

c) Other B.C. Properties

The Company owns a 100% interest in eight other properties (exclusive of Kwanika and related properties).

All of the Company's current mineral properties are located in British Columbia.

(Expressed in Canadian dollars)

7. Trade payables and accrued liabilities

		May 31, 2017		February 28, 2017
Trade payables	$	41,225	$	34,810
Amounts due to related parties (Note 9)		5,615		7,454
Accrued liabilities		18,750		30,000
	$	65,590	$	72,264

8. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At May 31, 2017, there were 76,893,821 issued and fully paid common shares (February 28, 2017 – 71,543,821).

During the three months ended May 31, 2017, a total of 5,350,000 warrants were exercised for cash proceeds of $267,500.

See Note 11

Basic and diluted loss per share

The basic and diluted loss per share for the three month period ended May 31, 2017 was $0.00 (2016 - $0.00). The calculation of basic and diluted loss per share for the three month period ended May 31, 2017 was based on the loss attributable to common shareholders of $115,172 (2016 - $127,743) and the weighted average number of common shares outstanding of 73,835,125 (2016 – 63,120,821). The diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive. As of May 31, 2017, the total number of potentially dilutive warrants was 8,528,600 (2016 – 12,020,600) and the total number of potentially dilutive stock options excluded from the calculation of loss per share was 8,545,000 (2016 – 5,985,000). The aggregate number of potentially dilutive shares was 17,073,600.

(Expressed in Canadian dollars)

8. Share capital and reserves (cont'd)

Warrants

The following table summarizes information about the issued and outstanding warrants for the three month period ended May 31, 2017 and year ended February 28, 2017 are as follows:

	May 31, 2017			February 28, 2017		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Warrants outstanding, beginning of period	13,878,600	$	0.08	12,020,600	$	0.05
Warrants issued	-		-	3,519,000		0.15
Warrants exercised	(5,350,000)		0.05	(1,661,000)		0.05
Warrants outstanding, end of period	8,528,600	$	0.08	13,878,600	$	0.08

See Note 11 regarding exercise of warrants subsequent to period end.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V policies, grant to directors, officers, employees and consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance does not exceed a fixed total of 12,624,000. Such options may be exercisable for a period of up to five years from the date of grant.

The changes in options during the three month period ended May 31, 2017 and year ended February 28, 2017 are as follows:

	May 31, 2017			February 28, 2017		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of period	8,545,000	$	0.09	5,985,000	$	0.10
Options granted	-		-	3,645,000		0.11
Options exercised	-		-	(150,000)		0.06
Options expired	-		-	(935,000)		0.19
Options outstanding, end of period	8,545,000	$	0.09	8,545,000	$	0.09
Options exercisable, end of period	8,545,000	$	0.09	8,545,000	$	0.09

(Expressed in Canadian dollars)

8. Share capital and reserves (cont'd)

Details of options outstanding as at May 31, 2017 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.05 - $0.12	2.31 years	6,420,000	6,420,000
$0.13 - $0.15	4.37 year	2,125,000	2,125,000
	2.82 years	8,545,000	8,545,000

During the three month period ended May 31, 2017, the Company granted Nil (2016 – 1,320,000) stock options with a weighted average fair value of $Nil (2016 - $0.07) per option. The Company recorded share-based compensation of $Nil (2016 - $40,153) relating to options vested during the period.

See also Note 11.

9. Related party transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities, and have arisen from the unpaid portion of certain fees disclosed below as well as amounts owing for expense reimbursements. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

		May 31, 2017		February 28, 2017
Directors and officers of the Company	$	5,615	$	7,454

Key management personnel compensation – paid or accrued

Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. The Company has determined that its key management personnel consist of the Company's Board of Directors and corporate officers.

	Three month period ended			
		May 31, 2017		May 31, 2016
Management fees (1)	$	42,000	$	42,000
Consulting (2)		13,342		12,070
Share-based payments		-		40,153
	$	55,342	$	94,223

(1) A portion of management fees are allocated to exploration and evaluation assets.

(2) Includes accounting fees paid to a company controlled by the CFO of $10,868 (2016: $7,565).

10. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's principal source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash and cash equivalents, receivables, reclamation deposits and trade payables and accrued liabilities. The fair value of these financial instruments other than cash and cash equivalents approximates their carrying values due to the short-term nature of these investments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

10. Financial risk management (cont'd)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

11. Subsequent events

a) Subsequent to May 31, 2017, 2,820,000 warrants were exercised for cash proceeds of $141,000.

b) Subsequent to May 31, 2017, short term debt of $57,300 was paid.

c) Subsequent to May 31, 2017, 25,000 stock options were exercised for cash proceeds of $2,000.

d) On July 10, 2017, the Company announced a non brokered flow through private placement financing of 5,000,000 flow through common shares at $0.15 to raise $750,000. On July 25, 2017, the Company announced the private placement was over-subscribed and it had closed on 5,502,000 flow through common shares, raising gross proceeds of $825,300. The securities issued by the Company in this financing are subject to a statutory hold period which expires on November 26, 2017. Finders' fees totaling $20,370 in cash and 135,800 finders' warrants were paid in respect of certain subscribers incidental to the financing in accordance with the policies of the TSX-V. The finder's warrants are exercisable at a price of $0.15 for a period of 18 months from closing.

e) On July 26, 2017, the Company announced that Daewoo Minerals Canada Corporation ("DMC"), a Canadian subsidiary of POSCO Daewoo Corp., one of South Korea's leading trading corporations, had exercised its right to earn an additional 30% interest, bringing their total interest to 35% in the Kwanika Copper Gold project, subject to finalizing and executing the full Joint Venture Agreement for the project. Serengeti will remain as project operator and will be entitled to charge a 10% operator's fee on expenditures, so long as it maintains a majority interest. For more information refer to the Management Discussion and Analysis.