



Condensed Consolidated Interim Financial Statements

Six Month period ended August 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 six month period ended August 31, 2017.

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	August 31, 2017	February 28, 2017
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 1,085,330	\$ 406,451
Receivables	4	117,901	7,982
Prepaid expenses		26,568	14,893
		1,229,799	429,326
Non-current assets			
Equipment		2,651	3,119
Exploration and evaluation assets	6	19,130,061	19,034,436
Reclamation deposits	5	94,284	73,024
		19,226,996	19,110,579
TOTAL ASSETS		\$ 20,456,795	\$ 19,539,905
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 69,541	\$ 72,264
Short-term debt – notes payable	11	-	57,300
		69,541	129,564
TOTAL LIABILITIES		69,541	129,564
SHAREHOLDERS' EQUITY			
Share capital	8	40,641,321	39,361,430
Shares issuable		6,750	-
Warrants	8	182,393	221,959
Reserves		7,835,410	7,836,634
Deficit		(28,278,620)	(28,009,682)
TOTAL SHAREHOLDERS' EQUITY		20,387,254	19,410,341
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 20,456,795	\$ 19,539,905

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

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Three month period ended		Six month period ended		
	Note	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Expenses					
Consulting		\$ 45,464	\$ 29,877	\$ 66,108	\$ 40,560
Conventions and tradeshow		-	2,419	11,340	5,587
Corporate development		-	36,553	-	41,130
Depreciation		234	334	468	668
Investor relations		11,066	26,009	30,766	29,636
Management fees		37,126	25,415	76,562	56,350
Office and miscellaneous		21,355	12,067	37,042	34,751
Professional fees		29,573	10,668	36,223	18,745
Project investigation costs		625	950	625	2,036
Share-based payments	10	-	6,430	-	46,583
Transfer agent and filing fees		9,193	10,535	12,443	12,954
		(154,636)	(161,257)	(271,577)	(289,000)
Interest income		870	-	2,639	-
Net loss		(153,766)	(161,257)	(268,938)	(289,000)
Loss and comprehensive loss for period		\$ (153,766)	\$ (161,257)	\$ (268,938)	\$ (289,000)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		81,278,467	65,093,908	77,556,796	64,107,364

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share capital		Shares issuable	Warrants	Reserves		Deficit	Total
	Number of shares	Amount			Share-based payment reserve			
Balance at February 29, 2016	63,120,821	\$ 38,781,638	\$ -	\$ 72,471	\$ 7,543,288	\$ (27,115,258)	\$ 19,282,139	
Shares issued for cash - private placement	6,612,000	661,200	-	-	-	-	661,200	
Share issue costs - cash	-	(37,679)	-	(11,105)	-	-	(48,784)	
Shares issued for cash - exercise of stock options	125,000	6,250	-	-	-	-	6,250	
Reallocation - fair market value of stock options exercised	-	3,902	-	-	(3,902)	-	-	
Warrants issued	-	(150,518)	-	150,518	-	-	-	
Fair value - finders warrants	-	-	-	20,089	-	-	20,089	
Share-based payments	-	-	-	-	46,583	-	46,583	
Net loss for the period	-	-	-	-	-	(289,000)	(289,000)	
Balance at August 31, 2016	69,857,821	\$ 39,264,793	\$ -	\$ 231,973	\$ 7,585,969	\$ (27,404,258)	\$ 19,678,477	
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 - private placement	5,502,000	825,300	-	-	-	-	825,300	
Share issue costs	-	(42,741)	-	-	-	-	(42,741)	
Shares issued for cash - exercise of stock options	25,000	2,000	-	-	-	-	2,000	
Reallocation - fair market value of stock options exercised	-	1,224	-	-	(1,224)	-	-	
Shares issued for cash - exercise of warrants	8,818,800	440,940	-	-	-	-	440,940	
Reallocation - fair market value of warrants exercised	-	53,168	-	(53,168)	-	-	-	
Broker warrants issued	-	-	-	13,602	-	-	13,602	
Shares issuable on warrants exercised	-	-	6,750	-	-	-	6,750	
Share-based payments	-	-	-	-	-	-	-	
Net loss for the period	-	-	-	-	-	(268,938)	(268,938)	
Balance at August 31, 2017	85,889,621	\$ 40,641,321	\$ 6,750	\$ 182,393	\$ 7,835,410	\$ (28,278,620)	\$ 20,387,254	

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Three month period ended		Six month period ended		
	Note	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Operating activities					
Net loss for the period		\$ (153,766)	\$ (161,257)	\$ (268,938)	\$ (289,000)
Adjustments for non-cash items:					
Depreciation		234	334	468	668
Share-based payments		-	6,430	-	46,583
Changes in non-cash working capital items:					
Receivables		(805)	(27,926)	(4,520)	(29,488)
Prepaid expenses		(5,656)	14,718	(6,675)	(3,010)
Trade payables and accrued liabilities		(5,602)	49,860	(15,168)	64,020
Notes payable - accrual		-	(130,136)	-	(116,321)
Net cash flows used in operating activities		(165,595)	(247,977)	(294,833)	(326,548)
Investing activities					
Expenditures on exploration and evaluation assets		(79,495)	(438,869)	(184,839)	(471,490)
Recovery of exploration and evaluation property expenditure	6	-	-	-	1,200,000
Reclamation deposits		(20,000)	-	(30,000)	-
Sale of vehicle		-	-	-	-
Net cash flows provided by investing activities		(99,495)	(438,869)	(214,839)	728,510
Financing activities					
Proceeds on issuance of common shares (net of share issuance costs \$29,139 (2016 - \$28,694))	8	971,601	638,756	1,239,101	638,756
Shares issuable	8	6,750	-	6,750	-
Notes payable - repayments	8	(57,300)	-	(57,300)	-
activities		921,051	638,756	1,188,551	638,756
Increase (decrease) in cash and cash equivalents		655,961	(48,090)	678,879	1,040,718
Cash and cash equivalents, beginning of period		429,369	1,234,977	406,451	146,169
Cash and cash equivalents, ending of period		\$ 1,085,330	\$ 1,186,887	\$ 1,085,330	\$ 1,186,887

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”.

The head office and principal address of the Company is 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 October 30, 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

	August 31,	February 28,
	2017	2017
Cash at bank	\$ 38,830	\$ 6,451
Guaranteed investment certificates	1,046,500	400,000
	<u>\$ 1,085,330</u>	<u>\$ 406,451</u>

Serengeti Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the six months period ended August 31, 2017 and 2016

4. Receivables

	August 31, 2017	February 28, 2017
HST / GST receivable	\$ 12,146	\$ 7,982
Other receivables	105,755	-
	<u>\$ 117,901</u>	<u>\$ 7,982</u>

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.

	August 31, 2017	February 28, 2017
Balance, beginning of period	\$ 73,024	\$ 73,024
Addition	21,260	-
Balance, end of period	<u>\$ 94,284</u>	<u>\$ 73,024</u>

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 six months ended August 31, 2017:

	Kwanika	Milligan West	Other	Six months ended August 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	40	-	-	40
Camp and operations	16,700	21,282	3,400	41,382
Consulting	17,285	9,268	4,531	31,084
Drilling	467	-	-	467
Resource Study/Engineering	115,975	-	-	115,975
Travel and accommodation	1,607	1,357	373	3,337
	<u>152,074</u>	<u>31,907</u>	<u>8,304</u>	<u>192,285</u>
Recovery of costs during period:				
Cost recoveries	-	-	(96,660)	(96,660)
	<u>-</u>	<u>-</u>	<u>(96,660)</u>	<u>(96,660)</u>
Balance, end of period	\$ 17,188,651	\$ 343,019	\$ 574,593	\$ 18,106,263
Total	\$ 17,391,582	\$ 386,130	\$ 1,352,349	\$ 19,130,061

6. Exploration and evaluation assets (cont'd)

a) Kwanika

The Kwanika property was originally acquired by staking and at the end of the second quarter was 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 funded \$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.

Incorporated Joint Venture

On July 26, 2017, the Company announced that DMC had exercised its right to contribute an additional \$7 million 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. On October 3, 2017, the Company announced that the principal business terms of the incorporated joint venture had been agreed with POSCO Daewoo and DMC and that a 30 day extension had been granted to conclude the agreement. On October 26, 2017, the parties announced that they had signed a binding share subscription agreement, settled all of the terms of the definitive shareholders joint venture agreement and provided for DMC to be renamed Kwanika Copper Corporation to hold the Kwanika property interests. The closing of the transaction is subject to TSX Venture Exchange approval, transfer in of the property interests, immediate contribution by POSCO Daewoo of \$7 million and is expected to close on or before November 24, 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.

6. Exploration and evaluation assets (cont'd)

Upon closing, the partners will finalize a plan and budget to advance the project through completion of a Pre-Feasibility Study (PFS), including funding a significant drilling program and initiating other activities consistent with PFS level studies. 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.

b) Milligan West

The Company owns a 56.3% interest in the Milligan West property in joint venture with Fjordland Exploration Inc. an arm's length company also listed on the TSX-V.

c) Other B.C. Properties

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

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

7. Trade payables and accrued liabilities

	August 31,	February 28,
	2017	2017
Trade payables	\$ 33,503	\$ 34,810
Amounts due to related parties (Note 9)	6,538	7,454
Accrued liabilities	29,500	30,000
	<u>\$ 69,541</u>	<u>\$ 72,264</u>

8. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At August 31, 2017, there were 85,889,621 issued and fully paid common shares (February 28, 2017 – 71,543,821).

On July 25, 2017, the Company completed a non brokered flow through private placement financing of 5,502,000 flow through common shares priced at \$0.15 for 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 in accordance with the policies of the TSX-V. The finders' warrants are exercisable at a price of \$0.15 for a period of 18 months from closing.

8. Share capital and reserves (cont'd)

During the six months ended August 31, 2017, a total of 8,818,800 warrants were exercised for cash proceeds of \$440,940.

During the six months ended August 31, 2017, 25,000 stock options were exercised for cash proceeds of \$2,000

Basic and diluted loss per share

The basic and diluted loss per share for the six month period ended August 31, 2017 was \$0.00 (2016 - \$0.00). The calculation of basic and diluted loss per share for the six month period ended August 31, 2017 was based on the loss attributable to common shareholders of \$268,938 (2016 - \$289,000) and the weighted average number of common shares outstanding of 77,556,796 (2016 - 64,107,364). The diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive. As of August 31, 2017, the total number of potentially dilutive warrants was 5,195,600 (2016 - 15,539,600) and the total number of potentially dilutive stock options excluded from the calculation of loss per share was 8,670,000 (2016 - 7,385,000). The aggregate number of potentially dilutive shares was 13,865,600.

Warrants

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

	August 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	135,800	0.15	3,519,000	0.15
Warrants exercised	(8,818,800)	0.05	(1,661,000)	0.05
Warrants outstanding, end of period	5,195,600	\$ 0.12	13,878,600	\$ 0.08

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.

8. Share capital and reserves (cont'd)

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

	August 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	150,000	0.20	3,645,000	0.11
Options exercised	(25,000)	0.08	(150,000)	0.06
Options expired	-	-	(935,000)	0.19
Options outstanding, end of period	8,670,000	\$ 0.10	8,545,000	\$ 0.09
Options exercisable, end of period	8,520,000	\$ 0.09	8,545,000	\$ 0.09

Details of options outstanding as at August 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	2.05 years	6,395,000	6,395,000
\$0.13 - \$0.20	4.13 years	2,275,000	2,125,000
	2.60 years	8,670,000	8,520,000

During the six month period ended August 31, 2017, the Company granted 150,000 (2016 – 1,720,000) stock options with a weighted average fair value of \$0.20 (2016 - \$0.08) per option. The Company recorded share-based compensation of \$Nil (2016 - \$46,583) relating to options vested during the period.

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.

	August 31, 2017	February 28, 2017
Directors and officers of the Company	\$ 6,538	\$ 7,454

9. Related party transactions (cont'd)

During the six months ended August 31, 2017, a short term debt of \$57,300 was paid in full.

Key management personnel compensation – paid or accrued

Key management personnel includes 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 consists of the Company's Board of Directors and corporate officers.

	Six month period ended	
	August 31, 2017	August 31, 2017
Management fees (1)	\$ 84,000	\$ 84,000
Consulting (2)	35,046	37,681
Share-based payments	-	40,153
	\$ 119,046	\$ 161,834

(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 \$23,799 (2016: \$22,961).

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.

10. Financial risk management (cont'd)

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.

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 August 31, 2017, 345,500 warrants were exercised for cash proceeds of \$30,505.
- b) Subsequent to August 31, 2017, 150,000 stock options were exercised for cash proceeds of \$10,500.
- c) On October 26, 2017, Serengeti and POSCO Daewoo announced that they had signed a binding share subscription agreement, settled all of the terms of the definitive shareholders joint venture agreement and provided for Daewoo Minerals Canada to be renamed Kwanika Copper Corporation to hold the Kwanika property interests. The closing of the transaction is subject to TSX Venture Exchange approval, transfer in of the property interests, immediate contribution by POSCO Daewoo of \$7 million and is expected to close on or before November 24, 2017.