



# INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

## QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED

MAY 31, 2019

## INTRODUCTORY COMMENT

Serengeti Resources Inc. is a junior mineral exploration company listed on the TSX Venture Exchange under the trading symbol "SIR". The Company's exploration strategy emphasizes copper-gold projects in the Quesnel Trough of British Columbia, including the advancement of Kwanika – its principal resource-stage property, which is now held indirectly through its majority shareholding in Kwanika Copper Corporation, a related joint venture company. This Management Discussion and Analysis ("MD&A") is dated July 26, 2019 and discloses specified information up to that date. Serengeti is classified as a "venture issuer" for the purposes of National Instrument 51-102. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three-month period ended May 31, 2019, which are prepared in accordance with International Financial Reporting Standards as issued by the IASB applicable to interim financial statements.

Throughout this report we refer from time to time to "Serengeti", "the Company", "we", "us", "our" or "its". All these terms are used in respect of Serengeti Resources Inc. which is the reporting issuer in this document. **We recommend that readers consult the "Cautionary Statements" on the last page of this report.**

During the three months ended May 31, 2019, Serengeti had two principal areas of focus: advancement of its flagship Kwanika copper-gold resource-stage project located in British Columbia and maintenance of its extensive portfolio of properties in the Quesnel Trough of British Columbia.

## HIGHLIGHTS

### FINANCIAL CONDITION

The Company ended the three-month period with a working capital position of \$2,511,602 compared to \$1,325,668 at February 28, 2019.

On May 17, 2019, the Company completed a non-brokered private placement financing, issuing 4,850,000 flow-through common shares at a price of \$0.30 per share for gross proceeds of \$1,455,000. Share issuance costs of \$12,955 were incurred in connection with the private placement.

The Company is in the process of completing a Preliminary Feasibility Study ("PFS") on its Kwanika property that is funded by its joint venture partner. In addition, the Company has sufficient cash on hand to fund operations for the next twelve months. The Company's continuation as a going concern is dependent upon successful completion of the PFS on its Kwanika property and its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

### FINANCIAL PERFORMANCE

#### EXPENSES AND NET LOSS

For the quarter ended May 31, 2019, the net loss was \$452,468 compared to \$401,090 for the quarter ended May 31, 2018, an increase of \$51,378. Major variances are as follows:

- An increase in consulting fees of \$32,185 due to the payment of consulting fees of \$38,250 related to the flow-through private placement financing,
- An increase in corporate development costs of \$14,650 due to the engagement of a new consultant in the current period,
- An increase in salaries of \$25,650 due to the employment of an administrative assistant as well as an increase in the amount of time spent on administration versus projects by the geologists.

The increases in expenses were partially offset by an increase in management fee income of \$11,742 as well as a reduction in project investigation costs of \$9,528.

## CASH FLOWS

The Condensed Consolidated Interim Statements of Cash Flows shows that the net cash position of the Company increased by \$1,196,752 in the three-month period ended May 31, 2019. This increase is attributable to the net proceeds from the flow-through private placement financing of \$1,444,453 less cash outflows of \$208,977 used for operations and cash outflows of \$35,941 used for exploration and evaluation assets.

## LIQUIDITY AND CAPITAL RESOURCES

Our working capital position is addressed above in the section Financial Condition and we believe we have adequate working capital to conduct our operations for the balance of the current fiscal year. We are in a position to meet our current obligations as they become due.

## MAJOR OPERATING MILESTONES

### TopCat Project

Subsequent to the period ended May 31, 2019, the Company optioned a group of claims covering approximately 20,372 hectares in central British Columbia. The Company's 3,762-hectare Goose property lies along the western margin of the claim group and will be combined with the new claims as the TopCat project.

The Company may earn a 100% interest by:

Making staged cash payments totaling \$340,000 over 5 years; (\$18,000 was paid on signing);

Issuing a total of 1,500,000 common shares in stages over a 5-year period, with 100,000 shares to be issued upon TSX Venture Exchange approval of the option agreement;

Incurring a total of \$1,250,000 in exploration expenditures over a 5-year period with a minimum of \$100,000 to be spent before the first anniversary of the agreement; and

Granting the optionors a 3% net smelter royalty (NSR) on the property, subject to Serengeti's right to purchase a 2% NSR for \$2-million at any time prior to the first anniversary of commercial production.

### Joint Venture – Kwanika Copper Company

On November 24, 2017, Serengeti completed a transaction whereby Serengeti, POSCO DAEWOO Company ("PDC") and Kwanika Copper Company ("KCC") (formerly known as Daewoo Minerals Canada Company) signed a definitive joint venture agreement (the "JVA") for the exploration and development of the Kwanika property (the "Project"). Pursuant to the JVA, the respective interests of Serengeti and PDC in the Project have been transferred to KCC, which will serve as the vehicle for the joint venture.

Key terms of the JVA and KCC structure include the following:

- PDC contributed a total of \$8.3 million in cash and holds 8,200,000 common shares of KCC (representing 35% of the total issued shares of KCC).
- Serengeti contributed the Kwanika property, in exchange for 15,228,571 common shares of KCC (representing 65% of the total issued shares of KCC).
- Serengeti retains operatorship of the Project and is entitled to receive a \$700,000 operator's fee as the first disbursement from the Project funding.
- The Board of Directors of KCC consists of five individuals, three appointed by Serengeti and two appointed by PDC.

### Kwanika Project Activity

A Preliminary Economic Assessment (“PEA”) was completed by Moose Mountain Technical Services on April 3, 2017 and an independent NI 43-101 compliant Technical Report was posted on SEDAR on April 28, 2017. The PEA evaluated a 15,000 tonne per day combined open pit and underground mining operation, centered on the highest-grade portion of the Central and South Zones on the Kwanika property. A summary of the results of the project evaluated in the PEA is as follows:

**Kwanika Project PEA (2017) Production Statistics**

Category		Units	First 8 Years	LOM
Tonnes Milled		Kt	43,201	78,855
Average Grade	Cu	%	0.466	0.381
	Au	g/t	0.539	0.357
	Ag	g/t	1.391	1.398
Metal Production	Cu	M lbs	403.462	600.635
	Au	Moz	0.561	0.673
	Ag	Moz	1.449	2.659
Throughput		tpd	15,000	
Mine Life		Yrs	15	
Net Cash Cost of Production (C1)* per lb Cu		US\$	\$0.70	\$1.20

\* Net Direct Cash Cost (C1) is an industry standard measure that represents the cash cost incurred at each processing stage, from mining through to recoverable metal delivered to market, less net by-product credits.

Direct Cash Costs cover: Mining, ore freight and milling costs; Mine-site administration and general expenses; Concentrate freight, smelting and smelter general and administrative costs; Marketing costs (freight and selling).

**2017 Project Base Case Economics:**

<b>Commodity Prices Assumed</b>	US \$2.90/lb Cu    \$1270/oz Au    \$19.00 / oz Ag
<b>US\$ / CDN\$</b>	0.77
<b>Initial CapEx</b>	CDN \$476 million
<b>LOM Sustaining Capital</b>	CDN \$37 million
<b>Cumulative Cash Flow (pretax/aftertax)</b>	CDN \$710 million / \$475 million
<b>NPV at 5% (pretax/aftertax)</b>	CDN \$411 million / \$255 million
<b>NPV at 7% (pretax/aftertax)</b>	CDN \$324 million / \$191 million
<b>NPV at 8% (pretax/aftertax)</b>	CDN \$286 million / \$163 million
<b>NPV at 10% (pretax/aftertax)</b>	CDN \$220 million / \$114 million
<b>IRR (pretax/aftertax)</b>	21.1%/16.6%
<b>Payback (pretax/aftertax)</b>	3.7/4.0 years

The PEA recommended advancing the project to a higher level of study leading to a Pre-Feasibility Study (“PFS”) and eventually to a Feasibility Study. The immediate work will require field work and data gathering for Pre-Feasibility engineering and baseline environmental studies in preparation for consultation with First Nations, sustainability discussions with local stakeholders and preparations for permit applications with regulators. This will include additional drilling to improve the modelled resource classification, geotechnical drilling, starting long duration waste rock characterization studies, and background environmental field surveys.

The cost of this recommended program over a two-year time frame has been estimated at \$6,985,000 and KCC is, at the date of writing, proceeding with the advancement of a PFS for the project. On May 17, 2018, KCC and the Company announced that Merit Consultants International had been selected to lead a consortium of geotechnical, environmental, metallurgical, resource, open pit and underground mining, tailings/waste/water management,

hydrology and hydrogeology specialized consultants in the conduct of the PFS which is estimated to be completed in mid-2019.

On May 29, 2018, KCC announced that it had signed an exploration agreement with Takla Lake First Nation providing for communication protocols and mutually beneficial collaboration between KCC and Takla, thereby providing certainty to the Company as the Kwanika project advances through pre-feasibility.

On June 28, 2018, the Company announced that KCC had mobilized two diamond drills and technical crews to the Kwanika Copper Gold Project as part of the ongoing completion of the partner-funded PFS, expected in mid-2019. Approximately 8,000 meters of drilling was planned, including 6,600 meters in twelve holes in support of detailed open-pit and underground engineering design and resource upgrade drilling for the Central Zone, as well as deepening prior drill hole K-16-179.

The main objectives of the PFS are to:

- Develop a new strategic mine plan to improve upon previous PEA economics, focusing on the highest grade/highest margin options;
- Seek to reduce, defer or stage, project capital expenditures;
- Improve the geological interpretation, and by extension, the geological model that forms the basis for a new resource estimate for the project;
- Seek to improve the grade and expand the tonnage of the existing mineral resource to enhance potential feed grades to both the open pit and underground block cave in a revised mine plan;
- Improve the technical and economic mine designs to a PFS level of accuracy, particularly for the open pit and underground mine plans, metallurgy and process design, and infrastructure engineering with geotechnical and metallurgical drilling, sampling and testing;
- Identify any key environmental concerns including potentially acid generating rock units and sensitive ecological areas;
- Identify sites for key mine and plant installations such as the underground portal, plant, tailings and waste rock;
- Develop a plan for surface water management, access routes and other facilities including power supply;
- Engage with local communities including the Takla Nation to address concerns and ensure their continued involvement with and support for the project;
- Identify and address any potential flaws and project risks in order to mitigate these with engineering solutions;
- Develop, to a PFS level, project mine scheduling, capital and operating expenses and an optimized project revenue/cost model and determine the project economics.

All of the relevant independent qualified persons completed their site visits, site reconnaissance and mapping along with initial baseline sampling by the environmental team during the 2018 field season. Surface and sub-surface -geotechnical investigations, focusing on soil conditions at various sites were also completed on selected waste rock and tailings storage alternatives.

The key items being addressed in the PFS, with comments on their current status, are summarized below.

1) Revise the resource estimate and investigate geotechnical, groundwater and geochemical conditions.

KCC completed 7,411m of core drilling in 21 holes in September 2018. The drilling program was designed to support detailed mine design and resource upgrade drilling and results have been published (see news releases dated October 18, November 13, and December 5, 2018). The new drill hole assays were

incorporated into a revised resource estimate and geological model, both of which are key inputs for the open pit and underground block cave design. KCC announced the results of this resource update in a news release on March 3, 2019 and on April 18, 2019 published the results in an updated 43-101 Technical Report. Hydrogeological, geotechnical and geochemical data sets gathered during the 2018 program are also being incorporated into the PFS mine design.

2) Metallurgical testing and process design.

Metallurgical test work continues, with the initial locked cycle results published in a news release dated May 15, 2019. These and the balance of the test results will be used as a key input to process design, mill flow sheet, and cash flow modelling, which results will be released in the PFS scheduled for completion in calendar Q3, 2019.

3) Open pit and underground mine design

Open pit and underground mine design are well advanced at date of writing and on track for incorporation into the PFS. design work for the Central Zone which will utilise the revised resource estimate and block model. Mine planning includes identification of the preferred alternatives for pit size and depth, underground mine layout including portal location, plant site, preferred alternatives for mine rock waste sites for potentially-acid generating and non-acid generating rock as well as tailings storage facility. These concepts are being incorporated

4) Tailings, waste and water management

During the 2018 drilling program, targeted geotechnical, geochemical and geophysical programs were completed in order to gather the information required to develop a list of potential tailings, waste and water management solutions which are being refined in the PFS. Background work for alternative tailings, waste and water management methods, processes and sites are has been completed as has initial consultation with First Nations and stakeholders in order to include and address local concerns.

5) Project infrastructure

An evaluation of infrastructure requirements is underway by the Study's infrastructure engineering team based on 2018 field observations and a review of current and historical databases. Conceptual designs for the electrical transmission line and availability of electricity to the project are currently in progress, which involves consultation with BC Hydro and others. The preferred access road route has been identified as having the necessary upgrades.

6) Environmental benchmarking

KCC is working on a number of fronts in order to understand the existing environmental and socio-economic conditions in the area around the Kwanika project. Beginning in the Spring of 2018, environmental baseline studies were initiated which included gathering detailed hydrological and hydro geochemical data from local streams, installation of a meteorological station for year-round data capture, ecological and wildlife studies, and a study of local soil conditions. Surface hydrology and water quality as well as meteorological and selected fish studies will continue through the open water season during 2019.

7) Socioeconomics and First Nations

The Takla Nation worked alongside KCC to oversee the environmental conduct of the 2018 field program and manage aspects of, and deliverables for, environmental field-testing programs. KCC is committed to maintaining a strong relationship with the Takla Nation, in part governed by the exploration agreement, but also building on the positive relationship that has existed since the initial discovery at Kwanika more than ten years ago. KCC is committed to maintaining this supportive relationship as the project advances.

## 8) Summary

The final deliverable, scheduled for delivery in calendar Q3 2019, will be a NI-43-101 PFS-level mine design, reserve and resource statement with associated documentation, all included in a summary technical report.

### Other Projects

On March 4, 2018, Serengeti announced an option agreement to acquire a 100% interest in the Atty property from Finlay Minerals Ltd. and a similar interest in the adjacent ATG property from Electrum Resource Corp. ("Electrum"). Combined with the Company's UDS property, Serengeti now controls 6800 Ha of highly prospective ground immediately adjacent to the Kemess mining district.

On August 9, 2018 the Company announced that it had begun a field program on the Atty optioned property located adjacent to the Kemess Mine and on September 24, 2018 reported the results of that program the principal finding of which was the identification of a high priority drill target known as the Kemess East Offset target.

On September 27, 2018, Serengeti announced the results of a geophysical program conducted on the Croy Bloom property, the principal finding of which was the identification of a strong induced polarization anomaly lying below the limits of prior drilling on the Soup Ridge portion of the property, which holes encountered encouraging values of copper and gold; the new target is a high priority for future drill testing. During the period ended November 30, 2018, the Company acquired net smelter return royalties of 0.75% on each of the Thor Marmot and Deer Lake Properties located in the Kemess and Kamloops Mining Districts from Electrum as well as a payment of \$10,000 in exchange for Portable Assessment Credits that the Company transferred to Electrum to enable Electrum to advance the legacy claims on both properties for the maximum allowable five-year period.

On November 29, 2018, Serengeti reported the results from the summer's exploration on eight individual early stage properties known as Search III Project. Encouraging results were reported from three of these including a particularly high-grade copper-silver mineralized occurrence located on the Arjay property.

During the year ended February 28, 2019, the Company acquired net smelter return royalties of 0.75% on each of the Thor Marmot and Deer Lake Properties located in the Kemess and Kamloops Mining Districts from Electrum Resources Corp. ("Electrum") and received a payment of \$10,000 in exchange for Portable Assessment Credits that the Company transferred to Electrum to enable Electrum to advance the legacy claims on both properties for the maximum allowable five-year period.

In March, 2019, the Company reported the results of a recently completed independent mineral resource estimate on the Central Zone at the Kwanika Cu-Au Project in north-central BC. The Measured and Indicated (M&I) Mineral Resource at the Central Zone is now estimated to contain 1.32 billion pounds of copper and 1.83 million ounces of gold in addition to a significant Inferred Resource. The new resource estimate has identified coherent higher-grade domains within the open pit and underground M&I Mineral Resources that will be the target for PFS-stage mine planning currently underway and scheduled for completion in mid-2019.

In April, 2019 the Company filed on SEDAR the NI 43-101 Technical Report for the Kwanika Project; Resource Estimate Update 2019.

Serengeti also holds a 100% interest in eleven properties and an approximately 56.3% interest in one additional property in joint venture partnership with Fjordland Exploration Inc. All properties are located in the Quesnel Trough of British Columbia. The Quesnel Trough is host to the Kemess, Mt. Milligan, Mt. Polley, New Afton, and Copper Mountain porphyry copper-gold deposits. Details of Serengeti's property portfolio in BC can be found on the Company's website at [www.serengetiresources.com](http://www.serengetiresources.com).

## **SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

### **Key management personnel compensation**

During the three-month period ended May 31, 2019, the Company incurred salaries of \$46,759 for David Moore, Chief Executive Officer, consulting fees of \$15,600 paid to a company controlled by Sheri Rempel, Chief Financial Officer, consulting fees of \$9,855 paid to a company controlled by Pamela White, Corporate Secretary, consulting fees of \$38,250 paid to a company controlled by Lew Lawrick, independent director, director fees of \$16,239 and share-based compensation to directors and officers of \$193,401.

## **SUBSEQUENT EVENTS**

Subsequent to the period ended May 31, 2019:

The Company optioned a group of claims covering approximately 20,372 hectares in central British Columbia. The Company's 3,762-hectare Goose property lies along the western margin of the claim group and will be combined with the new claims as the TopCat project.

The Company may earn a 100% interest by:

- Making staged cash payments totaling \$340,000 over 5 years; (\$18,000 was paid on signing);
- Issuing a total of 1,500,000 common shares in stages over a 5-year period, with 100,000 shares to be issued upon TSX Venture Exchange approval of the option agreement;
- Incurring a total of \$1,250,000 in exploration expenditures over a 5-year period with a minimum of \$100,000 to be spent before the first anniversary of the agreement;
- Granting the optionors a 3% net smelter royalty (NSR) on the property, subject to Serengeti's right to purchase a 2% NSR for \$2-million at any time prior to the first anniversary of commercial production.

In June, 2019, the regulators granted a multi-year, area-based (MYAB) permit, covering the period through December 2021, for up to 10,000m of drilling from 20 sites at the Company's Atty Property. In addition, an Exploration Agreement has been signed with the Kwadacha First Nation and the Tsay Keh Dene Nation in support of the exploration program. As part of the consideration for signing this agreement, the Company has agreed to issue to each of the Nations, 25,000 shares, which received TSX Venture Exchange approval and have been issued.

Drilling has commenced at the Company's Atty property, located immediately north of and adjacent to Centerra Gold's Kemess property in north-central BC. The Company plans to drill at least 2,500m (5 holes) to test 3 different targets.



**OUTSTANDING SHARE DATA**

Common shares, stock options and share purchase warrants issued and outstanding as at the quarter end are described in detail in Note 9 to the condensed consolidated interim financial statements dated May 31, 2019, which as of July 26, 2019, are as follows:

	Number of shares	\$	Number of options	Exercise price	Expiry date
<b>Issued and outstanding</b>	97,699,668	43,087,541	200,000	\$0.15	Apr 11, 2020
			1,375,000	\$0.05	Feb 10, 2021
			150,000	\$0.23	Apr 10, 2021
			1,220,000	\$0.07	Apr 27, 2021
			50,000	\$0.095	July 7, 2021
			1,725,000	\$0.15	Jan 30, 2022
			100,000	\$0.20	Aug 9, 2022
			1,525,000	\$0.15	Apr 10, 2023
			1,550,000	\$0.23	Apr 10, 2024
			7,895,000	\$0.14	
			<b>Number of warrants</b>	<b>Exercise price</b>	<b>Expiry date</b>
			2,150,000	\$0.22	Dec 13, 2019

Vancouver, British Columbia

July 26, 2019

We recommend that users of this report read the Cautionary Statements which follow.

**Cautionary Statements**

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans, our joint venture expenditure commitments and other financial commitments, future participation by joint venture partners, and our other future plans and objectives, are forward-looking. Such forward-looking statements include, without limitation (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates about financings under way but not completed as of the date of this document. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are advised not to place undue reliance on forward-looking statements.