# INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

# QUARTERLY HIGHLIGHTS[1]

# FOR THE SIX MONTHS ENDED AUGUST 31, 2016

[1] The Company has adopted the option provided in Section 2.2.1 of National Instrument 51-102F1 for a venture issuer to provide "Quarterly Highlights" as set out in that section.

## 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 and Stikine Arch areas of British Columbia, including the advancement of Kwanika – its principal resources-stage property. This Management Discussion and Analysis ("MD&A") is dated October 25, 2016 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 interim financial statements which are prepared in accordance with International Financial Reporting Standards as issued by the IASB applicable to interim financial statement.

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 six months ended August 31, 2016, 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 and Stikine Arch of British Columbia.

### Preparation of MD&A on a "Quarterly Highlights" basis

Effective with the first interim quarter in our 2016-2017 fiscal year we adopted the option under Section 2.2.1 of National Instrument 51-102F1 to provide our interim MD&A disclosure under the "Quarterly Highlights" regime set out in that section of the instrument.

# QUARTERLY HIGHLIGHTS

## FINANCIAL CONDITION

We ended the fiscal quarter with a healthy working capital position of $1,043,883 compared to a working capital deficiency (negative working capital) of $52,905 at the February 29, 2016 fiscal year end. The aggregate improvement in the working capital measure was $1,096,788. The two principal sources of this improvement were the receipt of $1,200,000 from Daewoo Minerals Canada ("DMC") as set out in Note 6(a) and the closing of a non-brokered private placement raising gross proceeds of $661,200 as set out in Note 10.

## FINANCIAL PERFORMANCE

## EXPENSES AND NET LOSS

For the quarter ended August 31, 2016, net loss was attributable entirely to operating expenses as was the case for the prior year's comparable fiscal quarter. Total expenses were $161,257 compared to $100,976 recorded during the same period in 2015, representing an increase of $60,281 or 60%. Included in expenses is a non-cash charge of $6,430 (2015 - $nil) for share-based compensation payments. After deducting this non-cash amount for share-based payments, the remaining expenses totaled $154,827 (2015 - $101,197) representing an increase of 53%. The principal cost centres showing increases are Consulting, Corporate development and Investor relations. Consulting was a $29,877 cost in the 2016 second fiscal quarter compared to $9,816 in 2015. The increase was primarily a result of increased activity. Corporate development was a $36,553 cost in the 2016 second fiscal quarter versus $17,792 in the 2015 quarter. The increase was predominantly finalizing of the DMC transaction. Investor relations was a $26,009 cost in the 2016 second fiscal quarter compared to $2,688 in 2015. The increase was a result of management's decision to increase investor relations programs and consulting.

The fiscal year to date expenses totaled $289,000 compared to $215,067 in 2015. Included in expenses is a non-cash charge of $46,583 (2015 - $nil) for share-based compensation payments. After deducting this non-cash amount the remaining expenses totaled $242,417 (2015 - $215,067) representing an increase of 13%. The principal cost centre increases arose from the same factors set out above in the preceding paragraph.

## CASH FLOWS

The Statement of Cash Flows sets out that our net cash position increased by $1,040,718 in the year to date period of 2016. This increase is attributable to the receipt of $1,200,000 from DMC as set out in Note 6(a) and the private placement raising gross proceeds of $661,200, offset by $326,548 in cash consumed by our operations and $471,490 in cash applied to our exploration and evaluation assets, of which most was applied to the Kwanika Project.

## LIQUIDITY AND CAPITAL RESOURCES

Our working capital position is spoken to above in the section Financial Condition and it is clear that we have adequate working capital to conduct our operations for the balance of the fiscal year currently under way; in addition, we are in a position to meet our current obligations as they become due.

## COMMITMENTS

Pursuant to the formation of the unincorporated joint venture to explore the Kwanika Property set out in Note 6(a) the Company is committed to expend $800,000 of joint venture funds on the project. As at August 31, 2016, $555,000 had been so expended leaving $345,000 of committed but unexpended joint venture funds which are included in our cash position at that date. We are also committed to repay $57,300 in notes payable to the CEO.

## MAJOR OPERATING MILESTONES

**Kwanika Agreement with Daewoo**

On April 6, 2016, the Company announced the closing of the transaction with DMC set out in Note 6(a). DMC may earn up to a 35% interest in Serengeti's Kwanika copper-gold project by providing funding of $8.2 million. An initial $1.2 million investment has been paid into the joint venture account from which Serengeti has been paid an up-front cash operating fee of $400,000.

The principal business terms of the deal are also set out in Note 6(a).

**Kwanika Project Activity**

On June 21, 2016, the Company announced the start of summer exploration at the Kwanika Project. This program is fully funded by proceeds from the initial $1.2 million investment by DMC.

On July 27, 2016, the Company reported that drilling had commenced at its Kwanika copper-gold resource-stage project located in Quesnel Trough of British Columbia. This program is being fully funded by DMC.

On August 25, 2016, the Company reported the completion of a three hole, 2446 meter drill program and the initiation of an independent resource estimate update study on the Kwanika property both funded by DMC.

On September 22, 2016, the Company reported the results of the drilling program at Kwanika. The highlight was an intersection of 0.71% Cu, 0.83 g/t Au over 438 meters within the Central Zone resource envelope and the two other holes in the program expanded the mineralized footprint to the north and to depth.

**Other Projects summary**

At the date of writing, Serengeti holds a 100% interest in 13 properties in BC, a 95% interest in Kwanika, plus a 50% JV interest in one property and a 65% JV interest in a second property in joint venture with Fjordland Exploration Inc. The properties are located in the Quesnel Trough and Stikine Arch of British Columbia. The Quesnel Trough is host to the Kemess, Mt. Milligan and Mt. Polley porphyry copper-gold deposits and the Stikine Arch is host to Red Chris and Galore Creek porphyry copper-gold deposits. Details of Serengeti's property portfolio in BC can be found on the Company's website at www.serengetiresources.com.

On October 20, 2016, the Company reported that it had identified a strong induced polarization anomaly associated with anomalous soil geochemistry and favourable rocks on its 100% held UDS property, seven kilometers NE of the formerly producing Kemess South copper-gold mine. The target is considered a high priority for future drilling.

## SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

**Key management personnel compensation**

During the year to date period ended August 31, 2016, the Company incurred salaries of $84,000, a portion of which is deferred (see note below) to David Moore, Chief Executive Officer, and consulting fees of $22,961 to a company controlled by Sheri Rempel, Chief Financial Officer, and $14,720 to a company controlled by Pamela White, Corporate Secretary.

**Related party balances**

As set out in Note 8, at the financial statement date we were indebted to certain senior officers of the Company by a total of $57,300. During the six month period ended August 31, 2016 a total of $36,000 was accrued for CEO fees and a total of $152,321 was paid out for a net reduction of $116,321.

**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 10 to the financial statements dated August 31, 2016, which as of October 25, 2016 are as follows:

| | **Number of shares** | $ | **Number of options** | Exercise price | Expiry date |
|---|---|---|---|---|---|
| **Issued and outstanding** | 71,290,821 | 39,336,443 | 740,000 | $0.20 | Jan 19, 2017 |
| | | | 250,000 | $0.05 | Feb 10, 2018 |
| | | | 1,750,000 | $0.12 | Mar 20, 2018 |
| | | | 75,000 | $0.12 | Mar 28, 2018 |
| | | | 150,000 | $0.07 | June 1, 2018 |
| | | | 200,000 | $0.135 | July 27, 2018 |
| | | | 1,275,000 | $0.06 | Jan 16, 2019 |
| | | | 50,000 | $0.08 | July 22, 2019 |
| | | | 1,525,000 | $0.05 | Feb 10, 2021 |
| | | | 1,320,000 | $0.07 | Apr 27, 2021 |
| | | | 50,000 | $0.095 | July 7, 2021 |
| | | | 7,385,000 | $0.09 | |

| **Number of warrants** | Exercise price | Expiry date |
|---|---|---|
| 3,528,400 | $0.05 | Nov 6, 2018 |
| 7,059,200 | $0.05 | Nov 19, 2018 |
| 3,519,000 | $0.15 | Aug 8, 2018 |
| 14,106,600 | $0.07 | |

Vancouver, British Columbia October 25, 2016

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, future possible exercise of warrants and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. 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.