



Condensed Consolidated Interim Financial Statements
Three Month Period Ended May 31, 2016
(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, 2016.

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

	Notes	May 31, 2016	February 29, 2016
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,234,977	\$ 146,169
Receivables		4,162	2,599
Prepaid expenses		29,416	11,688
		1,268,555	160,456
Non-current assets			
Equipment		4,121	4,456
Exploration and evaluation assets	6	18,091,866	19,257,564
Reclamation deposits		73,024	73,024
		18,169,011	19,335,044
TOTAL ASSETS		\$ 19,437,566	\$ 19,495,500
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 55,581	\$ 39,740
Short-term debt – notes payable	8	187,436	173,621
		243,017	213,361
TOTAL LIABILITIES		243,017	213,361
SHAREHOLDERS' EQUITY			
Share capital		38,781,638	38,781,638
Warrants		72,471	72,471
Reserves		7,583,441	7,543,288
Deficit		(27,243,001)	(27,115,258)
TOTAL SHAREHOLDERS' EQUITY		19,194,549	19,282,139
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 19,837,566	\$ 19,495,500

Nature of operations and going concern (Note 1)
Commitments (Note 9)
Subsequent events (Note 13)

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

		Three month period ended	
	Note	May 31, 2016	May 31, 2015
Expenses			
Consulting		\$ 10,683	\$ 13,283
Conventions and tradeshow		3,168	8,159
Corporate development		4,577	7,739
Depreciation		334	477
Investor relations		3,627	4,536
Management fees		30,935	36,103
Office and miscellaneous		22,684	18,987
Professional fees		8,077	4,756
Project investigation costs		1,086	3,146
Share-based payments	10	40,153	-
Transfer agent and filing fees		2,419	2,803
Wages and salaries		-	13,881
		(127,743)	(113,870)
Net loss before income taxes		(127,743)	(113,870)
Loss and comprehensive loss for period		\$ (127,743)	\$ (113,870)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		63,120,821	51,100,221

See accompanying notes to the condensed consolidated interim financial statements

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

	Share capital		Reserves			Total
	Number of shares	Amount	Warrants	Share-based payment reserve	Deficit	
Balance at February 28, 2015	51,100,221	\$ 38,564,432	\$ -	\$ 7,485,416	\$ (26,687,989)	\$ 19,361,859
Net loss for the period	-	-	-	-	(113,870)	(113,870)
Balance at May 31, 2015	51,100,221	\$ 38,564,432		\$ 7,485,416	\$ (26,801,859)	\$ 19,247,989
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

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

	Note	Three month period ended	
		May 31, 2016	May 31, 2015
Operating activities			
Net loss for the period	\$	(127,743)	\$ (113,870)
Adjustments for non-cash items:			
Depreciation		334	477
Share-based payments		40,153	-
Changes in non-cash working capital items:			
Receivables		(1,562)	2,103
Prepaid expenses		(17,728)	4,109
Trade payables and accrued liabilities		14,160	9,708
Long-term debt - notes payable reclassified as short-term debt		13,815	30,750
Net cash flows used in operating activities		(78,571)	(66,723)
Investing activities			
Expenditures on exploration and evaluation assets		(32,621)	(16,477)
Recovery of exploration and evaluation property expenditure	6	1,200,000	-
Net cash flows provided by (used in) investing activities		1,167,379	(16,477)
Increase (decrease) in cash and cash equivalents		1,088,808	(83,200)
Cash and cash equivalents, beginning of period		146,169	170,120
Cash and cash equivalents, ending of period	\$	1,234,977	\$ 86,920

See accompanying notes to the condensed consolidated interim financial statements

1. Nature of operations and going concern

Serengeti Resources Inc. (the "Company") 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.

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At May 31, 2016, the Company had not achieved profitable operations, had a net loss of \$127,743 (May 31, 2015 – \$113,870) for the period ended May 31, 2016 and accumulated losses of \$27,243,001 (February 29, 2016 - \$27,115,258) since inception, had a working capital of \$625,538, had not advanced its mineral properties to commercial production and expects to incur further losses in the development of its business, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its mineral property exploration activities 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.

2. Significant accounting policies and basis of preparation

These condensed consolidated interim financial statements were authorized for issue on July 29, 2016 by the directors of the Company.

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 29, 2016.

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 29, 2016.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	May 31,		February 29,	
	2016		2016	
Cash at bank	\$	634,977	\$	146,120
Guaranteed investment certificates		600,000		-
	\$	1,234,977	\$	170,120

4. Receivables

	May 31,		February 29,	
	2016		2016	
HST / GST receivable	\$	2,942	\$	2,468
Other receivables		1,220		131
	\$	4,162	\$	6,365

5. Reclamation deposits

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

	May 31,		February 29,	
	2016		2016	
Balance, beginning of period	\$	73,024	\$	73,024
Changes		-		-
Balance, end of period	\$	73,024	\$	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 month period ended May 31, 2016:

	Kwanika	Milligan West	Other	Period ended May 31, 2016
Property acquisition costs				
Balance, beginning of period	\$ 202,130	\$ 43,111	\$ 777,756	\$ 1,022,997
Additions	801	-	-	801
Balance, end of period	\$ 202,931	\$ 43,111	\$ 777,756	\$ 1,023,798
Exploration and evaluation costs				
Balance, beginning of period	\$ 17,377,073	\$ 251,979	\$ 605,515	\$ 18,234,567
Costs incurred during period:				
Camp and operations	10,828	-	595	11,423
Consulting	19,400	-	2,095	21,495
	30,811	-	2,690	33,501
Recovery of costs during period:				
Cost recoveries	(800,000)			(800,000)
	(800,000)	-	-	(800,000)
Balance, end of period	\$ 16,607,884	\$ 251,979	\$ 608,205	\$ 17,468,068
Total	\$ 16,810,815	\$ 295,090	\$ 1,385,961	\$ 18,491,866

a) Kwanika

The Kwanika property is 95% owned by the Company as a result of the transaction below and 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, one of South Korea's leading trading corporations, whereby 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 received an up-front cash operating fee of \$400,000.

The principal business terms of the deal are as follows:

- DMC is committed to fund \$1.2 million in the first year to earn an initial 5% interest in the Kwanika project of which \$0.8 million will be for project expenditures and \$0.4 million paid directly to Serengeti as an operator's fee.

6. Exploration and evaluation assets (cont'd)

- DMC may earn an additional 30% interest in the project by funding an additional \$7 million over the subsequent two years for aggregate expenditures of \$8.2 million over three years to earn an aggregate 35% project interest.

Other terms include:

- Serengeti remains as project operator, so 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 to have certain concentrate offtake rights from production on the project, subject to Serengeti's ability to enter into separate streaming arrangements.
- On proceeding with the second stage Kwanika earn-in, DMC has the right to select and earn into one of Serengeti's other exploration properties by funding additional expenditures, which property would be nominated at Serengeti's sole discretion.

b) Milligan West

The Company owns a 50% 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 13 properties (exclusive of Kwanika) and a 65.2% interest in one other in joint venture with Fjordland Exploration Inc.

7. Trade payables and accrued liabilities

	May 31,	February 29,
	2016	2016
Trade payables	\$ 30,237	\$ 22,309
Amounts due to related parties (Note 11)	5,344	3,005
Accrued liabilities	20,000	14,426
	\$ 55,581	\$ 49,975

8. Notes payable

As at May 31, 2016, the Company was indebted by way of non-interest bearing notes payable to officers and directors in the amount of \$187,436 (February 29, 2016 - \$173,621) in respect of CEO and CFO fees, consulting fees, directors' fees and salaries.

On February 28, 2015, the Company signed agreements with certain officers and directors agreeing to defer payment of amounts owed and establishing settlement terms. The notes payable had the following attributes:

1. Due on September 15, 2016
2. At any time prior to that date, the notes may be used as partial or full consideration under any future private placement of the Company's common shares. If so used, the amount will then be deemed to be a payment on the principle of the note.

9. Commitments

Pursuant to the unincorporated joint venture agreement set out in Note 6(a) the Company at May 31, 2016 held \$785,000 in cash and cash equivalent funds which are required to be expended on the Kwanika Project. This amount is the unexpended balance of the \$800,000 advanced by DMC in April 2016 which is net of the \$400,000 up-front cash operating fee paid to Serengeti.

The Company is committed to repay the notes payable to certain officers and directors set out in Note 8 on or before September 15, 2016.

10. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At May 31, 2016 there were 63,120,821 issued and fully paid common shares (February 29, 2016 – 63,120,821).

Basic and diluted loss per share

The basic and diluted loss per share for the three month period ended May 31, 2016 was \$0.00 (2015 - \$0.00). The calculation of basic and diluted loss per share for the three month period ended May 31, 2016 was based on the loss attributable to common shareholders of \$127,743 (2015 - \$113,870) and the weighted average number of common shares outstanding of 63,120,821 (2015 – 51,100,221). The diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive. As of May 31, 2016, the total number of potentially dilutive shares excluded from the calculation of loss per share was 19,130,600 made up of 12,020,600 warrants (2015 – nil) and 7,110,000 stock options (2015 – 5,035,000).

Warrants

The following table summarizes information about the issued and outstanding warrants as at May 31, 2016 and February 29, 2016:

	May 31, 2016		February 29, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	12,020,600	\$ 0.05	-	\$ -
Warrants issued	-	-	12,020,600	0.05
Warrants outstanding, end of period	12,020,600	\$ 0.05	12,020,600	\$ 0.05

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 9,230,000. Such options may be exercisable for a period of up to five years from the date of grant.

10. Share capital and reserves (cont'd)

The changes in options during the three month period ended May 31, 2016 and the year ended February 29, 2016 are as follows:

	May 31, 2016		February 29, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	5,985,000	\$ 0.10	5,675,000	\$ 0.15
Options granted	1,320,000	0.07	1,900,000	0.05
Options expired	(195,000)	0.14	(1,590,000)	0.23
Options outstanding, end of period	7,110,000	\$ 0.09	5,985,000	\$ 0.10
Options exercisable, end of period	7,110,000	\$ 0.09	5,985,000	\$ 0.10

Details of options outstanding as at May 31, 2016 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.06 - \$0.12	3.36 years	6,370,000	6,370,000
\$0.13 - \$0.20	0.60 year	740,000	740,000
	3.07 years	7,110,000	7,110,000

During the period ended May 31, 2016, the Company granted stock options to acquire up to 1,320,000 common shares of the Company at a price of \$0.07 per share with an exercise period of five years. The Company recorded share-based compensation of \$40,153 (2015 - \$Nil) relating to options vested during the period. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	May 31, 2016	February 29, 2016
Expected life of options	5 years	3.5 years
Annualized volatility	118%	127%
Risk-free interest rate	0.89%	0.54%
Dividend rate	0%	0%

11. 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,		February 29,
		2016		2016
Directors and officers of the Company	\$	5,344	\$	3,005

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,	
		2016	2015
Management fees (1)	\$	42,000	\$ 42,000
Consulting (2)		12,070	13,818
Share-based payments		51,494	-
	\$	105,564	\$ 55,818

(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 \$7,565 (2015: \$10,063)

Effective January 1, 2016 the President agreed to defer 43% of his compensation to accrued liability on the understanding that the amount would continue to accrue until the earlier of the Company being in receipt of funds relating to a financing or September 15, 2016.

Notes 7 and 8 also set out certain significant transactions and balances with related parties.

12. Financial risk management

There have been no changes to the nature of the Company's financial instrument related risks, or to the Company's processes for managing such risks, since the Company's issuance of its annual audited financial statements for the year ended February 29, 2016.

13. Subsequent events

- a) On June 1, 2016, the Company granted stock options to acquire up to 150,000 common shares of the Company at a price of \$0.07 per share with an exercise period of two years.
- b) On July 13, 2016, the Company announced a non brokered private placement to raise gross proceeds of up to CDN \$500,000. The private placement will consist of up to 5,000,000 units at a price of \$0.10 per unit, with each Unit consisting of one common share and one half of one share purchase warrant. Each whole Warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.15 for a period of two years following closing of the Offering. On July 22, 2016, the Company announced an over subscription of financing and has agreed to increase the offering from 5,000,000 units at \$0.10 to 6,600,000 units at \$0.10, to raise the gross proceeds of \$660,000.
- c) On July 7, 2016, the Company granted stock options to acquire up to 50,000 common shares of the Company at a price of \$0.095 per share with an exercise period of five years.
- d) On July 27, 2016, the Company granted stock options to acquire up to 200,000 common shares of the Company at a price of \$0.0135 per share with an exercise period of two years.