



Consolidated Financial Statements
Year Ended February 28, 2015
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Serengeti Resources Inc.,

We have audited the accompanying consolidated financial statements of Serengeti Resources Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at February 28, 2015 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Serengeti Resources Inc. and its subsidiaries as at February 28, 2015 and their financial performance and their cash flows for the year ended February 28, 2015 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has a working capital deficiency, has incurred significant losses since inception and is also dependent upon its ability to secure new sources of financing to fund on-going operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The consolidated financial statements of Serengeti Resources Inc. and its subsidiaries as at and for the year ended February 28, 2014, were audited by another auditor who expressed an unmodified opinion on those statements in their report to the shareholders dated June 23, 2014.

CHARTERED ACCOUNTANTS

De Visser Gray LLP

Vancouver, Canada
June 16, 2015

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

	Notes	February 28, 2015	February 28, 2014
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 170,120	\$ 785,887
Receivables	4	6,365	10,969
Prepaid expenses		21,690	27,899
		198,175	824,755
Non-current assets			
Reclamation deposits	5	81,524	81,524
Equipment		6,365	11,909
Exploration and evaluation assets	6	19,265,871	19,110,249
		19,353,760	19,203,682
TOTAL ASSETS		\$ 19,551,935	\$ 20,028,437
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 49,975	\$ 129,252
Non-current liabilities			
Due to related parties	8	140,101	-
TOTAL LIABILITIES		190,076	129,252
SHAREHOLDERS' EQUITY			
Share capital	10	38,564,432	38,564,432
Reserves		7,485,416	7,478,017
Deficit		(26,687,989)	(26,143,264)
TOTAL SHAREHOLDERS' EQUITY		19,361,859	19,899,185
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 19,551,935	\$ 20,028,437

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

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

	Year ended February 28,		
	Notes	2015	2014
Expenses			
Consulting		\$ 65,298	\$ 80,770
Conventions and tradeshow		11,348	19,853
Corporate development		40,308	-
Depreciation		5,544	11,758
Director fees		18,750	38,417
Foreign exchange		70	(819)
Investor relations		31,321	44,778
Management fees		143,916	159,269
Office and miscellaneous		112,390	105,674
Professional fees		15,250	40,104
Project investigation costs		32,005	59,047
Share-based payments	9	4,951	210,336
Transfer agent and filing fees		21,490	16,085
Wages and salaries		73,090	113,408
		(575,731)	(898,680)
Interest income		4,254	22,649
Expenses recovered		32,213	-
Loss on sale of subsidiary		(4,350)	-
Exploration and evaluation assets written-off		(1,111)	(959,136)
Gain on sale of vehicle		-	7,501
Net loss before income taxes		(544,725)	(1,827,666)
Loss and comprehensive loss for period		\$ (544,725)	\$ (1,827,666)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.04)
Weighted average number of common shares outstanding		51,100,221	51,100,221

See accompanying notes to the consolidated financial statements

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

	Share capital		Reserves		
	Number of shares	Amount	Share-based payment reserve	Deficit	Total
Balance at February 29, 2013	51,100,221	\$ 38,564,432	\$ 7,267,681	\$ (24,315,598)	\$ 21,516,515
Share-based payments	-	-	210,336	-	210,336
Net loss for the year	-	-	-	(1,827,666)	(1,827,666)
Balance at February 28, 2014	51,100,221	\$ 38,564,432	\$ 7,478,017	\$ (26,143,264)	\$ 19,899,185
Share-based payments	-	-	7,399	-	7,399
Net loss for the year	-	-	-	(544,725)	(544,725)
Balance at February 28, 2015	51,100,221	\$ 38,564,432	\$ 7,485,416	\$ (26,687,989)	\$ 19,361,859

See accompanying notes to the consolidated financial statements

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

	Year ended February 28,	
	2015	2014
Operating activities		
Net loss for the year	\$ (544,725)	\$ (1,827,666)
Adjustments for non-cash items:		
Depreciation	5,544	11,758
Share-based payments	4,951	210,336
Exploration and evaluation assets written-off	1,111	959,136
Loss on sale of subsidiary	4,350	-
Gain on sale of vehicle	-	(7,501)
Changes in non-cash working capital items:		
Receivables	4,605	10,453
Prepaid expenses	6,209	(6,317)
Trade payables and accrued liabilities	(62,485)	48,336
Due to related parties	120,103	-
Net working capital of subsidiary transferred on disposal	(4,350)	-
Net cash flows used in operating activities	(464,687)	(601,465)
Investing activities		
Expenditures on exploration and evaluation assets	(215,328)	(286,129)
Less: expenditures recovered	64,248	99,080
Reclamation deposits refunded	-	8,500
Sale of vehicle	-	18,316
Net cash flows used in investing activities	(151,080)	(160,233)
Decrease in cash and cash equivalents	(615,767)	(761,698)
Cash and cash equivalents, beginning of year	785,887	1,547,585
Cash and cash equivalents, ending of year	\$ 170,120	\$ 785,887

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 543 Granville Street, Suite 303, Vancouver, British Columbia, Canada, V6C 2T8. 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 February 28, 2015, the Company had not achieved profitable operations, had a net loss of \$544,725 for the year ended February 28, 2015 and accumulated losses of \$26,687,989 since inception, 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 consolidated financial statements were authorized for issue on June 16, 2015 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

These consolidated financial statements of the Company have been prepared in accordance 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").

Basis of preparation

These consolidated financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise specified.

2. Significant accounting policies and basis of preparation (cont'd)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		February 28, 2015	February 28, 2014
0790202 BC Ltd.	Canada	100%	100%
Minera F.B. Integral, S.A., de C.V. **	Mexico	-	99.99%

*Percentage of voting power is in proportion to ownership.

**This company was sold on November 30, 2014

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during this year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of mineral properties, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Going concern

Management has determined that the Company will continue as a going concern for the next year.

ii) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions (cont'd)

Foreign currency translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Canadian dollars which is the parent Company's functional and presentation currency as well as the functional currency of the Company's subsidiary (2014 – subsidiaries). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the period-end exchange rate. Non-monetary assets and liabilities measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of loss and comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

2. **Significant accounting policies and basis of preparation** (cont'd)

Equipment (cont'd)

Depreciation is calculated to expense the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Class of equipment	Depreciation rate
Computer equipment	30% declining balance basis
Leasehold improvements	Over remaining lease term
Furniture and equipment	30% declining balance basis

Exploration and evaluation assets

Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Vesting is determined by the Board of Directors.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets

Financial assets are classified at fair value through profit or loss ("FVTPL") when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Financial liabilities

Financial liabilities are classified at FVTPL when they comprise derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in the statement of loss and comprehensive loss.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

Other financial liabilities

Other financial liabilities are non-derivative financial liabilities initially measured at fair value and subsequently measured at amortized cost. Transaction costs incurred upon the issuance of debt instruments or modification of a financial liability are deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

The Company has classified its cash and cash equivalents at fair value through profit or loss, and receivables (excluding HST/GST) and reclamation bonds as loans and receivables. Trade payables and accrued liabilities and long-term debt are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and short-term highly liquid investments and bank overdrafts.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred tax is accounted for using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of the assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

Flow-through shares:

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through share premium liability and then included in income at the time the qualifying expenditures are made.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercise were used to acquire common shares at the average market price during the reporting period.

2. Significant accounting policies and basis of preparation (cont'd)

Restoration and environmental obligations

The Company recognizes liabilities for legal and constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in the regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company did not have any significant restoration provisions at February 28, 2015 and 2014.

Leases

Leases of equipment where substantially all the risks and benefits incidental to the ownership of the asset are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the fair value of the leased equipment or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. See also Note 9.

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

New accounting standards not yet adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 Financial Instruments

IFRS 9 replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities to only two classification categories: amortized cost and fair value. This standard has a tentative effective date of January 1, 2018.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	February 28, February 28,	
	2015	2014
Cash at bank	\$ 50,120	\$ 80,887
Guaranteed investment certificates	120,000	705,000
	\$ 170,120	\$ 785,887

4. Receivables

	February 28, February 28,	
	2015	2014
HST / GST receivable	\$ 4,123	\$ 4,069
Other receivables	2,242	6,900
	\$ 6,365	\$ 10,969

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.

	February 28, February 28,	
	2015	2014
Balance, beginning of year	\$ 81,524	\$ 90,024
Changes	-	(8,500)
Balance, end of year	\$ 81,524	\$ 81,524

Serengeti Resources Inc.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended February 28, 2015

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 year ended February 28, 2015:

	Canada			Mexico		Total for year ended February 28, 2015
	Kwanika	Milligan West	Other			
Property acquisition costs						
Balance, beginning of year	\$ 202,130	\$ 43,111	\$ 771,884	\$ 1	\$	1,017,126
Additions	-	-	4,180	-		4,180
Balance, end of year	\$ 202,130	\$ 43,111	\$ 776,064	\$ 1	\$	1,021,306
Exploration and evaluation costs						
Balance, beginning of year	\$ 17,355,368	\$ 249,200	\$ 488,555	\$ -	\$	18,093,123
Costs incurred during year (Note 12):						
Aircraft	3,576	-	12,546	-		16,122
Analysis	-	-	7,501	-		7,501
Camp and operations	14,441	945	16,501	-		31,887
Consulting	20,158	2,506	51,814	-		74,478
Geophysics	9,075	-	53,691	-		62,766
Line cutting	-	-	7,010	-		7,010
Share-based payment (Note 12)	-	-	2,448	-		2,448
Travel and accommodation	2,455	-	12,134	-		14,589
	49,705	3,451	163,645	-		216,801
Other:						
Exploration tax credits	(26,688)	-	(37,560)	-		(64,248)
Write-downs	-	-	(1,110)	(1)		(1,111)
	(26,688)	-	(38,670)	(1)		(65,359)
Balance, end of year	\$ 17,378,385	\$ 252,651	\$ 613,530	\$ (1)	\$	18,244,565
Total	\$ 17,580,515	\$ 295,762	\$ 1,389,594	\$ -	\$	19,265,871

Serengeti Resources Inc.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the year ended February 28, 2015

6. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the year ended February 28, 2014:

	Canada			Mexico		Total for year ended February 28, 2014
	Kwanika	Milligan-West	Other			
Property acquisition costs						
Balance, beginning of year	\$ 202,130	\$ 43,111	\$ 742,764	\$ 1	\$	988,006
Additions	-	-	29,120	-	-	29,120
Balance, end of year	\$ 202,130	\$ 43,111	\$ 771,884	\$ 1	\$	1,017,126
Exploration and evaluation costs						
Balance, beginning of year	\$ 17,364,061	\$ 242,424	\$ 1,268,112	\$ -	\$	18,874,597
Costs incurred during year (Note 12):						
Aircraft	-	-	19,428	-	-	19,428
Analysis	1,465	-	22,089	-	-	23,554
Camp and operations	20,130	304	15,924	-	-	36,358
Consulting	23,200	-	7,381	-	-	30,581
Drilling	-	-	2,639	-	-	2,639
General labour	39,039	5,689	92,766	-	-	137,494
Geophysics	1,125	-	-	-	-	1,125
Travel and accommodation	4,001	783	20,779	-	-	25,563
	88,960	6,776	181,006	-	-	276,742
Other:						
Exploration tax credits	(97,653)	-	-	-	-	(97,653)
Option payment and recovered costs	-	-	(1,427)	-	-	(1,427)
Write-downs	-	-	(959,136)	-	-	(959,136)
	(97,653)	-	(960,563)	-	-	(1,058,216)
Balance, end of year	\$ 17,355,368	\$ 249,200	\$ 488,555	\$ -	\$	18,093,123
Total	\$ 17,557,498	\$ 292,311	\$ 1,260,439	\$ 1	\$	19,110,249

6. Exploration and evaluation assets (cont'd)

a) Kwanika

The Kwanika property is 100% owned by the Company and located in the northern portion of the Quesnel Trough, British Columbia.

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 17 properties (exclusive of Kwanika) and a 65.2% interest in 3 others in joint venture with Fjordland Exploration Inc.

d) Mexico

The Company, through its wholly-owned Mexican subsidiary, held title to three properties located in the states of Chihuahua and Durango, Northern Mexico. These properties were written down to a nominal amount of \$1 during the year ended February 28, 2013. The Mexican subsidiary was sold during the current year and the remaining \$1 was written off.

7. Trade payables and accrued liabilities

	February 28, February 28,	
	2015 2014	
Trade payables	\$ 27,921	\$ 17,699
Amounts due to related parties (Note 8 and 12)	2,513	53,868
Accrued liabilities	19,541	57,685
	\$ 49,975	\$ 129,252

8. Non-current liabilities

As at February 28, 2015, the Company was indebted to officers and directors for \$140,101 in respect of CFO fees, consulting fees, directors' fees and salaries. As at February 28, 2014, \$19,998 of this amount was included in trade payables and accrued liabilities. On February 28, 2015, the Company signed agreements with the officers and directors agreeing to defer payment of the amounts owed and describing the settlement terms. The notes payable are a summary of these obligations and have the following attributes:

1. To be paid in full on September 15, 2016
2. The notes may be used as partial or full payment under any future private placement of the Company's common shares. This may be before September 15, 2016. If so used, the amount will then be deemed to be a payment on the principle of the note.

9. Commitments

As at February 28, 2015, future payments required under non-cancellable operating leases for premises contracted for but not capitalized in the financial statements are as follows:

Payable not later than one year	\$	43,388
Payable later than one year and not later than five years		10,847
Total future minimum lease payments	\$	54,235

In November 2014 the Company signed a new office lease space for fifteen months expiring May 2016.

10. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At February 28, 2015 there were 51,100,221 issued and fully paid common shares (February 28, 2014 – 51,100,221).

Basic and diluted loss per share

The basic and diluted loss per share for the year ended February 28, 2015 was \$0.01 (2014 - \$0.04). The calculation of basic and diluted loss per share for the year ended February 28, 2015 was based on the loss attributable to common shareholders of \$544,725 (2014 - \$1,827,666) and the weighted average number of common shares outstanding of 51,100,221 (2014 – 51,100,221). The diluted loss per share does not include the effect of stock options as they are anti-dilutive. As of February 28, 2015, the total number of potentially dilutive shares excluded from the calculation of loss per share was 5,675,000 (2014 – 7,305,000).

10. Share capital and reserves (cont'd)

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 the TSX-V policies, grant to directors, officers, employees and technical 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 will be exercisable for a period of up to five years from the date of grant.

The changes in options during the years ended February 28, 2015 and 2014 are as follows:

	February 28, 2015		February 28, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	7,305,000	\$ 0.18	5,725,000	\$ 0.33
Options granted	50,000	0.08	4,150,000	0.10
Options expired	(1,680,000)	0.26	(1,270,000)	0.54
Options forfeited	-	-	(1,300,000)	0.25
Options outstanding, end of year	5,675,000	\$ 0.15	7,305,000	\$ 0.18
Options exercisable, end of year	5,675,000	\$ 0.15	7,180,000	\$ 0.18

Details of options outstanding as at February 28, 2015 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.06 - \$0.12	2.92 years	3,850,000	3,850,000
\$0.13 - \$0.33	1.41 years	1,825,000	1,825,000
	2.44 years	5,675,000	5,675,000

During the year ended February 28, 2015, the Company granted 50,000 (2014 – 4,150,000) stock options with a weighted average fair value of \$0.05 (2014 - \$0.10) per option. The Company recorded share-based compensation of \$7,399 (2014 - \$210,336) 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:

	February 28, 2015	February 28, 2014
Expected life of options	5 years	4.65 years
Annualized volatility	129%	95%
Risk-free interest rate	1.47%	1.41%
Dividend rate	0%	0%

11. Income tax

A reconciliation of income taxes at statutory rates with the reported income taxes is as follows:

	2015	2014
Net loss for the year	\$ (544,725)	\$ (1,817,818)
Expected income tax recovery	\$ (141,000)	\$ (471,000)
Change in statutory, foreign tax and other	-	196,000
Deductible and non-deductible amounts	9,000	55,000
Change in unrecognized deductible temporary differences	132,000	220,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2015	2014
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ (1,844,000)	\$ (1,975,000)
Investment tax credits	255,000	713,000
Equipment	55,000	50,000
Share issue costs	4,000	12,000
Non-capital losses available for future periods, net of valuation allowance	1,530,000	1,200,000
Net deferred tax liability	\$ -	\$ -

The significant components of the Company's unrecognized deductible temporary differences are as follows:

	2015	Expiry Date Range	2014
Temporary differences			
Exploration and evaluation assets	\$ 7,093,000	No expiry date	\$ 749,000
Equipment	213,000	No expiry date	208,000
Share issue costs	15,000	No expiry date	31,000
Allowable capital losses	2,426,000	No expiry date	2,426,000
Non-capital losses available for further periods	7,588,000	2026 to 2034	1,610,000

Tax attributes are subject to review, and potential adjustments, by tax authorities.

12. Related party transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

		February 28, February 28,	
		2015	2014
Directors and officers of the Company	\$	2,514	\$ 53,868

See also Note 8

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 key management personnel consist of the Company's Board of Directors and corporate officers.

	Year ended February 28,	
	2015	2014
Management fees (1)	\$ 168,000	\$ 168,000
Consulting (2)	63,178	72,404
Director fees	18,750	38,417
Share-based payments	-	177,357
	\$ 249,928	\$ 456,178

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

(2) Includes accounting fees paid to a company controlled by the CFO of \$44,283 (2014: \$36,984)

The Company has entered into a one year renewable employment agreement with the president of the Company expiring December 31, 2015 for the provision of services at a cost of \$14,000 per month effective May 15, 2014. In September 2013, the president agreed to defer 20% of this compensation to accrued liability. In September 2014, the president agreed to defer a further 40% and effective May 1, 2015 to defer the balance of this compensation to accrued liability. If the agreement is terminated without cause, the Company will be required to provide severance equal to two month's salary for every year of service starting July 1, 2004 onwards. In the event of a change in control of the Company, the president will have the right to cancel the agreement and receive a termination payment equal to twenty-four months' salary.

See also Note 8

13. 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 which are held with 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 sole 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 to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain 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 year.

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

13. Financial risk management (cont'd)

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.

14. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition and exploration of mineral properties in Canada.