



**Condensed Consolidated Interim Financial Statements**

**Six Months Ended August 31, 2014**

**(Unaudited – prepared by Management)**

**(Expressed in Canadian Dollars)**

*Condensed Consolidated Unaudited Interim Financial Statements*

*In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim unaudited financial statements for the six months ended August 31, 2014.*

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

	Notes	August 31, 2014	February 28, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 322,428	\$ 785,887
Receivables	4	12,907	10,969
Prepaid expenses		28,587	27,899
		363,922	824,755
<b>Non-current assets</b>			
Reclamation deposits	5	81,524	81,524
Equipment		9,137	11,909
Exploration and evaluation assets	6	19,276,097	19,110,249
		19,366,758	19,203,682
<b>TOTAL ASSETS</b>		<b>\$ 19,730,680</b>	<b>\$ 20,028,437</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	7	\$ 114,531	\$ 129,252
<b>TOTAL LIABILITIES</b>		<b>114,531</b>	<b>129,252</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	38,564,432	38,564,432
Reserves		7,485,416	7,478,017
Deficit		(26,433,699)	(26,143,264)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>19,616,149</b>	<b>19,899,185</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 19,730,680</b>	<b>\$ 20,028,437</b>

Nature of operations and going concern (Note 1)  
Commitments (Note 8)

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

	Notes	Three month period ended		Six month period ended	
		August 31,		August 31,	
		2014	2013	2014	2013
<b>Expenses</b>					
Consulting		\$ 20,690	\$ 21,209	\$ 36,254	\$ 51,530
Conventions and tradeshows		524	3,159	8,613	13,869
Depreciation		1,386	1,678	2,772	5,045
Director fees		6,250	9,750	6,250	19,750
Foreign exchange		257	(57)	88	(352)
Investor relations		16,903	10,215	29,453	30,986
Management fees		33,864	34,294	64,398	71,771
Office and miscellaneous		25,770	23,660	59,226	50,857
Professional fees		5,078	13,050	6,858	24,496
Project investigation costs		12,194	33,881	21,838	57,436
Share-based payments	9	-	4,950	4,951	132,945
Transfer agent and filing fees		7,780	4,782	10,600	9,504
Wages and salaries		18,153	18,437	42,152	47,935
		(148,849)	(179,008)	(293,453)	(515,772)
Interest income		1,677	15,827	3,018	16,231
Exploration and evaluation assets written-off		-	(230,548)	-	(163,927)
Gain on sale of vehicle		-	7,501	-	7,501
<b>Loss and comprehensive loss for period</b>		<b>\$ (147,172)</b>	<b>\$ (386,228)</b>	<b>\$ (290,435)</b>	<b>\$ (655,967)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>		<b>51,100,221</b>	<b>51,100,221</b>	<b>51,100,221</b>	<b>51,100,221</b>

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 - unaudited)

	Share capital		Reserves		
	Number of shares	Amount	Share-based payment reserve	Deficit	Total
<b>Balance at February 29, 2013</b>	<b>51,100,221</b>	<b>\$ 38,564,432</b>	<b>\$ 7,267,681</b>	<b>\$ (24,315,598)</b>	<b>\$ 21,516,515</b>
Share-based payments	-	-	132,945	-	132,945
Loss for the period	-	-	-	(655,967)	(655,967)
<b>Balance at August 31, 2013</b>	<b>51,100,221</b>	<b>\$ 38,564,432</b>	<b>\$ 7,400,626</b>	<b>\$ (24,971,565)</b>	<b>\$ 20,993,493</b>
<b>Balance at February 28, 2014</b>	<b>51,100,221</b>	<b>\$ 38,564,432</b>	<b>\$ 7,478,017</b>	<b>\$ (26,143,264)</b>	<b>\$ 19,899,185</b>
Share-based payments	-	-	7,399	-	7,399
Loss for the period	-	-	-	(290,435)	(290,435)
<b>Balance at August 31, 2014</b>	<b>51,100,221</b>	<b>\$ 38,564,432</b>	<b>\$ 7,485,416</b>	<b>\$ (26,433,699)</b>	<b>\$ 19,616,149</b>

See accompanying notes to the condensed consolidated interim financial statements

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

	Three month period ended		Six month period ended	
	August 31,		August 31,	
	2014	2013	2014	2013
<b>Operating activities</b>				
Loss for the period	\$ (147,172)	\$ (386,228)	\$ (290,435)	\$ (655,967)
Adjustments for non-cash items:				
Depreciation	1,386	15,849	2,772	19,216
Share-based payments	-	4,950	4,951	132,945
Exploration and evaluation assets written-off	-	230,548	-	230,548
Changes in non-cash working capital items:				
Receivables	(2,092)	(419)	(1,938)	53,872
Prepaid expenses	(2,999)	(10,727)	(687)	(5,425)
Trade payables and accrued liabilities	(19,875)	(10,832)	(19,429)	(11,318)
<b>Net cash flows used in operating activities</b>	<b>(170,752)</b>	<b>(156,859)</b>	<b>(304,766)</b>	<b>(236,129)</b>
<b>Investing activities</b>				
Expenditures on exploration and evaluation assets	(133,128)	(148,485)	(158,693)	(244,746)
<b>Net cash flows used in investing activities</b>	<b>(133,128)</b>	<b>(148,485)</b>	<b>(158,693)</b>	<b>(244,746)</b>
Decrease in cash and cash equivalents	(303,880)	(305,344)	(463,459)	(480,875)
Cash and cash equivalents, beginning of period	626,308	1,372,054	785,887	1,547,585
<b>Cash and cash equivalents, ending of period</b>	<b>\$ 322,428</b>	<b>\$ 1,066,710</b>	<b>\$ 322,428</b>	<b>\$ 1,066,710</b>

**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 750 West Pender Street, Suite 1700, 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 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 August 31, 2014, the Company had not achieved profitable operations, had a net loss of \$290,435 for the six month period ended August 31, 2014 and accumulated losses of \$26,433,699 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**

The consolidated financial statements were authorized for issue on October 29, 2014 by the directors of the Company.

***Statement of compliance with and conversion to International Financial Reporting Standards***

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended February 28, 2014.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended February 28, 2014.

**3. Cash and cash equivalents**

The components of cash and cash equivalents are as follows:

	<b>August 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
Cash at bank	\$ 57,428	\$ 80,887
Guaranteed investment certificates	265,000	705,000
	<b>\$ 322,428</b>	<b>\$ 785,887</b>

**4. Receivables**

	<b>August 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
HST / GST receivable	\$ 10,448	\$ 4,069
Other receivables	2,459	6,900
	<b>\$ 12,907</b>	<b>\$ 10,969</b>

**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.

	<b>August 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
Balance, beginning of period	\$ 81,524	\$ 90,024
Changes	-	(8,500)
Balance, end of period	<b>\$ 81,524</b>	<b>\$ 81,524</b>



Serengeti Resources Inc.  
Notes to the Consolidated Financial Statements  
(Expressed in Canadian dollars)  
For the six month period ended August 31, 2014 and 2013

**6. Exploration and evaluation assets**

The following is a description of the Company's exploration and evaluation assets and the related spending commitments for the six month ended August 31, 2014:

	Canada				Mexico		Six month period ended August 31, 2014
	Kwanika	Milligan-West	Tchentlo / Choo	Other			
<b>Property acquisition costs</b>							
Balance, beginning of period	\$ 202,130	\$ 43,111	\$ 71,168	\$ 771,884	\$ 1	\$ 1,017,125	
Additions	-	-	-	2,500	-	2,500	
<b>Balance, end of period</b>	<b>\$ 202,130</b>	<b>\$ 43,111</b>	<b>\$ 71,168</b>	<b>\$ 774,384</b>	<b>\$ 1</b>	<b>\$ 1,019,625</b>	
<b>Exploration and evaluation costs</b>							
Balance, beginning of period	\$ 17,355,368	\$ 249,200	\$ 307,874	\$ 488,556	\$ -	\$ 18,093,124	
Costs incurred during period:							
Aircraft	3,576	-	-	7,665	-	11,241	
Analysis	-	-	-	5,951	-	5,951	
Camp and operations	12,787	945	-	15,495	-	29,227	
Consulting	18,813	2,506	-	33,902	-	55,221	
Geophysics	-	-	-	43,614	-	43,614	
Line cutting	-	-	-	7,010	-	7,010	
Share-based payment (Note 9)	-	-	-	2,448	-	2,448	
Travel and accommodation	268	-	-	8,368	-	8,636	
	35,444	3,451	-	124,453	-	163,348	
<b>Balance, end of period</b>	<b>\$ 17,390,812</b>	<b>\$ 252,651</b>	<b>\$ 312,874</b>	<b>\$ 613,009</b>	<b>\$ -</b>	<b>\$ 18,256,472</b>	
<b>Total</b>	<b>\$ 17,592,942</b>	<b>\$ 295,762</b>	<b>\$ 384,042</b>	<b>\$ 1,387,393</b>	<b>\$ 1</b>	<b>\$ 19,276,097</b>	

**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 15 properties (exclusive of Kwanika) and a 65.2% interest in 7 others in joint venture with Fjordland Explorations Inc.

d) Mexico

The Company, through its wholly owned Mexican subsidiary, holds title to three properties located in the states of Chihuahua and Durango, northern Mexico.

The Company has no current exploration plans for the Mexican properties and accordingly fully wrote down their carrying value.

**7. Trade payables and accrued liabilities**

	<b>August 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
Trade payables	\$ 18,732	\$ 17,699
Amounts due to related parties (Note 10)	74,113	53,868
Accrued liabilities	21,686	57,685
	<b>\$ 114,531</b>	<b>\$ 129,252</b>

**8. Commitments**

As at August 31, 2014, 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	\$	17,670
Payable later than one year and not later than five years		-
Total future minimum lease payments	\$	17,670

**9. Share capital and reserves**

***Authorized share capital***

An unlimited number of common shares without par value.

***Issued share capital***

At August 31, 2014 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 six months ended August 31, 2014 was \$0.01 (2013 - \$0.01). The calculation of basic and diluted loss per share for the six months ended August 31, 2014 was based on the loss attributable to common shareholders of \$290,435 (2013 - \$655,967) and the weighted average number of common shares outstanding of 51,100,221 (2013 – 51,100,221). The diluted loss per share does not include the effect of stock options as they are anti-dilutive. As of August 31, 2014, the total number of potentially dilutive shares excluded from the calculation of loss per share was 6,500,000 (2013 – 6,830,000).

***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 periods ended August 31, 2014 and February 28, 2014 are as follows:

	August 31, 2014		February 28, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	7,305,000	\$ 0.18	5,725,000	\$ 0.33
Options granted	50,000	0.08	4,150,000	0.10
Options expired	(855,000)	0.24	(1,270,000)	0.54
Options forfeited	-	-	(1,300,000)	0.25
Options outstanding, end of period	6,500,000	\$ 0.17	7,305,000	\$ 0.18
Options exercisable, end of period	6,500,000	\$ 0.17	7,180,000	\$ 0.18

9. **Share capital and reserves** (cont'd)

**Stock options** (cont'd)

Details of options outstanding as at August 31, 2014 are as follows:

<b>Weighted average exercise price</b>	<b>Weighted average contractual life</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>
\$0.06 - \$0.12	3.45 years	3,850,000	3,850,000
\$0.13 - \$0.33	1.46 years	2,650,000	2,650,000
	2.64 years	6,500,000	6,500,000

During the six months ended August 31, 2014, the Company granted 50,000 (2013 – 2,750,000) stock options with a weighted average fair value of \$0.05 (2013 - \$0.12) per option. The Company recorded share-based compensation of \$7,339 (2013 - \$132,945) 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:

	<b>August 31, 2014</b>	<b>August 31, 2013</b>
Expected life of options	5 years	4 years
Annualized volatility	147%	88%
Risk-free interest rate	1.29%	1.25%
Dividend rate	0%	0%

**10. 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.

	<b>August 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
Directors and officers of the Company	\$ 74,113	\$ 53,868

***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.

	<b>Six month period ended</b>	
	<b>August 31,</b>	
	<b>2014</b>	<b>2013</b>
Management fees (1)	\$ 84,000	\$ 84,000
Consulting (2)	36,204	46,509
Director fees	6,250	19,750
Share-based payments	-	110,683
	<b>\$ 126,454</b>	<b>\$260,942</b>

(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 \$25,719 (2013: \$29,109)

The Company has entered into a one year renewable employment agreement with the president of the Company expiring December 31, 2014 for the provision of services at a cost of \$14,000 per month effective May 15, 2014. The president has agreed to defer 20% 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.

**11. Segmented information**

***Operating segments***

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

***Geographic segments***

The Company's non-current assets are located in the following countries:

	As at August 31, 2014		
	Canada	Mexico	Total
Reclamation deposits	\$ 81,524	\$ -	\$ 81,524
Equipment	9,137	-	9,137
Exploration and evaluation assets	19,276,096	1	19,276,097
	\$ 19,366,757	\$ 1	\$ 19,366,758

  

	As at February 28, 2014		
	Canada	Mexico	Total
Reclamation deposits	\$ 81,524	\$ -	\$ 81,524
Equipment	11,909	-	11,909
Exploration and evaluation assets	19,110,248	1	19,110,249
	\$ 19,203,681	\$ 1	\$ 19,203,682