



**Condensed Consolidated Interim Financial Statements**

**Three Months Ended May 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 three months ended May 31, 2014.*

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

	Notes	May 31, 2014	February 28, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 626,308	\$ 785,887
Receivables	4	10,816	10,969
Prepaid expenses		25,587	27,899
		662,711	824,755
<b>Non-current assets</b>			
Reclamation deposits	5	81,524	81,524
Equipment		10,523	11,909
Exploration and evaluation assets	6	19,146,181	19,110,249
		19,238,228	19,203,682
<b>TOTAL ASSETS</b>		<b>\$ 19,900,939</b>	<b>\$ 20,028,437</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	7	\$ 140,066	\$ 129,252
<b>TOTAL LIABILITIES</b>		<b>140,066</b>	<b>129,252</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	38,564,432	38,564,432
Reserves	9	7,482,968	7,478,017
Deficit		(26,286,527)	(26,143,264)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>19,760,873</b>	<b>19,899,185</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 19,900,939</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	
		2014	May 31, 2013
<b>Expenses</b>			
Consulting		\$ 15,564	\$ 30,321
Conventions and tradeshows		8,089	10,710
Depreciation		1,386	3,367
Director fees		-	10,000
Foreign exchange		(169)	(295)
Investor relations		12,550	20,771
Management fees		30,534	37,477
Office and miscellaneous		33,456	27,197
Professional fees		1,780	11,446
Project investigation costs		9,644	23,555
Share-based payments	9	4,951	127,995
Transfer agent and filing fees		2,820	4,722
Wages and salaries		23,999	29,498
		(144,604)	(336,764)
Interest income		1,341	404
Recovery of flow-through share premium		-	66,621
Loss before income taxes		(143,263)	(269,739)
Deferred income tax recovery		-	-
<b>Loss and comprehensive loss for period</b>		<b>\$ (143,263)</b>	<b>\$ (269,739)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</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	-	-	127,995	-	127,995
Loss for the period	-	-	-	(269,739)	(269,739)
<b>Balance at May 31, 2013</b>	<b>51,100,221</b>	<b>\$ 38,564,432</b>	<b>\$ 7,395,676</b>	<b>\$ (24,585,337)</b>	<b>\$ 21,374,771</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	-	-	4,951	-	4,951
Loss for the period	-	-	-	(143,263)	(143,263)
<b>Balance at May 31, 2014</b>	<b>51,100,221</b>	<b>\$ 38,564,432</b>	<b>\$ 7,482,968</b>	<b>\$ (26,286,527)</b>	<b>\$ 19,760,873</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)

	<b>Three month period ended</b>	
	<b>2014</b>	<b>May 31, 2013</b>
<b>Operating activities</b>		
Loss for the period	\$ (143,263)	\$ (269,739)
Adjustments for non-cash items:		
Depreciation	1,386	3,367
Share-based payments	4,951	127,995
Changes in non-cash working capital items:		
Receivables	154	54,291
Prepaid expenses	2,312	5,302
Trade payables and accrued liabilities	446	(486)
<b>Net cash flows used in operating activities</b>	<b>(134,014)</b>	<b>(79,270)</b>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(25,565)	(96,261)
<b>Net cash flows used in investing activities</b>	<b>(25,565)</b>	<b>(96,261)</b>
Decrease in cash and cash equivalents	(159,579)	(175,531)
Cash and cash equivalents, beginning of period	785,887	1,547,585
<b>Cash and cash equivalents, ending of period</b>	<b>\$ 626,308</b>	<b>\$ 1,372,054</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.

These condensed consolidated interim 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. As at May 31, 2014, the Company had not advanced any property to commercial production and is not able to finance day to day activities through operations. The Company has sufficient working capital to maintain its assets and cover its general, administrative and operating costs for the upcoming year. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to raise capital either through equity financing, or sale or option of its mineral properties to meet current and future obligations. While management has been successful in obtaining its financing in the past, there can be no assurance that 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 July 25, 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>May 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
Cash at bank	\$ 61,308	\$ 80,887
Guaranteed investment certificates	565,000	705,000
	<u>\$ 626,308</u>	<u>\$ 785,887</u>

**4. Receivables**

	<b>May 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
HST / GST receivable	\$ 4,421	\$ 4,069
Other receivables	6,395	6,900
	<u>\$ 10,816</u>	<u>\$ 10,969</u>

**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>May 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	<u>\$ 81,524</u>	<u>\$ 81,524</u>



Serengeti Resources Inc.  
Notes to the Consolidated Financial Statements  
(Expressed in Canadian dollars)  
For the three month period ended May 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 three month ended May 31, 2014:

	Canada			Mexico		Three month period ended May 31, 2014
	Kwanika	Milligan-West	Other			
<b>Property acquisition costs</b>						
Balance, beginning of period	\$ 202,130	\$ 43,111	\$ 771,884	\$ 1	\$	1,017,125
Additions	-	-	1,551	-	-	1,551
<b>Balance, end of period</b>	<b>\$ 202,130</b>	<b>\$ 43,111</b>	<b>\$ 773,435</b>	<b>\$ 1</b>	<b>\$</b>	<b>1,018,676</b>
<b>Exploration and evaluation costs</b>						
Balance, beginning of period	\$ 17,355,368	\$ 249,200	\$ 488,556	\$ -	\$	18,093,124
Costs incurred during period:						
Camp and operations	9,012	945	200	-	-	10,157
Consulting	17,762	1,906	4,288	-	-	23,956
Travel and accommodation	268	-	-	-	-	268
	27,042	2,851	4,488	-	-	34,381
<b>Balance, end of period</b>	<b>\$ 17,382,410</b>	<b>\$ 252,051</b>	<b>\$ 493,044</b>	<b>\$ -</b>	<b>\$</b>	<b>18,127,505</b>
<b>Total</b>	<b>\$ 17,584,540</b>	<b>\$ 295,162</b>	<b>\$ 1,266,479</b>	<b>\$ 1</b>	<b>\$</b>	<b>19,146,181</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 16 properties (exclusive of Kwanika) and a 65.2% interest in 8 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>May 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
Trade payables	\$ 33,572	\$ 17,699
Amounts due to related parties (Note 10)	61,875	53,868
Accrued liabilities	44,619	57,685
	<b>\$ 140,066</b>	<b>\$ 129,252</b>

**8. Commitments**

As at May 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	\$ 26,239
Payable later than one year and not later than five years	-
Total future minimum lease payments	\$ 23,239

**9. Share capital and reserves**

**Authorized share capital**

An unlimited number of common shares without par value.

**Issued share capital**

At May 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 three months ended May 31, 2014 was \$0.00 (2013 - \$0.01). The calculation of basic and diluted loss per share for the three months ended May 31, 2014 was based on the loss attributable to common shareholders of \$143,263 (2013 - \$269,739) 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 May 31, 2014, the total number of potentially dilutive shares excluded from the calculation of loss per share was 6,625,000 (2013 – 7,205,000).

**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 May 31, 2014 and February 28, 2014 are as follows:

	May 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	-	-	4,150,000	0.10
Options expired	(680,000)	0.25	(1,270,000)	0.54
Options forfeited	-	-	(1,300,000)	0.25
Options outstanding, end of period	6,625,000	\$ 0.17	7,305,000	\$ 0.18
Options exercisable, end of period	6,625,000	\$ 0.17	7,180,000	\$ 0.18

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

**Stock options** (cont'd)

Details of options outstanding as at May 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	3.74 years	3,975,000	3,975,000 *
\$0.13 - \$0.33	1.69 years	2,650,000	2,650,000
	2.85 years	6,625,000	6,625,000

\*Subsequent to May 31, 2014, 175,000 stock options expired unexercised.

During the three months ended May 31, 2014, the Company granted Nil (2013 – 2,750,000) stock options with a weighted average fair value of \$Nil (2013 - \$0.12) per option. The Company recorded share-based compensation of \$4,951 (2013 - \$127,995) 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, 2014	May 31, 2013
Expected life of options	-	4 years
Annualized volatility	-	88%
Risk-free interest rate	-	1.25%
Dividend rate	-	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>May 31, February 28,</b>	
	<b>2014</b>	<b>2014</b>
Directors and officers of the Company	\$ 61,875	\$ 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>Three month period ended May 31,</b>	
	<b>2014</b>	<b>2013</b>
Management fees (1)	\$ 42,000	\$ 42,000
Consulting (2)	16,571	25,920
Director fees	-	10,000
Share-based payments	-	110,683
	<b>\$ 58,571</b>	<b>\$188,603</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 \$11,891 (2013: \$15,720)

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 May 31, 2014		
	Canada	Mexico	Total
Reclamation deposits	\$ 81,524	\$ -	\$ 81,524
Equipment	10,523	-	10,523
Exploration and evaluation assets	19,146,180	1	19,146,181
	\$ 19,238,227	\$ 1	\$ 19,238,228

	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