SERENGETI RESOURCES INC.

# INTERIM MANAGEMENT DISCUSSION AND ANALYSIS

# QUARTERLY HIGHLIGHTS

# FOR THE NINE MONTHS ENDED NOVEMBER 30, 2018

## INTRODUCTORY COMMENT

Serengeti Resources Inc. is a junior mineral exploration company listed on the TSX Venture Exchange under the trading symbol "SIR". The Company's exploration strategy emphasizes copper-gold projects in the Quesnel Trough of British Columbia, including the advancement of Kwanika – its principal resource-stage property, which is now held indirectly through its majority shareholding in Kwanika Copper Corporation, a related joint venture company. This Management Discussion and Analysis ("MD&A") is dated January 11, 2019 and discloses specified information up to that date. Serengeti is classified as a "venture issuer" for the purposes of National Instrument 51-102. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the nine-month period ended November 30, 2018, which are prepared in accordance with International Financial Reporting Standards as issued by the IASB applicable to interim financial statements.

Throughout this report we refer from time to time to "Serengeti", "the Company", "we", "us", "our" or "its". All these terms are used in respect of Serengeti Resources Inc. which is the reporting issuer in this document. ***We recommend that readers consult the "Cautionary Statements" on the last page of this report.***

During the nine months ended November 30, 2018, Serengeti had two principal areas of focus: advancement of its flagship Kwanika copper-gold resource-stage project located in British Columbia and maintenance of its extensive portfolio of properties in the Quesnel Trough of British Columbia.

## HIGHLIGHTS

### FINANCIAL CONDITION

The Company ended the nine-month period with a working capital position of $334,603 compared to $315,580 at February 28, 2018.

During May and June 2018, Company carried out a warrant exercise incentive program (the "Incentive Program") designed to encourage the early exercise of up to 3,306,000 of its outstanding unlisted warrants (the "Warrants"). The Warrants, exercisable at a price of $0.15 per common share until August 5, 2018, were originally issued by the Company as part of a unit private placement financing which closed on August 5, 2016. Pursuant to the Incentive Program, the Company offered an inducement to each Warrant holder that exercised their Warrants during a 20-calendar-day early exercise period, by the issuance of one additional share purchase warrant for each warrant early exercised. Each new warrant (the "Incentive Warrant") entitled the holder to purchase one additional common share of the Company for a period of 18 months from the date of issuance of such Incentive Warrant, at a price of $0.22. In connection with the Incentive Program, 2,200,000 warrants at an exercise price of $0.15 were exercised for gross proceeds of $330,000.

During the period ended November 30, 2018, an additional 1,470,000 warrants at exercise prices ranging from $0.05 to $0.22 were exercised for gross proceeds of $91,240.

During the period ended November 30, 2018, 1,950,000 options were exercised for gross proceeds of $154,250.

The Company is in the process of completing a Preliminary Feasibility Study ("PFS") on its Kwanika property that is funded by its joint venture partner. In addition, the Company has sufficient cash on hand to fund operations for the next twelve months. The Company's continuation as a going concern is dependent upon successful completion of the PFS on its Kwanika property 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.

## FINANCIAL PERFORMANCE

### EXPENSES AND NET LOSS

For the quarter ended November 30, 2018, the net loss was $180,368 compared to $2,112,344 for the quarter ended November 30, 2017, a decrease of $1,931,976. The decrease is principally attributable to:

- A decrease in impairment of $1,841,910 related to the impairment recorded on the Kwanika property prior to its transfer to the joint venture in the quarter ended November 30, 2017;
- Management fee income of $44,847 recorded in the current quarter related to the operator fee earned on the Kwanika project;
- A decrease of $66,400 in corporate development costs in the current quarter due to the consulting fees paid in relation to the Kwanika joint venture in the quarter ended November 30, 2017.

For the period ended November 30, 2018, the net loss was $718,419 compared to $2,381,282 for the period ended November 30, 2017, a decrease of $1,662,863. The decrease is principally attributable to:

- A decrease in impairment of $1,716,657 due to the impairment recorded on the Kwanika property prior to its transfer to the joint venture in the period ended November 30, 2017;
- Management fee income of $176,107 recorded in the current period related to the operator fee earned on the Kwanika project;
- A decrease of $66,400 in corporate development costs in the current quarter due to the consulting fees paid in relation to the Kwanika joint venture in the quarter ended November 30, 2017.

These decreases in net loss were partially offset by an increase in share-based payments expense of $220,711 for the period ended November 30, 2018, related to the issue of 1,800,000 stock options in the current period.

## CASH FLOWS

The Condensed Consolidated Interim Statements of Cash Flows shows that the net cash position of the Company decreased by $470,282 in the nine-month period ended November 30, 2018. This decrease is attributable to $520,251 of cash consumed in operations and $574,426 for expenditures on exploration and evaluation assets. These cash outflows were partially offset by proceeds from the exercise of warrants and stock options for net cash proceeds of $561,871and the transfer of reclamation deposits to KCC for cash of $62,524.

## LIQUIDITY AND CAPITAL RESOURCES

Our working capital position is addressed above in the section Financial Condition and we believe we have adequate working capital to conduct our operations for the balance of the current fiscal year. We are in a position to meet our current obligations as they become due.

## MAJOR OPERATING MILESTONES

**Joint Venture – Kwanika Copper Company**

On November 24, 2017, Serengeti completed a transaction whereby Serengeti, POSCO DAEWOO Company (“PDC”) and Kwanika Copper Company (“KCC”) (formerly known as Daewoo Minerals Canada Company) signed a definitive joint venture agreement (the “JVA”) for the exploration and development of the Kwanika property (the "Project"). Pursuant to the JVA, the respective interests of Serengeti and PDC in the Project have been transferred to KCC, which will serve as the vehicle for the joint venture.

Key terms of the JVA and KCC structure include the following:

- PDC contributed a total of $8.3 million in cash and holds 8,200,000 common shares of KCC (representing 35% of the total issued shares of KCC).
- Serengeti contributed the Kwanika property, in exchange for 15,228,571 common shares of KCC (representing 65% of the total issued shares of KCC).
- Serengeti retains operatorship of the Project and is entitled to receive a $700,000 operator's fee as the first disbursement from the Project funding.
- The Board of Directors of KCC consists of five individuals, three appointed by Serengeti and two appointed by PDC.

**Kwanika Project Activity**

A Preliminary Economic Assessment ("PEA") was completed by Moose Mountain Technical Services on April 3, 2017 and an independent NI 43-101 compliant Technical Report was posted on SEDAR on April 28, 2017. The PEA evaluated a 15,000 tonne per day combined open pit and underground mining operation, centered on the highest-grade portion of the Central and South Zones on the Kwanika property. A summary of the results of the project evaluated in the PEA is as follows:

**Kwanika Project PEA (2017) Production Statistics**

| Category | | Units | First 8 Years | LOM |
|---|---|---|---|---|
| Tonnes Milled | | Kt | 43,201 | 78,855 |
| Average Grade | Cu | % | 0.466 | 0.381 |
| | Au | g/t | 0.539 | 0.357 |
| | Ag | g/t | 1.391 | 1.398 |
| Metal Production | Cu | M lbs | 403.462 | 600.635 |
| | Au | Moz | 0.561 | 0.673 |
| | Ag | Moz | 1.449 | 2.659 |
| Throughput | | tpd | 15,000 | |
| Mine Life | | Yrs | 15 | |
| Net Cash Cost of Production (C1)* per lb Cu | | US$ | $0.70 | $1.20 |

** Net Direct Cash Cost (C1) is an industry standard measure that represents the cash cost incurred at each processing stage, from mining through to recoverable metal delivered to market, less net by-product credits.*

*Direct Cash Costs cover: Mining, ore freight and milling costs; Mine-site administration and general expenses; Concentrate freight, smelting and smelter general and administrative costs; Marketing costs (freight and selling).*

**2017 Project Base Case Economics:**

| | |
|---|---|
| **Commodity Prices Assumed** | US $2.90/lb Cu $1270/oz Au $19.00 / oz Ag |
| **US$ / CDN$** | 0.77 |
| **Initial CapEx** | CDN $476 million |
| **LOM Sustaining Capital** | CDN $37 million |
| **Cumulative Cash Flow (pretax/aftertax)** | CDN $710 million / $475 million |
| **NPV at 5% (pretax/aftertax)** | CDN $411 million / $255 million |
| **NPV at 7% (pretax/aftertax)** | CDN $324 million / $191 million |
| **NPV at 8% (pretax/aftertax)** | CDN $286 million / $163 million |
| **NPV at 10% (pretax/aftertax)** | CDN $220 million / $114 million |
| **IRR (pretax/aftertax)** | 21.1%/16.6% |
| **Payback (pretax/aftertax)** | 3.7/4.0 years |

The PEA recommended advancing the project to a higher level of study leading to a PFS and eventually to a Feasibility Study. The immediate work will require field work and data gathering for prefeasibility engineering and baseline environmental studies in preparation for consultation with First Nations, sustainability discussions with local stakeholders and preparations for permit applications with regulators. This will include additional drilling to improve the modelled resource classification, geotechnical drilling, starting long duration waste rock characterization studies, and background environmental field surveys.

The cost of this recommended program over a two-year time frame has been estimated at $6,985,000 and KCC is, at the date of writing, proceeding with the advancement of a PFS for the project. On May 17, 2018, KCC and the Company announced that Merit Consultants International had been selected to lead a consortium of geotechnical, environmental, metallurgical, resource, open pit and underground mining, tailings/waste/water management, hydrology and hydrogeology specialized consultants in the conduct of the PFS which is estimated to be completed in mid-2019.

On May 29, 2018, KCC announced that it had signed an exploration agreement with Takla Lake First Nation providing for communication protocols and mutually beneficial collaboration between KCC and Takla, thereby providing certainty to the Company as the Kwanika project advances through prefeasibility.

On June 28, 2018, the Company announced that KCC had mobilized two diamond drills and technical crews to the Kwanika Copper Gold Project as part of the ongoing completion of the partner- funded PFS, expected in mid-2019. Approximately 8,000 meters of drilling was planned, including 6,600 meters in twelve holes in support of detailed open-pit and underground engineering design and resource upgrade drilling for the Central Zone, as well as deepening prior drill hole K-16-179 (which intercepted 59 metres grading 0.26% Cu and 0.29 g/t Au at 903 meters - SIR News Release dated September 22, 2016).

The main objectives of the PFS are to:

- Develop a new strategic mine plan to improve upon previous PEA economics, focusing on the highest grade/highest margin options;
- Seek to reduce, defer or stage, project capital expenditures;
- Improve the geological interpretation, and by extension, the geological model that forms the basis for a new resource estimate for the project;
- Seek to improve the grade and expand the tonnage of the existing mineral resource to enhance potential feed grades to both the open pit and underground block cave in a revised mine plan;
- Improve the technical and economic mine designs to a PFS level of accuracy, particularly for the open pit and underground mine plans, metallurgy and process design, and infrastructure engineering with geotechnical and metallurgical drilling, sampling and testing;
- Identify any key environmental concerns including potentially acid generating rock units and sensitive ecological areas;
- Identify sites for key mine and plant installations such as the underground portal, plant, tailings and waste rock;
- Develop a plan for surface water management, access routes and other facilities including power supply;
- Engage with local communities including the Takla Nation to address concerns and ensure their continued involvement with and support for the project;
- Identify and address any potential flaws and project risks in order to mitigate these with engineering solutions;
- Develop, to a PFS level, project mine scheduling, capital and operating expenses and an optimized project revenue/cost model and determine the project economics.

All of the relevant independent qualified persons have completed their site visits and site reconnaissance and mapping have been completed along with initial baseline work by the environmental team. Surface geotechnical investigations, focusing on soil conditions at various sites are also complete.

The key items still to be addressed in the PFS, with comments on their current status, are summarized below.

1) Refine the resource estimate and investigate geotechnical, groundwater and geochemical conditions.

KCC completed 7,411m of core drilling in 21 holes in September. The drilling program was designed to support detailed mine design and resource upgrade drilling and results have been published (see news releases dated October 18, November 13, and December 5, 2018). The new drill hole assays will be incorporated into the revised resource estimate and geological model, both of which are key inputs for the open pit and underground block cave design. KCC anticipates completion of the revised resource in late January or early February 2019. Interpretation of hydrogeological, geotechnical and geochemical data sets gathered during the 2018 program is underway.

2) Metallurgical testing and process design.

Metallurgical test work has been initiated and will be used as a key input to process design, mill flow sheet, and results are expected to be delivered early in Q2 2019.

3) Open pit and underground mine design

Open pit design work for the Central Zone will utilise the revised resource estimate and block model which are due for completion in late January or early February 2019. Conceptual pit and underground mine plans are underway in parallel with the revised resource modeling to include information gained from the field season. In the next few months the Company also expects to identify the preferred alternatives for pit size and depth, the portal location, underground mine layout, plant site, preferred alternatives for tailings storage facility, and the mine rock waste sites for potentially-acid generating and non-acid generating rock. When the updated resource model is available in Q1 2019, these concepts will be refined into the PFS mine plan, scheduled for completion in early Q2 2019. At around the same time, the Company expects completion of the revised project site layout.

4) Tailings, waste and water management

During the 2018 drilling program, targeted geotechnical, geochemical and geophysical programs were completed in order to gather the information required to develop a list of potential tailings, waste and water management solutions which will be refined throughout the PFS. Background work for alternative tailings, waste and water management methods, processes and sites are currently being formulated. As preliminary concepts are consolidated, consultation with First Nations and stakeholders will be undertaken in order to include and address specific concerns and concepts before preferred alternatives are selected and advanced.

5) Project infrastructure

An evaluation of infrastructure alternatives is currently being completed by the Study's infrastructure engineering team based on 2018 field observations and a review of current and historical databases. Conceptual designs for the electrical transmission line and availability of electricity to the project are currently in progress, which involves consultation with BC Hydro and others. Access road alternative routes have been identified and more detailed information is being assembled for evaluation.

6) Environmental benchmarking

KCC is working on a number of fronts in order to understand the existing environmental and socio-economic conditions in the area around the Kwanika project. Beginning in the Spring of 2018, environmental baseline studies were initiated which includes gathering detailed hydrological and hydrochemical data from local streams, installation of a meteorological station for year-round data capture, ecological and wildlife studies, and a study of local soil conditions.

7) Socioeconomics and First Nations

The Takla Nation worked alongside KCC to oversee the environmental conduct of the 2018 field program and manage aspects of, and deliverables for, environmental field-testing programs. KCC is committed to maintaining a strong relationship with the Takla Nation, in part governed by the exploration agreement, but also building on the positive relationship that has existed since the initial discovery at Kwanika more than ten years ago. KCC is committed to maintaining this supportive relationship as the project advances.

8) Summary

The final deliverable, scheduled for mid-2019, will be a NI-43-101 PFS-level mine design, reserve and resource statement with associated documentation, and a summary technical report.

**Other Projects**

On March 4, 2018, Serengeti announced an option agreement to acquire a 100% interest in the Atty property from Finlay Minerals Ltd. and a similar interest in the adjacent ATG property from Electrum Resource Corp. ("Electrum"). Combined with the Company's UDS property, Serengeti now controls 6800 Ha of highly prospective ground immediately adjacent to the Kemess mining district.

On August 9, 2018 the Company announced that it had begun a field program on the Atty optioned property located adjacent to the Kemess Mine and on September 24, 2018 reported the results of that program the principal finding of which was the identification of a high priority drill target known as the Kemess East Offset target.

On September 27, 2018, Serengeti announced the results of a geophysical program conducted on the Croy Bloom property, the principal finding of which was the identification of a strong induced polarization anomaly lying below the limits of prior drilling on the Soup Ridge portion of the property, which holes encountered encouraging values of copper and gold; the new target is a high priority for future drill testing. During the period ended November 30, 2018, the Company acquired net smelter return royalties of 0.75% on each of the Thor Marmot and Deer Lake Properties located in the Kemess and Kamloops Mining Districts from Electrum as well as a payment of $10,000 in exchange for Portable Assessment Credits that the Company transferred to Electrum to enable Electrum to advance the legacy claims on both properties for the maximum allowable five-year period.

On November 29, 2018 Serengeti reported the results from the summer's exploration on eight individual early stage properties known as Search III Project. Encouraging results were reported from three of these including a particularly high-grade copper-silver mineralized occurrence located on the Arjay property.

Serengeti also holds a 100% interest in fifteen properties and a 56.3% interest in one additional property in joint venture partnership with Fjordland Exploration Inc. All properties are located in the Quesnel Trough of British Columbia. The Quesnel Trough is host to the Kemess, Mt. Milligan, Mt. Polley, New Afton, and Copper Mountain porphyry copper-gold deposits. Details of Serengeti's property portfolio in BC can be found on the Company's website at www.serengetiresources.com.

## SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

**Key management personnel compensation**

During the nine-month period ended November 30, 2018, the Company incurred salaries of $138,238 for David Moore, Chief Executive Officer, consulting fees of $70,441 paid to a company controlled by Sheri Rempel, Chief Financial Officer, consulting fees of $23,265 paid to a company controlled by Pamela White, Corporate Secretary, director fees of $36,750 and share-based compensation to directors and officers of $195,074.

## OUTSTANDING SHARE DATA

Common shares, stock options and share purchase warrants issued and outstanding as at the quarter end are described in detail in Note 9 to the condensed consolidated interim financial statements dated November 30, 2018, which as of January 11, 2019, are as follows:

| | Number of shares | $ | Number of options | Exercise price | Expiry date |
|---|---|---|---|---|---|
| **Issued and outstanding** | 92,467,179 | 41,526,689 | 100,000 | $0.15 | Jan 30, 2019 |
| | | | 200,000 | $0.15 | Apr 11, 2020 |
| | | | 1,375,000 | $0.05 | Feb 10, 2021 |
| | | | 1,220,000 | $0.07 | Apr 27, 2021 |
| | | | 50,000 | $0.095 | July 7, 2021 |
| | | | 1,725,000 | $0.15 | Jan 30, 2022 |
| | | | 100,000 | $0.20 | Aug 9, 2022 |
| | | | 1,525,000 | $0.15 | Apr 10, 2023 |
| | | | 6,295,000 | $0.11 | |

| Number of warrants | Exercise price | Expiry date |
|---|---|---|
| 43,400 | $0.15 | Jan 25, 2019 |
| 2,150,000 | $0.22 | Dec 13, 2019 |
| 2,193,400 | $0.22 | |

Vancouver, British Columbia January 11, 2018

We recommend that users of this report read the Cautionary Statements which follow.

**Cautionary Statements**

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans, our joint venture expenditure commitments and other financial commitments, future participation by joint venture partners, and our other future plans and objectives, are forward-looking. Such forward-looking statements include, without limitation (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates about financings under way but not completed as of the date of this document. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.  Readers are advised not to place undue reliance on forward-looking statements.