



**SEGO RESOURCES INC.**

Condensed Interim Financial Statements

September 30, 2024

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

### **Note to Reader**

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these condensed interim financial statements.

**SEGO RESOURCES INC.**

## Condensed Interim Statements of Financial Position

September 30, 2024 and June 30, 2024

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

	Note	September 30, 2024	June 30, 2024
<b>ASSETS</b>			
Current assets			
Cash		\$ 19,536	\$ 97,069
Receivables		3,438	3,027
BC Mining Exploration tax credit receivable	6	29,621	21,134
Prepaid expenses		15,350	29,111
		67,945	150,341
Non-current assets			
Reclamation deposits	4	45,000	45,000
Equipment	5	1,734	1,874
Exploration and evaluation assets	6, 9	6,393,308	6,373,506
		6,440,042	6,420,380
<b>TOTAL ASSETS</b>		<b>\$ 6,507,987</b>	<b>\$ 6,570,721</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,464	\$ 18,713
Due to related parties	9	367,714	368,158
<b>TOTAL LIABILITIES</b>		<b>369,178</b>	<b>386,871</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	10,521,719	10,521,719
Reserves		157,806	204,868
Deficit		(4,540,716)	(4,542,737)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>6,138,809</b>	<b>6,183,850</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 6,507,987</b>	<b>\$ 6,570,721</b>

Approved on behalf of the Board on October 29, 2024:

*"J. Paul Stevenson"*

Director and Chief Executive Officer

*"Brent Petterson"*

Chief Financial Officer

The accompanying notes form an integral part of these condensed interim financial statements.

**SEGO RESOURCES INC.**

Condensed Interim Statements of Comprehensive Loss  
For the three months ended September 30, 2024 and 2023  
(Stated in Canadian Dollars)  
(Unaudited – Prepared by Management)

	Note	2024	2023
Expenses			
Accounting and audit fees	9	\$ 19,000	\$ 37,293
Consulting fees	9	1,800	1,800
Depreciation	5	140	200
Filing fees		3,201	3,221
Insurance		1,943	2,067
Legal		582	518
Management fees	9	9,000	11,000
Marketing		1,395	-
Office and miscellaneous		4,833	2,809
Share-based payments	8	16,938	5,405
Telephone	9	1,239	900
Transfer agent		1,908	758
Net and comprehensive loss		\$ (61,979)	\$ (65,971)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		162,693,776	147,693,776

The accompanying notes form an integral part of these condensed interim financial statements.

**SEGO RESOURCES INC.**

## Condensed Interim Statements of Changes in Shareholders' Equity

For the three months ended September 30, 2024 and 2023

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

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	Share capital				
	Number of	Amount	Reserves	Deficit	Total
	shares				
Balance, June 30, 2024	162,693,776	\$ 10,521,719	\$ 204,868	\$ (4,542,737)	\$ 6,183,850
Reclass on cancellation of stock options	-	-	(64,000)	64,000	-
Share-based payments	-	-	16,938	-	16,938
Net loss and comprehensive loss	-	-	-	(61,979)	(61,979)
Balance, September 30, 2024	162,693,776	\$ 10,521,719	\$ 157,806	\$ (4,540,716)	\$ 6,138,809

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	Share capital				
	Number of	Amount	Reserves	Deficit	Total
	shares				
Balance, June 30, 2023	147,693,776	\$ 10,251,298	\$ 185,740	\$ (4,334,797)	\$ 6,102,241
Share-based payments	-	-	5,405	-	5,405
Net loss and comprehensive loss	-	-	-	(65,971)	(65,971)
Balance, September 30, 2023	147,693,776	\$ 10,251,298	\$ 191,145	\$ (4,400,768)	\$ 6,041,675

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The accompanying notes form an integral part of these condensed interim financial statements.

**SEGO RESOURCES INC.**

## Condensed Interim Statements of Cash Flows

For the three months ended September 30, 2024 and 2023

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

	2024	2023
Operating Activities		
Net loss	\$ (61,979)	\$ (65,971)
Adjustments for non-cash items:		
Depreciation	140	200
Share-based payments	16,938	5,405
Changes in non-cash working capital balances:		
Receivables	(411)	1,000
Prepaid expenses	13,761	2,524
Accounts payable and accrued liabilities	(17,249)	10,871
Due to related parties	(444)	60,514
Net cash flows from (used in) operating activities	(49,244)	14,543
Investing Activity		
Expenditures on exploration and evaluation assets	(28,289)	(18,428)
Net cash flows used in investing activity	(28,289)	(18,428)
Change in cash	(77,533)	(3,885)
Cash, beginning	97,069	8,703
Cash, ending	19,536	\$ 4,818
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -

Supplemental Cash Flow Information – Note 10

The accompanying notes form an integral part of these condensed interim financial statements.

## **SEGO RESOURCES INC.**

Notes to the Condensed Interim Financial Statements

September 30, 2024

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

### **1. Corporate Information**

Sego Resources Inc. (the “Company”) is an exploration stage company incorporated under the laws of the Province of British Columbia, Canada. Its business is the acquisition, exploration, and evaluation of mineral properties located in British Columbia. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “SGZ”.

The Company’s head office and principal business address is PO Box 30013, Parkgate Village RPO, North Vancouver, British Columbia, Canada, V7H 2Y8.

### **2. Basis of Preparation**

#### Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) IAS 34 “Interim Financial Reporting”. They do not include all of the information and disclosures required to be included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company’s audited annual financial statements for the years ended June 30, 2024 and 2023.

These condensed interim financial statements were authorized for issue on October 29, 2024 by the directors of the Company.

#### Going concern

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such amounts could be material.

During the three months ended September 30, 2024, the Company incurred a net loss of \$61,979 (2023 - \$65,971).

At September 30, 2024, the Company had a working capital deficiency of \$301,233 (June 30, 2024 - \$236,530) and an accumulated deficit of \$4,540,716 (June 30, 2024 - \$4,542,737). The Company has not generated revenue from operations and has not yet determined whether its exploration and evaluation assets contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves and the Company’s ability to obtain adequate financing to develop the reserves into profitable operations.

The Company will have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These conditions indicate material uncertainties that cast significant doubt about the Company’s ability to continue as a going concern.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

September 30, 2024

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

### 2. Basis of Preparation (cont'd)

#### Basis of measurement

These condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments, which are measured at fair value as explained in the Company's material accounting policies set out in Note 3. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

#### Use of accounting judgments, estimates and assumptions

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about key judgments, estimates and assumptions used in applying accounting policies which have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below.

- The recoverability of the carrying value of exploration and evaluation assets.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test at the cash-generating unit ("CGU"), or group of CGUs, level in the period the new information becomes available. If indicators of impairment exist, the recoverable amount of the asset is estimated to determine the extent of the impairment.

- Recoverability of deferred tax assets.

In assessing the probability of realizing income tax assets, management makes judgment related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

- The going concern assumption.

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

September 30, 2024

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

### 2. Basis of Preparation (cont'd)

#### Use of accounting judgments, estimates and assumptions (cont'd)

The key estimates and assumptions applied in the preparation of these financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Assumptions used in the calculation of the fair value assigned to share-based payments.

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions, including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's equity reserves.

- Amount of mining exploration tax credit receivable.

The Company is entitled to refundable tax credits on qualified resource expenditures incurred in British Columbia. Management's judgment and estimates are applied in determining whether the resource expenditures are eligible for claiming such credits and then estimating the recoverable amount.

### 3. Material Accounting Policies

These condensed interim financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the material accounting policies summarized below.

- (a) Exploration and evaluation assets
  - (i) Exploration and evaluation expenditures

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs, including drilling costs directly attributable to a property, and directly attributable general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

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### 3. Material Accounting Policies (cont'd)

#### (a) Exploration and evaluation assets (cont'd)

##### (i) Exploration and evaluation expenditures (cont'd)

As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “mines under construction”. No amortization is taken during the exploration and evaluation phase.

##### (ii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development, or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset. The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arise during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The Company does not have any decommissioning liabilities at June 30, 2024 and 2023.

#### (b) Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment. At the end of each reporting period, the Company reviews the carrying amounts of its assets that are subject to amortization and exploration and evaluation assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

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### 3. Material Accounting Policies (cont'd)

#### (b) Impairment of assets (cont'd)

Recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than the carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

#### (c) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### (d) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of share options, share purchase warrants, and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

Existing share options and share purchase warrants have not been included in the computation of diluted loss per share, as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

### 3. Material Accounting Policies (cont'd)

(e) Share-based payment transactions

The Company grants share options to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes or another accepted option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in option reserves is transferred to share capital. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

(f) Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

In circumstances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

(g) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are issued and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred to share capital. For those warrants that expire, the recorded value is transferred to deficit.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

September 30, 2024

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

### 3. Material Accounting Policies (cont'd)

(h) Mining exploration tax credits

The Company is eligible to receive mining exploration tax credits for certain qualifying work done on its exploration properties. The benefits related to such mining exploration tax credits are credited against exploration costs in the period in which the Company can reasonably estimate the amounts to be received and establish their ultimate recovery.

(i) Financial instruments

The following table shows the classification of financial instruments:

Financial Asset/Liabilities	Classification
Cash	FVTPL
Reclamation deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

#### Financial Assets

##### Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss or fair value through other comprehensive income.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

September 30, 2024

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

### 3. Material Accounting Policies (cont'd)

#### (i) Financial instruments (cont'd)

##### Financial Assets (cont'd)

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company’s cash is included in financial assets at fair value through profit or loss.

Financial assets measured at fair value through other comprehensive income (“FVTOCI”)

Financial assets measured at fair value through other comprehensive income are carried in the statement of financial position at fair value with changes in fair value therein, recognized in other comprehensive loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance. The Company’s reclamation deposits are included in financial assets at amortized cost.

##### Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

##### Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

September 30, 2024

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

### 3. Material Accounting Policies (cont'd)

#### (i) Financial instruments (cont'd)

##### Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled, or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Other financial liabilities are non-derivatives and are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Accounts payable and accrued liabilities and due to related parties are included in this category and represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid.

##### Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

#### (j) Equipment

Equipment is stated at cost and amortized on a declining balance basis as follows:

Motor vehicles	- 30%
Exploration equipment	- 20%

Additions during the year are amortized on a pro-rated basis.

When equipment is retired or disposed of, the asset's carrying amount and related accumulated amortization are removed from the accounts and any gain or loss is included in operations. The Company compares the carrying value of equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

## **SEGO RESOURCES INC.**

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### **3. Material Accounting Policies (cont'd)**

#### **(k) Leases**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a specified period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset (the ROU), the Company assesses whether the contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights; the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and whether the Company has the right to direct the use of the asset.

The Company applies the exemption not to recognize right-of-use assets and lease liabilities for leases relating to low-value assets and leases whose terms end within 12 months of the date of initial application. The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the end of the useful life or the lease term, whichever comes earlier, using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### **4. Reclamation Deposits**

The Company has pledged \$45,000 as site reclamation deposits. The deposits are refundable if there is no environmental disturbance to the Miner Mountain property.

**SEGO RESOURCES INC.**

Notes to the Condensed Interim Financial Statements

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(Unaudited – Prepared by Management)

**5. Equipment**

	Motor vehicles	Exploration equipment	Total
Cost:			
Balance, June 30, 2024	\$ 4,500	\$ 50,302	\$ 54,802
Balance, September 30, 2024	4,500	50,302	54,802
Accumulated depreciation:			
Balance, June 30, 2023	1,823	50,302	52,125
Depreciation	803	-	803
Balance, June 30, 2024	2,626	50,302	52,928
Depreciation	140	-	140
Balance, September 30, 2024	2,766	50,302	53,068
Net book value:			
Balance, June 30, 2024	\$ 1,874	\$ -	\$ 1,874
Balance, September 30, 2024	\$ 1,734	\$ -	\$ 1,734

**6. Exploration and Evaluation Assets***Miner Mountain Property*

On June 13, 2007, the Company entered into an option agreement to acquire a 100% interest in 38 mineral claims (which were subsequently consolidated into 12 mineral claims) situated in the Similkameen Mining Division of British Columbia for cash payments and common share issuances as follows:

- (a) Cash payments to the optionors of \$165,000 as follows:
- (i) \$30,000 within five business days from the date the agreement is approved by the TSX-V (paid);
  - (ii) \$60,000 on or before June 13, 2008 (paid); and
  - (iii) \$75,000 on or before June 13, 2009 (paid).
- (b) Issuance of 600,000 common shares to the optionors as follows:
- (i) 50,000 common shares within five business days of approval by the TSX-V (issued);
  - (ii) 100,000 common shares on or before June 13, 2008 (issued);
  - (iii) 150,000 common shares on or before June 13, 2009 (issued); and
  - (iv) 300,000 common shares upon preparation of a positive feasibility study on the property.

As part of the agreement, the optionors retain a 3% net smelter return (“NSR”) royalty on the property. The Company has the right to buy back one-half of the NSR for the sum of \$1,500,000 at any time.

On June 16, 2011, the Company acquired a 100% interest in three additional mineral claims at Miner Mountain for \$5,000 and the issuance of 50,000 common shares. There is no NSR on these claims.

**SEGO RESOURCES INC.**

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

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**6. Exploration and Evaluation Assets (cont'd)***Miner Mountain Property (cont'd)*

Exploration and evaluation costs incurred on the Miner Mountain property for the three months ended September 30, 2024 and for the year ended June 30, 2024 are as follows:

Balance, June 30, 2023	\$ 6,324,193
Deferred exploration costs:	
Assays	205
Camp and supplies	9,438
Engineering and geological	41,815
Equipment rental	17,339
Travel, food, and accommodation	1,650
BC Mining Exploration tax credit	(21,134)
Balance, June 30, 2024	\$ 6,373,506
Deferred exploration costs:	
Camp and supplies	2,389
Engineering and geological	22,131
Equipment rental	3,769
BC Mining Exploration tax credit	(8,487)
Balance, September 30, 2024	\$ 6,393,308

## **SEGO RESOURCES INC.**

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### **7. Risk Management**

There were no changes in the Company's objectives and processes in managing risk during the three months ended September 30, 2024 or during the year ended June 30, 2024.

The fair values of the Company's accounts payable and amounts due to related parties approximate their carrying values due to the short-term nature of these instruments. The carrying amount of the reclamation deposits approximates its fair value. The Company's cash is classified at Level 1 of the fair value hierarchy. The Company has no financial instruments at Levels 2 or 3.

The Company has exposure to the following risks from its use of financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is held in a Canadian financial institution. The Company has minimal credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of September 30, 2024 are \$369,178 (June 30, 2024 - \$386,871). The liabilities presented as accounts payable and accrued liabilities are due within 90 days. Management will be required to raise funds to meet its ongoing financial obligations.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity price risk, and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk is for management to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

Reclamation deposits are subject to floating interest rates whose fluctuation would not have a material effect on the value of these financial assets.

At September 30, 2024 and June 30, 2024, the Company was not exposed to any significant market risk.

## SEGO RESOURCES INC.

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### 8. Share Capital

(a) Authorized

Unlimited Class A common shares without par value.

(b) Issued

At September 30, 2024 and June 30, 2024, there were 162,693,776 (June 30, 2023 - 147,693,776) common shares issued and outstanding.

(c) Private Placement

On March 14, 2024, the Company announced a private placement of up to 15,000,000 units at \$0.02 per unit for gross proceeds of up to \$300,000. The Company paid filing fees of \$2,251 with respect to this private placement.

On March 15, 2024, the Company completed the first tranche of the private placement and issued 5,000,000 units at \$0.02 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one share purchase warrant. The proceeds were allocated \$75,000 (\$0.015) to share capital and \$25,000 (\$0.005) to reserves (representing the fair value of the share purchase warrant on that date). Each warrant entitles the holder to purchase an additional common share at \$0.05 until March 15, 2026.

Finder's fees of \$910 were paid with respect to the first tranche. In addition, the Company issued 45,500 broker warrants. Each broker warrant entitles the holder to purchase one common share at \$0.05 until March 15, 2026.

The fair value of the 45,500 broker warrants issued was calculated as \$Nil using the Black-Scholes option pricing model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the option.

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Risk-free interest rate	4.26%
Expected life of options	2 years
Annualized volatility	103%
Dividend rate	0%

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**SEGO RESOURCES INC.**

Notes to the Condensed Interim Financial Statements

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**8. Share Capital (cont'd)**

## (c) Private Placement (cont'd)

On May 1, 2024, the Company completed the second tranche of the private placement and issued 10,000,000 units at \$0.02 per unit for gross proceeds of \$200,000. Each unit consisted of one common share and one share purchase warrant. The proceeds were allocated entirely to share capital. Each warrant entitles the holder to purchase an additional common share at \$0.05 until May 1, 2026.

Finder's fees of \$945 were paid with respect to the second tranche. In addition, the Company issued 47,250 broker warrants. Each broker warrant entitles the holder to purchase one common share at \$0.05 until May 1, 2026.

The fair value of the 47,250 broker warrants issued was calculated as \$473 using the Black-Scholes option pricing model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the option.

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Risk-free interest rate	3.95%
Expected life of options	2 years
Annualized volatility	106%
Dividend rate	0%

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**SEGO RESOURCES INC.**

Notes to the Condensed Interim Financial Statements

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**8. Share Capital (cont'd)**

## (d) Stock Options

The Company has a stock option plan under which it may grant stock options of up to 20% of its issued and outstanding shares to a maximum of 21,000,000 stock options. The option price and vesting terms are specified in individual stock option agreements. Options issued to consultants performing investor relations activities must vest in stages over a minimum period of 12 months with no more than 25% of the options vesting in any three-month period.

On July 25, 2024, the Company granted 6,775,000 stock options to directors, officers and consultants. The options entitled the holders to purchase one common share for each option held at \$0.08 per share until July 25, 2029. The options vest 25% on grant and 25% every six months thereafter.

The fair value of the stock options that vested during the three months ended September 30, 2024 was \$16,938. The fair value of the options was calculated at the grant date using the Black-Scholes option pricing model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the option.

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Risk-free interest rate	4.50%
Expected life of options	5 years
Annualized volatility	100%
Dividend rate	0%

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On March 24, 2022, the Company granted 1,725,000 stock options to directors and consultants. The options entitled the holders to purchase one common share for each option held at \$0.10 per share until March 24, 2027. The options vest 25% on grant and 25% every six months thereafter.

The fair value of the stock options that vested during the year ended June 30, 2024 was \$5,405. The fair value of the options was calculated at the grant date using the Black-Scholes option pricing model using the weighted average assumptions below. Fair value is particularly impacted by stock price volatility, determined using historical price data for a term equivalent to the expected life of the option.

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Risk-free interest rate	1.50%
Expected life of options	5 years
Annualized volatility	121%
Dividend rate	0%

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On July 9, 2024, the Company cancelled 800,000 stock options and reclassified \$64,000 from reserves to deficit.

**SEGO RESOURCES INC.**

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**8. Share Capital (cont'd)**

## (d) Stock Options (cont'd)

A summary of stock option activity for the three months ended September 30, 2024 and for the year ended June 30, 2024 is as follows:

	Three months ended September 30, 2024		Year ended June 30, 2024	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Options outstanding, beginning	2,675,000	\$ 0.09	2,675,000	\$ 0.09
Options granted	6,775,000	0.08	-	-
Options cancelled	(800,000)	0.10	-	-
Options outstanding, ending	8,650,000	\$ 0.08	2,675,000	\$ 0.09
Options exercisable, ending	3,568,750	\$ 0.08	2,675,000	\$ 0.09

At September 30, 2024, there were 8,650,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of Options	Exercise Price	Expiry Date
600,000	\$0.08	May 28, 2025
350,000	\$0.08	February 9, 2026
925,000	\$0.10	March 24, 2027
6,775,000	\$0.08	July 25, 2029
<u>8,650,000</u>		

At September 30, 2024, the weighted average remaining contractual life of the outstanding stock options is 4.14 years.

**SEGO RESOURCES INC.**

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**8. Share Capital (cont'd)**

## (e) Share Purchase Warrants

A summary of share purchase warrant activity for the three months ended September 30, 2024 and for the year ended June 30, 2024 is as follows:

	Three months ended September 30, 2024		Year ended June 30, 2024	
	Number of share purchase warrants	Weighted average exercise price	Number of share purchase warrants	Weighted average exercise price
Balance, beginning	15,000,000	\$ 0.05	-	\$ -
Warrants issued	-	-	15,000,000	0.05
Balance, ending	15,000,000	\$ 0.05	15,000,000	\$ 0.05

At September 30, 2024, there were 15,000,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each share purchase warrant held as follows:

Number of Warrants	Exercise Price	Expiry Date
5,000,000	\$0.05	March 15, 2026
10,000,000	\$0.05	May 1, 2026
<u>15,000,000</u>		

At September 30, 2024, the weighted average remaining contractual life of the outstanding share purchase warrants is 1.54 years.

**SEGO RESOURCES INC.**

Notes to the Condensed Interim Financial Statements

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**8. Share Capital (cont'd)**

## (f) Broker Warrants

A summary of broker warrant activity for the three months ended September 30, 2024 and for the year ended June 30, 2024 is as follows:

	Three months ended September 30, 2024		Year ended June 30, 2024	
	Number of broker warrants	Weighted average exercise price	Number of broker warrants	Weighted average exercise price
Balance, beginning	92,750	\$ 0.05	234,990	\$ 0.09
Warrants expired	-	-	(234,990)	0.09
Warrants issued	-	-	92,750	0.05
Balance, ending	92,750	\$ 0.05	92,750	\$ 0.05

At September 30, 2024, there were 92,750 broker warrants outstanding entitling the holders thereof the right to purchase one common share for each broker warrant held as follows:

Number of Warrants	Exercise Price	Expiry Date
45,500	\$0.05	March 15, 2026
47,250	\$0.05	May 1, 2026
92,750		

At September 30, 2024, the weighted average remaining contractual life of the outstanding broker warrants is 1.52 years.

## SEGO RESOURCES INC.

Notes to the Condensed Interim Financial Statements

September 30, 2024

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### 9. Related Party Transactions

#### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, either directly or indirectly, including directors and officers (whether executive or otherwise) of the Company.

The Company incurred the following charges by directors of the Company and by companies with directors or officers in common with the Company during the three months ended September 30, 2024 and 2023:

	2024	2023
Accounting fees	\$ 9,000	\$ 3,000
Consulting fees	1,800	1,800
Management fees	9,000	11,000
Telephone	1,239	900
	\$ 21,039	\$ 16,700

#### Related party balances

At September 30, 2024, due to related parties includes \$367,714 (June 30, 2024 - \$368,158) for cash advances, fees, and expenses due to directors of the Company and to companies with directors in common with the Company. The amounts due to related parties are unsecured, non-interest-bearing, and have no fixed terms of repayment.

### 10. Supplemental Cash Flow Information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the three months ended September 30, 2024 and 2023, the following non-cash transactions were excluded from the statements of cash flows:

#### During the three months ended September 30, 2024:

- The Company reclassified \$64,000 from reserves to deficit on the cancellation of stock options.
- The Company accrued a BC Mining Exploration tax credit receivable of \$8,487.

#### During the three months ended September 30, 2023:

- The Company accrued a BC Mining Exploration tax credit receivable of \$5,528.

### 11. Commitments

- The Company has entered into a year-to-year agreement with a company controlled by the Chief Executive Officer of the Company. The agreement provides for management fees at \$3,000 per month. The agreement also provides for additional geological consulting services on an as-needed basis.
- The Company signed a one-year lease on its core shack premises located in Princeton, British Columbia at a rate of \$1,200 per month. The lease expires on October 31, 2024.

### 12. Segmented Disclosure

The Company has one operating segment – the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada.