SEGO RESOURCES INC.

Condensed Interim Financial Statements

September 30, 2021

(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, 2021 and June 30, 2021
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	September 30, 2021	June 30, 2021
ASSETS			
Current assets			
Cash		$ 206,425	$ 334,885
Receivables		8,587	10,789
BC Mining Exploration tax credit receivable	5	173,083	155,585
Prepaid expenses and deposits		83,787	15,057
		471,882	516,316
Non-current assets			
Reclamation deposits	4	10,000	10,000
Lease deposit		4,000	4,000
Right-of-use asset	7	33,479	39,756
Exploration and evaluation assets	5, 9	5,549,720	5,508,892
		5,597,199	5,562,648
TOTAL ASSETS		$ 6,069,081	$ 6,078,964
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 8,300	$ 88,109
Due to related parties	9	363,176	375,764
Lease liability	7	24,527	24,527
		396,003	488,400
Non-current liability			
Lease liability	7	16,988	23,022
TOTAL LIABILITIES		412,991	511,422
SHAREHOLDERS' EQUITY			
Share capital	8	9,375,993	9,225,968
Share subscriptions		-	263
Reserves		458,852	472,424
Deficit		(4,178,755)	(4,131,113)
TOTAL SHAREHOLDERS' EQUITY		5,656,090	5,567,542
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 6,069,081	$ 6,078,964

Approved on behalf of the Board on November 9, 2021:

"J. Paul Stevenson"
Director, CEO

"Selina Tribe"
Director, CFO

Sego Resources Inc.
Condensed Interim Statements of Comprehensive Loss
For the three months ended September 30, 2021 and 2020
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	2021	2020
Expenses			
Accounting and audit fees	9	$ 9,000	$ 9,000
Amortization of right of use asset	7	6,277	6,277
Consulting fees	9	1,800	1,800
Filing fees		1,300	1,375
Insurance		1,988	1,775
Investor relations		20,500	18,000
Lease interest	7	1,115	1,835
Legal		900	1,200
Management fees	9	10,000	9,000
Office and miscellaneous		2,497	5,111
Share-based payments	8	3,928	7,162
Telephone	9	1,980	1,980
Transfer agent		3,988	946
		(65,273)	(65,461)
Other items			
Write-off of accounts payable		3,893	11,575
Net loss and comprehensive loss		$ (61,380)	$ (53,886)
Loss per share – basic and diluted		$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		136,943,166	123,198,827

Sego Resources Inc.
Condensed Interim Statements of Changes in Shareholders' Equity
For the three months ended September 30, 2021 and 2020
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

		Share capital					
	Note	Number of shares	Amount	Share subscriptions	Reserves	Deficit	Total
Balance at June 30, 2021		135,634,762	$ 9,225,968	$ 263	$ 472,424	$ (4,131,113)	$ 5,567,542
Reclassification on exercise and expiry of warrants		-	3,762	-	(17,500)	13,738	-
Exercise of warrants	8	1,522,625	146,263	(263)	-	-	146,000
Share-based payments	8	-	-	-	3,928	-	3,928
Net loss and comprehensive loss		-	-	-	-	(61,380)	(61,380)
Balance at September 30, 2021		137,157,387	$ 9,375,993	$ -	$ 458,852	$ (4,178,755)	$ 5,656,090

		Share capital					
	Note	Number of shares	Amount	Share subscriptions	Reserves	Deficit	Total
Balance at June 30, 2020		123,198,827	$ 8,485,346	$ -	$ 567,452	$ (3,988,229)	$ 5,064,569
Reclassification on cancellation of and expiry of options		-	-	-	(105,512)	105,512	-
Share-based payments	8	-	-	-	7,162	-	7,162
Net loss and comprehensive loss		-	-	-	-	(53,886)	(53,886)
Balance at September 30, 2020		123,198,827	$ 8,485,346	$ -	$ 469,102	$ (3,936,603)	$ 5,017,845

Sego Resources Inc.
Condensed Interim Statements of Cash Flows
For the three months ended September 30, 2021 and 2020
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	2021	2020
Operating Activities		
Net loss	$ (61,380)	$ (53,886)
Adjustments for non-cash items:		
Amortization of right of use asset	6,277	6,277
Lease interest	1,115	1,835
Share-based payments	3,928	7,162
Write-off of accounts payable	(3,893)	(11,575)
Changes in non-cash working capital balances:		
Receivables	2,202	3,400
Prepaid expenses and deposits	(68,730)	19,264
Accounts payable and accrued liabilities	(75,916)	(110,318)
Due to related parties	(12,588)	74,197
Net cash flows used in operating activities	(208,985)	(63,644)
Financing Activities		
Proceeds from issuance of common shares	146,000	-
Lease payments	(7,149)	(7,135)
Net cash flows from financing activities	138,851	(7,135)
Investing Activity		
Expenditures on exploration and evaluation assets	(58,326)	(216,463)
Net cash flows used in investing activity	(58,326)	(216,463)
Change in cash	(128,460)	(287,242)
Cash, beginning	334,885	300,733
Cash, ending	$ 206,425	$ 13,491

Supplemental cash flow information – Note 10

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. 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 #310 - 744 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1A5.

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, 2021 and 2020.

These condensed interim financial statements were authorized for issue on November 9, 2021 by the directors of the Company.

Going concern

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. Management has implemented the safeguards and protocols recommended by the relevant health authorities to protect its workers and continues to monitor the situation.

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, 2021, the Company incurred a net loss of $61,380 (2020 - $53,886). At September 30, 2021, the Company had working capital of $75,879 and an accumulated deficit of $4,178,755. 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. These conditions indicate material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

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.

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 significant accounting policies set out in Note 3. The financial statements are presented in

Canadian dollars, which is the Company's functional currency. The Company has one operating segment, mineral exploration and evaluation. All of the Company's assets are located in Canada.

2. Basis of Preparation (cont'd)

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.

Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements, as appropriate.

Significant accounting judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in these 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 year the new information becomes available. If indicators of impairment exist, the recoverable amount of the asset is estimated in order 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.

2. Basis of Preparation (cont'd)

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

Significant accounting estimates and assumptions

- Right of use asset.

  The Company applies judgment in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

The key estimates 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.

3. Significant 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 significant 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.

3. Significant 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 arises 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 decommissioning liabilities as at June 30, 2021 and 2020.

(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 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 in order 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.

3. Significant 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.

3. Significant 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 priced 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.

3. Significant 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	Amortized Cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

<u>Financial Assets</u>

<u>Initial recognition and measurement</u>

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.

3. Significant Accounting Policies (cont'd)

(i) Financial instruments (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 deposits are included in financial assets at amortized cost.

De-recognition

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.

3. Significant 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 payables and accrued liabilities 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.

3. Significant Accounting Policies (cont'd)

(j) 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 period of time 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 term ends 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 $10,000 in two guaranteed investment certificates as site reclamation deposits. The deposits are refundable if there is no environmental disturbance to the Miner Mountain property. It is management's opinion that there has been minimal disturbance to the property to date.

5. 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.

(Stated in Canadian Dollars)

5. Exploration and Evaluation Assets (cont'd)

Miner Mountain Property (cont'd)

As at September 30, 2021 and June 30, 2021, the Company's exploration and evaluation assets are comprised of property acquisition costs and deferred exploration costs on its Miner Mountain property.

Balance, June 30, 2020	$	5,145,858
Deferred exploration costs		
Assays		28,030
Camp and supplies		26,042
Drilling		217,843
Engineering and geological – Note 9		153,773
Equipment rental – Note 9		48,927
Travel, food and accommodation		44,004
BC Mining Exploration tax credit		(155,585)
Balance, June 30, 2021	$	5,508,892

Balance, June 30, 2021	$	5,508,892
Deferred exploration costs		
Assays		12,115
Camp and supplies		8,556
Engineering and geological – Note 9		28,574
Equipment rental – Note 9		4,786
Travel, food and accommodation		4,295
BC Mining Exploration tax credit		(17,498)
Balance, September 30, 2021	$	5,549,720

6. Risk Management

There were no changes in the Company's objectives and processes in managing risk during the three months ended September 30, 2021.

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, 2021 are $412,991. All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of September 30, 2021. Management will be required to raise funds to meet its 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 management is 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, 2021, the Company is not exposed to any significant market risk.

(Stated in Canadian Dollars)

7. Right-of-Use Asset and Lease Liability

The Company recognized lease liabilities in relation to a lease for office space upon renewal. Under IFRS 16, the lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The incremental borrowing rate applied to the lease liability was 10%. The associated lease liability recognized was $75,327.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The following tables summarize the difference between operating lease commitment disclosed immediately preceding the date of initial application and lease liability recognized in the balance sheet:

Right-of-Use Asset

Value of right-of-use asset as at July 1, 2019	$	-
Additions		75,327
Amortization		(10,462)
Balance as at June 30, 2020		64,865
Amortization		(25,109)
Balance as at June 30, 2021		39,756
Amortization		(6,277)
Balance as at September 30, 2021	$	33,479

Lease liability

Balance as at June 30, 2020	$	67,555
Lease payments		(26,271)
Lease interest		6,265
Balance as at June 30, 2021		47,549
Lease payments		(7,149)
Lease interest		1,115
Balance as at September 30, 2021	$	41,515

Current portion	$	24,527
Long-term portion		16,988
Balance as at September 30, 2021	$	41,515

At September 30, 2021, future payments required under the Company's office lease are as follows:

Year ended June 30, 2022	$	21,745
Year ended June 30, 2023		17,234
Total	$	38,979

(Stated in Canadian Dollars)

8. Share Capital

(a) Authorized

Unlimited Class A common shares without par value.

(b) Issued

At September 30, 2021, there were 137,157,387 common shares issued and outstanding.

(c) Private Placements

Year ended June 30, 2021:

On February 12, 2021, the Company issued 7,200,000 units pursuant to a private placement at \$0.035 per unit for gross proceeds of \$252,000. Each unit consisted of one common share and one share purchase warrant. Each warrant entitled the holder to purchase an additional common share at \$0.06 until February 12, 2023. Finder's fees of \$4,851 and filing fees of \$2,010 were paid with respect to this private placement.

In addition, the Company granted 138,600 agent options. Each agent option entitled the holder to purchase one unit with the same terms as the units to which the options relate at \$0.035 until February 12, 2023.

The fair value of the 138,600 agent options issued was calculated as \$4,158 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.

Risk-free interest rate	0.40%
Expected life of options	2 years
Annualized volatility	137%
Dividend rate	0%

(Stated in Canadian Dollars)

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. 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 twelve months with no more than 25% of the options vesting in any three-month period.

On February 9, 2021, the Company granted 350,000 stock options to consultants. The options entitle the holders to purchase one common share for each option held at $0.08 per share until February 9, 2026. 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, 2021 was $2,625. The fair value of the stock options that vested during the year ended June 30, 2021 was $2,625. The fair value of the options was calculated 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.

Risk-free interest rate	0.85%
Expected life of options	5 years
Annualized volatility	122%
Dividend rate	0%

On May 28, 2020, the Company granted 4,150,000 stock options to directors and consultants. The options entitle the holders to purchase one common share for each option held at $0.08 per share until May 28, 2025. 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, 2020 was $65,963. The fair value of the options was calculated 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.

Risk-free interest rate	0.41%
Expected life of options	5 years
Annualized volatility	143%
Dividend rate	0%

During the year ended June 30, 2021, the Company cancelled 3,500,000 of these stock options and reclassified $55,631 from reserves to deficit. The fair value of the remaining 650,000 stock options that vested during the year ended June 30, 2021 was $18,594.

(Stated in Canadian Dollars)

The fair value of the remaining stock options that vested during the three months ended September 30, 2021 was $1,303.

8. Share Capital (cont'd)

(d) Stock Options (cont'd)

On October 1, 2019, the Company granted 1,500,000 stock options to a consultant. The options entitle the holder to purchase one common share for each option held at $0.05 per share until October 1, 2024. The options vest 25% on grant and 25% every six months thereafter.

The fair value of stock options vested during the year ended June 30, 2020 was $42,349. The fair value of the options was calculated 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.

Risk-free interest rate	1.34%
Expected life of options	5 years
Annualized volatility	139%
Dividend rate	0%

During the year ended June 30, 2021, the Company cancelled these stock options and reclassified $42,349 from reserves to deficit.

(Stated in Canadian Dollars)

8. Share Capital (cont'd)

(d) Stock Options (cont'd)

A summary of stock option activity for the three months ended September 30, 2021 and for the year ended June 30, 2021 is as follows:

	Three months ended September 30, 2021		Year ended June 30, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	8,535,000	$ 0.10	13,185,000	$ 0.09
Options granted	-	-	350,000	$ 0.08
Options cancelled	-	-	(5,000,000)	$ 0.07
Options outstanding, ending	8,535,000	$ 0.10	8,535,000	$ 0.10
Options exercisable, ending	8,197,500	$ 0.10	8,110,000	$ 0.10

At September 30, 2021, there were 8,535,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number of Options Outstanding	Exercise Price	Expiry Date
7,535,000	$0.10	April 16, 2023
650,000	$0.08	May 28, 2025
350,000	$0.08	February 9, 2026
8,535,000		

At September 30, 2021, the weighted average remaining contractual life of the outstanding options is 1.82 years.

(Stated in Canadian Dollars)

8. Share Capital (cont'd)

(e) Warrants

A summary of share purchase warrant activity for the three months ended September 30, 2021 and for the year ended June 30, 2021 is as follows:

	Three months ended September 30, 2021		Year ended June 30, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	41,978,500	$ 0.10	39,753,500	$ 0.10
Warrants issued	-	-	7,200,000	$ 0.06
Warrants exercised	(1,522,625)	$ 0.10	(4,825,000)	$ 0.10
Warrants expired	(3,307,375)	$ 0.10	(150,000)	$ 0.10
Warrants outstanding, ending	37,148,500	$ 0.10	41,978,500	$ 0.10

At September 30, 2021, there were 37,148,500 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date
1,004,000	$0.10	December 30, 2021
1,963,000	$0.15	December 30, 2021
11,368,500	$0.10	February 5, 2022
533,000	$0.15	February 5, 2022
8,390,200	$0.10	June 15, 2022
3,050,000	$0.10	August 15, 2022
4,239,800	$0.10	August 31, 2022
6,600,000	$0.06	February 12, 2023
37,148,500		

At September 30, 2021, the weighted average remaining contractual life of the outstanding warrants is 0.71 years.

(Stated in Canadian Dollars)

8. Share Capital (cont'd)

(f) Agent Options

A summary of agent option activity for the three months ended September 30, 2021 and for the year ended June 30, 2021 is as follows:

	Three months ended September 30, 2021		Year ended June 30, 2021	
	Number of agent options	Weighted average exercise price	Number of agent options	Weighted average exercise price
Agent options outstanding, beginning	614,215	$ 0.05	760,865	$ 0.05
Agent options expired	-	-	(285,250)	$ 0.05
Agent options issued	-	-	549,535	$ 0.09
Agent options exercised	-	-	(410,935)	$ 0.05
Agent options outstanding, ending	614,215	$ 0.08	614,215	$ 0.08

At September 30, 2021, there were 614,215 agent options outstanding entitling the holders thereof the right to purchase one unit for each option held as follows:

Number of Agent Options Outstanding	Exercise Price	Expiry Date
7,000	$0.10	December 30, 2021
20,055*	$0.06	December 30, 2021
71,855	$0.15	December 30, 2021
108,570**	$0.05	February 5, 2022
244,825	$0.10	February 5. 2022
11,655***	$0.06	February 5, 2022
11,655	$0.15	February 5, 2022
63,000****	$0.035	February 12, 2023
75,600	$0.06	February 12, 2023
614,215		

At September 30, 2021, the weighted average remaining contractual life of the outstanding agent options is 0.56 years.

* Each unit comprises one common share and one share purchase warrant. Each warrant may purchase one common share at $0.15 until December 30, 2021.
** Each unit comprises one common share and one share purchase warrant. Each warrant may purchase one common share at $0.10 until February 5, 2022.
*** Each unit comprises one common share and one share purchase warrant. Each warrant may purchase one common share at $0.15 until February 5, 2022.
**** Each unit comprises one common share and one share purchase warrant. Each warrant may purchase one common share at $0.06 until February 12, 2023.

(Stated in Canadian Dollars)

9. Related Party Transactions

The Company incurred the following charges by directors of the Company and by companies with directors in common with the Company during the three months ended September 30, 2021 and 2020:

		2021		2020
Deferred exploration costs – engineering and geological fees	$	2,700	$	6,900
Deferred exploration costs – equipment rental		240		540
Accounting fees		6,000		9,000
Consulting fees		1,800		1,800
Management fees		10,000		9,000
Telephone		1,980		1,980
	$	22,720	$	29,220

Key management personnel compensation

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

Included in the table below are key management compensation charges during the three months ended September 30, 2021 and 2020:

		2021		2020
Deferred exploration costs – engineering and geological fees	$	2,700	$	6,900
Accounting fees		6,000		9,000
Consulting fees		1,800		1,800
Management fees		10,000		9,000
	$	20,500	$	26,700

Related party balances

At September 30, 2021, due to related parties includes $363,176 (June 30, 2021 - $375,764) 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, 2021 and 2020, the following non-cash transactions were excluded from the statements of cash flows:

During the three months ended September 30, 2021:

- The Company reclassified $13,738 from reserves to deficit on the expiry of warrants.
- The Company reclassified $3,762 from reserves to share capital on the exercise of warrants.
- The Company accrued a BC Mining Exploration tax credit receivable of $17,498.

During the three months ended September 30, 2020:

- The Company reclassified $97,980 from reserves to deficit on the cancellation of stock options.
- The Company reclassified $7,532 from reserves to deficit on the expiry of agent's options.
- The Company accrued a BC Mining Exploration tax credit receivable of $64,939.

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 and telephone services at $660 per month. The agreement also provides for additional geological consulting services on an as-needed basis.

- The Company has entered into a month-to-month rental agreement for its core shack storage space at Miner Mountain at a rate of $927 per month.

12. Segmented Disclosure

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

13. Subsequent Event

On October 26, 2021, the Company announced a non-brokered private placement of up to 4,500,000 flow-through shares at $0.09 per share for proceeds of up to $405,000.

Finder’s fees may be payable on all or a portion of the private placement and will consist of 7% cash and 7% agent’s options, where applicable. The agent’s options will entitle the agent to purchase one common share for each option held at $0.09 per share for two years from the closing date of the private placement.

The private placement is subject to receipt of approval of the TSX Venture Exchange.