

SEGO RESOURCES INC.
Management's Discussion & Analysis
For the year ended June 30, 2011
Form 51-102F1 dated October 26, 2011

GENERAL

The following discussion of performance, financial condition and prospects should be read in conjunction with the financial statements of the Company and notes thereto for the 12 month period ended June 30, 2011. The Company's financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles. The Company's reporting currency is Canadian dollars, unless otherwise indicated. The date of the Management Discussion and Analysis is October 25, 2011. Additional information on the Company is available on SEDAR at www.sedar.com.

The company was incorporated under the British Columbia Corporations Act on July 11th, 2005 under the name Sego Resources Inc. The Company's head office is located as Suite 744, 744 West Hastings Street, Vancouver, British Columbia, V6C 1A5. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol "SGZ". The company's website address is www.segoresources.com.

DESCRIPTION OF BUSINESS

The Company is a natural resource company engaged in the business of acquiring, exploring and developing resource properties in Canada. On July 23, 2007, the company acquired the Miner Mountain Copper, Gold, Palladium Project immediately NNE of Princeton, BC in the prolific porphyry copper belt that runs from Copper Mountain (approximately 100 years of production) along the Allison Fault to Aspen Grove, BC. The project is approximately 15 km north of the former producing Copper Mountain Mine and is within the Traditional Territory of the Upper Similkameen Indian Band with whom the company has signed a comprehensive MOU. The property consists of 11 claims totaling 1757 ha. The company acquired the claims in an arms length transaction and fulfilled the first three terms of the agreement with the remaining term consisting of a further 300,000 shares due upon the preparation of a positive feasibility study on the property. The property is subject to a 3% NSR of which 1.5% can be purchased for \$1,500,000.00.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this document, which are not historical facts are forwarding looking statements that involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward looking statements. Factors that could cause such differences include, but not limited to, are volatility and sensitivity to market price for precious metals, environmental and safety issues including increased regulatory burdens, changes in government regulations and policies and significant changes in the supply demand fundamentals for precious metals that could negatively affect prices. Although the Company believes that the assumption intrinsic in forward looking statements are reasonable, we recommend that one should not rely heavily on these statements. The Company disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise.

OVERALL PERFORMANCE

The Company has incurred operating losses over the past several fiscal years. As at June 30, 2011 the Company has a working capital of \$433,133 (2010 - \$67,601) and an accumulated deficit of \$2,622,978 (2010 - \$1,999,040). The Company's ability to continue in operation is dependent on its ability to secure additional financing to fund planned exploration and its ongoing administrative expenditures, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

The Company's first mandatory filing under IFRS, which will be September 30, 2011, will contain IFRS-compliant information on a restated comparative basis, as well as reconciliations for that quarter and as at the July 1, 2010 transition date.

This financial information has been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. This financial information has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are stated in Canadian dollars, which is the Company's functional and reporting currency. The following is a summary of significant accounting policies.

MINERAL PROPERTY

ENVIRONMENTAL

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is not aware of any AROs as of June 30, 2011 and 2010.

TITLE TO MINERAL PROPERTY INTEREST

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

REALIZATION OF ASSETS

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off, if the properties are abandoned or the claims allowed to lapse.

SELECTED ANNUAL INFORMATION

	Year Ended June 30, 2011	Year Ended June 30, 2010	Year Ended June 30, 2009
Revenues	\$ 964	\$ 1,516	\$ 6,154
Operating loss	(629,901)	(636,736)	(344,645)
Net Loss	(623,938)	(900,843)	(953,494)
Basic and diluted loss per share	(0.01)	(0.03)	(0.02)
Total assets	2,917,782	2,161,349	2,047,297
Total long term liabilities	-	-	-

RESULTS OF OPERATIONS

Balance, June 30, 2010	\$ 1,936,792
Deferred exploration costs	
Sampling and reclamation (note 11)	239,828
Engineering and geological	105,670
Travel and accommodation	102,197
Camp supplies	33,242
Mineral property interest acquisition	16,000
Filing fees	9,167
Stock based compensation	37,645
Provincial mining tax credits	(144,281)
Total additions during the year	399,468
Disposal of mineral property interests	-
Balance, June 30, 2011	\$ 2,336,260

NEW DIRECTORS ADDED TO SEGO BOARD

On September 10, 2010 Sego Resources reported that Mr. Tyler Ducharme and Mr. Andrew Watson had been added to the Sego Resources Board of Directors. Mr. Ducharme has also been appointed CFO. Mr. Ducharme received his BA at Simon Fraser University and has been with Sego Resources Inc. since its inception. Mr. Watson received his M.Phil. at Cambridge University and has been with Sego Resources Inc. for two years.

GEOLOGICAL PREPARATIONS FOR FALL PROGRAM UNDERWAY

On August 30, 2010 Sego Resources reported that consultant Vic Preto Ph.D., P.Eng. and the company's geological staff were on site reviewing drill core with completed petrographic studies which include thin sections. The purpose of the review was to prepare drill sections and map the geology and mineralization of the Granby Zone. This study will enable Sego to lay out a program of drilling and trenching for a fall start up.

SEGO SUBMITS PERMIT APPLICATION

On October 6, 2010 Sego Resources reported that it had submitted a permit application for continued work on the Miner Mountain Project. The application was for a further 2,000 metres of trenching and 1,500 metres of drilling. Work will be on the Granby, Upper Regal, South and Miner zones.

SEGO RECEIVES PERMIT

On November 12, 2010 Sego Resources reported that it had received the permit for continued work on the Miner Mountain Copper/Gold Porphyry Project. The application is for a further 2,000 metres of trenching and 1,500 metres of drilling. Work will be on the Granby, Upper Regal, South and Miner zones. Exploration will begin on November 14, 2010.

SEGO UNCOVERS GOSSAN CAP OVER GRANBY ZONE

On December 08, 2010 Sego Resources reported that it had completed 6 trenches, on the Granby Zone. The first trench, Trench 96, is located approximately 40 metres west of diamond drill hole MM-10-19, which cut 60.4 metres averaging 0.24% copper, 0.16 g/t gold and 0.72 g/t silver, and bottomed in mineralization (See May 26 2010 N.R.). This trench, approximately 200 metres long and oriented in a northeasterly direction, is located in the area identified by Dr. S. Tribe, P. Geo. in her March 17, 2010 Terrain Study of Miner Mountain as a headscarp of the Regal slide zone.

Approximately 40 metres west and 15 metres downslope of Trench 96, Trenches 40 and 22 cut copper mineralization in oxidized rock ranging from high individual assays (1.87 % copper and 0.09 g/t gold; 1.40 % copper and 0.65 g/t gold) to a well mineralized zone of 19 metres averaging 0.99 % copper and 0.65 g/t gold. Please see news releases of April 24, 2008 and May 12, 2008 on our web site. Trench 96 cut, but did not penetrate, a 100 metre zone of intensely clay altered and leached, gossanous cap rock with sparse oxide copper mineralization. A 76 metre zone of less altered, recognizable microdiorite at the south end of the trench is well mineralized with visible chalcopyrite and pyrite. Assays are pending.

Trenches 97,98,and 101 are located 87, 147 and 219 metres respectively east of Trench 96. Trenches 97 and 98 are both oriented in a north-south direction,110 metres long and approximately 15 metres higher than Trench 96. Trench 101 is oriented in a northwesterly direction, 50 metres long and approximately 10 metres higher than Trench 96. All three trenches cut gossanous cap rock with only sparse oxide copper mineralization. Sparse veinlets of pyrite,calcite and gypsum were observed in the intensely altered gossan of Trench 97 and 98.

Although trenching reached a depth of approximately 12 metres (30 feet) by benching down, the excavator did not penetrate the gossanous cap which extends for at least 200 metres east-west and 100 metres north-south., and is open in both directions. Drilling is required to test below this zone. Sego is calling for bids on a percussion drilling program to grid the entire zone, to be followed by diamond drilling.

Trench 99 which is 50 metres southwest of Trench 96, on the headscarp of another slide located by Dr. Tribe, intersected over 120 metres of potassically and propylitically altered volcanics with copper oxide mineralization.

Trench 100 which is 205 metres northwest of Trench 96 tested an area between known zones of copper mineralization and uncovered propylitically altered volcanics with zones of copper oxide mineralization.

SEGO SAMPLES > 10,000 PPM COPPER, 3752 PPB GOLD AND 36.4 G/T SILVER IN GOSSAN CAP

On December 15, 2010 Sego Resources reported the first round of geochemical results from the recent Granby Zone Trenching program. The results are from Trench 96 and Trench 97. As stated in the December 8th news release the trenching had located a large area of gossanous material with copper oxide mineralization. Trench 96, is located approximately 40 metres west of diamond drill hole MM-10-19 , which intersected 60.4 metres averaging 0.24% copper,0.16 g/t gold and 0.72 g/t silver, and bottomed in mineralization (See May 26 2010 N.R.) . This trench, approximately 200 metres long and oriented in a northeasterly direction, is located in the area identified by Dr. S. Tribe, P.Geol. in her March 17,2010 Terrain Study of Miner Mountain as a headscarp of the Regal slide zone.

Approximately 40 metres west and 15 metres downslope of Trench 96, Trenches 40 and 22 cut copper mineralization in oxidized rock ranging from high individual assays(1.87 % copper and 0.09 g/t gold ; 1.40 % copper and 0.65 g/t gold) to a well mineralized zone of 19 metres averaging 0.99 % copper and 0.65 g/t gold. Please see news releases of April 24, 2008 and May 12, 2008 on our web site. Trench 96 cut, but did not penetrate, a 100 metre zone of intensely clay altered and leached, gossanous cap rock with sparse oxide copper mineralization.

Due to the depth of the trench (more than 10 metres), chip samples of bedrock could not be taken, hence 1-metre representative grab samples were taken from the broken excavated rock along the trench.

The highest grade zone is a 10 metre section with multiple assays of >10,000 ppm Copper (Cu), over 20 ppm Silver (Ag) and over 1000 ppb (1 Gram/Tonne) Gold (Au). >10,000 means greater than 10,000 ppm copper (1% copper) and is at the top limit of measurement and must be fire assayed to arrive at the true value. This occurs in a section of oxidized volcanic rocks

containing limonite and hematite with 2-3% pyrite and malachite/azurite mineralization. The section is also heavily faulted with numerous zones of gouge and breccia.

SEGO FIRE ASSAYS RETURN 5 METRES OF 7.88% COPPER, 35 GM/T SILVER, 3.04 GM/T GOLD UNDER GOSSAN CAP

On January 17, 2011 Sego Resources announced fire assays from the first round of geochemical results from the Granby Zone Trenching program. Trench 96 is located approximately 40 metres west of diamond drill hole MM-10-19, which intersected 60.4 metres averaging 0.24% copper, 0.16 g/t gold and 0.72 g/t silver, and bottomed in mineralization.

Due to the depth of the trench (more than 10 metres), chip samples of bedrock could not be taken, hence 1-metre representative grab samples were taken from the broken excavated rock along the trench.

The most significant continuously mineralized zone of what is considered a Supergene Enrichment Zone assayed as follows:

Trench 96 89m – 104m: 15 m of 3.14% Cu 1.18 g/t Au
Of which 99m – 103m: 5 m of 7.88% Cu 35 g/t Ag 3.04 g/t Au
Including 1 m at 100m of 12.36% Cu 43 g/t Ag and 2.34 g/t Au

Also present on either side of the supergene enrichment zone were lower grade zones:

Trench 96 70m – 76m : 7m of 0.239% Cu 0.207 g/t Au with grades up to 0.48% Cu and 0.37 g/t Au

Trench 96 106m – 113m: 8m of 0.22% Cu 0.106 g/t Au with grades up to 0.63% Cu and 0.27 g/t Au

From 10m – 116m there are numerous 1 and 2m zones of oxide mineralization with grades up to 0.34% Cu and 0.46 g/t Au

The Supergene Enrichment Zone occurs in a section of oxidized volcanic rocks containing limonite and hematite with 2-3% pyrite and malachite/azurite mineralization. The section is also heavily faulted with numerous zones of fault gouge and breccia. The highest copper grades occur where Sego has trenched through the gossanous zone and into the underlying enriched blanket, and lower copper grades represent the upper edge of the enriched blanket or the bottom of the gossanous cap.

This gossanous zone has been identified across 600m on an east-west strike length and is at least 100 m wide. It is open in all directions. Sego intends to start a percussion drill program to test continuity of the enriched supergene blanket and gossanous cap in February.

STOCK OPTIONS GRANTED

On January 27, 2011 the board of directors of Sego Resources Inc. approved stock options as proposed by the compensation committee. The approved options will be in accordance with the company's Stock Option Plan. Options total 3,130,000 at a price of \$0.17 for a period of five years. Options are subject to the approval of the TSX-Venture Exchange.

SEGO ENGAGES PERCUSSION DRILL

On January 21, 2011 Sego Resources reported that it has accepted a bid from McCaw's Drilling and Blasting Ltd. for approximately 1800 metres of drilling. The program plan is to drill 30 holes to a depth of 60 metres each through the oxide (gossan) cap in the Granby Zone. Drilling is expected to start by early March.

SEGO RESOURCES SELLS GOLD HILL PROPERTY TO ARRIS HOLDINGS INC.

On February 9th Sego Resources announces that it has sold the Gold Hill Property to Arris Holdings Inc, through Arris Holdings subsidiary Cielo Gold Corp, for cash and a work commitment.

SEGO RESOURCES ANNOUNCES PLANS TO START PERCUSSION DRILL PROGRAM

On February 25th Sego Resources reported that it will start a 1800 metre percussion drill program on February 28, 2011. The program plan is to drill 30 holes to a depth of 60 metres each (approximately 200 feet), through the oxide (gossan) cap in the Granby Zone. This drilling will test for a supergene enrichment, the mineralization beneath the cap and to test areas to the east and west of the known zone.

SEGO RESOURCES ANNOUNCES 24 METRES OF > 10,000 PPM COPPER FROM MINER MOUNTAIN PERCUSSION DRILLING

On March 24th 2011, Sego Resources reported the rock geochemistry results from phase one of the percussion drilling program on at Miner Mountain have been received for 22 of 34 drill holes. The grid drilling was over a gossan cap and a Titan 24 IP anomaly (2km x 250m) known as the Cuba Zone. These preliminary results indicate that at the east end of the grid the mineralized zone is open to the North, East and South.

Highlights include:

- Percussion Drill Hole 9-with 24 metres of greater than 10,000 ppm copper and including one 2 metre section of 10,597 ppb gold (10.597 grams/t) the hole was very well mineralized, top to bottom.
- Percussion Drill Hole 21 was also mineralized top to bottom with 4 metres of greater than 10,000 ppm copper.
- Percussion Drill Holes 2,8,12,13,14, and 15 also bottomed in significant copper and/or gold mineralization.

These preliminary results indicate that at the east end of the grid the mineralized zone is open to the North, East and South. All results over 1,000 ppm copper are being sent for fire assay.

SEGO RESOURCES REPORTS 1.26% COPPER, 1.06 G/T GOLD AND 3.79 G/T SILVER OVER 52 METRES, THE FULL LENGTH OF PERCUSSION DRILL HOLE 9

On April 5th, 2011 Sego Resources reported that the fire assay results from phase one of the percussion drilling program at Miner Mountain have been received for 22 of 34 drill holes. The

grid drilling was over a gossan cap and a Titan 24 IP anomaly (2km x 250m) known as the Cuba Zone. These preliminary results indicate that at the east end of the grid the mineralized zone is open to the North, East and South. Results for the holes at the west end are pending.

PDH (Percussion Drill Hole) Assays

- PDH 01 From 24 to 48 m 0.156% C u. Bottom of Hole 80 metres
- PDH 02 From 60 to 70 m 0.355% Cu, 0.446 g/t Au, 1.2 G/T Ag. Bottom of Hole 70 metres
- PDH 6 From 16 to 20 m 0.128% Cu, 0.179 g/t Au (and Isolated hits between 10 to 30m). Bottom of hole 62 metres
- PDH 8 from 38 to 56 m 0.186% Cu, 0.138 G/T Au, and from 68 to 72 m 0.226 g/t Au. Bottom of hole 80 metres
- PDH 9 from 12 to 64 m 1.264% Cu 1.061 G/T Au , 3.79 G/T Ag, Including 12 to 44 m 1.845% Cu, 1.628 G/T Au 5.569 G/T Ag including from 16 to 24 m 3.681% Cu 5.256 G/T Au and 15.975 G/T Ag which includes from 18 to 22 m 3.999% Cu 6.925 G/T Au and 23.450 G/T Ag. Bottom of Hole 64 metres
- PDH 12 Isolated 0.1% Copper from 70 to 82 m. Bottom of Hole 82 metres
- PDH 13 from 36 to 38 m from 0.139% Cu 0.083 G/T Au, 64 to 68 m 0.272% Cu 0.237 G/T Au 0.50 G/T Ag. Bottom of Hole 68 metres
- PDH 14 from 20 to 70m 0.126% Cu, 0.087 G/T Au. Bottom of Hole 70 metres
- PDH 15 from 24 to 50m 0.161% Cu 0.4 G/T Au, 0.43 G/T Ag including from 32 to 38 m 0.191% Cu 1.053 G/t Au. Bottom of Hole 60 metres
- PDH 16 from 14 to 20 m 0.237% Cu 0.16 G/T Au and from 28 to 40 m 0.141% Cu, 0.096 G/T Au. Bottom of Hole 56 metres
- PDH 17 from 32 to 44 m 0.135% Cu, 0.094 G/T Au (isolated Cu and Au from 28 to 48 m) Bottom of Hole 62 metres
- PDH 18 from 34 to 38 0.216% Cu, 0.030 G/T Au, and from 40 to 56 m 0.186% Cu 0.046 G/T Au and from 68 to 74m 0.112% Cu and 0.021 G/t Au. Bottom of Hole 80 metres
- PDH 19 from 44 to 46 0.121% Cu, 0.029 G/T Au. Bottom of Hole 46 metres
- PDH 20 from 10 to 22 m 0.197%, Cu 0.257 G/T Au. Bottom of Hole 50 metres
- PDH 21 from 16 to 28 m 0.8 % Cu, 0.647 G/T Au, 1.367 G/T Ag including 18 to 24 m 1.342% Cu, 1.064 G/T Au and 2.067 G/T Ag and from 44 to 50 m 0.295% Cu 0.173 G/T Au. Bottom of Hole 50 metres
- PDH 22 from 12 to 22 m 0.142% Cu 0.071 G/T Au and from 32 to 42m 0.145% Cu 0.122 G/T Au. Bottom of Hole 52 metres

PERCUSSION DRILLING EXTENDS ZONE 150 METRES WEST

On April 20th 2011 SeGo Resources Inc. reported that the fire assay results from the final 12 holes of the recent percussion drill program have been received. The grid drilling was over a gossan cap and a titan 24 IP anomaly (2km x 250m) known as the Cuba Zone. The following results are from the west end of the grid and indicate a new mineralized zone upslope from the Regal Zone at the west edge of the drilling. Elevated gold results have been located in highly altered rock, percussion drill hole 34 is located approximately 150 metres west of percussion drill hole 9 (see news release April 5, 2011).

Geological cross-sections are being prepared and a multi-year permit application will be submitted to enable the company to conduct exploration without breaks for permit changes.

For tables showing results for each hole and a location map please visit our website www.segoresources.com

Highlights of the Percussion Drill Holes (PDH) include:

- PDH 26: 38 – 42 metres 0.14% Copper, 0.056 grams/tonne Gold. Bottom of hole 42 metres.
- PDH 28: 14 – 28 metres 0.15% Copper, 0.261 grams/tonne Gold.
40 – 44 metres 0.16% Copper, 0.769 grams/tonne Gold. Bottom of hole 50 metres.
- PDH 31: 32 – 42 metres 0.21% Copper, 0.121 grams/tonne Gold. Bottom of hole 42 metres
- PDH 34: 24 – 48 metres 0.22% Copper, 0.144 grams/tonne Gold, includes 30 – 36 metres 0.38% Copper, 0.234 grams/tonne Gold, and, 30 – 32 metres 0.52% Copper, 0.238 grams/tonne Gold. Bottom of hole 48 metres.

SUMMARY OF QUARTERLY RESULTS

	Revenue \$	Income (Loss)	Income (Loss per share & diluted loss per share)
September 30, 2009	Nil	(83,783)	(0.03)
December 31, 2009	Nil	(82,205)	(0.01)
March 31, 2010	1,297	(102,980)	(0.00)
June 30, 2010	219	(631,875)	(0.03)
September 30 2010	65	(96,059)	(0.00)
December 31 2010	Nil	(119,954)	(0.01)
March 31 2011	5,054	(121,720)	(0.00)
June 30 2011	843	(286,205)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of \$433,133 for the year ended June 30, 2011 compared to working capital for the year ended June 30, 2010 of \$67,601. The continued operations of the Company are dependent upon its ability to continue to raise adequate financing in the future.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Working Capital (Deficiency)	\$ 433,133	\$ 67,601
Deficit	\$ (2,622,978)	\$ (1,999,040)

The Company approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due and manages its liquidity risk by forecasting cash requirements for operations and anticipated investing and financing activities. As at June 30, 2011, the cash balance of \$359,495 (2010 - \$1,240) is insufficient to meet the Company's general administrative, property and exploration requirements for the coming year. Therefore the Company will be required to raise additional capital in order to fund its operations in 2012. At June 30, 2011, the Company had accounts payable and accrued liabilities of \$97,720 (2010 - \$36,720), due within 30 days, and amounts due to related parties of \$16,077 (2010 - \$106,113), due on demand.

The Company has no revenue generation operations from which it can internally generate funds. It relies on the sale of its own shares to provide cash as needed. This situation is unlikely to change until such time as the Company secures a project on which it can develop a profitable mining operation.

OFF BALANCE SHEET

The Company has made no off-balance sheet arrangements and there are none contemplated in the future. The Company does not utilize financial or other instruments in its operations. There have been no changes in the Company's accounting policies since the last audited financial statements dated June 30, 2010.

RELATED PARTY TRANSACTIONS

During the year ended June 30, 2011, the Company paid:

(a) \$47,655 (2010 - \$31,144) in rent, \$36,000 (2010 - \$36,000) in management fees, \$29,500 (2010 - \$100,055) in sampling and reclamation fees, \$64,800 (2010 - \$61,200) in office and administrative fees related to bookkeeping and secretarial services, \$57,500 (2010 - \$nil) in investor relations fees and \$64,800 (2010 - \$61,200) in office and administrative fees related to geological fees to a business owned by an officer of the Company;

(b) \$3,000 (2010 - \$24,000) in sampling and reclamation fees and \$1,000 (2010 - \$11,000) in professional fees to a company owned by an officer of the Company; and

(c) \$4,200 (2010 - \$17,150) in sampling and reclamation fees and \$2,650 (2010 - \$3,600) in professional fees to a director of the Company.

As at June 30, 2011, an amount of \$14,470 (2010 - \$86,674) included in due to related parties is owing to a business owned by the CEO of the Company and an amount of \$nil (2010 - \$9,703) is due to related parties is owing to a company owned by an officer of the Company. An amount of \$1,607 (2010 - \$9,736) in due to related parties is owing to an officer of the Company. Amounts due to related parties have no stated terms of payment and/or interest.

The Company entered into an agreement with the CEO of the Company for the arrangement of certain services (note 9).

All of the above transactions and balances are measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties.

FOURTH QUARTER

There were no further changes in the fourth quarter.

INVESTOR RELATIONS ACTIVITIES

Currently the company performs investor relations in house.

PROPOSED TRANSACTIONS

None at this time

SUBSEQUENT EVENTS

5 YEAR PERMIT RECEIVED – DRILLING TO START

On July 5th, 2011, Sego Resources Inc. received a Multi-Year Area Based Permit from the Ministry of Energy and Mines that is valid for 5 years. The permit is for percussion drilling, diamond drilling and trenching on the Sego's Miner Mountain Project near Princeton, B.C. Percussion Drilling will start on July 25, 2011 with an initial percussion drill program as recommended by consultant Vic Preto, Ph.D., P.Eng. in his report of June 17, 2011. This report is available on Sego's website.

PRIVATE PLACEMENT

On July 26, 2011, the Company announced that they completed a brokered private placement and issued 4,000,000 non-flow through units at a price of \$0.25 per unit for gross proceeds of \$1,000,000. Each unit consists of one non-flow-through common share and one transferable share purchase warrant. Each warrant is exercisable into one non-flow-through common share to July 26, 2016 at an exercise price of \$0.33 per share during the first two years, \$0.40 per share during the third and fourth years, and \$0.50 per share for the fifth year.

In conjunction with the private placement the Company has paid the Agent a cash commission of \$100,000 and issued 200,000 units at a price of \$0.25 for a total cost of \$50,000. Each unit has the same terms and conditions of the units issued in the private placement. The Company has also issued to the Agent 600,000 non-transferable options (the "Agent's Options"). Each Agent's Option will be exercisable into one Agent's unit (having the same terms as the units) at the price of \$0.25 per Agent's unit to July 26, 2016.

DISCLOSURE CONTROLS AND PROCEDURES

Management of the Company, consisting of the Chief Executive Office and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, they have concluded that, as of the end of the period covered by this Management's Discussion and Analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms as defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL RISKS

The President or the Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with Canadian GAAP. The design of

the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that a weakness existed internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will control to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO and directors of the financial reports and candid discussion of those risks with the audit committee.

RISK AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. There is no certainty that properties which the Company has described as assets on its balance sheet will be realized at the amounts recorded.

The only sources of future funds for further exploration programs or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Although the Company was successful in accessing the equity market during the past year, there is no assurance that such sources of financing will be available on acceptance terms, if at all. Management at this time has no reason to expect that this capability will diminish in the near term.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the company's control.

The factors affecting stock based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend, among other things, upon a variety of factors including the market value of company shares and financial objectives of the holders of the options. The Company has used historical data to determine validity in accordance with Black-Scholes modeling, however, the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the stock based compensation and hence results of operations, there is no impact on the Company's financial condition.

The Company's recorded value of the Company's mineral properties is in all cases, based on historical costs that are expected to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership and political risk, funding and currency risk as well as environmental risk. The Company's financial statements have been prepared with these risks in mind. All of the assumptions set out herein are potentially subject to significant change and out of the company's control. These changes are not determinable at this time.

CHANGE IN ACCOUNTING POLICY

The Company did not make any changes to its accounting policy during the year in question.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The IFRS standards will be effective for the Company for interim and annual financial statements relating to the Company's fiscal year commencing July 1, 2011. The effective date will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended June 30, 2011. The Company has begun the planning and scoping phase of the transition to IFRS and intends to transition to IFRS financial statements during fiscal 2012. While the Company has begun assessing the adoption of IFRS for fiscal 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time

Implementation Plan

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended September 30, 2011. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting

policies and processes; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training.

The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress now
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes of those with accounting policy alternatives.	Throughout 2010 and 2011
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Throughout 2010 and 2011
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	Throughout 2010 and 2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual agreements.	Throughout 2010 and 2011
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statements impact of changes in accounting policies	Throughout 2010 and 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this property, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values of certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments include cash, reclamation deposit, due to related parties, and accounts payable. Cash is classified as held-for-trading; reclamation deposit is classified as held-to-maturity; due to related parties and accounts payable are classified as other financial liabilities.

Fair value

The carrying values of cash, reclamation deposit, and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these financial instruments. The fair value of due to related parties is not presented as there is no market for such instruments.

The Company's risk exposure and the impact on the Company's financial instruments are

summarized below:

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 is exposed to credit risk with respect to its cash and reclamation deposit; however, this is minimized as cash and reclamation deposit are placed with a major financial institution with strong investment-grade ratings by a primary investment agency.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due and manages its liquidity risk by forecasting cash requirements for operations and anticipated investing and financing activities. As at June 30, 2011, the cash balance of \$359,495 (2010 - \$1,240) is insufficient to meet the Company's general administrative, property and exploration requirements for the coming year. Therefore the Company will be required to raise additional capital in order to fund its operations in 2012. At June 30, 2011, the Company had accounts payable and accrued liabilities of \$97,720 (2010 - \$36,720), due within 30 days, and amounts due to related parties of \$16,077 (2010 - \$106,113), due on demand.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that future cash flows or the fair value of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts and a reclamation deposit that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated cash flow or fair value as of June 30, 2011.

Foreign currency risk

The Company is not exposed to significant foreign currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to significant other price risk on its financial instruments.

OTHER REQUIREMENTS

The company has posted an AIF, dated April 29, 2011, on www.sedar.com

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital Authorized – 100,000,000 common shares

Share Capital Issued as of October 25, 2011 – 53,961,912 common shares

Outstanding share purchase warrants as of October 25, 2011:

Number of Warrants	Exercise Price	Expiry Date
1,820,000	\$0.10	April 27, 2014
5,624,300	\$0.10	May 29, 2014
1,965,875	\$0.10	June 26, 2014
8,357,750	\$0.12*	Dec 11, 2012*
4,200,000	\$0.33**	July 26, 2013**
21,967,925		

* Each Warrant will be exercisable into one common Share for a period of 60 months from closing at an exercise price of \$0.12 per share during the first 24 months (Dec 10, 2009 – 2011), \$0.15 per share during the second 24 months (Dec 11, 2011- Dec 2013), and \$0.20 per share for the last 12 months from closing.

** Each Warrant will be exercisable into one common Share for a period of 60 months from closing at an exercise price of \$0.33 per share during the first 24 months (July 16, 2013 – 2015), \$0.40 per share during the second 24 months (July 17, 2013- July 2015), and \$0.50 per share for the last 12 months from closing.

Outstanding incentive stock options as of October 25, 2011:

Number of Options	Exercise Price	Expiry Date
1,445,345	\$0.26	June 25, 2013
1,614,655	\$0.08	July 30, 2014
2,631,000	\$0.10	Mar 18, 2015
3,130,000	\$0.17	Feb 11, 2014
8,821,000		

DIRECTORS AND OFFICERS

J Paul Stevenson – CEO and Director
J Allan Hilton – Director
Chris J Sampson – President and Director
Shelley Hallock – Director
Andrew Watson – Director
Tyler Ducharme – CFO and Director

DATED: October 26, 2011