SECOVA METALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED SEPTEMBER 30, 2011

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

SECOVA METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)
AS AT

	September 30, 2011	June 30, 2011 (Note 10)	July 1, 2010 (Note 10)
ASSETS			
Current			
Cash	$ 688,958	$ 757,616	$ 1,186,808
Receivables	6,115	4,859	12,921
Reclamation bonds (Note 4)	-	-	55,692
Prepayments	-	-	5,350
	695,073	762,475	1,260,771
Equipment	-	-	887
Exploration and evaluation assets (Note 4)	575,447	575,447	597,033
	$ 1,270,520	$ 1,337,922	$ 1,858,691
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	$ 30,411	$ 35,465	$ 189,063
Shareholders' equity			
Share capital (Note 5)	8,019,262	8,019,262	8,019,262
Reserves (Note 5)	149,144	171,832	303,034
Deficit	(6,928,297)	(6,888,637)	(6,652,668)
	1,240,109	1,302,457	1,669,628
	$ 1,270,520	$ 1,337,922	$ 1,858,691

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on November 2, 2011:

"Bryan Slusarchuk" Director *"Michael Williams"* Director

The accompanying notes are an integral part of these consolidated financial statements.

SECOVA METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)
THREE MONTHS ENDED SEPTEMBER 30

	2011	2010 (Note 10)
EXPENSES		
Depreciation	$ -	$ 66
Filing fees and transfer agent	2,843	6,011
Investor relations	2,250	12,500
Office and sundry	4,067	11,875
Printing and advertising	90	1,953
Professional fees	22,851	30,085
Property investigation costs	12,694	47,495
Rent	12,124	10,315
Share-based payments (Note 5)	-	6,998
Telephone	1,769	850
Trade shows and shareholder communications	450	1,149
Travel	3,210	10,554
Loss and comprehensive loss for the period	$ (62,348)	$ (139,851)
Basic and diluted loss per share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	35,722,631	35,722,631

The accompanying notes are an integral part of these consolidated financial statements.

SECOVA METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
THREE MONTHS ENDED SEPTEMBER 30

	2011	2010 (Note 10)
CASH FROM OPERATING ACTIVITIES		
Loss for the period	$ (62,348)	$ (139,851)
Item not affecting cash:		
Depreciation	-	66
Share-based payments	-	6,998
Changes in non-cash working capital items:		
Receivables	(1,256)	(54,835)
Accounts payable and accrued liabilities	(5,054)	(115,953)
Net cash used in operating activities	(68,658)	(303,575)
CASH FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	-	(13,602)
Cost recovery of expenditures on exploration and evaluation assets	-	22,784
Net cash provided by investing activities	-	9,182
Change in cash during the period	(68,658)	(294,393)
Cash, beginning of period	757,616	1,186,808
Cash, end of period	$ 688,958	$ 892,415

There were no significant non-cash transactions for the three month periods ended September 30, 2011 and 2010.

The accompanying notes are an integral part of these consolidated financial statements.

SECOVA METALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Share capital								
	Number		Amount		Reserves		Deficit		Total
Balance at July 1, 2010	35,722,631	$	8,019,262	$	303,034	$	(6,652,668)	$	1,669,628
Expiry of options	-		-		(8,634)		8,634		-
Share-based payments	-		-		6,998		-		6,998
Loss for the period	-		-		-		(139,851)		(139,851)
Balance at September 30, 2010	35,722,631	$	8,019,262	$	301,398	$	(6,783,885)	$	1,536,775
Expiry of options	-		-		(156,952)		156,952		-
Share-based payments	-		-		27,386		-		27,386
Loss for the period	-		-		-		(261,704)		(261,704)
Balance at June 30, 2011	35,722,631	$	8,019,262	$	171,832	$	(6,888,637)	$	1,302,457
Expiry of options	-		-		(22,688)		22,688		-
Loss for the period	-		-		-		(62,348)		(62,348)
Balance at September 30, 2011	35,722,631	$	8,019,262	$	149,144	$	(6,928,297)	$	1,240,109

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Secova Metals Corp. (the "Company") is an exploration stage company incorporated under the laws of the Province of British Columbia and commenced operations on October 22, 2004.

The Company's head office, principal address and registered and records office is 520 – 470 Granville Street, Vancouver, British Columbia, Canada, V6C 1V5.

The Company is in the process of acquiring and exploring its mineral properties in Canada and the USA and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern.

The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's transition date to IFRS is July 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, "First-time adoption of International Financial Reporting Standards". In preparing the Company's first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles ("GAAP"). Historical results and balances have been restated under IFRS. These condensed consolidated interim financial statements should be read in conjunction with the Company's 2011 GAAP annual financial statements, and in consideration of the disclosure regarding the transition from Canadian GAAP to IFRS included in Note 10. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these interim financial statements nor in the Company's most current annual GAAP financial statements.

2. BASIS OF PREPARATION (cont'd…)

Basis of Presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The comparative figures presented in these condensed consolidated interim financial statements are in accordance with IFRS and have not been audited.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of exploration and evaluation assets, valuation of share-based payments, recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entity controlled by the Company (Note 6). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Financial instruments

<u>Financial assets</u>

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash is classified as FVTPL. Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At September 30, 2011, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued are classified as other financial liabilities.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of comprehensive loss. The Company expenses costs related to the exploration and development of mineral properties as they are incurred.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

a) *Environmental rehabilitation provisions*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of comprehensive loss. The Company had no rehabilitation obligations as at September 30, 2011, June 30, 2011 or July 1, 2010.

a) *Other provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in share-based payments is reversed from share-based payment reserve to deficit. Amounts recorded for forfeited or expired unexercised warrants are transferred to share capital.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date of the statement of financial position.

A deferred tax asset is recognized only 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, it provides a valuation allowance against that excess.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2011 and have not been applied in preparing these condensed consolidated interim financial statements.

Financial instruments disclosure
In October 2010, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures that improve the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after September 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Income taxes
In December 2010, the IASB issued an amendment to IAS 12 – Income taxes that provides a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after September 1, 2011, with earlier adoption permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Joint ventures
The IASB issued Exposure Draft 9 – Joint Arrangements ("ED-9") in September 2007. ED-9 proposed to eliminate the Company's choice to proportionately consolidate jointly controlled entities and required such entities to be accounted for using the equity method. During the second quarter of 2009, the IASB commenced re-deliberations of ED-9 and now proposes to establish a principles-based approach to the accounting for joint arrangements which focuses on the nature, extent and financial effects of the activities that an entity carries out through joint arrangements and its contractual rights and obligations to assets and liabilities, respectively, of the joint arrangements. The IASB plans on publishing the final standard with an anticipated effective date of January 1, 2013. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Consolidation
On September 29, 2010, the IASB posted a staff draft of a forthcoming IFRS on consolidation. The staff draft reflects tentative decisions made to date by the IASB with respect to the IASB's project to replace current standards on consolidation, IAS 27 - Consolidated and Separate Financial Statements and SIC 12 – Consolidation – Special Purpose Entities, with a single standard on consolidation. The IASB plans on publishing the final standard on consolidation during the first half of 2011, with an anticipated effective date of January 1, 2013. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

Financial instruments
The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and June of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Three Months Ended September 30, 2011	Year Ended June 30, 2011
Acquisition costs:		
Balance, beginning and end of period	$ 185,000	$ 185,000
Exploration costs:		
Balance, beginning of period	390,447	412,033
Assay	-	574
Fees and licences	-	624
	-	1,198
Cost recoveries	-	(22,784)
	-	20,786
Balance, end of period	390,447	390,447
Total costs	$ 575,447	$ 575,447

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Otish Mountain Basin, Quebec

During fiscal 2007 the Company acquired a 100% interest in the Otish Mountain mineral claims located in Quebec in consideration for $40,000 and 225,000 common shares valued at $145,000. During fiscal 2011 the Company recognized a mineral property recovery of $22,784 (2010 - $114,195) as a result of government tax credits.

Reclamation bonds

In fiscal 2010, the Company paid reclamation bonds of $55,692 on this property which were recovered in fiscal 2011.

5. SHARE CAPITAL AND RESERVES

Authorized share capital

As at September 30, 2011, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

5. SHARE CAPITAL AND RESERVES (cont'd…)

Issued share capital

As at September 30, 2011, the Company had 35,722,631 common shares issued and outstanding.

Escrowed shares

As at September 30, 2011, the Company has included in share capital 2,189,485 common shares subject to an escrow agreement that may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

Stock options

Stock option transactions are summarized as follows:

	Number		Weighted Average Exercise Price
Outstanding, June 30, 2010	3,550,000	$	0.14
Granted	750,000		0.10
Expired/cancelled	(730,000)		0.18
Outstanding, June 30, 2011	3,570,000		0.12
Expired/cancelled	(300,000)		0.15
Outstanding and exercisable, September 30, 2011	3,270,000	$	0.12

Stock options outstanding

The following incentive stock options were outstanding at September 30, 2011:

Number of Shares		Exercise Price	Expiry Date
1,100,000	$	0.10	May 25, 2014
1,420,000		0.15	July 7, 2014
750,000		0.10	June 7, 2016

Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years with vesting determined by the board of directors.

5. SHARE CAPITAL AND RESERVES (cont'd…)

Share-based payments (cont'd…)

During the three month period ended September 30, 2011, the Company did not grant any stock options. During the three month period ended September 30, 2010, 100,000 options became fully vested and exercisable. Using the Black-Scholes option pricing model to determine fair value, total share-based payments recognized in the statement of comprehensive loss for the period ended September 30, 2010 was $6,998 for incentive options granted and vested. This amount was also recorded as reserves on the statement of financial position.

The following weighted average assumptions were used for the valuation of stock options:

	2011	2010
Risk-free interest rate	-	1.71%
Expected life of options	-	2.5 years
Annualized volatility	-	112.7%
Dividend rate	-	0.00%

6. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of the Company and its 100% owned subsidiary Secova Metals (Arizona) Corp.

During the period ended September 30, 2011, the Company paid or accrued:

a) Property investigation costs of $8,500 (2010 - $12,000) to Michael Moore, the Chief Executive Officer of the Company.

b) Accounting fees of $7,500 (2010 - $5,000) to Jonathan Richards, the Chief Financial Officer of the Company.

c) Legal fees of $7,500 (2010 - $7,500) to Shoni Bernard, an officer of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at September 30, 2011, included in accounts payable is $2,800 due to an officer of the Company. As at June 30, 2011, included in accounts payable is $3,132 due to a director of the Company.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at September 30, 2011, the Company had a cash balance of $688,958 (June 30, 2011 - $757,616) to settle current liabilities of $30,411 (June 30, 2011 - $35,465). All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company has cash balances held with financial institutions. The Company's current policy is to invest excess cash in short-term treasury bills issued by the Government of Canada and its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2011 and June 30, 2011, the Company did not have any investments in investment grade short-term deposit certificates.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies, primarily through the Company's subsidiary located in USA. Through this the Company is exposed to foreign currency risk on fluctuations related to cash, account payable and accrued liabilities that are denominated in US Dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

8. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the exploration and development of its mineral property interests. Capital is comprised of the Company's cash and shareholders' equity. As at September 30, 2011, the Company's shareholders' equity was $1,240,109 (June 30, 2011 - $1,302,457). The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

9. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition, exploration and development of mineral properties in Canada.

10. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these financial statements are prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the condensed consolidated interim financial statements for the periods ended September 30, 2011 and 2010, the financial statements for the year ended June 30, 2011 and the opening IFRS statement of financial position on July 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended September 30, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS.

Share-based payment transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and vested before the Transition Date. As a result of applying this exemption, the Company will apply the provision of IFRS 2 only to all outstanding instruments that are unvested as at the Transition Date to IFRS. The Company had unvested awards at the Transition Date which did not require adjustment for compliance with IFRS.

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of July 1, 2010 are consistent with its GAAP estimates for the same date.

10. FIRST TIME ADOPTION OF IFRS (cont'd…)

The reconciliation between GAAP and IFRS statement of financial position as at July 1, 2010 (date of transition to IFRS) is provided below:

		July 1, 2010		
	Note	GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		$ 1,186,808	$ -	$ 1,186,808
Receivables		12,921	-	12,921
Reclamation bonds		55,692	-	55,692
Prepayments		5,350	-	5,350
		1,260,771	-	1,260,771
Equipment		887	-	887
Exploration and evaluation assets		597,033	-	597,033
		$ 1,858,691	$ -	$ 1,858,691
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 189,063	$ -	$ 189,063
Shareholders' equity				
Share capital	(a)	7,879,960	139,302	8,019,262
Reserves	(a)	2,885,917	(2,582,883)	303,034
Deficit	(a)	(9,096,249)	2,443,581	(6,652,668)
		1,669,628	-	1,669,628
		$ 1,858,691	$ -	$ 1,858,691

10. FIRST TIME ADOPTION OF IFRS (cont'd…)

The reconciliation between GAAP and IFRS statement of financial position as at September 30, 2010 is provided below:

		September 30, 2010		
	Note	GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		$ 892,415	$ -	$ 892,415
Receivables		67,756	-	67,756
Reclamation bonds		55,692	-	55,692
Prepayments		5,350	-	5,350
		1,021,213	-	1,021,213
Equipment		821	-	821
Exploration and evaluation assets		574,249	-	574,249
		$ 1,596,283	$ -	$ 1,596,283
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 59,508	$ -	$ 59,508
Shareholders' equity				
Share capital	(a)	7,879,960	139,302	8,019,262
Reserves	(a)	2,892,915	(2,591,517)	301,398
Deficit	(a)	(9,236,100)	2,452,215	(6,783,885)
		1,536,775	-	1,536,775
		$ 1,596,283	$ -	$ 1,596,283

10. FIRST TIME ADOPTION OF IFRS (cont'd…)

The reconciliation between GAAP and IFRS statement of financial position as at June 30, 2011 is provided below:

	June 30, 2011			
	Note	GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		$ 757,616	$ -	$ 757,616
Receivables		4,859	-	4,859
		762,475	-	762,475
Exploration and evaluation asset		575,447	-	575,447
		$ 1,337,922	$ -	$ 1,337,922
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 35,465	$ -	$ 35,465
Shareholders' equity				
Share capital	(a)	7,879,960	139,302	8,019,262
Reserves	(a)	2,920,302	(2,748,470)	171,832
Deficit	(a)	(9,497,805)	2,609,168	(6,888,637)
		1,302,457	-	1,302,457
		$ 1,337,922	$ -	$ 1,337,922

The reconciliation between GAAP and IFRS total comprehensive loss for the period ended September 30, 2010 and the year ended June 30, 2011 is provided below:

	September 30, 2010	June 30, 2011
Comprehensive loss under Canadian GAAP	$ (139,851)	$ (401,555)
Total IFRS adjustment to comprehensive loss	-	-
Comprehensive loss under IFRS	$ (139,851)	$ (401,555)

There are no significant differences between IFRS and Canadian GAAP in connection with the Company`s statement of cash flows for the period ended September 30, 2010 or the year ended June 30, 2011.

a) Share-based payments

On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments whereby amounts recorded for forfeited or expired unexercised stock options are transferred to deficit. Amounts recorded for forfeited or expired unexercised warrants are transferred to share capital. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.