SECOVA METALS

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Introduction

This management's discussion and analysis (MD&A) of Secova Metals Corp. is the responsibility of management and covers the year ended June 30, 2012. The MD&A takes into account information available up to and including September 12, 2012 and should be read together with the consolidated audited financial statements and accompanying notes for the year ended June 30, 2012 which are available on the Sedar website at www.sedar.com.

Throughout this document the terms *we, us, our, the Company* and *Secova* refer to Secova Metals Corp. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") and presented in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at www.sedar.com and on the Company's website at www.secovametals.ca.

Forward-Looking Statements

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

Reserves and Resources

National Instrument 43-101 ("43-101") of the Canadian Securities Administrators – Standards of Disclosure for Mineral Projects – requires that each category of mineral reserves and mineral resources be reported separately. Readers should refer to Secova's continuous disclosure documents available at www.sedar.com for this detailed information, which is subject to the qualifications and notes therein set forth.

Description of Business

The Company is a natural resource company engaged in the acquisition and exploration of resource properties. The Company is actively searching for new projects.

The Company trades on the TSX Venture exchange under the Symbol SEK.

Performance Summary

The Company planned to acquire 100% of the outstanding shares of Taman Petroleum Corporation ("Taman"). Taman, a private Alberta, Canada, company, owns 8 per cent of the South Temryuk oil and gas exploration-exploitation license located in the mature Azov-Kuban petroleum region of southwest Russia. Taman has a right to earn an additional 22 per cent of the project by financing and completing additional exploration or exploitation. See proposed transactions below or the news release dated February 13, 2012 on SEDAR for further details. The Company loaned Taman $200,000 during the year ended June 30, 2012 for due diligence purposes.

The Company decided not to pursue the acquisition of Taman as despite the best efforts of Taman and the Company as both parties were unable to satisfy the basic terms and conditions of the mutual understanding whereby the Company would acquire all of the outstanding shares of Taman after satisfactory completion of a comprehensive due diligence review. Taman has since repaid $75,000 of the $200,000 loan with the remainder due January 13, 2014.

Exploration Summary

Otish Mountain, QC Canada

In 2008, the Company held numerous claim blocks in and around the central Quebec Otish Sedimentary Basin (OSB), on which it completed airborne geophysical surveys (radiometrics & magnetometer). The Company decided not to move forward with an exploration program related to Otish Mountain and wrote-off the costs of the project during the year ended June 30, 2012.

Selected Annual Information

The financial information as at and for the years ended June 30, 2012 and June 30, 2011 have been prepared in accordance with IFRS. The financial information as at and for the year ended June 30, 2010 has been prepared in accordance with Canadian generally accepted accounting principles.

	June 30, 2012	June 30, 2011	June 30, 2010
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Total income	$ -	$ -	$ -
Loss before taxes	877,533	401,556	1,429,349
Loss and comprehensive loss for the year	877,533	401,556	1,429,349
Basic and diluted loss per share	0.02	0.01	0.04
Total assets	471,316	1,337,922	1,858,691
Working capital	313,262	727,010	1,071,708

Results of Operations

The Company incurred a loss of $877,533 for the year ended June 30, 2012 (2011 - $401,556). Excluding the write-off of the Otish Mountain exploration and evaluation asset, expenses have decreased for the year. The decrease in expenditures is due to a decrease in general activity. The Company continues to evaluate potential property acquisitions.

Summary of Quarterly Results

	Three Months Ended			
	June 30, 2012 IFRS	March 31, 2012 IFRS	December 31, 2011 IFRS	September 30, 2011 IFRS
Total Assets	$ 471,316	$ 1,058,098	$ 1,197,965	$ 1,270,520
Exploration and evaluation assets	-	553,517	553,517	575,447
Working Capital	313,262	486,504	564,567	664,662
Shareholder's equity	442,413	1,040,021	1,118,084	1,240,109
Interest income	3,214	937	-	-
Net Loss	1,157,458	95,552	122,025	62,348
Earnings (Loss) per share	(0.02)	(0.00)	(0.01)	(0.01)

	Three Months Ended			
	June 30, 2011 IFRS	March 31, 2011 IFRS	December 31, 2010 IFRS	September 30, 2010 IFRS
Total Assets	$ 1,337,922	$ 1,400,257	$ 1,469,522	$ 1,596,283
Exploration and evaluation assets	575,447	575,447	575,447	574,249
Working Capital	727,010	805,412	865,164	961,705
Shareholder's equity	1,302,457	1,381,548	1,441,366	1,536,775
Interest Income	-	-	-	-
Net Loss	106,478	58,272	96,955	139,851
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

Summary of Quarterly Results:

Over the preceding year and for the quarter ended June 30, 2012, the Company continued to investigate and evaluate potential property acquisitions.

During the three month period ended June 30, 2012, the Company wrote off the Otish Mountain property resulting in a significant increase in loss and decrease to exploration and evaluation assets, total assets, and shareholder equity.

During the three month period ending December 31, 2011, the Company received government rebate on its Otish Mountain Basis property of $21,930 resulting in a decrease to Exploration and evaluation assets.

During the three month period ending September 30, 2010 the Company received government rebate on its Otish Mountain Basin property of $22,784 resulting in a decrease to Exploration and evaluation assets.

Liquidity and Capital Resources

Secova's exploration and evaluation asset activities do not provide a source of income and the Company therefore has a history of losses and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of our valuation.

The Company has financed its operations to date primarily through the issuance of common shares. The Company will continue to seek capital through the issuance of common shares.

Operating activities: The Company does not generate any revenues and generally does not receive any cash from operating activities. Net cash used in operating activities during the year ended June 30, 2012 decreased by $119,308 to $317,868, compared to $437,176 during the previous fiscal year ended June 30, 2011. The decrease in cash used during the fiscal year ended June 30, 2012 was due to a general decrease in corporate activity.

Investing activities: The Company made a loan during the year and received a cost recovery from expenditures on exploration and evaluation assets in the year ended June 30, 2012. Net cash used in investing activities increased by $111,054 to $103,070 compared to a recovery of $7,984 in investing activities in the year ended June 30, 2011. The cash used in investing activities relates the loan to Taman Petroleum Corporation ("Taman") netted by the cost recoveries from the Otish Basin property.

Financing activities: The Company did not engage in any financing activities in the year ended June 30, 2012 and 2011.

The audited consolidated financial statements do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

Contractual Obligations

Except as described herein or in the Company's financial statements at June 30, 2012, the Company had no material financial commitments.

Off Statement of Financial Position Arrangements

At June 30, 2012, the Company had no material off statement of financial position arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Capital Resources

The Company will continue to seek capital through public markets by issuing common shares pursuant to private placements. 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.

Outstanding Share Data

As at the date of the report the Company had 35,722,631 common shares issued and outstanding.

The following incentive stock options were outstanding at the date of this report:

	Number of Shares	Exercise Price	Expiry Date
Options	1,100,000	$ 0.10	May 25, 2014
	1,420,000	0.15	July 7, 2014
	750,000	0.10	June 7, 2016
	300,000	0.10	February 21, 2017 (1)
	3,570,000		

(1) Subsequent to June 30, 2012, the director holding these options resigned, changing the expiry date to October 8, 2012.

Related Party Transactions

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

Key management personnel comprise of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and the Directors of the Company. The remuneration of the key management personnel is as follows:

a) Property investigation costs of $75,500 (2011 - $33,000) to an officer of the Company, a company controlled by a former officer of the Company, and to a former director of the Company.

b) Accounting fees of $37,500 (2011 - $30,000) to a Company owned by an officer of the Company.

c) Legal fees of $30,000 (2011 - $23,500) to an officer of the Company.

d) Share-based payments of $17,489 (2011 - $21,906) to directors and officers of the Company.

   As at June 30, 2012, included in accounts payable is $5,127 (2011 – $18,111; 2010 - $92,739) due to a related parties.

Proposed Transactions

The Company has no planned or proposed transactions as of the date of this report.

Financial Risk Factors

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash, receivables and loan receivable. The Company's cash is held at large Canadian financial institution in interest bearing accounts for which management believes the risk of loss to be minimal. Receivables mainly consist of HST receivable due from the government of Canada and a Loan receivable from Taman. Management believes that the credit risk concentration with respect to receivables and loan receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable relating to mineral properties and other accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

a) Interest rate risk

   Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

b) Price risk

   The Company is exposed to price risk with respect to commodity prices, particularly gold, copper and oil and gas. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk

   The Company's foreign exchange risk arises from transactions denominated in other currencies, primarily through the Company's subsidiary located in the USA. Through this, the Company is exposed to foreign currency risk on fluctuations related to cash, accounts 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.

Risk Factors

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

Changes in Accounting Policies including Initial Adoption

The Company has adopted IFRS effective July 1, 2011 with a transition date of July 1, 2010. For further details, please refer to note 11 of the June 30, 2012 audited consolidated financial statements.

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended June 30, 2012:

•	IFRS 9	New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets(iii)
•	IFRS 10	New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities(i)
•	IFRS 11	New standard to account for the rights and obligations in accordance with a joint agreement(i)
•	IFRS 12	New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39(i)
•	IFRS 13	New standard on the measurement and disclosure of fair value(i)
•	IAS 1 (Amendment)	Presentation of other comprehensive income(ii)
•	IAS 28 (Amendment)	New standard issued that supersedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures(i)

(i) Effective for annual periods beginning on or after January 1, 2013
(ii) Effective for annual periods beginning on or after July 1, 2012
(iii) Effective for annual periods beginning on or after January 1, 2015

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in Notes 2 and 3 of its audited consolidated financial statements for the year ended June 30, 2012. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

Use of Estimates

The preparation of these consolidated financial statements 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 expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

The carrying value and recoverability of mineral properties requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

The determination of deferred income tax assets and liabilities is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

The Company's estimate of Loan receivable represents management's best estimate of the amounts expected to be recovered from Taman Petroleum Corporation ("Taman").

Share-based payments is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

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 revised from share-based payment reserve to deficit. Amounts recorded for forfeited or expired unexercised warrants are transferred to share capital.

Subsequent Events

There were no material events subsequent to June 30, 2012.

Additional Information

For further information about the Company, please visit the website of the SEDAR at www.sedar.com.