SECOVA METALS

# FORM 51-102F1
# MANAGEMENT DISCUSSION AND ANALYSIS
# FOR THE THREE AND SIX MONTH PERIOD ENDED DECEMBER 31, 2010

## Introduction

This management's discussion and analysis (MD&A) of Secova Metals Corp. (formerly Nova Uranium Corp.) is the responsibility of management. The MD&A takes into account information available up to and including February 25, 2011 and should be read together with the unaudited Financial Statements and notes for the period ended December 31, 2010 and with the audited financial statements, notes and MD&A for the years ended June 30, 2010, June 30, 2009, and June 30, 2008 all of 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 Canadian generally accepted accounting principles (GAAP) 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.

## Description of Business

The Company is a natural resource company engaged in the acquisition and exploration of mineral properties. It currently holds uranium properties in the Otish Mountain Basin area of Quebec.

The Company trades on the TSX Venture exchange under the Symbol SEK (formerly "NUC).

## Performance Summary

The company has not completed any significant financial or corporate transactions during the period.

## Exploration Summary

During the period of June 2008 to June 2010, the company completed a systematic regional-scale exploration programs of all three of its Quebec, Canada uranium properties. Exploration work included airborne geophysical surveying (radiometrics & magnetometer), prospecting and in the case of select Otish claims, a lake sediment sampling survey. In September 2009 the Company announced the acquisition of the Gold Coin gold exploration property in Arizona USA.

Gold Coin, Arizona USA

In September 2009, the Company signed an option agreement to acquire 100% interest, in the Gold Coin property located in southeast Arizona USA. The property is located about 120 kilometres southeast of Tucson Arizona within the historic Turquoise mining district of Cochise county. The property's main exploration target is low sulphidation epithermal gold mineralization hosted within sediments. The completed exploration work included property wide soil sampling, geological mapping and ground based magnetic & VLF-EM geophysical surveying. The Company did diamond drill test the property's anomalies in early 2010 and due to unfavourable results the Company cancelled the option agreement and consequently wrote-off acquisition and exploration costs of $435,684.

Fortune Uranium, QC Canada

In November 2007, the Company announced a mineral property option agreement to purchase a 100% interest in the Fortune Uranium Property, located about eight kilometres north of the St. Lawrence River. Due to unfavorable results the Company cancelled the option agreement and consequently wrote-off acquisition and exploration costs of $298,182 during fiscal 2010.

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). These surveys successfully identified more than 80 near-surface radiometric anomalies and numerous subsurface magnetic signatures. The Company's field crew prospected these geophysical anomalies and collected rock samples and numerous geological data points. Prospecting dominantly focused on geophysical priority areas which have important traits similar to the structurally-related uranium Matoush deposit; such as distinct linear geophysical anomalies, particularly in a north-south direction, which may be related to bedrock hosted mineralized structures or locally transported glacial till.

The ground-based follow-up work on claim blocks within the OSB, showed that these areas are broadly covered by glacial till which masks both the geochemical and geophysical responses; very few bedrock outcroppings were discovered, and thus many rock samples collected were from glacially transported boulders. Prospecting work completed on claim blocks outside the sedimentary basin (i.e. underlain by Archean Basement rocks), shows that these areas have less extensive glacial till cover and as a result bedrock outcroppings and insitu rock samples are more common. Site visits to almost all Otish geophyscial targets, which are often marked by moderate sized equivalent uranium point source high geophysical anomalies, are mostly attributed to glacially transported moderately radioactive boulders. Samples collected from these boulders report generally sub-anomalous uranium analytical results. Samples collected from the lake sediment survey reported dominantly sub-anomalous analytical values. Currently, the Company has reduced its claims to control a single claim block in the Otish Sedimentary Basin (OSB) uranium exploration camp, strategically located in close proximity to the Matoush uranium deposit.

Ukraine

During the year Secova entered into a Memorandum of Understanding ("MOU") to acquire an advanced stage Ukraine gold project. Subsequent to year-end the MOU expired and no formal agreement is forth coming.

## Results of Operations

The Company incurred a Net Loss before Other Items of $236,806 for the six month period ended December 31, 2010, (2009 - $407,050). Significant increases in expenses during the six month period ended December 31, 2010 include Professional fees $71,767 (2009 - $62,702), and Travel expenses $16,261 (2009 - $Nil). Significant decrease in expenses during the six month period ended December 31, 2010 include Office and sundry $21,094 (2009 - $41,908), Property investigation costs $58,689 (2009 – $98,771) Stock-based compensation $8,544 (2009 - $120,183) and Trade show and shareholder communication $1,858 (2009 - $16,807).

The increase in Professional fees and Travel expenses was attributed to the Company evaluating potential mineral property acquisitions, and ongoing annual filing and corporate requirements. During the fiscal 2010 the Company abandoned and wrote-down acquisition and exploration costs of $733,866 on the Fortune and Gold Coin property. The decrease in Stock-based compensation was due to 125,000 options vesting resulting in Stock-based compensation of $8,544 compared to 1,950,000 options granted and 1,750,000 options vesting resulting in stock based compensation of $120,183 during the six month ended December 31, 2009.

## Summary of Quarterly Results

| | Three Months Ended | | | |
|---|---|---|---|---|
| | December 31, 2010 | September 30, 2010 | June 30, 2010 | March 31, 2010 |
| Total Assets | $ 1,469,522 | $ 1,596,283 | $ 1,858,691 | $ 2,420,471 |
| Mineral Properties and Deferred Costs | 575,447 | 574,249 | 597,033 | 871,828 |
| Working Capital (deficiency) | 865,164 | 961,705 | 1,071,708 | 1,452,137 |
| Shareholder's equity | 1,441,366 | 1,536,775 | 1,669,628 | 2,334,527 |
| Interest income | - | - | - | - |
| Net Income/(Loss) | $ (96,955) | $ (139,851) | $ (670,510) | $ (53,607) |
| Earnings (Loss) per share | (0.01) | (0.01) | (0.01) | (0.01) |

| | Three Months Ended | | | |
|---|---|---|---|---|
| | December 31, 2009 | September 30, 2009 | June 30, 2009 | March 31, 2009 |
| Total Assets | $ 2,474,471 | $ 2,930,048 | $ 3,174,452 | $ 1,615,877 |
| Mineral Properties and Deferred Costs | 823,449 | 1,043,483 | 1,004,410 | 1,435,254 |
| Working Capital (deficiency) | 1,563,609 | 1,830,181 | 1,937,507 | 109,416 |
| Shareholder's equity | 2,388,134 | 2,874,835 | 2,943,183 | 1,546,070 |
| Interest Income | - | - | 71,359 | - |
| Net Income/(Loss) | $ (533,536) | $ (171,696) | $ 927,402 | $ 57,524 |
| Earnings (loss) per share | (0.01) | (0.01) | 0.03 | 0.01 |

During the three month period ending December 31, 2010 the Company continued to investigate and evaluate potential property acquisitions.

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 Mineral Properties and Deferred Costs.

During the three month period ending June 30, 2010 the Company wrote off the Gold Coin Property resulting in significant increase to Net Loss and decreases to Mineral Properties, Total Assets and Shareholder equity.

During the three month period ending March 31, 2010 the significant movements were due to the Company continuing exploration on its Gold Coin property and continued to investigate of potential mineral property acquisitions.

During the three month period ending December 31, 2009 the Company continued exploration on its Gold Coin property. The Company also wrote off its Fortune Property resulting, in a decrease to Mineral Properties and Deferred Costs. Increase to Net Loss was due to stock-based compensation from stock options granted, property investigation activities and due to the write-down of acquisition and exploration costs on the Fortune property.

During the three month period ending September 30, 2009 the Company began exploration on its Gold Coin property in Arizona thereby increasing the Mineral Properties and Deferred Costs.

During the three month period ending June 30, 2009 the Company did recovered mineral property costs of $1,625,372 on the previously written down Mont Laurier property which resulted in a significant increase in earnings and working capital. Mineral Properties decreased during the period as the Company wrote down the Pom Pom project, James Bay, Quebec due to unfavourable results.

During the three month period ending March 31, 2009 the Company did not complete any significant transactions. The Company recovered costs of $108,679 on the previously written down Mont Laurier property, which resulted in an increase to Working Capital.

## Liquidity and Capital Resources

Secova's mineral exploration and development activities do not provide a source of income and the Company therefore has a history of losses, working capital deficiencies 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 six month period ended December 31, 2010 was $301,472, compared to cash used of $13,059 during the period ended December 31, 2009. The increase in cash used is mainly due to the decrease in accounts payable.

*Investing activities:* Net cash provided by investing activities related to the recovery of mineral property expenditures as a result of government tax credits. During the six month period ended December 31, 2010 the Company received $22,784 compared to a $1,560,494 during the six month period ended December 31, 2009. The cash recovered relates to expenditures incurred on the Otish Mountain property and the previously written down Mont Laurier and Fortune properties.

*Financing activities:* The Company did not complete any financings during the six month period ended December 31, 2010 or December 31, 2009. During the period ended December 31, 2009 the Company paid outstanding share issuance costs of $20,651.

The consolidated financial statements for the six month period ended December 31, 2010 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. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

## Contractual Obligations

Except as described herein or in the Company's financial statements at December 31, 2010, the Company had no material financial commitments.

## Off-Balance Sheet Arrangements

At December 31, 2010, the Company had no material off-balance sheet 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. Despite success in the past, there is no guarantee that financing in the future that financing will be available at terms suitable to the Company. 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 | 300,000 | 0.15 | October 13, 2011 |
| | 1,300,000 | 0.10 | May 25, 2014 |
| | 1,620,000 | 0.15 | July 7, 2014 |

## Related Party Transactions

The Company entered into transactions with related parties during the six month period ending December 31, 2010 as follows:

a) Paid or accrued $19,000 (2009 - $10,500) in geological consulting fees for mineral property exploration costs to an officer of the Company.

b) Paid or accrued $15,500 (2009 - $Nil) in professional fees to officers of the Company.

c) Paid or accrued $8,500 (2009 - $7,500) for legal fees to an officer of the Company.

Included in accounts payable and accrued liabilities is $3,216 (June 30, 2010 – $92,739 ) due to a management company controlled by the spouse of a former director.

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.

## Proposed Transactions

There is currently no proposed transaction under consideration.

## 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 loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote because these instruments are due primarily from government agencies.

*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 December 31, 2010, the Company had a cash balance of $893,320 (June 30, 2010 - $1,186,808) to settle current liabilities of $28,156 (June 30, 2010 - $189,063). To maintain liquidity, the Company is currently investigating financing opportunities. 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. These fluctuations may be significant.

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 December 31, 2010 and June 30, 2010, 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 activities on the Gold Coin Property, Arizona. 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 no 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 prices. Changes in commodity prices will impact the economics of development of the Company's mineral properties. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

## 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.

## New accounting pronouncements

*Business combinations, non-controlling interest and consolidated financial statements*

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of financial statements. Section 1601 is applicable for the Company's interim and annual financial statements for its fiscal year beginning July 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

**IFRS Changeover Plan Disclosure**

The Canadian Accounting Standards Board (AcSB) has announced its decision to replace Canadian generally accepted accounting principles ("GAAP") with International Financial Reporting Standards (IFRS) for all Canadian Publicly Accountable Enterprises ('PAEs"). The effective changeover date is July 1, 2011, at which time Canadian GAAP will cease to apply for Volcanic and will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011 including comparative IFRS financial results and an opening balance sheet as at July 1, 2010. The first annual IFRS consolidated financial statements will be prepared for the year ended June 30, 2012 with restated comparatives for the year ended June 30, 2011.

Management has developed a project plan for the conversion to IFRS based on the current nature of operations. The conversion plan is comprised of three phases: 1) Scoping phase which will assess the overall impact and effort required by the Company in order to transition to IFRS; 2) Planning phase which will include a detailed analysis of the conversion process and implementation plan required for disclosure for the Company's first quarter; and, 3) Transition phase which will include the preparation of an IFRS compliant opening balance sheet as at June 1, 2010, any necessary conversion adjustments and reconciliations, preparation of a fully compliant pro forma financial statements including all note disclosures and disclosures required for the MD&A.

Management has completed phase one, IFRS Scoping phase, and is now advancing through phase two, the Planning stage. Management is preparing a component evaluation of its existing financial statement line items, comparing Canadian GAAP to the corresponding IFRS guidelines. Management has identified differences, but as Volcanic only completed its Qualifying Transaction subsequent to year end and did not have any significant transactions prior to this date these are not expected to have a material impact on the reported results and financial position.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. During the current year management will prepare a presentation to the Audit Committee and the Board of Directors which will focus on the key issues and transitional choices under IFRS 1 applicable to the Company.

Set out below are the most significant areas, management has identified to date, where changes in accounting policies may have the highest potential impact on the Company's consolidated financial statements, both on the transitional numbers and on future consolidated financial statements, based on the accounting policy choices approved by the Audit Committee and Board of Directors.

In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to review new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

***Share Based Payments***

IFRS and Canadian GAAP largely converge on the accounting treatment for share – based transactions with only a few differences.

Canadian GAAP allows either accelerated or straight line method of amortization for the fair value of stock options under graded vesting. Currently, the Company is using the straight line method; however it intends to apply the accelerated amortization method in fiscal 2010 and therefore the adoption of IFRS 2 is not expected to have an impact on the Company's financial statements.

Under IFRS, the estimate for forfeitures must be made when determining the number of equity instruments expected to vest, while under Canadian GAAP forfeitures can be recognized as they occur. The Company is expecting to use an estimate of forfeitures when determining the number of equity instruments expected to vest during fiscal 2010.

Upon adoption of IFRS 2, the Company will be fully compliant with the new standard and the adoption is not expected to have an impact on the financial statements.

***Exploration and Evaluation Assets***

Under the Company's current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon are capitalized.

Upon adoption of IFRS, the Company has to determine the accounting policy for exploration and evaluation assets. The Company can decide to apply the International Accounting Standards Board ("IASB") Framework which requires exploration expenditures to be expensed and capitalization of expenditures only after the completion of a feasibility study or disregard the IASB Framework and keep the existing Company policy, if relevant and reliable.

Management has yet to decide on whether or not to fully adopt IFRS 6, "Exploration for and Evaluation of Mineral Properties", and apply the IASB framework. If management elects to fully adopt IFRS 6, the result of the application of the IASB Framework at the transition date, mineral properties will decrease by $575,447 together with an increase to accumulated deficit by the same amount reflecting the derecognized exploration costs.

***Future Income Taxes***

Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Company to such temporary differences. Deferred income taxes relating to temporary differences that are in equity are recognized in equity and under IFRS subsequent adjustments thereto are backward traced to equity.

IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable net earnings. The Company expects the impact of implementing IAS 12, Income Taxes to not have an impact on the financial statements. However, as events and circumstances of the Company's operations change that give rise to future income taxes, IAS 12 will be applied.

As the Company elects and approves the IFRS accounting policy for each of the areas above, management will determine and disclose impact of the IFRS adoption at the transition date on our financial statements. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable accounting standards at the conversion date are known.

Based on management assessment of the information system currently used by the Company, all information required to be reported under IFRS will be available with minimal system changes.

One of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosures required. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references. The Company is continuing to assess the level of presentation and disclosures required to its consolidated financial statements.

## 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.