SECOVA | METALS CORP

Condensed Interim Consolidated Financial Statements

For the three-month period ended

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the 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 and have been approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these financial statements.

SECOVA METALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019 AND JUNE 30, 2019
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2019	June 30, 2019
ASSETS		
Current		
Cash	$ 60,589	$ 82,675
Receivables	19,183	19,183
Prepaid expenses	39,500	-
	119,272	101,858
Due from related party (Note 6)	439,946	439,946
Exploration and evaluation assets (Note 4)	2,060,111	2,060,111
	$ 2,619,329	$ 2,601,915
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 575,128	$ 512,995
Flow-through premium liability (Note 5)	137,933	137,933
	713,061	650,928
Shareholders' equity		
Share capital (Note 5)	19,905,905	19,905,905
Subscriptions received in advance (Note 5)	38,500	7,000
Subscriptions receivable (Note 5)	(123,700)	(123,700)
Reserves (Note 5)	261,301	261,301
Deficit	(18,175,738)	(18,099,519)
	1,906,268	1,950,987
	$ 2,619,329	$ 2,601,915

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

Approved and authorized by the Board on August 17, 2020.

"P. Bradley Kitchen"	Director	*"Donald Fuller"*	Director
P. Bradley Kitchen		Donald Fuller	

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

SECOVA METALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian Dollars)
(Unaudited)

		September 30, 2019		September 30, 2018
EXPENSES				
Consulting (Note 6)	$	60,000	$	162,169
Filing fees and transfer agent		2,133		11,239
Investor relations		-		95,670
Office and sundry		586		2,622
Professional fees (Note 6)		10,500		8,035
Rent expense		3,000		14,127
Travel		-		46,718
				(340,580)
OTHER				
Amortization of flow-through premium liability (Note 5)		-		8,085
Loss and Comprehensive loss for the year	$	(76,219)	$	(332,495)
Basic and diluted loss per share	$	-	$	(0.01)
Weighted average number of common shares outstanding		69,407,127		18,207,558

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

SECOVA METALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian Dollars)
(Unaudited)

	September 30, 2019	September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (76,219)	$ (332,495)
Items not affecting cash:		
Amortization of flow-through premium liability	-	(8,085)
Non-cash working capital item changes:		
Receivables	-	(18,390)
Prepaid expenses	(39,500)	(152,049)
Accounts payables and accrued liabilities	62,133	(253,141)
Net cash used in operating activities	(53,586)	(764,160)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties	-	(102,930)
Net cash used in investing activities	-	(102,930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscriptions received in advance	-	902,930
Subscriptions receivable	31,500	-
Share issuance costs	-	(72,583)
Net cash provided by financing activities	31,500	827,107
Change in cash for the period	(22,086)	(39,982)
Cash, beginning of year	82,675	102,588
Cash, end of period	$ 60,589	$ 62,606
Supplemental Cash flow information:		
Broker warrants issued as share issuance costs	-	$ 6,168
Flow-through premium liability	-	104,933
Mineral property expenditures included in accounts payable and accrued liabilities	-	157,617

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

SECOVA METALS CORP.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital						
	Number	Amount	Subscriptions receivable	Subscriptions received in advance	Reserves	Deficit	Total
Balance as at June 30, 2018	18,207,560	$ 16,821,294	$ (119,700)	$ 375,005	$ 245,545	$(12,598,113)	$ 4,724,031
Private placements	3,799,492	493,934	(10,000)	-	-	-	483,934
Private placement – flow-through	5,246,667	787,000	-	(368,005)	-	-	418,995
Flow-through premium liability	-	(104,933)	-	-	-	-	(104,933)
Share issuance costs – shares	177,810	19,559	-	-	-	-	19,559
Share issuance costs – cash	-	(75,823)	-	-	-	-	(75,823)
Share issuance costs – warrants	-	(6,168)	-	-	6,168	-	-
Comprehensive loss for the year	-	-	-	-	-	(332,495)	(332,495)
Balance as at September 30, 2018	27,431,529	$ 17,915,304	$ (129,700)	$ 7,000	$ 251,713	$(12,930,608)	$ 5,113,709
Balance as at June 30, 2019	69,407,127	$ 19,905,905	$ (123,700)	$ 7,000	$ 261,301	$(18,099,519)	$ 1,950,987
Consolidation number, rounding off	2	-	-	-	-	-	-
Private placements	-	-	-	31,500	-	-	31,500
Comprehensive loss for the year	-	-	-	-	-	(76,219)	(76,219)
Balance as at September 30, 2019	69,407,129	$ 19,905,905	$ (123,700)	$ 38,500	$ 261,301	$(18,175,738)	$ 1,906,268

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Secova Metals Corp. (the "Company") is an exploration stage company incorporated under the Canada Business Corporations Act.

The Company's head office and registered office is 488 - 1090 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3V7. The Company's records office is Royal Centre, 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada.

The Company is in the process of acquiring and evaluating potential exploration projects in Canada and throughout the world. The recoverability of amounts for resource 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 interim consolidated 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. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a growing concern.

These condensed interim consolidated 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.

Cease Trade

On December 30, 2019, the Company was the subject of a cease trade order by the British Columbia Securities Commission pending the filing of the Company's annual Audited Financial Statement and MD&A for the 2019 fiscal year. As a consequence of the Cease Trade Order, the British Columbia Securities Commission suspended the Company from trading until lifting of the Cease Trade Order.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared 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").

Use of Estimates

The preparation of these condensed interim 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. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgement 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 valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the good or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

The determination of deferred 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.

Share-based payments are 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and the entities controlled by the Company, including 1084409 B.C. Ltd, 1106632 B.C. Ltd, 1095252 B.C. Ltd, 1107136 B.C. Ltd, 1106541 B.C. Ltd and 1151640 B.C. Ltd. 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 the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

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.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss.

<u>Impairment</u>

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

<u>Financial liabilities</u>

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are measured at amortized cost and carried on the statement of financial position at amortized cost.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

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 the profit or loss for the period. For an asset that does not generate largely independent cash inflows, 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.

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 share capital. Upon expiry or forfeiture, the recorded value is transferred to deficit.

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.

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 loss and comprehensive loss. The Company had no rehabilitation obligations as of September 30, 2019 and June 30, 2019.

b) 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.

Income taxes

Income tax on the profit or loss for the periods presented 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 shareholders' equity (deficiency), in which case it is recognized in shareholders' equity (deficiency). Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position 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. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor 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 statement of financial position date.

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.

Government assistance and tax credits

Government assistance is recorded as either a reduction of the cost of the applicable asset or credit in the statement of operations and comprehensive loss as determined by the terms and conditions of the agreement under which the assistance is provided to the Company.

Tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of operations and comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the applicable government agency.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than the Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

Flow-through shares

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders.

The premium is recognized as other income and the related deferred tax is recognized as a tax provision. To the extent that the Company has available tax pools for which the benefit has not been previously recognized as being realizable, the premium is recognized in profit or loss as a deferred income tax recovery to recognize the deferred tax asset offsetting the liability as eligible expenditures are incurred.

(Expressed in Canadian Dollars)

New accounting standards not yet adopted

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company is currently evaluating the impact of this standard, but does not expect that the adoption of this standard will have a material effect on the Company's condensed interim consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company is currently evaluating the impact of this standard, but does not expect that the adoption of this standard will have a material effect on the Company's condensed interim consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Cobalt Bay	Duvay/ Chenier Property	Eagle River	Total
Balance, June 30, 2017	$ 622,500	$ 1,507,646	$ 1,877,959	$ 4,008,105
Acquisition costs				
Cash payments	-	37,412	7,110	44,523
	-	34,412	7,110	44,523
Exploration and evaluation expenditures				
Travel	-	40,550	-	40,550
Consulting (Note 6)	-	240,897	50,000	290,897
Drilling	-	583,675	-	583,675
Technical assessment	-	56,293	27,126	83,419
Building rent	-	123,500	-	123,500
	-	1,044,915	77,126	1,122,041
Balance, June 30, 2018	$ 622,500	$ 2,589,973	$ 1,962,196	$ 5,174,669
Exploration and evaluation expenditures				
Consulting (Note 6)	-	26,185	97,915	124,100
Technical assessment	-	2,749	-	2,749
Drilling	-	19,566	-	19,566
Building rent	-	28,500	-	28,500
	-	77,001	97,915	174,916
Impairment charge	(622,500)	(2,666,974)	-	(3,289,474)
Balance, September 30, 2019 and June 30, 2019	$ -	$ -	$ 2,060,111	$ 2,060,111

Chenier property, Quebec

During the year ended June 30, 2016, the Company entered into an option agreement with Globex Mining Enterprises Inc. to acquire a 100% interest in 68 claims plus a 75% interest in one additional claim of the Chenier property claims, which are adjacent to the Company's current Duvay property holdings, for consideration of a $136,500 payment in cash (paid) and the issuance of 1,000,000 common shares of the Company (issued, value at $50,000). During the year ended June 30, 2017, the Company agreed to transfer a 100% interest in this property to Tres-Or Resources Ltd. ("Tres-Or") as consideration for Tres-Or amending the Company's Duvay property option agreement. During the year ended June 30, 2018, the Company has acquired the remaining 25% interest in the one additional Chenier claim for

$30,585 and transferred its interest in the claims to Tres-Or.

Duvay Property, Quebec

During the year ended June 30, 2015, the Company entered into a term sheet with Tres-Or for the option to acquire a 90% interest in certain claims comprising the Duvay property. During the year ended June 30, 2017, the Company and Tres-Or entered into an amended agreement, pursuant to which the Company can earn a 65% interest in the Duvay and Chenier properties by making several payments.

A further 25% interest can be earned by financing a prefeasibility study and by funding an aggregate of $12,000,000 to bring the property toward production. As consideration for the transfer of Chenier property, Tres-Or acknowledges that the obligation to incur $500,000 of expenditures was satisfied.

During the year ended June 30, 2019, the Company recognized an impairment charge that reduced the carrying value of the Duvay property to nil.

Eagle River property, Quebec

During the year ended June 30, 2017, the Company acquired 1084409 B.C. Ltd. which owns the Eagle River project that consists of 77 claims or 4,354 contiguous hectares in the Windfall Lake gold district, Quebec. The acquisition is an arms–length transaction in which the Company issued 500,000 (pre-consolidation 5,000,000) common shares (valued at $200,000) by way of a share exchange agreement. The Company also issued 50,000 (pre-consolidation 500,000) common shares (valued at $20,000) as finder's fee.

During the year ended June 30, 2017, the Company acquired 1106632 B.C. Ltd. which owns the Windfall Lake project that consists certain claims in the Windfall Lake gold district, Quebec. The acquisition is an arms–length transaction in which the Company issued 500,000 (pre-consolidation 5,000,000) common shares (valued at $300,000) by way of a share exchange agreement.

During the year ended June 30, 2017, the Company acquired 1107136 B.C. Ltd. which owns the Windfall Lake project that consists 299 claims, or 16,500.55 hectares. The acquisition is an arms–length transaction in which the Company issued 900,000 (pre-consolidation 9,000,000) common shares (valued at $720,000) by way of a share exchange agreement.

During the year ended June 30, 2017, the Company acquired 1106541 B.C. Ltd. which owns the Osisterra Project that consists of 30 claims or 1,694 contiguous hectares. The acquisition is an arms–length transaction in which the Company issued 1,000,000 (pre-consolidation 10,000,000) common shares (valued at $450,000) by way of a share exchange agreement.

Cobalt Bay, Quebec

During the year ended June 30, 2017, the Company acquired 1095252 B.C. Ltd. which owns the Cobalt Bay project that consists of certain claims Windfall Lake gold district, Quebec. The acquisition is an arms–length transaction in which the Company issued 600,000 common shares (valued at $570,000) by way of a share exchange agreement.

During the year ended June 30, 2019, the Company recognized an impairment charge that reduced the carrying value of the Cobalt Bay property to nil.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES

During the year ended June 30, 2018, the Board of Directors authorized a 10-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retroactively adjusted to reflect the share consolidation.

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued share capital

During the three-month period ended September 30, 2019, the Company:

i. There were no shares issued during the period.

During the three-month period ended September 30, 2018, the Company:

ii. Closed a non-brokered private placement financing through the issuance of 5,246,667 flow-through units (the "FT Units") and 3,799,492 NFT Units for gross proceeds of $1,352,809. Each FT and NFT Unit consists of one common share and one share purchase warrant, each full warrant to entitle the holder to purchase one additional common share of the Company at a price of $0.20 per share. The FT warrants have an expiry of 18 months while the NFT warrants have an expiry of 24 months from the date of issuance. The Company paid finders' fees of $85,822 in cash, issued 177,810 in common shares and 248,929 finder's warrants ("Finder's Warrants") to certain finders who introduced subscribers to the first tranche of the Offering. The Broker Warrants will entitle the holder to purchase one common share of the Company at a price of $0.20 per common share for a period of 24 months from the date of issuance.

c) Stock options

Stock option transactions are summarized as follows:

	Number	Weighted average exercise price
Outstanding and exercisable, June 30, 2017	209,000	0.50
Exercised	(50,000)	0.50
Expired/cancelled	(114,000)	0.50
Outstanding and exercisable as at September 30, 2019, June 30, 2019 and 2018	45,000	$ 0.50

All outstanding options have an expiry date of August 19, 2020.

d) Warrants

The 248,929 finders' warrants granted in 2019 were assigned a value, based on a residual value approach, of $15,756 using the Black-Scholes pricing model with a bond discount rate of 2.05%, term of two years, volatility of 146.43% and dividend rate of 0%.

(Expressed in Canadian Dollars)

Warrant transactions are summarized as follows:

	Number		Weighted average exercise price
Outstanding, June 30, 2017	5,961,338		0.80
Granted	955,421		1.00
Expired	(505,348)		0.50
Outstanding, June 30, 2018	6,411,411	$	0.80
Granted	9,295,088		0.20
Expired	(6,411,411)		0.80
Outstanding, September 30, 2019 and June 30, 2019	9,295,088	$	0.20

The following share purchase warrants were outstanding as at September 30, 2019:

Number	Exercise price	Expiry date
4,696,667	0.20	January 10, 2020
248,929	0.20	July 12, 2020
550,000	0.20	September 27, 2020
3,799,492	0.20	July 12, 2020
9,295,088		

e) 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.

During the three-month period ended September 30, 2019, the Company granted nil (2018 – nil) stock options with a weighted average fair value of nil (2018 - nil). The Company recognized share-based payments expense of nil (2018 - nil).

6. RELATED PARTY TRANSACTIONS

Key management personnel comprise of the Chief Executive Officer, former Chief Financial Officer, and the Directors of the Company.

a) Chief Executive Officer

The following transactions were conducted with a company controlled by the CEO and director of the Company:

		For the period ended September 30, 2019		For the year ended June 30, 2019
Director fees	$	15,000	$	30,000
Consulting fees		45,000		309,754
Due from CEO		439,946		439,946

(Expressed in Canadian Dollars)

Amounts due from the CEO are unsecured, non-interest bearing, and have no terms for repayment.

b) Former Chief Financial Officer

The following transactions were conducted with a company controlled by the former CFO of the Company:

	For the period ended September 30, 2019	For the year ended June 30, 2019
Management fees	$ Nil	$ 17,500
	September 30, 2019	June 30, 2019
Amount included in accounts payable	$ Nil	$ 2,500

c) Director fees

Director fees of $7,500 (June 30, 2019 - $60,000) were earned by directors, other than the CEO, of the Company.

7. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of the instruments. The Company's cash and marketable securities are valued under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets or liabilities.

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 advances. 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 consist of GST receivable from the government of Canada.

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's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due.

As at September 30, 2019, the Company had a working capital deficit of $593,789 (2018 – $178,394) and current liabilities of $713,061 (2018 - $633,511). While the Company has been successful in obtaining its required funding in the past there is no assurance that this financing will be extended or that any additional future financing will be available. The Company continues to investigate financing options, including private placements and recovering the advance.

The Company manages liquidity risk through its capital management as outlined below. 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. 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.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and development of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company did not change the ways it manages its capital during the three-month period ended September 30, 2019.

8. SEGMENTED INFORMATION

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

9. SUBSEQUENT EVENTS

The Company issued 17,330,000 units in three tranches (500,000 units on November 1, 2019, 1.4 million units on November 27, 2019 and 9.43 million units for cash on December 20, 2019) pursuant to a Private Placement at a purchase price of $0.05 per unit (the "**Financing**") for total proceeds of $866,500 of which $383,820 has been received in cash. Each unit consists of one common share of the Company and one common share purchase warrant (the "**Units**"). Each warrant entitles the holder to purchase one common share of the Company at a purchase price of $0.05 per share for a period of nine (9) months from the date of the closing of the Financing.

In connection with the close of the first tranche of the Financing, the Company will pay a cash finder's fee of $5,600 and issue 112,000 finder's warrants (the "**Finder's Warrants**"). The Finder's Warrants will be exercisable into common shares for a period of nine (9) months at an exercise price of $0.05 per common share.

On December 12, 2019, the Company and DNA Canada Inc. (“DNA”) entered into a purchase agreement whereby the Company has agreed to acquire 152 mining claims and concessions located in the Montauban and Chavigny townships, in the county of Portneuf, in the province of Quebec, as well as buildings, immovables, and other assets and operating permits located on, or with respect to, the property. The consideration to be paid to DNA will consist of the issuance of common shares of Secova (the “Shares”) in three tranches:

(i) 15 million shares to be issued four months and one day following the closing;
(ii) 15 million shares to be issued eight months following the closing; and
(iii) 20 million shares to be issued one year following the closing of the acquisition.

As part of the purchase agreement, the Company will acquire some equipment and assumed liabilities totalling $273,100.

Completion of the acquisition is conditional upon, among other things, receipt of all necessary regulatory approvals, including approval of the TSX Venture Exchange.