

**TROYMET EXPLORATION CORP.**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED JANUARY 31, 2009**

Notice to Reader

The accompanying unaudited interim financial statements of Troymet Exploration Corp. for the quarter ended January 31, 2009 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Corporation. These statements have not been reviewed by the Corporation's external auditors.

Dated March 12, 2009

“Kieran Downes”

---

Kieran Downes  
President and Chief Executive Officer

“Brian Cebryk”

---

Brian Cebryk  
Chief Financial Officer

**TROYMET EXPLORATION CORP.  
BALANCE SHEET**

---

**ASSETS**

	<b>January 31 2009</b>	<b>October 31 2008 (audited)</b>
<b>CURRENT</b>		
Cash and cash equivalents	\$ 279,345	\$ 11,772
Accounts receivable	292,634	351,395
Exploration advances	-	6,264
Prepaid expenses	<u>6,789</u>	<u>920</u>
	<b>578,769</b>	<b>370,350</b>
<b>MINERAL PROPERTY (Note 3)</b>	<u><b>3,161,559</b></u>	<u><b>3,036,036</b></u>
	<u><b>\$ 3,740,328</b></u>	<u><b>\$ 3,406,386</b></u>

**LIABILITIES**

<b>CURRENT</b>		
Accounts payable and accrued liabilities	292,878	143,288
<b>FUTURE INCOME TAX LIABILITIES</b>	<u><b>153,744</b></u>	<u><b>107,394</b></u>
	<u><b>446,622</b></u>	<u><b>250,682</b></u>

**SHAREHOLDERS' EQUITY**

<b>CAPITAL STOCK (Note 4)</b>	3,578,964	3,386,614
<b>CONTRIBUTED CAPITAL (Note 4)</b>	109,298	109,298
<b>(DEFICIT)</b>	<u><b>(394,556)</b></u>	<u><b>(340,207)</b></u>
	<u><b>3,293,706</b></u>	<u><b>3,155,705</b></u>
	<u><b>\$ 3,740,328</b></u>	<u><b>\$ 3,406,387</b></u>

**TROYMET EXPLORATION CORP.  
STATEMENT OF LOSS AND DEFICIT**

---

	Three Months Ended	Three Months Ended
	January 31 2009	January 31 2008
<b>EXPENSES</b>		
Management fees	\$ 24,600	\$ 36,600
General and administration	5,031	6,880
Professional fees	20,991	2,157
Public company costs	27,234	(2,781)
Travel and related costs	293	2,095
	<u>\$ 78,149</u>	<u>\$ 44,952</u>
<b>LOSS BEFORE THE FOLLOWING</b>	<b>\$ (78,149)</b>	<b>\$ (44,952)</b>
<b>INTEREST INCOME</b>	<u>-</u>	<u>12,089</u>
<b>LOSS BEFORE INCOME TAXES</b>	<b>\$ (78,149)</b>	<b>\$ (32,862)</b>
<b>Future income tax provision - recovery</b>	<u>23,800</u>	<u>10,480</u>
<b>NET LOSS FOR THE PERIOD</b>	<b>\$ (54,349)</b>	<b>\$ (22,382)</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<u>(340,207)</u>	<u>(169,376)</u>
<b>DEFICIT, END OF PERIOD</b>	<u><u>\$ (394,556)</u></u>	<u><u>\$ (191,758)</u></u>
 <b>LOSS PER BASIC SHARE</b>	 <u><u>\$ (0.00)</u></u>	 <u><u>\$ (0.00)</u></u>

**TROYMET EXPLORATION CORP.  
STATEMENT OF CASH FLOWS**

---

	<b>Three Months Ended</b>	<b>Three Months Ended</b>
	<b>January 31 2009</b>	<b>January 31 2008</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net loss	\$ (54,349)	\$ (22,382)
Items not affecting cash		
Future income tax recovery	<u>(23,800)</u>	<u>(10,480)</u>
	<u>(78,149)</u>	<u>(32,862)</u>
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Decrease (increase) in accounts receivable	58,761	(6,210)
(Increase) in warrants receivable	-	(3,676)
Decrease (increase) in exploration advance	6,264	(450,000)
Increase in prepaid expenses	(5,869)	(12,267)
Increase (decrease) in accounts payable and accrued liabilities	<u>149,589</u>	<u>(39,297)</u>
	<u>208,745</u>	<u>(511,450)</u>
	<u>130,597</u>	<u>(544,312)</u>
<b>FINANCING ACTIVITIES</b>		
Decrease in short term investments	-	712,911
Issue of common shares	<u>262,500</u>	<u>3,676</u>
	<u>262,500</u>	<u>716,587</u>
<b>INVESTING ACTIVITIES</b>		
Mineral properties	<u>(125,523)</u>	<u>(81,080)</u>
<b>INCREASE IN CASH, FOR THE PERIOD</b>	<b>267,574</b>	<b>91,195</b>
<b>CASH, BEGINNING OF PERIOD</b>	<u><b>11,772</b></u>	<u><b>14,632</b></u>
<b>CASH, END OF PERIOD</b>	<u><u><b>\$ 279,345</b></u></u>	<u><u><b>\$ 105,827</b></u></u>
<b>Interest paid</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>
<b>Income taxes paid</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></u>

**TROYMET EXPLORATION CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**1. INCORPORATION AND NATURE OF OPERATIONS**

Troymet Exploration Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on June 4, 2007. A Plan of Arrangement between the Company, Signet Minerals Inc., and Cash Minerals Ltd. was completed on August 7, 2007. The Company was listed on the TSX Venture Exchange on September 20, 2007.

The Company is in the process of exploring and evaluating its mineral properties. On the basis of the information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as mineral properties and deferred exploration costs represent net costs to date, less any amounts written off, and do not necessarily represent present or future values.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Uncertainty**

The preparation of the interim financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. By nature, asset valuations are subjective and do not necessarily result in precise determinations.

**Mineral Property**

Costs relating to the acquisition, exploration and development of mineral properties are capitalized on an area of interest basis. These expenditures will be charged against income, through a unit-of-production basis depletion, when properties are developed to the commercial production stage. Where the Company's exploration commitments for an area of interest are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent costs are incurred. If an area of interest is abandoned or management determines that there is a permanent and significant decline in value, the related costs are charged to operations.

**Asset Retirement Obligations**

The Company recognizes asset retirement obligations in the period in which they are incurred if a reasonable estimate of a fair value can be determined. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The liability is increased due to the passage of time, with an offsetting charge to accretion expense in the income statement over the estimated time period until settlement of the obligation. The asset is depreciated over the estimated

**TROYMET EXPLORATION CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

useful life of the asset. The Company's potential asset retirement obligations result from net ownership interests in mineral property assets. As at October 31, 2007, the Company does not have any asset retirement obligations.

**Income Taxes**

The Company follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using substantially enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in earnings in the period that the change occurs.

**Flow-Through Common Shares**

Capital includes flow-through shares issued pursuant to certain provisions of the Income Tax Act (the "Act"). Under the Act, where proceeds are used for eligible expenditures, the related income tax deductions may be renounced to subscribers. The future income tax liabilities are increased and share capital is decreased by the renounced tax deductions when the expenditures are renounced provided there is reasonable assurance that the expenditures will be made.

**Financial Instruments**

The fair market value of cash, short term investments, accounts receivable, accounts payable and accrued liabilities approximate their carrying values. Management does not believe that the Company is exposed to significant interest, currency or credit risks.

**Reclamation Costs**

The Company's activities are primarily focused on exploration directed toward the discovery of mineral resources. When it is determined that a future reclamation cost is likely, and the amount can reasonably be estimated, then the costs thereof will be accrued.

**Earnings per Share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented the dilutive effect has not been computed as it proved to be anti-dilutive.

Basic earnings per share are calculated using the weighted-average number of common shares outstanding during the year.

**TROYMET EXPLORATION CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**3. MINERAL PROPERTY**

**a) Wheatcroft Lake**

The Company owns a 100% interest in the Wheatcroft Lake project in Manitoba.

**b) McClarty Lake**

Pursuant to an option agreement between the Company and Hudson Bay Exploration and Development Company Limited ("HBED"), dated February 15, 2000 and amended on September 28, 2000, August 31, 2001, August 31, 2005, and June 28, 2007, the Company has an option to acquire a 60% interest in a mineral property located in Manitoba. As consideration, the Company agreed to make option payments totaling \$125,000. To date, \$125,000 has been paid to HBED and no further option payments are required.

As outlined in the option agreement, the Company must incur total expenditures of \$800,000 on or before August 15, 2008. Following exercise of the option HBED may buy back a 20% interest by spending \$750,000 on exploration and development over a three year period. If HBED does not elect to buy back a 20% interest its interest will convert to a 2% net smelter royalty, half of which may be purchased by the Company at any time for \$500,000.

The Company has fulfilled the expenditure requirements and completed the earn-in requirements of the option agreement. Pursuant to the option agreement, HBED has elected to earn back a 20% interest in the McClarty claims.

**c) Golden Eagle**

Pursuant to an option agreement dated September 24, 2001 the Company may acquire a 100% interest in the Golden Eagle property located in British Columbia. As consideration, the Company agreed to make option payments totaling \$500,000. To date, \$320,000 has been paid and the following additional payment is required:

October 1, 2009	\$180,000
-----------------	-----------

In addition, the Company has granted the optionor a 1% net smelter royalty, half of which may be repurchased for \$500,000 prior to October 1, 2009.

**d) Key Property**

The Company owns a 100% interest in the Key property located in British Columbia. Under terms of the option agreement, there is also an underlying 3% net smelter royalty, 2% of which may be bought for \$1,000,000 in cash or stock at any time.

**TROYMET EXPLORATION CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**3. MINERAL PROPERTY – continued**

At January 31, 2009, expenditures incurred on mineral property are as follows:

	<b>Wheatcroft Lake</b>	<b>McClarty Lake</b>	<b>Golden Eagle</b>	<b>Key</b>	<b>Total</b>
Balance, October 31, 2008	\$5,078	\$1,184,523	\$1,741,543	\$104,892	\$3,036,036
Additions during the period					
Acquisition Costs	-	-	-	-	-
Exploration	-	150	87,648	(1,009)	86,789
Total Additions	-	150	87,648	(1,009)	86,789
Refundable Tax Credit	-	-	38,734	-	38,734
Balance, January 31, 2009	\$5,078	\$1,184,673	\$1,867,925	\$103,883	\$3,161,559

**4. CAPITAL STOCK**

**a) Authorized:**

Unlimited number of Common Shares without nominal or par value  
 Unlimited number of Preferred Shares

The Preferred Shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series.

**b) Issued:**

Outstanding	# of Common Shares	\$ Amount
Outstanding, October 31, 2008	39,893,114	3,386,614
Flow-through shares issued for cash	9,200,000	230,000
Common shares issued for cash	1,300,000	32,500
Future income taxes on renounced expenditures	-	(70,150)
Outstanding, January 31, 2009	50,393,114	\$ 3,578,964

**c) Per Share Data**

Basic earnings per share are calculated based on the weighted average number of 43,228,984 shares outstanding during the year. The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share.



**TROYMET EXPLORATION CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**4. CAPITAL STOCK - continued**

**d) Stock Options**

The Company has a Stock Option Plan where the Company may grant options to its directors, officers, key employees and consultants for up to 10% of the outstanding common shares of the Company. The Company has issued stock options to acquire common shares as follows:

	Options Outstanding	Weighted Average Exercise Price	Expiry Date
Balance at October 31, 2008	2,450,000	\$ 0.10	2012 and 2013
Issued in period	-	-	
Granted in period	-	-	
	2,450,000	\$ 0.10	
Balance at January 31, 2009	2,450,000	\$ 0.10	

**e) Share Purchase Warrants**

The following table presents information with respect to share purchase warrants issued and outstanding as at January 31, 2009:

	Warrants @ \$0.15 (1)	Warrants @ \$0.20 (2)	Warrants @ \$0.05 (3)	Agent Options (4)	Total
Outstanding, October 31, 2008	2,500,000	16,250,000	-	869,983	19,619,983
Issued in Period	-	-	1,300,000	-	1,300,000
Exercised in Period	-	-	-	-	-
Expired, unexercised	-	-	-	-	-
Outstanding, January 31, 2009	2,500,000	16,250,000	1,300,000	869,983	20,919,983

- (1) Comprised of 2,500,000 share purchase warrants issued in conjunction with a brokered private placement that was completed by the Company on August 30, 2007. Entitles the holders, at their election, to acquire 2,500,000 common shares of the Company; expire on August 29, 2009.
- (2) Comprised of 16,250,000 share purchase warrants issued in conjunction with a non-brokered private placement that was completed by the Company on July 8, 2008. Entitles the holders, at their election, to acquire 16,250,000 common shares of the Company; expire on July 8, 2010.
- (3) Comprised of 1,300,000 share purchase warrants issued in conjunction with a non-brokered private placement that was completed by the Company on December 31, 2008 and January 16, 2009. Entitles the holders, at their election to acquire 1,300,000 shares of the Company at \$0.05 per share for the first year after closing and at \$0.10 per share for the second year after closing of

**TROYMET EXPLORATION CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**4. CAPITAL STOCK - continued**

- the financing; 700,000 share purchase warrants expire on December 31, 2010 and 600,000 share purchase warrants expire on January 16, 2011.
- (4) Comprised of 869,983 agent options issued to Toll Cross Securities Inc., the agent in connection with a private placement that was completed on August 30, 2007. Entitles the holder, at their election, to acquire 869,983 regular common shares of the Company at \$0.15 per share; expire on August 29, 2009.

**5. RELATED PARTY TRANSACTIONS**

The Company has accrued fees of \$24,600 to companies in which Directors held an interest for management, administrative, accounting and technical services. This amount is included in general and administration expenses and accrued liabilities.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis (“MD&A”) for the quarter ended January 31, 2009 was prepared with information available up to March 11, 2009 and should be read in conjunction with the Company’s audited financial statements and the accompanying notes for the year ended October 31, 2008 and the interim financial statements and the accompanying notes for the quarter ended January 31, 2009.

The financial statements referenced above are stated in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

This Management Discussion and Analysis has been reviewed and approved by Dr. Kieran Downes, P.Geo., President and Chief Executive Officer of Troymet Exploration Corp. and a Qualified Person as defined by National Instrument 43-101, under whose direction the Company’s exploration program is being carried out.

### **Company Overview**

Troymet Exploration Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on June 4, 2007. A Plan of Arrangement between the Company, Signet Minerals Inc. (“Signet”), and Cash Minerals Ltd. (“Cash Minerals”) was completed on August 7, 2007 and the Company became a reporting issuer at that time. The Company was listed on the TSX Venture Exchange on September 20, 2007. The trading symbol is “TYE”.

The Company is involved in gold, and base metal exploration. Troymet’s corporate strategy is to acquire interests in projects that have the potential to host large, high grade gold, and base metal deposits. Currently, all of the Company’s projects are located in Manitoba and British Columbia.

As of the date of this MD&A, Troymet has not earned any production revenue, nor found any resources on any of its properties. The Company is a reporting issuer in British Columbia and Alberta.

### **Forward-Looking Statements**

This MDA may contain “forward-looking information” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information reflects the Company’s current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to, the actual results of exploration projects being equivalent to or better than estimated results in technical reports or prior exploration results, future costs and expenses being based on historical costs and expenses, adjusted for inflation, and the ability of the Company to obtain necessary financing. Forward-looking information is subject to known and unknown risks,

uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the early stage development of the Company and its projects; general business, economic, competitive, political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; competition; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

### **Critical Accounting Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By nature, asset valuations are subjective and do not necessarily result in precise determinations.

### **Exploration Projects**

Troymet currently holds four mineral projects in its property portfolio. Tracy Hurley, P.Geo., Vice-President Exploration is the qualified person under NI 43-101 who has reviewed the technical disclosure provided below.

### **Golden Eagle Project – Gold and Silver**

The 8,178-hectare Golden Eagle project is located just south of the Yukon-British Columbia border, 70 kilometres west-northwest of Atlin, BC. The Company controls a 100% interest in the project through a mix of 100% owned claims and optioned claims. One remaining payment of \$180,000 for the optioned claims is due October 1, 2009. In addition, the optionor holds a 1% net smelter royalty, half of which may be repurchased for \$500,000 prior to October 1, 2009.

The property has the potential to host several deposit types, including bulk tonnage intrusion related deposits with associated skarn deposits, high-grade gold-silver vein-hosted deposits and volcanogenic massive sulphide (VMS) deposits. Thirteen separate mineralized zones have been identified to date over the property's 25-km long extent.

The most significant mineralization discovered to date on the property occurs in the Middle Ridge (Tannis zone) area, where high-grade gold-silver mineralization is hosted in pyrite- and arsenopyrite-bearing quartz veins/structures within rhyolitic intrusive, granitic intrusive and to a lesser extent in flanking metavolcanics. The mineralized system has been demonstrated by

drilling to continue along a strike length of nearly 150 metres and to greater than 200 metres down dip in both the rhyolitic and granitic intrusions.

Results of the 2008 exploration program indicate the presence of large intrusion-related gold system spanning the ~12-kilometre strike length of the northern half of the property. Multiple zones of gold mineralization, previously investigated in isolation in this area, are now considered as underlying vectors toward a related bulk-tonnage gold deposit(s).

No exploration work was conducted on the Golden Eagle property during the three month period ended January 31, 2009. The Company is working to integrate all geological, drill, geochemical and geophysical data to identify high impact intrusive-related gold drill targets in the north half of the project.

For further information on the Golden Eagle Project, please see the technical report entitled "Report on the 2006 Mineral Expenditure Program on the Golden Eagle Property, Atlin Area, Northwestern British Columbia". This technical report, which was prepared by Scott Casselman, B.Sc., P.Geo., of Aurora Geosciences Ltd., is dated October 2, 2007 and was filed on the SEDAR website on October 11, 2007.

### **McClarty Lake Project - Copper, Zinc and Gold**

The 596-hectare McClarty Lake property is located 47 kilometres south-southwest of Snow Lake, Manitoba. Troymet owns 100% of three claims (344 hectares) staked in 2000. In June 2008, Troymet completed its earn in for a 60% working interest in two claims (252 hectares) under an option agreement with Hudson Bay Exploration and Development Limited ("HBED"), owned subsidiary of Hudbay Minerals Inc. HBED subsequently provided notification that it intends to earn back a 20% interest in the McClarty Lake claims, requiring HBED to make exploration expenditures of \$750,000 over a three year period. Following earn-in, the two claims will be held in a joint venture between HBED (60%) and Troymet (40%).

The property is favourably situated within the Flin Flon – Snow Lake greenstone belt, one of the largest Proterozoic volcanic-hosted massive sulphide (VMS) districts in the world. Twenty-seven copper-zinc-(gold) deposits within the belt have produced more than 183 million tonnes of sulphide ore.

At McClarty, diamond drilling has identified two laterally continuous zones of massive sulphides within a sequence of variably silicified, sericitized and chloritized felsic volcanics and volcanoclastics. The lower massive sulphide horizon is locally gold enriched and returned 1.47% zinc and 0.31% copper over 43.05 metres, including 3.46% zinc over 15.3 metres (true width estimated at 85% of core length). The upper pyritic horizon is also locally gold enriched and lies approximately 150 metres stratigraphically above the lower horizon. Both zones are open along strike and at depth.

The sulphide mineralization and associated alteration system at McClarty Lake is very similar to that associated with the Chisel Lake and Lalor Lake volcanogenic massive sulphide deposits of the Snow Lake area.

A helicopter-borne VTEM survey conducted in 2008 identified a strong conductive trend situated approximately 100 metres east of the lower base metal bearing horizon. This zone has

not been tested by drilling and will be a priority target in the next drilling program. Other untested off-hole EM anomalies identified from interpretation of borehole geophysics also exist.

No exploration work was conducted on the McCarty Lake property during the three month period ended January 31, 2009. Recommendations for a follow up program include drill testing the newly-identified EM conductor east of the base metal bearing horizon, deeper drill testing of the lower base metal bearing horizon and testing of other off-hole anomalies identified by borehole geophysics. A deeper penetrating EM survey is also being considered to test the system at greater depths.

Results from the 2008 program are presented in a NI 43-101 technical report (available on SEDAR) entitled “2008 Technical (NI 43-101) Report on the McClarty Lake Property”, dated June 11, 2008 by Rory Kutluoglu, B.Sc. (Equity Engineering Ltd.) and qualified person, Alan H. Bailes, Ph.D., P.Geo. (Bailes Geoscience).

### **Key Project – Copper, Zinc and Gold**

Troymet has a 100% interest in the 7,882-hectare Key property located 125 kilometres southwest of Vanderhoof, British Columbia. There is an underlying 3% NSR, 2% of which may be bought for \$1,000,000 in cash or stock at any time.

The exploration targets on the Key project are: (1) precious metals-rich volcanic massive sulphide (VMS) deposits, possibly preserved within a graben structure; and (2) epithermal gold-silver deposits. The property covers an area with anomalous lake sediment geochemistry and locally anomalous gold-lead-arsenic-silver-zinc in soils. The anomalous metal suite and geological setting is characteristic of the gold- and silver-rich Eskay Creek deposit in northwest British Columbia.

A 165 line-kilometre helicopter-borne VTEM survey by GEOTECH Ltd. was completed over the central portion of the Key property in August 2008. An interpretation of the results was subsequently undertaken by Balch Exploration Consulting Inc. (BECI) and identified four priority targets for follow up.

BECI identified four geophysical targets in the form of discrete higher conductance electromagnetic (EM) anomalies for follow-up investigation. Three of the anomalies are considered targets for VMS mineralization. The fourth anomaly is selected as a lower priority target but chosen due to its unusual EM behaviour.

Anomaly P1A is a near surface and perhaps exposed target with a strong EM signature and interpreted to strike northerly for 600-800 metres. It's proximity to both major and subtle structural features place it as a high priority target. Anomaly P1B is another high priority and relatively shallow target with a strike length estimated at <200 metres. Anomaly P2 is considered a medium priority, discrete, shallow target situated in within an intrusive body. The shape of the EM anomaly suggests a thick geometry or horizontal body with <200 metres strike length. Anomaly P3 is another near surface target but considered lower priority in that it does not exhibit similar characteristics to the other selected targets. Its close proximity to a regional fault zone, however, warrants a ground follow up.

The Key project lies within the Nechako Plateau, an area described by the BC Geological Survey as under-explored and having the potential to host various styles of mineral deposits based on

favourable geology, coeval intrusive activity and locally intensive extensional faulting (BCGS Paper 1997-2).

The Key property is contiguous with Silver Quest Resources' Blackwater-Davidson project to the north and 3T's project to the southwest. At Blackwater-Davidson, disseminated gold-silver mineralization and high-grade gold in shear-hosted veins is hosted in Jurassic aged Hazelton Group rhyolites. The 3T's is described as a bonanza-style, epithermal gold-silver camp also hosted by Hazelton Group rhyolites. Silver Quest's Capoose silver-gold-lead-zinc deposit, located 27 kilometres to the northwest, is associated with younger Cretaceous-aged rhyolitic sills that have intruded the Hazelton rocks. Current and historical resources are reported for the three properties. Along the regional strike approximately 130 km to the northwest, Amarc Resources Ltd. is actively exploring the Sitlika Copper-Zinc Belt for copper-zinc rich VMS deposits.

The Company is very pleased with the positive results of the airborne survey and a field program is under consideration for the 2009 field season. This is a greenfield project with little history of exploration. Given the location of the project and the newly identified VMS targets, the Company is very optimistic for its discovery potential.

### **Wheatcroft Lake Project – Gold**

Troymet holds 100% interest the 1,373-hectare Wheatcroft Lake property located 50 kilometres southwest of Leaf Rapids, Manitoba. The property hosts a large, low-grade gold mineralized system of approximately 2 kilometres lineal extent. Previous diamond drilling on the fold nose intersected widespread low-grade gold mineralization. Large areas of the horizon remain to be drill tested.

No exploration work was conducted on the property during the three month period ended January 31, 2009. Troymet is seeking a partner to further advance the project.

## Selected Annual Information

Year Ended	Year Ended October 31, 2008	Year Ended October 31, 2007
Operating Expenses	\$323,642	\$207,865
Other Income (Expense) Interest	\$17,558	\$7,989
Net Loss Per Share - Basic	(\$170,831) (\$0.01)	(\$169,376) (\$0.01)
Capital Expenditures Minerals	\$1,934,333	\$99,203
Total Assets	\$3,406,387	\$2,334,535
Total Liabilities	\$250,682	\$316,472

## Results of Operations

In the quarter ended January 31, 2009, Troymet realized a net loss of \$54,350 versus \$22,400 in 2008. This is net of operating expenses of \$78,150 (\$44,950 in 2008) for the period, interest income of nearly Nil (\$12,100 in 2008), and a provision for income tax recovery of \$23,800 (\$10,500 in 2008).

The operating expenses in the first quarter of 2009 included management fees of \$24,600 (\$36,600 in 2008), general and administration expenses of \$5,000 (\$6,900 in 2008), professional fees of \$21,000 (\$2,200 in 2008), travel and related costs of \$300 (\$2,100 in 2008) and public company costs of about \$27,200 versus a credit of \$2,800 in 2008. The general and administration expenses at January 31, 2009 include bank service charges of \$70 (\$30 in 2008), insurance premiums of \$2,500 (\$3,700 in 2008), and office costs of \$2,400 (\$2,800 in 2008).

Professional fees were higher in the quarter ended January 31, 2009 versus January 31, 2008 due to legal costs associated with the Company's financing and the Annual General Meeting that was held on December 4, 2008. Public company costs of \$27,200 in 2009 were comprised of payments made to the Company's investor relations advisor and costs of the Annual General Meeting. These costs were not incurred in the previous year.

During the quarter ended January 31, 2009, Troymet incurred net capital expenditures of \$125,500 including an adjustment to the British Columbia Mineral Exploration Tax Credit (METC) of \$38,700. A majority of the expenditures and the METC adjustment relate to Troymet's Golden Eagle property.

In the first quarter of fiscal 2009, Troymet completed a non-brokered private placement in two tranches, issuing 10,500,000 shares at a price of \$0.025 per to raise gross proceeds of \$262,500. Troymet issued 9,200,000 common shares on a flow-through basis representing \$230,000 of the



gross proceeds and 1,300,000 regular common shares representing \$32,500 of the private placement.

After completion of the non-brokered private, the fully diluted number of common shares that the Company has is 73,763,097 shares including 50,393,114 common shares issued and outstanding, 2,450,000 options, and 20,919,983 share purchase warrants.

## Capital Expenditures

	Wheatcroft Lake	McClarty Lake	Golden Eagle	Key	Total
Balance, October 31, 2008	\$5,078	\$1,184,523	\$1,741,543	\$104,892	\$3,036,036
Additions during the period					
Acquisition Costs	-	-	-	-	-
Exploration	-	150	87,648	(1,009)	86,789
Total Additions	-	150	87,648	(1,009)	86,789
Refundable Tax Credit	-	-	38,734	-	38,734
Balance, January 31, 2009	\$5,078	\$1,184,673	\$1,867,925	\$103,883	\$3,161,559

As shown in the balance sheet dated January 31, 2009, the Company's mineral property balance was approximately \$3,161,600. The Company incurred \$86,800 of exploration expenditures during the period with a majority of the expenditures occurring on the Golden Eagle property. As discussed above, the British Columbia Mineral Exploration Tax Credit (METC) was adjusted by \$38,700 from year end. After this adjustment, the net mineral exploration costs were approximately \$125,500.

## Liquidity and Capital Resources

The Company's practice is to proceed with staged exploration where each stage is dependent on successful results of the preceding stage. Troymet relies on proceeds of equity financings to fund its exploration commitments and discharge its liabilities as they come due. As of January 31, 2009, the Company had working capital of approximately \$285,900.

Total capital expenditures of approximately \$86,800 during the period ended January 31, 2009 were funded by the equity offering that was completed in July 2008. Given the current state of the equity market and the near term outlook for minerals and precious metals, management anticipates reduced exploration efforts throughout 2009. Other than the Golden Eagle option payment that is due in October 2009, the Company has no other exploration commitments and will conserve cash as it moves forward in 2009 and 2010. The current level of working capital should be sufficient to continue operations without raising additional capital in 2009.

Results from its exploration programs and / or additional mineral property acquisitions may result in additional financial requirements. If needed, Troymet will be required to raise additional financing. However, there is no assurance that funding will be available on terms

acceptable to the Company or at all. If such funds cannot be secured, the Company may be forced to curtail additional exploration and / or property acquisition efforts.

## Share Information

During the period ended January 31, 2009, the Company completed a non-brokered private placement in two tranches raising total proceeds of \$262,500. In the first closing, announced on January 2, 2009, the Company issued 9,200,000 common shares on a flow-through basis raising \$230,000 at a price of \$0.025 per share and 700,000 units at a price of \$0.025 per Unit for gross proceeds of \$17,500. On January 16, 2009, the Company announced that it had completed a second closing of the private placement consisting of 600,000 units at a price of \$0.025 per share for gross proceeds of \$15,000. Each Unit consisted of one common share and one full common share purchase warrant exercisable into one common share for two years from the date of issuance at a price of \$0.05 per share in the first year and at \$0.10 per share during the second year of the warrant.

A summary of the Company's outstanding securities is provided in the table below:

Period Ended	31-Jan 2009	31-Oct 2008	31-Oct 2007
Beginning Shares Outstanding (Basic)	39,893,114	23,612,944	0
Common shares issued upon incorporation	0	0	1
Shares issued pursuant to Plan of Arrangement	0	0	10,279,610
Exercise of warrants / agent options	0	30,170	0
Common shares issued for cash	1,300,000	16,250,000	5,000,000
Flow-through shares issued for cash	9,200,000	0	8,333,333
Closing Shares Outstanding (Basic)	50,393,114	39,893,114	23,612,944
Beginning Share Purchase Warrants / Agent Options	19,619,983	4,481,783	0
Plan of Arrangement Warrants / Agent Options	0	0	1,111,800
Share Purchase Warrants / Agent Options Expired	0	(1,081,630)	0
Share Purchase Warrants / Agent Options Exercised	0	(30,170)	0
Share Purchase Warrants / Agent Options Issued	1,300,000	16,250,000	3,369,983
Closing Share Purchase Warrants	20,919,983	19,619,983	4,481,783
Beginning Stock Options	2,450,000	2,250,000	0
Stock Options Granted	0	200,000	2,250,000
Stock Options Exercised	0	0	0
Closing Stock Options	2,450,000	2,450,000	2,250,000
Total Shares - Fully Diluted	73,763,097	61,963,097	30,344,727
Weighted Average Shares Outstanding	43,228,984	28,789,266	15,815,551

## Summary of Quarterly Results

A summary of quarterly results for fiscal 2007 and fiscal 2008 is provided in the table below.

<b>Fiscal 2008</b>	<b>QI 31-Jan-09</b>	<b>QIV 31-Oct-08</b>	<b>QIII 31-Jul-08</b>	<b>QII 30-Apr-08</b>
<b>Operations</b>				
<b>Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Loss</b>	<b>(\$54,349)</b>	<b>(\$46,440)</b>	<b>(\$47,709)</b>	<b>(\$54,300)</b>
<b>Per Share - Basic</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Balance Sheet</b>				
<b>Working Capital</b>	<b>\$285,891</b>	<b>\$227,063</b>	<b>\$1,384,029</b>	<b>\$212,020</b>
<b>Total Assets</b>	<b>\$3,740,328</b>	<b>\$3,740,328</b>	<b>\$3,446,963</b>	<b>\$2,240,702</b>
<b>Capital Expenditures</b>	<b>\$125,523</b>	<b>\$1,031,983</b>	<b>\$60,382</b>	<b>\$760,888</b>

	<b>QI 31-Jan-08</b>	<b>QIV 31-Oct-07</b>	<b>54 Days 31-Jul-07</b>
<b>Operations</b>			
<b>Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Loss</b>	<b>(\$22,382)</b>	<b>(\$169,376)</b>	<b>\$0</b>
<b>Per Share - Basic</b>	<b>\$0.00</b>	<b>(\$0.01)</b>	<b>\$0.00</b>
<b>Balance Sheet</b>			
<b>Working Capital</b>	<b>\$1,048,742</b>	<b>\$1,159,007</b>	<b>\$1</b>
<b>Total Assets</b>	<b>\$2,266,051</b>	<b>\$2,334,535</b>	<b>\$1</b>
<b>Capital Expenditures</b>	<b>\$81,080</b>	<b>\$99,203</b>	<b>\$0</b>

## Transactions with Related Parties

During the period, the Company accrued management fees of \$24,600 (2008 – \$24,600) to companies in which Directors held an interest for technical, management, administrative, and accounting services. This amount is included in management fees and accrued liabilities.

## Risks and Uncertainties

Troymet competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral properties, claims, and other interests, as well as for the recruitment and retention of qualified personnel.

All of the properties in which Troymet has an interest, or the right to acquire an interest, are in the early exploration stage and are without a known body of commercial ore. Development of Troymet's mineral properties will only follow upon obtaining satisfactory exploration results. Exploration for and the development of mineral resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that Troymet's exploration and development activities will result in any discoveries of commercial bodies of ore.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in government regulations has the potential to reduce the profitability of operations.

Aboriginal peoples have claimed aboriginal title and rights to resources and various properties in western Canada. Such claims, in relation to Troymet's lands, if successful, could have an adverse effect on Troymet or its respective operations.

Troymet will require additional financing to continue its business plan and there is no assurance that financing will be available or, if available, will be on reasonable terms. To the extent that financing is not available, Troymet may have to reduce exploration activities and work commitments may not be satisfied resulting in a loss of property ownership by Troymet.

### **Changes in Accounting Policies**

Effective November 1, 2007, the Company adopted the following new accounting standards on a prospective basis:

- a. Section 1535 "Capital Disclosures" requires the disclosure of (i) the Company's objectives, policies and processes for managing capital; (ii) description of what the Company regards as capital; (iii) the Company's compliance with any capital requirements and (iv) the related consequences of any non-compliance.
- b. Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" which replaces the disclosure requirements of Section 3861 "Financial Instruments – Disclosure and Presentation". Section 3862 requires the disclosure of the nature and extent of risks arising from financial instruments and how those risks are managed. Section 3863 carries forward the presentation requirements and provides additional guidance for the classification of financial instruments.

### **Investor Relations Activities**

On August 1, 2008, the Company engaged Senergy Communications Inc. ("Senergy") to provide investor relations services. Vancouver-based Senergy provides investor relations and marketing services to public companies in the natural resource sectors. Senergy will assist Troymet in

fostering productive, continuing dialogues with analysts, brokers, potential investors, current shareholders and other financial professionals.

An initial six (6) month consulting agreement with Senergy was signed. This agreement, which has an option to renew at terms mutually agreeable to each party, initially required the Company to pay Senergy \$7,500 per month for investor relations services, \$1,000 per month for a dedicated surrogate office and related administrative services, and to reimburse Senergy for all pre-approved expenses.

In addition, Senergy was granted 125,000 incentive stock options exercisable at \$0.15 per share and Shiro Rae, an employee of Senergy, has been granted 75,000 options. The options shall be exercisable as to 1/4 of the grant every three months from the date of grant. Senergy and Shiro Rae currently own no shares of Troymet. Anthony Zelen, owner of Senergy, directly and indirectly owns 325,000 common shares of Troymet.

In recognition of the current market conditions, the six month contract with Senergy was renegotiated on December 1, 2008 and the monthly fee reduced to \$2,500 per month from \$8,500 per month. The dollar amount of the contract was not increased. As part of the re-negotiated contract, Senergy was tasked with assisting the Company in raising money.

## **Outlook**

Troymet has working capital of approximately \$285,900 and no material exploration commitments other than the final Golden Eagle option payment in October 2009. The Company plans to conserve cash and use this period to expand its inventory of properties.

A highly successful drill program on the McClarty Lake property in February-March 2008 was followed by HBED's decision to earn back in to the two optioned claims, lending strong support to management's belief that McClarty Lake is a property of substantial merit with excellent potential to host a precious metal rich VMS deposit(s). The sulphide mineralization and associated alteration system at McClarty Lake is very similar to that associated with the Chisel Lake and Lalor Lake volcanogenic massive sulphide deposits of the Snow Lake area. The next drilling program at McClarty Lake should be a significant development of the property.

In 2008, Troymet completed a 12-hole drilling program on the Tannis zone at Golden Eagle and detailed prospecting/mapping that further defined the quartz-sulphide vein system over an eight-kilometre northwest trend. To the north of Tannis, multiple zones of gold-silver-arsenic-antimony mineralization are postulated to be related to the same mineralizing event, indicating the presence of a large intrusion-related gold system spanning the ~12-kilometre strike length of the northern half of the Golden Eagle property. The Company is working to integrate all geological, drill, geochemical and geophysical data to identify high impact intrusive-related gold drill targets in the north half of the project.

In August 2008, Troymet conducted a helicopter-borne VTEM survey over the central portion of the Key property. An interpretation of the results has identified four priority geophysical targets in the form of discrete higher conductance electromagnetic (EM) anomalies for follow-up investigation. Three of the anomalies are considered targets for VMS mineralization. Given the location of the project and the positive results of the airborne survey, the Company is very optimistic for its discovery potential.

The Company is actively seeking partners to advance its highly prospective properties and continues to seek new projects with high-value and large-tonnage potential to add to its portfolio.

**Other**

Additional information relating to Troymet's business and activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

# TROYMET EXPLORATION CORP.

## CORPORATE INFORMATION

### **Directors**

Kieran M. J. Downes, Ph.D., P. Eng.  
Nanaimo, British Columbia

Richard T. Kusmirski, M.Sc., P. Geo.  
Saskatoon, Saskatchewan

David Billard, B.Sc., P. Geo.  
Saskatoon, Saskatchewan

Brian D. Cebryk, CMA  
Courtenay, British Columbia

### **Management**

Kieran M. J. Downes, Ph.D., P. Eng.  
President & CEO

Brian D. Cebryk, CMA  
Chief Financial Officer

Tracy Hurley, M.Sc., P. Geo.  
VP Exploration

### **Head Office**

1963 Comox Avenue  
Comox, B.C. V9M 3M4  
Telephone: (250) 890-0607  
Facsimile: (250) 890-3292

Kieran Downes  
Telephone: (250) 729-0453  
Facsimile: (250) 729-0463

### **Auditors**

Deloitte & Touche LLP  
Saskatoon, Saskatchewan

### **Bank**

Scotiabank

### **Legal Counsel**

Davis LLP  
Calgary, Alberta

### **Transfer Agent**

Computershare Trust Company of Canada

### **Share Listing**

TSX Venture Exchange  
Symbol: "TYE"