

**TROYMET EXPLORATION CORP.
COMOX, BRITISH COLUMBIA**

**AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

AS AT OCTOBER 31, 2009 and OCTOBER 31, 2008

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| AUDITORS' REPORT | |
| FINANCIAL STATEMENTS | |
| Balance Sheet | 1 |
| Statement of Loss, Comprehensive Loss and Deficit | 2 |
| Statement of Cash Flows | 3 |
| Financial Statements | 4 - 13 |

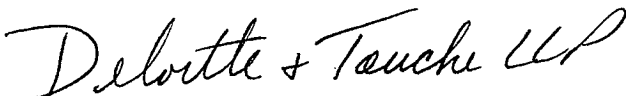
AUDITORS' REPORT

TO THE SHAREHOLDERS OF TROYMET EXPLORATION CORP.

We have audited the balance sheets of Troymet Exploration Corp. (the "Company") as at October 31, 2009 and 2008, and the statements of loss, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

February 22, 2010

TROYMET EXPLORATION CORP.
BALANCE SHEET
(as at October 31)

| | 2009 | 2008 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ - | \$ 11,772 |
| Accounts receivable | 34,695 | 351,395 |
| Exploration advances | - | 6,264 |
| Short term investments (Note 4) | 185,132 | - |
| Prepaid expenses | 2,785 | 920 |
| | 222,612 | 370,351 |
| MINERAL PROPERTY (Note 5) | 3,521,902 | 3,036,036 |
| | \$ 3,744,514 | \$ 3,406,387 |
| LIABILITIES | | |
| CURRENT | | |
| Cheques written in excess of cash on deposit | \$ 15,513 | \$ - |
| Accounts payable and accrued liabilities | 456,048 | 143,288 |
| | 471,561 | 143,288 |
| FUTURE INCOME TAX LIABILITIES (Note 7) | 97,778 | 107,394 |
| | 569,339 | 250,682 |
| SHAREHOLDERS' EQUITY | | |
| CAPITAL STOCK (Note 6) | 3,591,614 | 3,386,614 |
| CONTRIBUTED CAPITAL (Note 6) | 137,190 | 109,298 |
| DEFICIT | (553,629) | (340,207) |
| | 3,175,175 | 3,155,705 |
| | \$ 3,744,514 | \$ 3,406,387 |

(See notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:

"Richard Kusmirski" Director

"David Billard" Director

TROYMET EXPLORATION CORP.
STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(for the years ended October 31)

| | 2009 | 2008 |
|---|----------------------|----------------------|
| EXPENSES | | |
| Management fees | \$ 100,408 | \$ 150,222 |
| General and administration | 23,120 | 41,001 |
| Interest expense | 4,846 | 9,146 |
| Professional fees | 59,167 | 54,589 |
| Public company costs | 59,088 | 44,993 |
| Stock compensation expense (Note 6) | 27,892 | 4,798 |
| Travel and related costs | 11,133 | 18,893 |
| | 285,654 | 323,642 |
| LOSS BEFORE INTEREST INCOME AND INCOME TAXES | (285,654) | (323,642) |
| INTEREST INCOME | 5,116 | 17,558 |
| LOSS BEFORE INCOME TAXES | (280,538) | (306,084) |
| Recovery of income taxes - future (Note 7) | 67,116 | 135,253 |
| NET LOSS AND COMPREHENSIVE LOSS | (213,422) | (170,831) |
| DEFICIT, BEGINNING OF YEAR | (340,207) | (169,376) |
| DEFICIT, END OF YEAR | \$ (553,629) | \$ (340,207) |
| BASIC LOSS PER SHARE | \$ (0.01) | \$ (0.01) |

(See notes to the financial statements)

TROYMET EXPLORATION CORP.
STATEMENT OF CASH FLOWS
(for the years ended October 31)

| | 2009 | 2008 |
|--|--------------|--------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Net loss | \$ (213,422) | \$ (170,831) |
| Items not affecting cash | | |
| Recovery of income taxes - future | (67,116) | (135,253) |
| Stock based compensation | 27,892 | 4,798 |
| | (252,646) | (301,286) |
| CHANGES IN NON-CASH WORKING CAPITAL | | |
| Decrease (increase) in accounts receivable | 316,700 | (343,506) |
| Decrease (increase) in exploration advance | 6,264 | (6,264) |
| (Increase) decrease in prepaid expenses | (1,865) | 1,402 |
| Increase in accounts payable and accrued liabilities | 132,760 | 69,463 |
| | 453,859 | (278,905) |
| | 201,213 | (580,191) |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | |
| (Increase) decrease in short term investments | (185,132) | 1,207,989 |
| Investment in mineral properties | (305,866) | (1,934,333) |
| | (490,998) | (726,344) |
| CASH PROVIDED BY FINANCING ACTIVITIES | | |
| Issuance of common shares | 262,500 | 1,303,675 |
| NET DECREASE IN CASH | (27,285) | (2,860) |
| CASH, BEGINNING OF YEAR | 11,772 | 14,632 |
| CASH, END OF YEAR | \$ (15,513) | \$ 11,772 |
| Supplemental cash flow disclosure | | |
| Interest paid | \$ - | \$ - |
| Income taxes paid | \$ - | \$ - |
| <i>(See notes to the financial statements)</i> | | |

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

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. CHANGES IN ACCOUNTING POLICIES

In November 2008, the Company adopted EIC-173, *Credit risk and the fair value of financial assets and financial liabilities* issued by the Emerging Issues Committee. This abstract requires that an entity's own credit risk (for financial liabilities) and the credit risk of the counterparty (for financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this abstract did not have a material impact on the financial statements.

The Company also adopted the changes made by CICA to Section 3862, *Financial instruments – Disclosures* whereby an entity shall classify and disclose fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

2. CHANGES IN ACCOUNTING POLICIES (continued)

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The required disclosures are included in note 11.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Uncertainty

The preparation of the 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 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, 2009, the Company does not have any asset retirement obligations.

Stock Based Compensation

The Company accounts for its grants under the stock-based compensation plans in accordance with the fair value method of accounting for stock-based compensation.

Under the fair value method, the fair value of stock options is determined using the *Black-Scholes Option Pricing Model* with the assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options and is recognized over the vesting period of the options granted as stock based compensation

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

and contributed capital. The contributed capital balance is reduced as the options and warrants are exercised and the amount initially recorded is credited to share capital.

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 substantively 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 stock 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 stock is decreased by the renounced tax deductions when the expenditures are renounced provided there is reasonable assurance that the expenditures will be made.

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 (Loss) 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 (loss) per share are calculated using the weighted-average number of common shares outstanding during the year.

Financial Instruments

The Company's financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity investments, loans and receivable, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classifications, as follows: held-for-trading financial assets

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with change in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale and purchase exemption.

The Company has classified its cash and short term investments as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. The Company was not involved in any hedge transactions and did not have any derivatives or embedded derivatives.

The Company expenses transaction costs on other than held-for-trading financial instruments upon the issuance of debt instruments or modifications of a financial liability. The Company does not have any unamortized financial costs of this nature.

The Company does not apply hedge accounting.

4. SHORT TERM INVESTMENTS

Short term investments consist of government guaranteed investment certificates in the amount of \$185,132 which bear interest at the rate of .44% per annum which mature September 3, 2010.

5. 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.

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

5. MINERAL PROPERTY - continued

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 \$180,000 due October 1, 2009 was outstanding. Subsequent to year end the Company issued 3,600,000 shares at \$.05 per share to pay the balance outstanding.

In addition, the Company has granted the optionor a 1% net smelter royalty.

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.

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

| | 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 | - | - | 186,552 | - | 186,552 |
| Exploration | - | 5,280 | 309,039 | (1,009) | 313,310 |
| Total Additions | - | 5,280 | 495,591 | (1,009) | 499,862 |
| Refundable Tax Credit | - | - | 13,996 | - | 13,996 |
| Balance, October 31, 2009 | \$5,078 | \$1,189,803 | \$2,223,138 | \$103,883 | \$3,521,902 |

6. 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.

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

6. CAPITAL STOCK - continued

b) Issued:

| | # 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 | - | | (57,500) |
| Outstanding, October 31, 2009 | 50,393,114 | \$ | 3,591,614 |

c) Per Share Data

Basic earnings (loss) per share are calculated based on the weighted average number of 48,640,784 (2008 - 287,789,266) 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 diluted loss per share.

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 |
| Granted on August 18, 2009 | 225,000 | \$ | 0.10 | 2014 |
| Balance at October 31, 2009 | 2,675,000 | \$ | 0.10 | |

The fair value of common share options granted in the period was estimated to be \$27,892 (2008 - \$4,798) as at the date of grant using the Black Scholes options pricing model and the following assumptions:

| | |
|-----------------------------|-------|
| Risk free interest rate (%) | 3.00 |
| Expected life (years) | 5.00 |
| Expected volatility (%) | 320.0 |
| Expected dividend yield (%) | 0.00 |

This amount was recognized as stock based compensation expense and contributed capital in the year ended October 31, 2009 (2008 - \$4,798).

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

6. CAPITAL STOCK – continued

e) Share Purchase Warrants

The following table presents information with respect to share purchase warrants issued and outstanding as at October 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 | - | - | - | (869,983) | (869,983) |
| Outstanding, October 31, 2009 | 2,500,000 | 16,250,000 | 1,300,000 | - | 20,050,000 |

- (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, 2010.
- (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 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 \$0.10 per share. During the year, 869,983 agent options expired unexercised.

7. INCOME TAXES

As of October 31, 2009, the Company has available for deduction against future taxable income non-capital losses of approximately \$1,458,502. These losses, if not utilized, will expire commencing in 2027. For financial reporting purposes, a future income tax asset of \$364,629 has been recognized in respect of these non-capital losses.

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

7. INCOME TAXES - continued

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of future income tax are as follows:

| | <u>2009</u> | <u>2008</u> |
|--|--------------|--------------|
| Net loss before tax | \$ (280,538) | \$ (306,084) |
| Enacted tax rate | 30.00% | 30.50% |
| Computed income taxes at the enacted rate | (84,161) | (93,356) |
| Increase (decrease) in taxes resulting from: | | |
| Future tax rate differences | 8,462 | (29,286) |
| Non-deductible stock based compensation | 8,368 | 1,463 |
| Non-deductible meals and allowances | 215 | 326 |
| Other | - | (14,400) |
| Recovery of future income taxes | \$ (67,116) | \$ (135,253) |

Significant components of the Company's future tax assets and liabilities as of October 31, 2009 are as follows:

| | | |
|--|------------|------------|
| Carrying value in excess of mineral properties tax basis | \$ 474,972 | \$ 367,299 |
| Flow through shares | 6,391 | - |
| Share issue costs | (18,956) | (27,325) |
| Non-capital loss carryforwards | (364,629) | (232,580) |
| Future income tax liabilities | \$ 97,778 | \$ 107,394 |

8. RELATED PARTY TRANSACTIONS

The Company has accrued fees of \$98,400 (2008 - \$108,800) 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.

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

9. CAPITAL MANAGEMENT

The Company's capital consists of capital stock of \$3,591,614. The Company utilizes these funds to develop and explore their mineral properties.

10. SUBSEQUENT EVENTS

Subsequent to year end on November 14, 2009, the Company and the Golden Eagle property optionor amended the Golden Eagle option agreement and the Company issued the optionor 3,600,000 common shares at a deemed price of \$0.05 per share in payment for the \$180,000 option payment that was due on October 1, 2009.

Subsequent to year end on January 22, 2010, the Company completed a non-brokered private placement raising gross proceeds of \$500,000. The private placement consisted of 10,000,000 units ("Units") at a price of \$0.05 per Unit. Each Unit consisted of one common share (issued on a non-flow-through basis) and one full common share purchase warrant (a "Warrant"). Each Warrant is exercisable into one common share for two years from the date of issuance at a price of \$0.10 per share.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

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

Financial instruments recorded at fair value on the Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

TROYMET EXPLORATION CORP.
NOTES TO THE FINANCIAL STATEMENTS
(for the years ended October 31)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

The following table presents the financial instruments recorded at fair value in the Balance Sheet, classified using the fair value hierarchy described above:

| | Level 1 | Level 2 | Level 3 | Total financial assets and financial liabilities at fair value |
|----------------------------|----------|---------|---------|---|
| Financial assets | | | | |
| Cash and bank indebtedness | (15,513) | - | - | (15,513) |
| Temporary investments | 185,132 | - | - | 185,132 |
| Total financial assets | 169,619 | - | - | 169,619 |

During the year, there has been no significant transfer of amounts between Level 1 and Level 2.

Risk Management

Management does not believe that the Company is exposed to significant interest, currency or credit risks.

Liquidity Risk

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements.

12. COMPARATIVE FIGURES

Certain on the prior years' figures have been reclassified to conform to the presentation adopted for the current year.

13. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board will require all publicly accountable companies to adopt International Financial Reporting Standards ("IFRS") for annual financial statements relating to fiscal years beginning on or after January 1, 2011, including the restatement of comparative period financial statements on the same basis. At this date, publicly accountable enterprises will be required to prepare financial statements in accordance with IFRSs. The Company is currently reviewing the standards to determine the potential impact on its financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) for the year ended October 31, 2009 was prepared with information available up to February 24, 2009 and should be read in conjunction with the Company’s audited financial statements and the accompanying notes for the year ended October 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 (see Company Reorganization below). 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, and future costs and expenses being based on historical costs and expenses, adjusted for inflation. 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.

Corporate Reorganization

On August 7, 2007, a Plan of Arrangement (“Arrangement”) involving Signet, Cash Minerals, and Troymet was finalized. Pursuant to the Arrangement, Cash Minerals acquired all of the outstanding common shares of Signet in exchange for units of Cash Minerals. Signet’s non-uranium properties were transferred to Troymet. Signet shareholders received 0.25 Troymet common shares for each Signet common share held and as a result of the Arrangement, 10,279,610 Troymet shares were issued to the Signet shareholders.

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 was due October 1, 2009. On October 23, 2009, the Company announced that the option agreement had been amended and that the optionor had agreed to accept payment of the last option payment in common shares of Troymet. In this regard, the

Company issued the optionor 3,600,000 common shares at a deemed price of \$0.05 per share on November 14, 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.

Golden Eagle is situated at the southern end of the Tintina Gold Belt, which contains many intrusion-related gold deposits such as Pogo (Alaska), Fort Knox (Alaska), Dublin Gulch (Yukon) and the recent discovery at Underworld Resources' White Gold property near Dawson City (Yukon). 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.

From 2005 to 2008, exploration was primarily focused on 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 (see news release of February 24, 2009). The presence of granitic intrusive at depth indicates a composite, volatile-rich intrusive system in this locale, which to-date has only been tested by shallow drilling.

In 2009, the Company focused attention on the north block of the Golden Eagle project ("North prospect") and completed a compilation and reinterpretation of the technical data from all previous exploration work. At the North prospect, a granite-related gold system has been partly unroofed. Numerous zones of structurally controlled gold-silver-arsenic-antimony mineralization (e.g. Plateau, Skarn, West Gully, Cowboy, and West Draw zones) and gold-in-soil anomalies occur over an area of ~5 x 5 kilometres. These zones have previously been investigated in isolation and not considered as underlying vectors toward a related bulk-tonnage gold deposit(s).

The mineralization and anomalies at the North prospect are related to two major structures, the Ben Fault and the Paddy Fault, and to the underlying granite-related gold system. The Ben Fault is a minimum of 3.6 kilometres in length and has never been drilled. The Paddy Fault is a minimum of 4.6 kilometres in length and has not been drilled apart from limited drilling (~250 metres) on the Skarn zone. This drilling intercepted significant gold mineralization but it did not test the underlying granite contact. Both faults both are possible splays of the Llewellyn fault zone, a regionally significant structure that cuts through the project area and has a strong correlation with the majority of mineral occurrences in the region.

This northern portion of the Golden Eagle property is shown by the British Columbia Geological Survey's stream sediment sampling to contain exceptionally anomalous values in gold (to 1080 ppb), gold indicator metals (arsenic, antimony and mercury) and base metals (BCGS Bulletin 105). In file GF2003-9, the BCGS noted the volcano-sedimentary setting is analogous to that at Eskay Creek.

The generally rugged terrain and variable glacial cover over the northern half of the Golden Eagle property has historically inhibited detailed prospecting and mapping, and much of the ground geophysical work to date has been patchwork in coverage. In September 2009, exploration crews mobilized to the project to conduct stream sediment sampling and prospecting of the area. The stream sediment program, which comprised a total of 577 samples from ~60 streams and tributaries in the North prospect and the Tannis Zone, delivered very positive results

and identified nine new anomalous areas. The aerial extent of the anomalies indicates large source areas on the Troymet claims.

In addition to the stream sediment program, the Company completed a reconnaissance diamond drilling program on the North prospect. This five hole (506-metre) program successfully tested four previously un-drilled and widely-spaced targets over an area of ~3.5 km². These targets, located in the West Gully, LQ, and Stibnite zones, were not amenable to stripping or trenching.

The West Gully zone is overburden covered and unexplored. The 2009 gold-in-stream sediment sampling program indicates widespread anomalous gold (see news release of December 21, 2009). The first and only hole drilled on the West Gully zone (Hole N0901) intersected 0.11 g/t gold over 86.84 metres in variably sheared, silicified and chlorite-sericite altered felsic intrusive. The hole was shut down in anomalous gold mineralization (0.33 g/t gold over 15.24 metres). It is apparent that there is a large, untested gold-bearing structure(s) in this area. An induced polarization (IP) geophysical survey is under consideration to identify structures prior to further diamond drilling.

Holes N0902/N0903 and hole N0905 were drilled ~1,300 metres apart. The geology of the intercepts in N0903 and N0905 suggest that the two holes may have intercepted the same structural zone. If correct, this structural zone is of major regional significance and is highly prospective. All three holes intersected silver-gold mineralization within broader structural zones carrying low to anomalous gold values. No felsic intrusive was intersected in these shallow holes indicating the target gold zones lie deeper in the system. Highlights of the 2009 diamond drilling program are presented in Table 1.

Table 1. North Prospect - 2009 Diamond Drilling Results

| Hole # | From (m) | To (m) | Length (m) | Gold (g/t) | Silver (ppm) | Antimony (ppm) | Arsenic (ppm) | Bismuth (ppm) | Copper (ppm) | Lead (ppm) | Zinc (ppm) |
|--------------|----------|--------|------------|------------|--------------|----------------|---------------|---------------|--------------|--------------|------------|
| N0901 | 76.75 | 164.59 | 87.84 | 0.11 | | | | | | | |
| <i>incl.</i> | 76.75 | 80.46 | 3.71 | 0.23 | 24.43 | 13 - 159 | 124 - 4900 | | | 34 - 1380 | 162 - 1330 |
| <i>incl.</i> | 128.11 | 143.80 | 15.70 | 0.17 | | 2 - >10000 | 116 - >10000 | | | 5 - 994 | 53 - 1080 |
| <i>and</i> | 128.10 | 131.98 | 3.88 | 0.57 | | | | | | | |
| <i>incl.</i> | 149.35 | 164.59 | 15.24 | 0.33 | | 10 - 336 | 466 - 5380 | | | | |
| N0902 | 43.70 | 48.40 | 4.70 | 0.40 | | | | | | | |
| <i>incl.</i> | 46.37 | 48.40 | 2.03 | 0.23 | 34.41 | 20 - 532 | 94 - 5300 | 20 - 66 | | 818 - 1510 | |
| N0903 | 109.92 | 112.04 | 2.12 | 0.74 | 58.41 | 109 - 4220 | 1330 - >10000 | 3 - 557 | 129 - 1515 | 131 - >10000 | 162 - 4310 |
| | 115.58 | 117.58 | 2.00 | 0.21 | 12.05 | 134 - 445 | 1970 - 4310 | 8 - 38 | 134 - 160 | 279 - 1020 | 208 - 223 |
| | 128.40 | 132.90 | 4.50 | 0.25 | 34.43 | 57 - 817 | 282 - 3010 | 11 - 107 | 43 - 998 | 169 - 6700 | 156 - 4430 |
| N0904 | | | | NSV | | | | | | | |
| N0905 | 15.85 | 20.66 | 4.81 | 0.1 | | 27 - 165 | 483 - 7200 | | | | |
| | 33.50 | 39.62 | 6.12 | 0.19 | 4.54 | 15 - 677 | 220 - >10000 | | | 16 - 671 | |
| <i>incl.</i> | 34.60 | 35.60 | 1.00 | 1.04 | 22.35 | | | | | | |
| | 43.90 | 50.90 | 7.00 | 0.21 | 10.61 | 16 - 671 | 161 - >10000 | | | 27 - 1825 | |

Widths represent down hole core lengths. True widths cannot be reliably estimated at this time.

Management is pleased with the results of the 2009 stream sediment and diamond drilling program, which continue to augment the hypothesis of a widespread mineralizing event on the property. The West Gully zone is emerging as a large (2.5 km²), greenfield, gold target with potential for shallow mineralization. Holes NO902/N0903/N0905 also appear to have identified a new, highly prospective, major gold-bearing structure. Additional drill targets have been identified including the Skarn zone (see news release of June 25, 2009), West Gully zone, and the LQ structure.

Further information on the Golden Eagle Project is available in a NI 43-101 technical report entitled “Report on the 2006 Mineral Expenditure Program on the Golden Eagle Property, Atlin Area, Northwestern British Columbia” by Scott Casselman, B.Sc., P.Geo., dated October 2, 2007 and filed on SEDAR (www.sedar.com).

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 (“HudBay”), owned subsidiary of Hudbay Minerals Inc. HudBay subsequently provided notification that it intends to earn back a 20% interest in the McClarty Lake claims, requiring HudBay 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 HudBay (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.

Previous exploration on the property was hampered by lack of outcrop exposure. An electromagnetic (EM) conductor detected in 1996 was tested by two diamond drill holes in 1997 by HudBay and two holes in 2000 by Troymet's predecessor company. All four holes intersected a gold- and silver-bearing semi-massive pyrite horizon in altered felsic volcanics, tracing the horizon over a 50-metre strike length and to 50 metres depth. The best intersection reported was 4.17 g/t gold and 8.48 g/t silver over 4.0 metres. A deep penetrating Time Domain EM (TEM) survey undertaken in 2002 subsequently defined a potential massive sulphide horizon(s) over a strike length of ~600 metres. Plans to test the conductor were shelved in 2004 and 2005 due to lack of drill availability, and in 2006 by poor ice conditions.

Winter conditions in 2007 allowed for the drilling of 5 holes totalling 1,444 metres. The program successfully extended the known strike and dip extension of the sulphide horizon to over 425 metres and to a vertical depth of 250 metres (see news release of September 24, 2007). Significant zinc sulphide (sphalerite) mineralization was intersected in two holes collared 225 metres south of the 1997/2000 drilling. Up to 20% sphalerite within the semi- to massive pyrite horizon was intersected at 75-metre and 150-metre vertical depths. Along with the presence of copper sulphide (chalcopyrite), this marked the first discovery of significant base metal mineralization on the property (the “Discovery” zone).

In February-March 2008, eight holes totalling 2,390 metres were drilled to follow up on the Discovery zone and to further test the 600-metre conductor system. The 2008 program identified the presence of two laterally continuous horizons of massive sulphides (see news release of May 15, 2008). The stratigraphically lower Discovery zone 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. The mineralization is shallow, with the Discovery zone starting at the base of the Palaeozoic sequence at a depth of ~50 metres. It has been traced in drill holes over a 75-metre strike length and to a depth of 175 metres. The upper pyritic zone occurs ~150 metres stratigraphically above the Discovery zone and is locally gold enriched. Both zones are open along strike and at depth.

A helicopter-borne VTEM survey flown in 2008 outlined a strong conductor corresponding to the upper pyritic horizon over a 450-m strike length. The Discovery zone, however, is not spatially related to interpreted conductors from any of the prior EM surveys. The zone may be non conductive, or alternatively, any conductive response from the zone may be hidden within the signature of a larger conductor. The 2008 VTEM survey also identified a second strong conductive trend of ~100 metres strike length and situated ~100 metres east of the Discovery zone. This conductor has not been tested by drilling and is considered a priority target in the next drilling program.

In addition to the VTEM survey, several drill holes from the 2008 program were surveyed by borehole EM geophysics. At least two off-hole anomalies were reported that have not been tested by drilling to date. HudBay has indicated that it intends to earn an additional 20% interest in the option claims by conducting a 2010 winter drilling program on the Discovery zone and these other untested targets.

On the 100% owned properties, the Company plans a 2010 winter drill program to evaluate the Mac EM conductor, which lies on-trend and ~1000 metres northeast of the Discovery zone. The Mac conductor was identified by the 2008 VTEM helicopter-borne survey and there is no record of prior drilling in this area.

The winter program commenced in January 2010 with the establishment of a 10.6 km grid on the 100% owned MAC 3 claim. This was followed up by a pulse electromagnetic (PEM) survey that identified a strong conductive response on the southwest edge of the grid. The Company's geophysical contractor, Crone Geophysics of Mississauga, Ontario, recommended a 400-metre x 1000-metre extension of the grid and survey coverage. The Company anticipates that the grid extension and additional survey will be completed by the end of February allowing for a follow-up diamond drilling program to commence in early March.

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

Troymet's 100% owned claims are strategically placed and the Company is very optimistic regarding the potential for additional significant VMS discoveries in this area. The Discovery zone is a greenfield discovery which was not detected or recognized by many airborne EM surveys. Troymet believes that the Mac conductor, which is on-trend with the Discovery zone, offers the potential for immediate and significant new discoveries on 100% owned Troymet ground.

Further information on the McClarty Lake project is available in a NI 43-101 technical report entitled “2008 Technical (NI 43-101) Report on the McClarty Lake Property”, by Rory Kutluoglu, B.Sc. (Equity Engineering Ltd.) and qualified person, Alan H. Bailes, Ph.D., P.Geo. (Bailes Geoscience), dated June 11, 2008 and filed on SEDAR (www.sedar.com).

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.

Exploration on the Key project is targeting precious metals-rich volcanic massive sulphide (VMS) deposits and epithermal gold-silver deposits. The property straddles an apparent graben developed in a volcano-sedimentary sequence and 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 helicopter-borne VTEM survey completed over the central portion of the Key property in August 2008 resulted in the identification of four priority geophysical targets in the form of discrete higher conductance electromagnetic (EM) anomalies. Three of the anomalies are considered targets for VMS mineralization.

The VTEM survey also clearly delineated major north-trending fault systems which may be associated with gold-silver mineralization currently being explored by Richfield Ventures Corp. (“Richfield”) on its Blackwater property, some 2.5 km to the north. The 3T’s project (Silver Quest Resources) to the southwest is described as a bonanza-style, epithermal gold-silver camp.

Richfield, in its September 25, 2009 news release, describes the mineralization on the Blackwater property as a bulk gold deposit with demonstrated continuity over hundreds of metres at potentially mineable grades. The gold mineralization is hosted in highly siliceous and argillically altered breccia and microbreccia derived from felsic volcanic or subvolcanic rocks. Richfield estimates the brecciated rocks which host the gold mineralization may cover an area of up to 45 hectares and are generally between 100 to 200 metres thick.

The Key project is strategically located and the Company believes this greenfield area offers the potential for both precious metals and VMS discoveries. The Company plans a 2010 summer field program to advance the project.

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 ~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 work was conducted on the property during the year ended October 31, 2009. Troymet is seeking a partner to further advance the project.

Selected Annual Information

| Year Ended | Year Ended October 31, 2009 | Year Ended October 31, 2008 |
|-------------------------------|--------------------------------|--------------------------------|
| Operating Expenses | \$285,654 | \$323,642 |
| Other Income Interest | \$5,116 | \$17,558 |
| Net Loss Per Share - Basic | (\$213,422) (\$0.01) | (\$170,831) (\$0.01) |
| Capital Expenditures | \$305,866 | \$1,934,333 |
| Total Assets | \$3,744,514 | \$3,406,387 |
| Total Liabilities | \$569,339 | \$250,682 |

Results of Operations

In the year ended October 31, 2009, Troymet realized a net loss of \$213,400 after operating expenses of \$285,700 (\$323,600 in 2008) for the period, interest income of \$5,100 (\$17,500 in 2008), and a provision for income tax recovery of \$67,100 (\$135,300 in 2008). This compares to a net loss of \$170,800 the previous year.

The operating expenses in 2009 included management fees of \$100,400 (\$150,200 in 2008), general and administration expenses of \$23,100 (\$41,000 in 2008), professional fees of \$59,200 (\$54,600 in 2008), travel and related costs of \$11,100 (\$19,000 in 2008) and public company costs of about \$59,100 (\$45,000 in 2008). The general and administration expenses in 2009 include bank service charges of \$300, insurance premiums of \$9,000, and office costs of \$13,800. The Company also incurred Part XII.6 interest costs of \$4,800. This charge relates to the flow-through shares that were issued by the Company in December 2008.

The loss for the period includes a non-cash charge of \$27,900 (\$4,800 in 2008) related to stock compensation expenses. Net operating expenses in 2009 of \$280,500 were approximately \$25,500 lower than the previous year as the Company took measures to reduce costs in the face of the financial crisis and the uncertain outlook for junior mineral exploration companies.

During the year ended October 31, 2009, Troymet incurred net capital expenditures of \$485,900 versus \$1,934,300 expended in the previous period. Of this amount, \$186,600 was spent on acquisition costs while net expenditures of \$299,300 were spent on exploration. The Company qualifies for the British Columbia Mineral Exploration Tax Credit (METC) of \$14,000. This refundable tax credit reduces the net amount of exploration expenditures on Troymet's British Columbia mineral properties.

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 | - | - | 186,552 | - | 186,552 |
| Exploration | - | 5,280 | 309,039 | (1,009) | 313,310 |
| Total Additions | - | 5,280 | 495,591 | (1,009) | 499,862 |
| Refundable Tax Credit | - | - | 13,996 | - | 13,996 |
| Balance, October 31, 2009 | \$5,078 | \$1,189,803 | \$2,223,138 | \$103,883 | \$3,521,902 |

As shown in the balance sheet dated October 31, 2009, the Company's mineral property balance was \$3,521,902. As outlined in the table above, this balance was comprised of \$186,600 relating to option payments and other property acquisition costs incurred through the year and approximately \$313,300 in exploration expenses incurred during the year. As outlined above, the Company conducted a field exploration and diamond drilling program at Golden Eagle in British Columbia. The exploration costs incurred on the Company's British Columbia properties have been reduced by the British Columbia Mineral Exploration Tax Credit (METC) in the amount \$14,000. After this reduction, the net mineral exploration costs were approximately \$299,300.

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 October 31, 2009, the Company had working capital deficit of approximately \$249,000. As described above, the Company completed a private placement in the first quarter of fiscal 2010 to raise an additional \$500,000 and issued 3,600,000 common shares in payment of the \$180,000 Golden Eagle option payment that was due on October 1, 2009. These equity issuances improved the Company's working capital situation.

Total net capital expenditures of approximately \$299,300 during the period ended October 31, 2009 were funded by the equity offering that was completed in December 2008 and collection of the 2008 METC totaling \$187,900. As the equity market and outlook for minerals and precious metals has improved from the previous year and additional capital was raised in January 2010, management anticipates that exploration programs will be conducted at McClarty Lake, Golden Eagle and the Key property.

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

On December 31, 2008, the Company completed a non-brokered private placement, issuing 9,200,000 common shares on a flow-through basis at a price of \$0.025 per flow-through common share to raise gross proceeds of \$230,000 and 700,000 units at a price of \$0.025 per unit for gross proceeds of \$17,500. Each unit consisted of one common share and one full common share purchase warrant. The share purchase warrant is exercisable into one common share for two years after the issuance date at a price of \$0.05 per common share in the first year and \$0.10 per common share during the second year of the warrant. On January 16, 2009, the Company issued an additional 600,000 units at a price of \$0.025 per unit raising additional proceeds of \$15,000. The unit had the same characteristics as the unit that was issued on December 31, 2008.

In August 2009, the Company extended the expiry date of 16,250,000 share purchase warrants exercisable at \$0.20 per warrant by one year to August 29, 2010 from August 29, 2009. However, the Company was unable to get approval to extend the expiry date of 869,983 agent options and on August 29, 2009, those agent options expired unexercised.

The fully diluted number of common shares at October 31, 2009 was 73,118,113 shares including 50,393,113 common shares issued and outstanding, 2,675,000 options, and 20,050,000 share purchase warrants.

On October 23, 2009, the Company announced that the Golden Eagle option agreement had been amended and that the optionor had agreed to accept payment of the last option payment in common shares of Troymet. In this regard, the Company issued the optionor 3,600,000 common shares at a deemed price of \$0.05 per share on November 14, 2009.

A total of 800,000 warrants were exercised on December 31, 2009 and January 13, 2010 at a price of \$0.05 per share generating proceeds of \$40,000 for the Company.

On January 11, 2010, the Company announced that it had granted 2.7 million options to directors, officers, and consultants. Of this option grant, 1.0 million options were granted to consultants at an exercise price of \$0.10 per share. These options expire two years from the date of the grant and vest as to 25% of the options on the date of issuance and 25% on each of the 6, 12, and 18 month anniversaries of the date of the grant (fully vested 18 months from the date of issuance). The remaining 1.7 million options were issued fully vested to directors and officers at an exercise price of \$0.12 per share with an expiry date five years from the date of issuance.

Also in the first quarter, on January 22, 2010, the Company completed a non-brokered private placement raising total proceeds of \$500,000 by issuing 10,000,000 Units at a price of \$0.05 per per Unit. 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 \$0.10 per share. In addition, a finder's fee of \$21,200 was paid to a finder by the issuance of 424,000 common shares of Troymet. In addition, 424,000 finder's warrants were issued with each finder's warrant being exercisable into one common share at a price of \$0.05 per common share for a period of two years from the date of issuance.

The fully diluted number of common shares at the date of this MDA was 100,266,113 shares including 65,217,113 common shares issued and outstanding, 5,375,000 options, and 29,674,000 share purchase warrants.

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

| Period Ended | 31-Jan 2010 | 31-Oct 2009 | 31-Oct 2008 | 31-Oct 2007 |
|---|--------------------|----------------|----------------|----------------|
| Beginning Shares Outstanding (Basic) | 50,393,113 | 39,893,113 | 23,612,943 | 0 |
| Shares issued pursuant to Plan of Arrangement | 0 | 0 | 0 | 10,279,610 |
| Exercise of warrants / agent options | 800,000 | 0 | 30,170 | 0 |
| Common shares issued for debt | 3,600,000 | 0 | 0 | 0 |
| Common shares issued for cash | 10,424,000 | 1,300,000 | 16,250,000 | 5,000,000 |
| Flow-through shares issued for cash | 0 | 9,200,000 | 0 | 8,333,333 |
| Closing Shares Outstanding (Basic) | 65,217,113 | 50,393,113 | 39,893,113 | 23,612,943 |
| Beginning Share Purchase Warrants / Agent Options | 20,050,000 | 19,619,983 | 4,481,783 | 0 |
| Plan of Arrangement Warrants / Agent Options | 0 | 0 | 0 | 1,111,800 |
| Share Purchase Warrants / Agent Options Expired | 0 | (869,983) | (1,081,630) | 0 |
| Share Purchase Warrants / Agent Options Exercised | (800,000) | 0 | (30,170) | 0 |
| Share Purchase Warrants / Agent Options Issued | 10,424,000 | 1,300,000 | 16,250,000 | 3,369,983 |
| Closing Share Purchase Warrants | 29,674,000 | 20,050,000 | 19,619,983 | 4,481,783 |
| Beginning Stock Options | 2,675,000 | 2,450,000 | 2,250,000 | 0 |
| Stock Options Granted | 2,700,000 | 225,000 | 200,000 | 2,250,000 |
| Stock Options Exercised | 0 | 0 | 0 | 0 |
| Closing Stock Options | 5,375,000 | 2,675,000 | 2,450,000 | 2,250,000 |
| Total Shares - Fully Diluted | 100,266,113 | 73,118,113 | 61,963,096 | 30,344,726 |
| Weighted Average Shares Outstanding | 53,627,228 | 48,640,784 | 28,789,266 | 15,815,551 |

Summary of Quarterly Results

A summary of quarterly results for fiscal 2008 and fiscal 2009 is provided in the table below.

| | QIV 31-Oct-09 | QIII 31-Jul-09 | QII 30-Apr-09 | QI 31-Jan-09 |
|-----------------------------|------------------|-------------------|------------------|-----------------|
| Operations | | | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Net Loss | (\$85,398) | (\$29,840) | (\$43,835) | (\$54,349) |
| Per Share - Basic | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Balance Sheet | | | | |
| Working Capital | (\$248,949) | \$174,594 | \$217,890 | \$285,891 |
| Total Assets | \$3,744,514 | \$3,518,436 | \$3,537,409 | \$3,740,328 |
| Capital Expenditures | \$354,722 | \$353 | \$5,268 | \$125,523 |

| | QIV 31-Oct-08 | QIII 31-Jul-08 | QII 30-Apr-08 | QI 31-Jan-08 |
|-----------------------------|------------------|-------------------|------------------|-----------------|
| Operations | | | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Net Loss | (\$46,440) | (\$47,709) | (\$54,300) | (\$22,382) |
| Per Share - Basic | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Balance Sheet | | | | |
| Working Capital | \$227,063 | \$1,384,029 | \$212,020 | \$1,048,742 |
| Total Assets | \$3,406,386 | \$3,446,963 | \$2,240,702 | \$2,266,051 |
| Capital Expenditures | \$1,031,983 | \$60,382 | \$760,888 | \$81,080 |

Transactions with Related Parties

During the period, the Company paid fees of \$98,400 (2008 – \$108,800) to companies in which Directors held an interest for technical, management, administrative, and accounting services. This amount is included in general and administration expenses 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.

Subsequent Events

Subsequent to year end on November 14, 2009, the Company and the Golden Eagle property optionor amended the Golden Eagle option agreement and the Company issued the optionor 3,600,000 common shares at a deemed price of \$0.05 per share in payment for the \$180,000 option payment that was due on October 1, 2009.

Subsequent to year end, on January 22, 2010, the Company completed a non-brokered private placement raising gross proceeds of \$500,000. The private placement consisted of 10,000,000 units ("Units") issued at a price of \$0.05 per Unit. Each Unit consisted of one common share and one full common share purchase warrant (a "Warrant"). Each Warrant is exercisable into one common share for two years from the date of issuance at a price of \$0.10 per share.

Disclosure Controls and Procedures

Management has ensured that there are disclosure controls and procedures that provide reasonable assurance that material information relating to the Corporation is disclosed on a timely basis, particularly, information relevant to the period in which annual filings are being prepared. Management believes these disclosure controls and procedures have been effective during the fiscal period ended October 31, 2009.

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 \$1,000 per month from \$8,500 per month.

Outlook

Troymet's working capital deficiency of approximately \$249,000 at October 31, 2009, has been reduced as a result of the shares for debt transaction with the Golden Eagle optionor valued at \$180,000, the exercise of 800,000 share purchase warrants which generated \$40,000 in proceeds for the Company, and the non-brokered private placement that raised additional proceeds of \$500,000.

At the McClarty Lake project, HudBay has indicated that it intends to earn an additional 20% interest in the option claims by conducting a 2010 winter drilling program on the Discovery zone and other untested targets. In addition, Troymet is planning a drill program on its 100% owned claims, where a recent ground EM survey has identified a strong conductive response ~1000 metres northeast and on trend of the Discovery zone. These upcoming drilling programs should be a significant development of the property.

At Golden Eagle, positive results from the 2009 stream sediment and diamond drilling program continue to augment the hypothesis of a widespread mineralizing event on the property. Numerous new drill targets have been identified for the 2010 season.

The Key project is strategically located adjacent to recent exploration success at Richfield Ventures' Blackwater project and Silver Quest's 3T's bonanza-style, epithermal gold-silver camp. With drill targets currently identified, the Company believes this greenfield area offers the potential for both precious metals and VMS discoveries and plans a 2010 summer field program to advance the project.

Other

Additional information relating to Troymet's business and activities can be found on SEDAR at www.sedar.com.

TROYMET EXPLORATION CORP.

CORPORATE INFORMATION

Directors

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

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

Ronald H. McMillan, Ph.D., P.Eng.
Victoria, British Columbia

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) 8903292

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"