

TROYMET EXPLORATION CORP.
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED APRIL 30, 2012

Notice to Reader

The accompanying unaudited condensed interim financial statements of Troymet Exploration Corp. for the quarter ended April 30, 2012 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 June 21, 2012

“Kieran Downes”

Kieran Downes
President and Chief Executive Officer

“Brian Cebryk”

Brian Cebryk
Chief Financial Officer

TROYMET EXPLORATION CORP.
Condensed Interim Statements of Financial Position
(Unaudited – Canadian Dollars)

| | April 30 2012 | October 31 2011 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 130,165 | \$ 353,091 |
| Accounts receivable | 67,264 | 251,517 |
| Exploration advances | 40,000 | 40,000 |
| Short term investments | 1,486,297 | 1,679,063 |
| Prepaid expenses | <u>89,496</u> | <u>32,549</u> |
| | 1,813,222 | 2,356,220 |
| MINERAL EXPLORATION AND EVALUATION ASSETS (Note 4) | <u>6,001,412</u> | <u>5,781,837</u> |
| | <u>\$ 7,814,634</u> | <u>\$ 8,138,057</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 49,061 | 247,391 |
| Flow-through share premium | 4,027 | - |
| DEFERRED INCOME TAX | <u>333,681</u> | <u>291,481</u> |
| | <u>386,769</u> | <u>538,872</u> |
| SHAREHOLDERS' EQUITY | | |
| CAPITAL STOCK (Note 5) | 9,159,714 | 8,979,958 |
| CONTRIBUTED SURPLUS | 902,190 | 897,960 |
| DEFICIT | <u>(2,634,039)</u> | <u>(2,278,733)</u> |
| | <u>7,427,865</u> | <u>7,599,185</u> |
| | <u>\$ 7,814,634</u> | <u>\$ 8,138,057</u> |

See accompanying notes to financial statements.

TROYMET EXPLORATION CORP.
Condensed Interim Statement of Net and Comprehensive Loss
(Unaudited – Canadian Dollars)

| | 3 Months April 30 2012 | 3 Months April 30 2011 | 6 Months April 30 2012 | 6 Months April 30 2011 |
|--|---------------------------------------|------------------------------|---------------------------------------|------------------------------|
| EXPENSES | | | | |
| Management fees | \$ 27,570 | \$ 33,216 | \$ 45,915 | \$ 76,869 |
| General and administration | 10,175 | 8,926 | 20,960 | 20,394 |
| Interest expense | 873 | 846 | 873 | 846 |
| Professional fees | 57,361 | 19,921 | 94,085 | 43,190 |
| Public company costs | 75,341 | 40,574 | 140,548 | 91,887 |
| Share based compensation | 2,044 | 29,659 | 4,230 | 317,899 |
| Travel and related costs | 6,195 | 1,877 | 9,494 | 14,355 |
| | <u>\$ 179,560</u> | <u>\$ 135,019</u> | <u>\$ 316,106</u> | <u>\$ 565,440</u> |
| LOSS BEFORE FINANCE INCOME AND INCOME TAXES | \$ (179,560) | \$ (135,019) | \$ (316,106) | \$ (565,440) |
| FINANCE INCOME | <u>3,307</u> | <u>3,473</u> | <u>7,251</u> | <u>6,925</u> |
| LOSS BEFORE INCOME TAXES | \$ (176,253) | \$ (131,546) | \$ (308,855) | \$ (558,515) |
| DEFERRED INCOME TAX EXPENSE | <u>(21,856)</u> | <u>(191,407)</u> | <u>(46,451)</u> | <u>(213,790)</u> |
| NET AND COMPREHENSIVE LOSS FOR PERIOD | <u>\$ (198,109)</u> | <u>\$ (322,953)</u> | <u>\$ (355,306)</u> | <u>\$ (772,305)</u> |
| BASIC AND DILUTED LOSS PER SHARE | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> | <u>\$ (0.01)</u> |

See accompanying notes to financial statements.

TROYMET EXPLORATION CORP.
Condensed Interim Statements of Changes in Equity
(Unaudited – in Canadian Dollars)

Equity Attributable to Common Shareholders

| | Number of common shares | Share capital | Contributed surplus | Deficit | Total equity |
|--------------------------------------|-------------------------------|------------------|------------------------|--------------|-----------------|
| Balance at November 1, 2011 | 118,380,410 | \$ 8,979,958 | \$ 897,960 | \$ 2,278,733 | \$ 7,599,185 |
| Common shares issued for cash | 3,207,350 | 176,404 | - | - | 176,404 |
| Flow-through shares issued for cash | 268,465 | 16,108 | - | - | 16,108 |
| Share issue costs, net of tax effect | - | (12,756) | - | - | (12,756) |
| Share based compensation | - | - | 4,230 | - | 4,230 |
| Loss for the period | - | - | - | 355,306 | (355,306) |
| Balance at April 30, 2012 | 121,856,225 | \$ 9,159,714 | \$ 902,190 | \$ 2,634,039 | \$ 7,427,865 |
| Outstanding, November 1, 2010 | 68,117,113 | \$ 4,587,128 | \$ 412,295 | \$ 1,090,659 | \$ 3,908,764 |
| Common shares issued for cash | 5,717,500 | 857,625 | - | - | 857,625 |
| Flow-through shares issued for cash | 8,068,053 | 1,371,577 | - | - | 1,371,577 |
| Share purchase warrants exercised | 4,637,744 | 469,762 | - | - | 469,762 |
| Options exercised | 75,000 | 11,250 | - | - | 11,250 |
| Common shares issued for property | 350,000 | 77,000 | - | - | 77,000 |
| Share issue costs, net of tax effect | - | (115,219) | - | - | (115,219) |
| Share based compensation | - | - | 317,899 | - | 317,899 |
| Loss for the period | - | - | - | 772,305 | (772,305) |
| Balance at April 30, 2011 | 86,965,410 | \$ 7,259,123 | \$ 730,197 | \$ 1,862,964 | \$ 6,126,353 |

See accompanying notes to financial statements.

TROYMET EXPLORATION CORP.
Condensed Interim Statements of Cash Flow
(Unaudited – in Canadian Dollars)

| | 6 Months April 30 2012 | 6 Months April 30 2011 |
|--|---------------------------------------|---------------------------------------|
| CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Net and comprehensive loss | \$ (355,306) | \$ (772,305) |
| Items not affecting cash | | |
| Recovery of income taxes - future | 46,451 | 213,790 |
| Share based compensation | 4,230 | 317,899 |
| Changes in non-cash working capital (Note 9) | <u>(42,507)</u> | <u>(57,263)</u> |
| | <u>(347,132)</u> | <u>(297,878)</u> |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | |
| (Decrease) increase in short term investments | 192,761 | (956,926) |
| Investment in mineral exploration and evaluation | (219,578) | (1,427,290) |
| Changes in non-cash working capital (Note 9) | <u>(24,489)</u> | <u>41,302</u> |
| | <u>(51,306)</u> | <u>(2,342,914)</u> |
| FINANCING ACTIVITIES | | |
| Issuance of common shares | <u>175,512</u> | <u>2,637,272</u> |
| NET INCREASE IN CASH | (222,926) | (3,521) |
| CASH, BEGINNING OF PERIOD | <u>353,091</u> | <u>218,808</u> |
| CASH, END OF PERIOD | <u><u>\$ 130,165</u></u> | <u><u>\$ 215,287</u></u> |
| Supplemental cash flow disclosure | | |
| Interest paid | \$ - | \$ - |
| Income taxes paid | \$ - | \$ - |

See accompanying notes to financial statements.

TROYMET EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended April 30, 2012 and 2011
(unaudited)

1. INCORPORATION AND NATURE OF OPERATIONS

Troymet Exploration Corp. (the "Company"), of 1963 Comox Avenue, Comox, British Columbia, 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 exploration and evaluation assets. On the basis of the information to date, it has not yet determined whether these assets contain economically recoverable ore reserves. The underlying value of the mineral exploration and evaluation assets 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 exploration and evaluation assets 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. STATEMENT OF COMPLIANCE AND CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

These condensed interim financial statements, including comparatives, are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB"). These are the company's second IFRS condensed interim financial statements and IFRS 1, *First-time adoption of IFRS*, has been applied as they are part of the period covered by the Company's first IFRS financial statements for the year ending October 31, 2012. These condensed interim financial statements do not include all of the information required for full annual financial statements. These condensed interim financial statements were approved by the Board of Directors on June 21, 2012.

Previously, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Canadian GAAP differs from IFRS in several areas and accordingly, the significant accounting policies applied in the preparation of these condensed interim financial statements are set out below and have been consistently applied to all periods presented except in instances where IFRS 1 either requires or permits an exemption.

These condensed interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2011. The explanation of how the transition to IFRS has affected the reported financial position, operations, and cash flows of the Company is provided in Note 10. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending October 31, 2012 could result in restatement of these condensed interim financial statements, including the adjustments recognized on transition to IFRS.

TROYMET EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended April 30, 2012 and 2011
(unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS statement of financial position at November 1, 2010 for the purposes of transition to IFRS.

Measurement basis

These condensed interim financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policy set out in this note. The Company's presentation currency is Canadian dollars.

Use of estimates

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas requiring the use of management estimates include the determination of impairment of mineral exploration and evaluation assets, the recoverability and measurement of deferred income tax assets and liabilities, the recognition and valuation of provisions for restoration and environmental liabilities and assumptions used in valuing options and warrants in share-based compensation calculations. Actual results may differ from those estimates.

Mineral exploration and evaluation

Expenditures incurred before the entity has obtained the legal rights to explore a specific area are expensed. Expenditures related to the development of mineral resources are not recognized as exploration and evaluation assets. Expenditures related to development are accounted for as an asset only when technical feasibility and commercial viability of a specific area are demonstrable and when recognition criteria of IAS 16, *Property, Plant and Equipment* or IAS 38, *Intangible Assets* are met.

All costs directly associated with property acquisition and exploration activities are capitalized as exploration and evaluation assets. Costs that are capitalized are limited to costs related to the acquisition and exploration activities that can be associated with finding specific mineral resources, and do not include costs related to production, and administrative expenses and other general indirect costs.

Costs related to the acquisition of mineral property interests and to exploration and evaluation expenditures are capitalized by property until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets are reclassified as mining assets under development. Exploration and evaluation assets are assessed for impairment before reclassification, and any impairment loss is then recognized.

TROYMET EXPLORATION CORP.
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral property interest, as consideration, for an agreement by transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral property interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Impairment of non-financial assets

Exploration and evaluation assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverability tests are carried out on a property-by-property basis. Impairment of a property is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration work is discontinued in an area for which commercially viable quantities have not been discovered, or there are indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized in for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are cash-generating units. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Cash and cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into cash and subject to an insignificant risk of change in value. Interest from cash is recorded on an accrual basis.

Income taxes

Income taxes are accounted for using the asset and liability method of tax allocation. Deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and, where appropriate, the risks specific to the liability.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost. Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred.

At each financial reporting date presented, the Company has not incurred any decommissioning costs related to the mineral exploration and evaluation assets and, accordingly, no provision has been recorded for such site reclamation or abandonment.

Equity issuances

The proceeds from equity issuances are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to capital stock based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

Share-based compensation

The Company has a stock option plan that is described in Note 5.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument on the date of grant using the Black-Scholes option pricing model. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuances of shares. Amounts related to the issuances of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is determined using the Black-Scholes option pricing model. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock. The amount recognized as expense is adjusted to reflect the number of share options expected to vest

For both employees and non-employees, where the terms and conditions are modified before they vest, the increase in the fair value of the options, measured immediately before and after modification, is also charged to share based compensation in the statement of comprehensive loss over the remaining vesting period.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per shares.

Flow-through shares

The Company finances a portion of its exploration activities through the issue of flow-through shares.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The Company renounces the qualifying expenditures upon issuance of the respective flow-through common shares and accordingly is not entitled to the related taxable income deductions for such expenditures, giving rise to taxable temporary differences for accounting purposes. A portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as recovery of income taxes in the statement of comprehensive loss.

The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, the deduction of which flow through to the shareholders.

The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference (“premium”) between the quoted price of the Company’s existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium (“other liability”), and is reversed into the statement of loss as a deferred tax recovery when the eligible expenditures are incurred. If the flow-through shares are not issued at a premium, a liability is not recorded.

Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss (“FVTPL”) - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the

TROYMET EXPLORATION CORP.
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

statement of operations and comprehensive loss. Cash and cash equivalents and short-term investments are classified as FVTPL.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Accounts receivable are classified as loans and receivables.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. All financial assets except for those classified as FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are disclosed above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Other financial liabilities: This category includes accounts payables and accrued liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Fair value

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Due to the short-term maturity of the Company's existing financial assets and liabilities, the carrying value approximates the fair value and no classification in the hierarchy is made.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after November 1, 2011 or later periods. Some updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* (“IFRS 9”) was issued as part of the IASB’s ongoing project to replace IAS 39 *Financial Instruments – Recognition and Measurement* (“IAS 39”). IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity’s business model for managing the financial assets and the contractual characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Modifications made to the requirements for transition from IAS 39 to IFRS 9 introduce new disclosure requirements and eliminate the requirement to restate prior periods to reflect the new presentation.

IFRS 9 is to be applied retrospectively and is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company’s financial statements.

IFRS 11 Joint Arrangements

IFRS 11 *Joint Arrangements* (“IFRS 11”) replaces IAS 31 *Interests in Joint Ventures* (“IAS 31”) and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations. Unlike IAS 31, the use of proportionate consolidation to account for joint ventures is not permitted. Under IFRS 11 equity accounting is mandatory for participants in joint ventures.

IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has not yet determined the potential impact the adoption of IFRS 11 will have on the Company’s financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 *Disclosure of Interests in Other Entities* (“IFRS 12”) requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

IFRS 12 is to be applied retrospectively and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has not yet determined the potential impact that the adoption of IFRS 12 will have on the Company's financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 *Fair Value Measurement* ("IFRS 13") replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements. Entities are required to make various disclosures depending upon the nature of the fair value measurement and the level within the fair value hierarchy in which it is classified.

IFRS 13 is to be applied prospectively and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's financial statements.

4. MINERAL EXPLORATION AND EVALUATION ASSETS

a) 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 acquired a 60% interest in this mineral property located in Manitoba.

As outlined in the option agreement, the Company must incur total expenditures of \$800,000 on or before August 15, 2008. The Company has fulfilled the expenditure requirements and completed the earn-in requirements of the option agreement. Pursuant to the option agreement, HBED may buy back a 20% interest by spending \$750,000 on exploration and development over a three year period. This earn-back was completed in June 2011 and a joint venture was established with HBED holding a 60% interest and the Company holding a 40% interest.

b) Golden Eagle

Pursuant to an option agreement dated September 24, 2001 the Company acquired a 100% interest in the Golden Eagle property located in British Columbia. The Company has granted the optionor a 1% net smelter royalty.

c) 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.

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4. MINERAL EXPLORATION AND EVALUATION ASSETS - continued

d) Thelon

On March 29, 2012, the Company announced that it had signed an option agreement to acquire a 100% interest in the Thelon project located in Nunavut Territory. Under terms of the option agreement, the Company will pay the optionor \$5,000 upon signing and \$5,000 on each anniversary date while the option is valid and in good standing. In addition, the Company will pay 2% of all exploration expenditures until a production decision is reached. Under terms of the option agreement, there is also a 2% gross royalty payable to the optionor. One half (1/2) of 1% of the royalty can be purchased for \$1,000,000 at any time while one-third of the remaining royalty can be purchased for an additional \$2,000,000 at any time.

At April 30, 2012, expenditures incurred on mineral exploration and evaluation assets are as follows:

| | McClarty Lake | Golden Eagle | Key | Thelon | Total |
|---------------------------------------|------------------|-----------------|--------------|-----------|--------------|
| Balance, November 1, 2010 | \$ 1,236,793 | \$ 2,261,436 | \$ 177,635 | \$ - | \$ 3,675,864 |
| Additions during the period | | | | | |
| Acquisition Costs | - | - | 88,244 | - | 88,244 |
| Geophysics | 7,905 | 129,601 | 257,089 | - | 394,595 |
| Geochemistry / Assays | 2,890 | - | 363,185 | - | 366,075 |
| Drilling Costs | 272,846 | 275,685 | 657,251 | - | 1,205,782 |
| Geological | - | 385 | 59,389 | - | 59,774 |
| Camp Costs | 25,206 | - | - | - | 25,206 |
| Travel / Transport / Communication | - | 6,500 | 5,950 | - | 12,450 |
| Total Additions | 308,847 | 412,171 | 1,431,107 | - | 2,152,126 |
| Mineral Exploration Tax Credit (METC) | - | (1,160) | (44,993) | - | (46,153) |
| Balance, October 31, 2011 | \$ 1,545,640 | \$ 2,672,447 | \$ 1,563,749 | \$ - | \$ 5,781,837 |
| Additions During the Period | | | | | |
| Acquisition Costs | - | 22,908 | 17,726 | 33,774 | 74,409 |
| Geophysics | - | - | - | - | - |
| Geochemistry / Assays | - | 13,569 | 45,735 | - | 59,304 |
| Drilling Costs | 9,000 | 29,508 | 20,318 | - | 58,826 |
| Geological | 2,788 | 2,028 | 21,947 | - | 26,762 |
| Camp Costs | - | - | 25 | - | 25 |
| Travel / Transport / Communication | - | - | 249 | - | 249 |
| Total Additions | 11,788 | 68,013 | 106,002 | 33,775 | 219,575 |
| Mineral Exploration Tax Credit (METC) | - | - | - | - | - |
| Balance, April 30, 2012 | \$ 1,557,428 | \$ 2,740,460 | \$ 1,669,751 | \$ 33,775 | \$ 6,001,412 |

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5. SHAREHOLDERS' EQUITY

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:

See Statement of Changes in Equity

On November 1, 2010 and November 10, 2010, the Company completed a non-brokered private placement raising gross proceeds of \$2,309,875. The private placement consisted of 5,717,500 units ("Units") at a price of \$0.15 per Unit and 8,068,053 common shares issued on a flow-through basis priced at \$0.18 per flow-through share. Each Unit consisted of one common share (issued on a non-flow-through basis) and one half of one common share purchase warrant (a "Warrant"). Each full Warrant is exercisable into one common share for two years from the date of issuance at a price of \$0.25 per share for the first year from closing and \$0.35 per share in the second year. In addition, 914,748 finder's warrants were issued with each finder's warrant being exercisable into one common share at a price of \$0.15 per common share for a period of one year from the date of issuance.

On November 22, 2010, the Company issued 350,000 common shares at a deemed price of \$0.22 per common share as consideration to acquire additional land.

On August 19, 2011, the Company completed a non-brokered private placement raising total proceeds of \$1,844,850 by issuing 17,710,000 Units at a price of \$0.05 per Unit for gross proceeds of \$885,500 and 13,705,000 common shares issued on a "flow-through" basis at a price of \$0.07 per flow-through share for gross proceeds of \$959,350. Each Unit consisted of one common share and one full common share purchase warrant exercisable into one common share for one year from the date of issuance at a price of \$0.15 per share.

On December 23, 2011, the Company closed a non-brokered private placement consisting of 268,465 common shares issued on a flow-through basis at a price of \$0.075 per flow-through share for gross proceeds of \$20,135 and 3,207,350 Units at a price of \$0.055 per Unit for gross proceeds of \$176,404. Each Unit consisted of one common share and one share purchase warrant. Each Warrant is exercisable into one common share for one year from the date of issuance at a price of \$0.15 per share. Total gross proceeds were \$196,539. In addition, 80,000 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 one year from the date of issuance.

c) Per Share Data

Basic earnings per share are calculated based on the weighted average number of 120,844,037 (2011 – 82,380,420) shares outstanding during the period. The effect of the exercise of stock

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5. SHAREHOLDERS' EQUITY - continued

options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings 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 |
|-------------------------------|------------------------|------------------------------------|
| Balance at November 1, 2010 | 5,375,000 | \$ 0.10 |
| Granted on November 22, 2010 | 1,450,000 | \$ 0.21 |
| Granted on September 26, 2011 | 3,000,000 | \$ 0.10 |
| Exercised on December 1, 2010 | (75,000) | \$ 0.15 |
| Balance at October 31, 2011 | 9,750,000 | \$ 0.12 |
| Expired on January 11, 2012 | (1,000,000) | \$ 0.10 |
| Balance at April 30, 2012 | 8,750,000 | \$ 0.12 |

Options Outstanding:

A summary of options outstanding at April 30, 2012 is as follows:

| | Number of Shares Under Option | Number of Options Exercisable | Exercise Price | Expiry Date |
|-------------|----------------------------------|----------------------------------|-------------------|--------------------|
| | 2,250,000 | 2,250,000 | \$ 0.10 | September 19, 2012 |
| | 225,000 | 225,000 | \$ 0.10 | August 14, 2014 |
| | 1,700,000 | 1,700,000 | \$ 0.12 | January 11, 2015 |
| | 700,000 | 700,000 | \$ 0.21 | November 22, 2015 |
| | 2,000,000 | 2,000,000 | \$ 0.10 | September 26, 2016 |
| Employee | 6,875,000 | 6,875,000 | | |
| | 125,000 | 125,000 | \$ 0.15 | August 1, 2013 |
| | 750,000 | 750,000 | \$ 0.21 | November 22, 2015 |
| | 1,000,000 | 250,000 | \$ 0.10 | September 26, 2013 |
| Consultants | 1,875,000 | 1,125,000 | | |

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5. SHAREHOLDERS' EQUITY - continued

A summary of options outstanding at October 31, 2011 is as follows:

| | Number of Shares Under Option | Number of Options Exercisable | Exercise Price | Expiry Date |
|--------------------|----------------------------------|----------------------------------|-------------------|--------------------|
| | 2,250,000 | 2,250,000 | \$ 0.10 | September 19, 2012 |
| | 225,000 | 225,000 | \$ 0.10 | August 14, 2014 |
| | 1,700,000 | 1,700,000 | \$ 0.12 | January 11, 2015 |
| | 700,000 | 700,000 | \$ 0.21 | November 22, 2015 |
| | 2,000,000 | 2,000,000 | \$ 0.10 | September 26, 2016 |
| Employee | 6,875,000 | 6,875,000 | | |
| | 1,000,000 | 1,000,000 | \$ 0.10 | January 11, 2012 |
| | 125,000 | 125,000 | \$ 0.15 | August 1, 2013 |
| | 750,000 | 750,000 | \$ 0.21 | November 22, 2015 |
| | 1,000,000 | 250,000 | \$ 0.10 | September 26, 2013 |
| Consultants | 2,875,000 | 2,125,000 | | |

During the six months ended April 30, 2012, the Company recognized share based compensation expense of \$4,230 on the vesting of options previously granted to non-employees. No options were granted during the six months ended April 30, 2012.

During the six months ended April 30, 2011, the Company recognized share based compensation expense of \$317,899. Of the \$317,899 recognized, \$270,720 was on the grant of 1,450,000 options to employees and non-employees during the period, while \$47,178 related to the vesting of options previously granted to non-employees. Included in the \$270,720 recognized on the grant during the period, was \$71,225 related to non-employee options. Typically share-based payments with non-employees are calculated using the fair value of the goods or services received. As no reasonable fair value could be determined for the services provided by the non-employees, the Black-Scholes option pricing model was used to determine the fair value.

The fair value of the share options was calculated using the Black-Scholes options pricing model with the following weighted-average assumptions:

| | |
|-----------------------------|-------|
| Risk free interest rate (%) | 2.45% |
| Expected life (years) | 4.93 |
| Expected volatility (%) | 287% |
| Forfeiture (%) | 0% |
| Expected dividend yield (%) | 0% |

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5. SHAREHOLDERS' EQUITY - continued

e) Share Purchase Warrants

The following table presents information with respect to share purchase warrants issued and outstanding:

| | Warrants (1) | Warrants (2) | Warrants (3) | Warrants (4) | Warrants (5) | Finders' Warrants (6) | Finders' Warrants (7) | Total |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------------|-----------------------------|-------------|
| Outstanding, November 1, 2010 | 500,000 | 7,100,000 | - | - | - | 424,000 | - | 8,024,000 |
| Issued in Period | - | - | 2,858,750 | 17,710,000 | - | - | 3,323,948 | 23,892,698 |
| Exercised in Period | (500,000) | (3,500,000) | (165,000) | - | - | (424,000) | (48,744) | (4,637,744) |
| Expired, unexercised | - | - | - | - | - | - | - | - |
| Outstanding, October 31, 2011 | - | 3,600,000 | 2,693,750 | 17,710,000 | - | - | 3,275,204 | 27,278,954 |
| Issued in Period | - | - | - | - | 3,207,350 | - | 80,000 | 3,287,350 |
| Exercised in Period | - | - | - | - | - | - | - | - |
| Expired, unexercised | - | (3,600,000) | - | - | - | - | (866,004) | (4,466,004) |
| Outstanding, April 30, 2012 | - | - | 2,693,750 | 17,710,000 | 3,207,350 | - | 2,489,200 | 26,100,300 |

- (1) Originally 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. During the period, 500,000 warrants were exercised generating proceeds of \$50,000.
- (2) Originally comprised of 10,000,000 share purchase warrants issued in conjunction with a non-brokered private placement that was completed by the Company on January 21, 2010. Entitles the holders at their election, to acquire 10,000,000 common shares of the Company; expire on January 21, 2012. In fiscal 2011, 3,500,000 warrants were exercised generating proceeds of \$350,000. During the period, 3,600,000 warrants expired unexercised.
- (3) Comprised of 2,858,750 share purchase warrants issued in conjunction with a non-brokered private placement that was completed by the Company on November 1, 2010 and November 10, 2010. Entitles the holders at their election, to acquire 2,858,750 common shares of the Company at \$0.25 per share for the first year after closing and at \$0.35 per share for the second year after closing of the financing; 2,783,750 share purchase warrants expire on November 1, 2012 and 75,000 share purchase warrants expire on November 10, 2012. In fiscal 2011, 165,000 warrants were exercised generating proceeds of \$41,250.
- (4) Comprised of 17,710,000 share purchase warrants issued in conjunction with a non-brokered private placement that was completed by the Company on August 19, 2011. Entitles the holders, at their election, to acquire 17,710,000 common shares of the Company at \$0.15 per share for the first year after closing.

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5. SHAREHOLDERS' EQUITY - continued

- (5) Comprised of 3,207,350 share purchase warrants issued in conjunction with a non-brokered private placement that was completed by the Company on December 23, 2011. Entitles the holders, at their election, to acquire 3,207,350 common shares of the Company at \$0.15 per share for the first year after closing.
- (6) Originally comprised of 424,000 finders' warrants issued in conjunction with a non-brokered private placement completed by the Company on January 22, 2010. Entitles the holder, at their election, to acquire 424,000 common shares of the Company at \$0.05 per share, expiring on January 21, 2012. During fiscal 2011, 424,000 finders' warrants were exercised generating proceeds of \$21,200.
- (7) Comprised of 914,748 finder's warrants issued in conjunction with a non-brokered private placement completed by the Company on November 1, 2010 and November 10, 2010. Entitles the holder, at their election, to acquire 914,748 regular common shares of the Company at \$0.15 per share within one year of the date of closing the financing; 888,304 finder's warrants expire on November 1, 2011 and 26,444 finder's warrants expire on November 10, 2011. During fiscal 2011, 48,744 finder's warrants were exercised generating proceeds of \$7,312. During the period, 866,004 finder's warrants expired unexercised.

The total of 2,489,200 finder's warrants is also comprised of 2,409,200 finders' warrants issued in conjunction with a non-brokered private placement completed by the Company on August 19, 2011 and 80,000 finder's warrants issued conjunction with a non-brokered private placement completed by the Company on December 23, 2011. Entitles the holder, at their election, to acquire 2,409,200 regular common shares of the Company at \$0.05 per share until August 19, 2012 and 80,000 regular common shares at \$0.055 per share until December 23, 2012.

As at April 30, 2012, the Company has outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

| Warrants Outstanding | Exercise Price | Expiry Date |
|-------------------------|-------------------|-------------------|
| 2,618,750 | \$ 0.35 | November 1, 2012 |
| 75,000 | \$ 0.35 | November 10, 2012 |
| 17,710,000 | \$ 0.15 | August 19, 2012 |
| 2,409,200 | \$ 0.05 | August 19, 2012 |
| 3,207,350 | \$ 0.15 | December 23, 2012 |
| 80,000 | \$ 0.06 | December 23, 2012 |
| 26,100,300 | | |

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5. SHAREHOLDERS' EQUITY - continued

As at October 31, 2011, the Company has outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

| Warrants Outstanding | Exercise Price | Expiry Date |
|-------------------------|-------------------|-------------------|
| 3,600,000 | \$ 0.100 | January 21, 2012 |
| 2,618,750 | \$ 0.350 | November 1, 2012 |
| 75,000 | \$ 0.350 | November 10, 2012 |
| 839,560 | \$ 0.150 | November 1, 2011 |
| 26,444 | \$ 0.150 | November 10, 2011 |
| 17,710,000 | \$ 0.150 | August 19, 2012 |
| 2,409,200 | \$ 0.055 | August 19, 2012 |
| <u>27,278,954</u> | | |

6. RELATED PARTY TRANSACTIONS

The Company has paid fees of \$76,800 (2011 - \$76,800) to companies in which Directors held an interest for management, administrative, accounting and technical services. These amounts are included in general and administration expenses and/or properties.

| | April 30, 2012 | | | April 30, 2011 | | |
|------------------------------------|------------------------------------|----------------------------------|-----------|------------------------------------|----------------------------------|------------|
| | Short-term employee benefits | Share based payments (iii) | Total | Short-term employee benefits | Share based payments (iii) | Total |
| Tristia Ventures Corp. (i) | \$ 48,000 | \$ - | \$ 48,000 | \$ 48,000 | \$ - | \$ 48,000 |
| Scimitar Ventures Corporation (ii) | \$ 28,800 | \$ - | \$ 28,800 | \$ 28,800 | \$ - | \$ 28,800 |
| Directors and other key management | \$ - | \$ - | \$ - | \$ - | \$ 133,000 | \$ 133,000 |

- (i) Tristia Ventures Corp. ("Tristia") is a private company controlled by Dr. Kieran Downes, President & CEO, and a director of the Company. Short-term employee benefits paid or payable to Tristia are included within exploration and development expenditures for the six months ended April 30, 2012 and April 30, 2011. Share based payments made in the six months ended April 30, 2011 were made to Dr. Downes in an individual capacity.

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6. RELATED PARTY TRANSACTIONS - continued

- (ii) Scimitar Ventures Corporation (“Scimitar”) is a private company controlled by Mr. Brian Cebryk, Chief Financial Officer, and a director of the Company. Short-term employee benefits paid or payable to Scimitar are included as management fees in the statement of net and comprehensive loss for the six months ended April 30, 2012 and April 30, 2011. Share based payments made in the six months ended April 30, 2011 were made to Mr. Cebryk in an individual capacity.
- (iii) The share based payments made in the six months ended April 30, 2011 reflect the Black Scholes value of the options granted in the period. There were no option grants in the six months ended April 30, 2012.

On March 29, 2012, the Company announced that it had negotiated an option to acquire a 100% interest in the Thelon project, which is located in Nunavut Territory from a director of the Company.

7. DETERMINATION OF FAIR VALUES

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- (a) Cash and cash equivalents, short-term investments, accounts receivable and accounts payable and accrued liabilities:

The fair value of cash and cash equivalents, short term investments, accounts receivable and accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At April 30, 2012 and October 31, 2011, the fair value of these balances approximated their carrying value due to their short term to maturity.

- (b) Stock options:

The fair value of employee stock options is measured using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds).

8. FINANCIAL RISK MANAGEMENT:

- (a) Overview:

The Company’s activities expose it to a variety of financial risks that arise as a result of its exploration, development, and financing activities such as credit risk, liquidity risk and market risk:

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8. FINANCIAL RISK MANAGEMENT - continued

The Board of Directors oversees managements' establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management guidelines. The Company's risk management guidelines are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at period-end is as follows:

| | April 30, 2012 | October 31, 2011 |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 130,165 | \$ 353,091 |
| Accounts receivable | 67,264 | 251,517 |
| Short-term investments | 1,486,298 | 1,679,061 |
| | <u>\$ 1,683,725</u> | <u>\$ 2,283,668</u> |

All of the Company's operations are conducted in Canada. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company limits its exposure to credit risk on cash and cash equivalents by only investing in liquid securities offered by Chartered Banks. Given the credit rating of the bank and the securities owned, management does not expect significant credit losses on cash and cash equivalents.

At April 30, 2012, the Company held two Guaranteed Investment Certificates ("GIC's") with a total value of \$1,486,298 (October 31, 2011 - \$1,679,061). The GIC's bear interest at 0.90% and mature on October 18, 2012 and November 24, 2012.

The Company's accounts receivable are as follows:

| | April 30, 2012 | October 31, 2011 |
|--------------------------------|------------------|-------------------|
| GST | \$ 21,462 | \$ 205,715 |
| Mineral Exploration Tax Credit | 45,802 | 45,802 |
| Total accounts receivable | <u>\$ 67,264</u> | <u>\$ 251,517</u> |

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8. FINANCIAL RISK MANAGEMENT – continued

(b) Credit risk - continued:

As at April 30, 2012 and October 31, 2011, the Company's accounts receivable are current (less than 90 days) with the exception of \$45,802 (October 31, 2011 - \$80,944) related to the Mineral Exploration Tax Credit receivable from the Government of British Columbia. The Company believes all outstanding balances are collectible and therefore there is no allowance for doubtful accounts at April 30, 2012 and October 31, 2011.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements and the growth and development of its mineral exploration and evaluation assets. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 9. Management has increased its focus on liquidity risk given the impact of the current economic and financial market climate on the availability of equity.

The Company's financial liabilities are comprised of accounts payable and accrued liabilities. The financial liabilities at April 30, 2012 are summarized below:

| | Carrying amount | Contractual cash flows | Less than one year | One to two years | Two to five years | More than five years |
|--------------------------------------|--------------------|---------------------------|--------------------------|------------------------|-------------------------|----------------------------|
| Non-derivative financial liabilities | | | | | | |
| Trade and other payables | \$ 49,062 | \$ - | \$ 49,062 | \$ - | \$ - | \$ - |
| | <u>\$ 49,062</u> | <u>\$ -</u> | <u>\$ 49,062</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(d) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company expects the fluctuation in finance income as a result of interest rate fluctuations to be minimal.

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8. FINANCIAL RISK MANAGEMENT – continued

(e) Commodity price risk:

The Company's ability to raise the capital required to fund exploration or development activities is subject to risk associated with the market price of gold and base metals and the outlook for these commodities.

9. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital is comprised of:

| | April 30, 2012 | April 30, 2011 |
|---------------------------------|-------------------|-------------------|
| <hr/> | | |
| Source / (use) of cash | | |
| Trade and other receivables | \$ 184,253 | \$ (118,726) |
| Deposits and prepaid expenses | (56,947) | 34,147 |
| Trade and other payables | (194,303) | 68,618 |
| | <hr/> \$ (66,996) | <hr/> \$ (15,961) |
| <hr/> | | |
| Related to operating activities | \$ (42,507) | \$ (57,263) |
| Related to investing activities | (24,489) | 41,302 |
| | <hr/> \$ (66,996) | <hr/> \$ (15,961) |
| <hr/> | | |

10. MANAGEMENT OF CAPITAL

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments to it in the light of changes in economic and financial market conditions. The Company considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Company may issue shares and adjust its spending to manage current and projected cash levels.

As the Company is in the exploration stage, it endeavors to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

The Company facilitates the management of capital through preparation of annual expenditure budgets and cash forecasts that are updated as necessary. There were no changes in the Company's approach to capital management during the period.

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11. FIRST TIME ADOPTION OF IFRS

Overview

As stated in Note 2, these are the Company's second condensed interim financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the period ended April 30, 2012, the comparative information present in these financial statements for the year ended October 31, 2011 and in the preparation of an opening IFRS statement of financial position at November 1, 2010.

The accounting policies described in Note 3 have been selected to be consistent with IFRS as it is expected to be effective on October 31, 2012, the Company's first annual IFRS reporting date.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, *First-Time Adoption of International Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exemptions to this retrospective application. The Company has applied the following elective exemptions to its opening IFRS statement of financial position dated November 1, 2010:

(i) Share based payments

The Company has elected under IFRS 1 to apply IFRS, 2 *Share-based Payments* only to equity instruments that were issued after incorporation and had not vested before November 1, 2010.

(ii) Business combinations

The Company has elected under IFRS 1 not to apply IFRS 3, *Business Combinations* retrospectively to any business combinations that may have occurred prior to November 1, 2010.

Estimates

The Company has applied the following mandatory exception to its opening statement of financial position dated November 1, 2010:

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of November 1, 2010 and October 31, 2011 and for the period ended April 30, 2011 are consistent with its Canadian GAAP estimates for the same date.

Reconciliation between Canadian GAAP and IFRS

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, operations and cash flow is set out in the following tables and notes.

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11. FIRST TIME ADOPTION OF IFRS - continued

The April 30, 2011 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

| ASSETS | Canadian GAAP | Adjustment | IFRS |
|---|---------------------|---------------------------|---------------------|
| Cash and cash equivalents | \$ 215,287 | - | \$ 215,287 |
| Accounts receivable | 175,077 | - | 175,077 |
| Exploration advances | 8,000 | - | 8,000 |
| Short term investments | 956,926 | - | 956,926 |
| Prepaid expenses | 8,753 | - | 8,753 |
| | <u>1,364,043</u> | - | <u>1,364,043</u> |
| DEFERRED INCOME TAX | - | - | - |
| MINERAL EXPLORATION AND EVALUATION | <u>5,180,154</u> | - | <u>5,180,154</u> |
| | <u>\$ 6,544,197</u> | - | <u>\$ 6,544,197</u> |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 162,966 | - | \$ 162,966 |
| Flow-through share premium | - | 2,012 (2) | 2,012 |
| | <u>\$ 162,966</u> | <u>\$ 2,012</u> | <u>\$ 164,978</u> |
| DEFERRED INCOME TAX | <u>205,171</u> | <u>47,692 (2)</u> | <u>252,863</u> |
| | <u>368,137</u> | <u>49,704</u> | <u>417,841</u> |
| CAPITAL STOCK | 6,976,739 | 282,384 (2) | 7,259,123 |
| CONTRIBUTED SURPLUS | 693,390 | 36,807 (1) | 730,197 |
| DEFICIT | <u>(1,494,069)</u> | <u>(368,895) (1), (2)</u> | <u>(1,862,964)</u> |
| | <u>6,176,060</u> | <u>(49,704)</u> | <u>6,126,356</u> |
| | <u>\$ 6,544,197</u> | <u>-</u> | <u>\$ 6,544,197</u> |

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(unaudited)

11. FIRST TIME ADOPTION OF IFRS - continued

The Canadian GAAP statement of net and comprehensive loss for the three months ended April 30, 2011 has been reconciled to IFRS as follows:

| | Canadian GAAP | Adjustment | IFRS |
|---|---------------------|----------------------|---------------------|
| Management fees | \$ 33,216 | \$ - | \$ 33,216 |
| General and administration | 8,926 | - | 8,926 |
| Interest | 846 | - | 846 |
| Professional fees | 19,921 | - | 19,921 |
| Public company costs | 40,574 | - | 40,574 |
| Share based compensation | 39,884 | (10,225) (1) | 29,659 |
| Travel and related | <u>1,877</u> | <u>-</u> | <u>1,877</u> |
| | <u>145,244</u> | <u>(10,225)</u> | <u>135,019</u> |
| LOSS BEFORE THE FOLLOWING | (145,244) | 10,225 | (135,019) |
| FINANCE INCOME | <u>3,473</u> | <u>-</u> | <u>3,473</u> |
| LOSS BEFORE INCOME TAXES | (141,771) | 10,225 | (131,546) |
| DEFERRED INCOME TAXES RECOVERY (EXPENS | <u>23,692</u> | <u>(215,099) (2)</u> | <u>(191,407)</u> |
| NET LOSS AND COMPREHENSIVE LOSS | <u>\$ (118,079)</u> | <u>\$ (204,874)</u> | <u>\$ (322,953)</u> |

TROYMET EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended April 30, 2012 and 2011
(unaudited)

11. FIRST TIME ADOPTION OF IFRS - continued

The Canadian GAAP statement of net and comprehensive loss for the six months ended April 30, 2011 has been reconciled to IFRS as follows:

| | Canadian GAAP | Adjustment | | IFRS |
|---|---------------------|---------------------|------------|---------------------|
| Management fees | \$ 76,869 | \$ - | | \$ 76,869 |
| General and administration | 20,394 | - | | 20,394 |
| Interest | 846 | - | | 846 |
| Professional fees | 43,190 | - | | 43,190 |
| Public company costs | 91,887 | - | | 91,887 |
| Share based compensation | 274,525 | 43,374 | (1) | 317,899 |
| Travel and related | 14,355 | - | | 14,355 |
| | <u>522,066</u> | <u>43,374</u> | | <u>565,440</u> |
| LOSS BEFORE THE FOLLOWING | (522,066) | (43,374) | | (565,440) |
| FINANCE INCOME | <u>6,925</u> | <u>-</u> | | <u>6,925</u> |
| LOSS BEFORE INCOME TAXES | (515,141) | (43,374) | | (558,515) |
| DEFERRED INCOME TAXES RECOVERY (EXPENS | <u>118,299</u> | <u>(332,089)</u> | (2) | <u>(213,790)</u> |
| NET LOSS AND COMPREHENSIVE LOSS | <u>\$ (396,842)</u> | <u>\$ (375,463)</u> | | <u>\$ (772,305)</u> |

TROYMET EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended April 30, 2012 and 2011
(unaudited)

11. FIRST TIME ADOPTION OF IFRS - continued

Cash Flows

There were no changes to the cash flows from operating, financing or investing activities for the three and six months ended April 30, 2011 as a result of the adoption of IFRS. Accordingly, no reconciliations have been presented.

Notes to the Reconciliations

(1) Share based compensation

Under IFRS, the fair value of share based awards with vesting terms issued in exchange for the receipt of goods and services from non-employees were recalculated on the dates the non-employees rendered services to the Company using the Black-Scholes option pricing model. Typically share based payments with non-employees are calculated using the fair value of the goods or services received. As no reasonable fair value could be determined for the services provided by the non-employees, an option pricing model was used.

Measuring the options on the dates the non-employees rendered services created differences in the fair value of the share based awards. As a result, the following adjustments were required on transition:

- For the three months ended April 30, 2011, share based compensation was decreased by \$10,225.
- For the six months ended April 30, 2011, share based compensation was increased by \$43,374. At April 30, 2011, the cumulative effect of the transition date difference and the difference for the six months then ended was an increase in contributed surplus of \$36,807 and a increase in deficit of \$36,807.

(2) Flow-through shares

Under Canadian GAAP the issuance of flow-through shares initially recorded in share capital at their issue price less the deferred tax liability related to the renounced expenditures. Under IFRS, flow-through shares are recognized based on the quoted price of existing shares on the issue date. The difference (“premium”) between the quoted price of Company’s shares and the amount paid by investors for the flow-through shares is recognized as a flow-through share related liability. The liability is reversed into the statement of net and comprehensive loss when the eligible expenditures are incurred. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense. There is no subsequent reduction to share capital under these new standards. Where flow-through shares were issued but expenditures not incurred by the end of the reporting period, a liability is shown in current liabilities as flow-share premium.

TROYMET EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended April 30, 2012 and 2011
(unaudited)

11. FIRST TIME ADOPTION OF IFRS - continued

As a result of the change in accounting policy under IFRS, the following adjustments were required on transition:

- During the six months ended April 30, 2011, flow-through shares were issued for proceeds of \$1,452,259.
 - Under Canadian GAAP, capital stock was increased by this amount and subsequently reduced by \$363,065 due to the deferred income tax liability on renouncement of expenditures. The deferred income tax liability was reduced at April 30, 2011 by deferred income tax assets, resulting in a deferred income tax recovery.
 - Under IFRS, capital stock was increased by \$1,371,578 and a liability of \$80,681 was recorded for the premium. The premium liability was reduced to \$2,012 at April 30, 2011 due to qualifying expenditures recorded in the period. These qualifying expenditures resulted in a deferred income tax liability which was subsequently reduced by recognizing deferred income tax assets.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) for the three and six months ended April 30, 2012 was prepared with information available up to June 18, 2012 and should be read in conjunction with the Company’s unaudited condensed interim financial statements and accompanying notes for the period ended April 30, 2012. The reader should also refer to the audited financial statements and the accompanying notes for the year ended October 31, 2011.

The financial information presented in this MD&A and referenced above are in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Our significant accounting policies are set out in Note 3 of the unaudited condensed interim financial statements of the Company, as at and for the period ended April 30, 2012.

Any scientific or technical information as described in National Instrument 43-101 disclosed in this Management Discussion and Analysis has been reviewed and approved by Dr. Kieran Downes, P.Geol, 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. (“Troymet” or 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, British Columbia and Nunavut.

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.

Outlook

Troymet’s Key project offers the potential for epithermal gold-silver, VMS and porphyry copper-molybdenum discoveries, and is strategically located between the Blackwater gold deposit (New Gold Inc.) and the 3Ts gold-silver deposit (Independence Gold Corp.). The Key project will be the Company’s primary focus in 2012. A fully funded \$1 million exploration and diamond drilling program commenced in June and will focus on seven principal anomalous zones identified in previous programs.

At the McClarty Lake project, a Joint Venture has been established with HudBay holding a 60% interest and Troymet holding a 40% interest. Troymet believes HudBay is the best partner to

explore and develop the McClarty Lake project, and their participation lends strong support to management's belief that McClarty Lake is a property of substantial merit with excellent discovery potential for a precious metal rich VMS deposit(s). Troymet anticipates a winter 2013 diamond drilling program on the HudBay joint venture claims as well as on its 100% owned claims.

The Golden Eagle property has the potential to host several deposit types, including bulk tonnage intrusion-related, high-grade gold-silver vein-hosted, and volcanogenic massive sulphide (VMS) deposits. Results to date from stream sediment sampling and diamond drilling support the hypothesis of a widespread mineralizing event on the property. Recent drilling on the Skarn zone has identified a new bulk tonnage gold target. Troymet is modelling the new and historical data in 3D to identify additional drill targets.

Troymet recently optioned the Thelon project, where five target areas prospective for high-grade uranium and rare earth mineralization have been identified. The Thelon project is a strategic acquisition given the current REE market and supply situation, and Troymet is seeking a partner to fund its exploration and development.

At April 30, 2012, the Company had net working capital of \$1,760,135 and is sufficiently financed to meet its operating needs and financial obligations for the foreseeable future.

International Financial Reporting Standards

The April 30, 2012 unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) and IFRS 1, First-Time Adoption of IFRS (“IFRS 1”). Subject to certain transition elections disclosed in Note 11 from the notes to the condensed interim financial statements for the three months ended April 30, 2012, we have consistently applied the same accounting policies in our opening IFRS balance sheet as at November 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 11 discloses the impact of the transition to IFRS on our reported balance sheet, comprehensive income, changes in equity and cash flows, including the nature and effect of significant changes in accounting policies from those used in our financial statements for the year ended October 31, 2011.

The Company’s conversion plan to transition from Canadian GAAP to IFRS consists of four phases:

- Phase 1 (Scoping and diagnostic) – Phase 1 of the Company’s IFRS approach was comprised of an initial general diagnostic of the Company’s accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS. This phase was completed in mid-fiscal 2010.
- Phase 2 (Impact, analysis, quantification and evaluation) – Involved a detailed assessment and technical analysis of each reporting difference identified in Phase 1. IFRS conversion adjustments were quantified, accounting policies and procedures were reviewed and updated, IT systems and software were assessed, training was conducted and outstanding business activities such as budgeting and compensation were assessed. Phase 2 commenced in Q3 2011.

- Phase 3 (Implementation phase) – This phase, was completed in February 2012 and includes the collection of financial information necessary to prepare financial statements for the Fiscal 2012 interim periods and the opening balance sheet as at November 1, 2010 in compliance with IFRS.
- Phase 4 (Monitoring phase) – This phase includes monitoring the changes to IFRS, monitoring the regulatory environment for the commentary on the future IFRS changes, commentary on financial reporting trends and analyzing the business plan of the Company to develop accounting policies, systems and internal controls for the evolution of the business.

Accounting Policies and Procedures

Based on the detailed assessment in Phase 2, a number of key accounting areas were identified where IFRS differs from Canadian GAAP. These key areas are explained below and separated into differences expecting to have a quantitative and qualitative difference and those expecting to have only qualitative differences. Impacts to the fiscal 2011 financial statements have been quantified where applicable.

Quantitative Impact

Management performed a detailed review of the Company's books and records in order to identify differences between GAAP and IFRS that affect the Company. The adjustments that were posted on the conversion of the Company's financial reporting to IFRS are disclosed in Note 11 to the unaudited condensed interim financial statements for the three months ended April 30, 2012.

Qualitative Impact

The following accounting policy differences are expected to impact the disclosures to the financial statements of the Company or the internal processes and procedures for financial reporting.

IFRS 1, First-time Adoption of IFRS

IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective applications of IFRS. The purpose of the options is to provide relief to companies and simplify the conversion process by not requiring them to recreate information that may not exist or may not have been collected at the inception of the transaction.

The Company has analyzed the exemptions available and has utilized the following elective exemptions:

Share-based payments

IFRS 1 does not require first-time adopters to apply IFRS 2 to equity instruments that were granted on or before November 7, 2002, or to equity instruments that were granted subsequent to incorporation and vested before the date of transition to IFRS. The Company has elected not to apply IFRS 2 to equity instruments that vested prior to November 1, 2010.

Business combinations

The Company has elected under IFRS 1 not to apply IFRS 3, Business Combinations retrospectively to any business combinations that may have occurred prior to November 1, 2010.

Business Activities

IFRS are globally expected to result in higher volatility to net earnings and other performance measures, which could lead to effects felt throughout the Company's business activities.

From management's review of the Company's business activities, the conversion to IFRS will not have a material effect. There are not compensation considerations, financial contracts or business contracts that are linked to GAAP based metrics. The expected quantitative impact of the conversion to IFRS will not affect how the Company does business on a day to day basis and will not impact the internal business practices for decision making.

Internal Controls and Disclosure Controls and Procedures over Financial Reporting

The Company has reviewed its internal controls and disclosure controls and procedures over financial reporting and has determined that the impact on IFRS is not going to materially alter how transactions are initiated, recorded, processed and reported.

Financial Expertise

The Company's accountant, senior management team and Directors have been appropriately trained based on the requirements of their respective roles. The Company has brought in outside consultants to help guide the transition and prepare the Company for future IFRS filings.

Information Technology

The Company's accounting information system comprises of accounting software, spreadsheets, databases and use of document processors. There were few numerical differences between Canadian GAAP and IFRS, limited resources in terms of accounting personnel and the complexity of the accounting information system is low. The accounting information system and size of the department is appropriate for the scale of the operation.

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

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS 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. Dr. Kieran Downes, P.Geo., President and Chief Executive Officer is the qualified person under NI 43-101 who has reviewed the scientific and technical disclosure provided below.

Key Project – Copper, Zinc and Gold

Troymet has a 100% interest in the 8,854 hectare Key property subject to certain royalties payable to third parties on certain claims. The property is road accessible and located 125 kilometres southwest of Vanderhoof, British Columbia.

Exploration on the Key project is targeting epithermal gold-silver deposits, precious metals-rich VMS deposits, and porphyry copper-molybdenum 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.

The Key property is strategically located between and adjacent to the Blackwater gold deposit (New Gold Inc.) and the 3Ts gold-silver deposit (Independence Gold Corp.). The Capoose silver deposit (New Gold Inc.) is located approximately 12 kilometres to the northwest. The Key property covers a number of geological sequences, all of which host important gold +/- silver mineralization at Blackwater, 3Ts and Capoose. Outcrop is sparse and limited to the peaks and ridges. As a consequence, soil geochemistry and geophysics are important exploration tools.

A helicopter-borne VTEM survey completed over the central portion of the Key property in 2008 delineated major north-trending fault systems that cut the property and may be related to the gold and silver mineralization at Blackwater. Four EM targets were identified as well as a number of intrusions that may have associated gold-silver or porphyry-style mineralization

In 2010, the Company conducted reconnaissance prospecting and sampling over the central project area, followed by line cutting, induced polarization (“IP”) and soil sampling over selective grid areas. In winter 2011, Troymet completed a 12 hole (1,576.8 m) reconnaissance drilling program, including five holes in the area of Good News Lake, four holes on the Crag Grid on the west side of the property, and three holes lost in broken rubbly ground or in thick overburden (see May 9, 2011 news release). This was the first drilling ever conducted on the property.

Of the four holes drilled on the Crag grid, two tested coincident IP/gold-in-soil/surface gold targets and two tested VTEM targets. The VTEM anomalies appear to be associated with fault/breccia zones in felsic to intermediate volcanics with local vein/disseminated pyrite. The IP/gold-in-soil/surface gold targets comprise silicified and pyritized (trace to 1%) felsic to intermediate volcanics. No significant values were returned from these holes.

Highly anomalous porphyry-style mineralization was intersected in the five widely-spaced holes in the area of Good News Lake. Individual holes carry copper or molybdenum +/- zinc, and locally weak to moderate silver and elevated to anomalous gold. The mineralization occurs in altered volcanics capping a multi-phase intrusive that is postulated to extend over a 4 to 5 kilometre areal extent. The magnetic signature includes a 1 kilometre diameter magnetic low that appears to be the focus of the porphyry mineralization.

The Company's 2011 soil sampling program completed coverage of the eastern half of the property, extending anomalous trends from the 2010 program and covering several important mineralized structures. Approximately 5,280 hectares of the Key project have now been reconnaissance sampled.

Troymet has currently identified eight large target areas with significant gold + silver + other element anomalies. Several trend towards the Blackwater property and one anomaly is on the property border. Four of the anomalies lie north of Good News Lake where 2011 drilling intersected anomalous porphyry style mineralization and a large hydrothermal system with high sulphide content. One of the anomalies encompasses an area with layered sphalerite mineralization in tuffs/sediments on Tsacha Mountain, approximately 2.5 kilometres north of Good News Lake, as well as two strong, undrilled VTEM anomalies.

The 2012 field program commenced in early June; delayed by a heavy snow pack in the area. Detailed infill sampling of previously identified gold-in-soil anomalies is in progress and will be followed by prospecting and induced polarization surveys over seven principal anomalous zones (see May 29, 2012 news release) to better define targets prior to drilling. These zones are primarily located on the eastern half of the property; Troymet also plans to complete soil sampling, prospecting and mapping over the western half this summer.

Troymet believes the Key project has significant discovery potential. Exploration on the Key project is at an early stage with expenditures small in comparison to other flanking projects where significant discoveries have been made.

Further information on the Key Project is available in a NI 43-101 technical report entitled "Technical Report, Key Property, British Columbia, Canada" by Scott Casselman, B.Sc., P.Geo., dated May 18, 2012 and filed on SEDAR (www.sedar.com) June 12, 2012.

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 subject to a 1% Net Smelter Royalty ("NSR") payable to a third party on certain claims.

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 White Gold (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-kilometre 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 (February 24, 2009 news release). 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.

Since 2009, the Company has focused attention on the north block of the Golden Eagle project ("North Prospect"), where 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 approximately 5 x 5 kilometre area. The mineralization is related to two major structures, the Ben Fault and the Paddy Fault, and to the underlying granite-related gold system. Both faults 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.

Reconnaissance diamond drilling in 2009 tested four previously un-drilled and widely-spaced targets located in the West Gully, LQ, and Stibnite zones (February 17, 2010 news release). Drill hole N0901 tested the West Gully zone, intersecting 0.11 g/t gold over 86.8 metres in variably sheared, silicified and chlorite-sericite altered felsic intrusive, suggesting there is a large, untested gold-bearing structure(s) in this area. Three holes drilled approximately 1,300 metres apart 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.

Diamond drilling in 2011 (6 holes; 867.2 metres) primarily focused on the West Gully zone, with 5 holes testing various IP targets +/- gold-in-stream sediment anomalies. Results are presented in the Company's February 16, 2012 News Release.

The 2011 program included one hole drilled on the Skarn zone, results of which have identified a new bulk tonnage gold target. Hole N11-06 intersected 36.45 metres grading 1.27 g/t gold in felsic volcanics. The upper portion of this gold intersection was also anomalous in silver, grading 4.05 g/t silver over 15.45 metres. The mineralization is associated with strong potassic alteration, carbonate alteration and silicification developed along the Paddy Fault. The mineralized zone is open southwards along the Paddy Fault towards the Catfish zone (approximately 2.5 kilometres) and at depth. The potential for a wide zone(s) of gold mineralization was not recognized in the past. Troymet is modelling the new data and historical data in 3D to identify additional drill targets. No field work was conducted on the project during the three month period ended April 30, 2011.

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) 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 ("HudBay"), owned subsidiary of Hudbay Minerals Inc. HudBay subsequently provided notification that it intended 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. As reported on June 6, 2011, Hudbay notified the Company that it has incurred the necessary expenditures on the two option claims to earn back a 20% interest and, that as a result, a Joint Venture is now established with HudBay holding a 60% interest and Troymet holding a 40% interest ("joint venture claims").

The McClarty Lake 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.

On the McClarty joint venture claims, 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 (“Discovery Zone”) discovered by Troymet in 2007, 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 HudBay’s Chisel Lake and Lalor Lake volcanogenic massive sulphide deposits of the Snow Lake area.

HudBay's 2011 winter program included a surface pulse electromagnetic survey (approximately 20 kilometres) over the Discovery zone and drilling of three holes (1,563 metres). HudBay hole MCC001, drilled on section with 2008 holes MC08-08, 10 and 11, intersected the mineralized zone approximately 150 metres below the intersection in hole MC08-10 at a vertical depth of approximately 300 metres. A wide zone of mineralization comprising a mix of massive, semi-massive and disseminated sulphide was intersected from 293.6 to 404.0 metres. The best intersection within this zone returned 15.63 m grading 1.03% Zn, 0.45% Cu and 0.22 g/t Au, including 3.05 m grading 3.58% Zn, 0.16% Cu and 0.25 g/t Au.

HudBay Holes MCC002 and MCC003 were drilled on section with hole MC08-09. These holes were drilled on the north side of an interpreted fault that offsets the mineralization, to test an off-hole geophysical anomaly. Neither hole intersected significant mineralization, although a wide zone of mineralized schist (1 to 7% disseminated pyrite with rare chalcopyrite) was intersected in MCC002 from 323.85 to 493.0 metres including an intersection of massive pyrite from 418.9 to 419.9 metres. Hole MCC003 also intersected a wide zone of mineralized schist (trace to 25% disseminated pyrite > pyrrhotite) from 365.5 to 549.6 metres, with massive to semi-massive pyrite intersected from 393.1 to 393.6 metres and 545.7 to 546.9 metres.

On its 100% owned claims, Troymet’s 2010-2011 programs focused on the Mac EM conductor, which lies on-trend and is approximately 1000 metres northeast of the Discovery zone. The conductor was originally identified by a VTEM helicopter-borne survey flown in 2008. A ground pulse electromagnetic (“PEM”) survey in 2010 over the area indicated a strong conductive response. In 2011, Troymet tested the Mac conductor with three holes (1,156 metres) over a 300-metre strike length. Drilling intersected altered volcanics and strongly sulphidized zones that host zinc and copper mineralization within xenolithic intrusives. Troymet believes the Mac conductor has identified the northern extension of the horizon that hosts the Discovery zone. The results indicate the presence of a +2,000 metre long stratigraphic horizon that carries base metal mineralization in the two locales where tested. The Company plans to conduct an additional PEM survey to better define and extend the MAC conductor prior to further drilling.

The identification of a productive, base metal mineralized horizon extending through Troymet's 100% owned claims significantly increases the possibility of a significant VMS discovery on the Company's 100% owned ground.

Troymet considers that the McClarty Lake is a property of substantial merit with excellent discovery potential for a precious metal rich VMS deposit(s). No work was conducted on the project during the three month period ended April 30, 2012. The Company anticipates a winter 2013 diamond drilling program on the HudBay joint venture claims as well as on its 100% owned claims.

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).

Thelon Project – Uranium and Rare Earth

Troymet holds an option to acquire a 100% interest in the 7,213 hectare Thelon project, located approximately 150 kilometres northwest of Baker Lake, Nunavut Territory. Under the terms of the option, Troymet will (i) pay \$5,000 on signing (paid) and on each anniversary date while the option is valid and in good standing; (ii) pay 2% of all exploration expenditures to the optionor until a production decision is reached; and (iii) maintain the leases in good standing (approximately \$27,700/year). The optionor will receive a 2% gross royalty on any production from the project properties. One half (½) of 1% of the royalty can be purchased for \$1 million at any time; one-third of the remaining royalty (½ of 1%) can be purchased for an additional \$2 million at any time.

The Thelon project is situated approximately 150 km west of Agnico Eagle's Meadowbank gold mine, 90 kilometres northwest of AREVA's pre-production stage Kiggavik uranium deposit and 100 kilometres south of Uranium North Resources' Amer Lake uranium deposit. The property covers five target areas prospective for high-grade uranium and rare earth mineralization, as identified by uraniferous boulder trains, anomalous rock geochemistry and anomalous lake sediment geochemistry. The uranium mineralization is similar to the high-grade "unconformity-type" mineralization currently being mined in the Athabasca area of Saskatchewan and the Kombolgie area of Australia.

Rare earth elements ("REE") at Thelon are associated with fluorapatite and phosphatic sandstone + uranium. Troymet analyzed six float samples from two of the five target areas at the ALS Minerals' Vancouver laboratory, confirming the presence of a full range of light and heavy REE in the samples tested. Troymet is primarily interested in the Thelon project for its REE potential; however, the property also contains a number of highly attractive uranium drill targets. The Thelon project is a strategic acquisition given the current REE market and supply situation, and Troymet is seeking a partner to fund its exploration and development.

Selected Annual Information

| Year Ended | Year Ended October 31, 2011 | Year Ended October 31, 2010 | Year Ended October 31, 2009 |
|---|--------------------------------|--------------------------------|--------------------------------|
| Operating Expenses | \$907,063 | \$631,717 | \$285,654 |
| Finance Income Interest | \$10,717 | \$1,050 | \$5,116 |
| Net Loss Per Share - Basic and Diluted | (\$1,188,074) (\$0.01) | (\$543,596) (\$0.01) | (\$213,422) (\$0.01) |
| Capital Expenditures | \$2,020,969 | \$207,040 | \$305,866 |
| Total Assets | \$8,138,057 | \$4,003,109 | \$3,744,514 |
| Total Liabilities | \$538,872 | \$94,345 | \$569,339 |

Results of Operations

In the three months ended April 30, 2012, Troymet realized a net loss of \$198,110 (2011 – \$322,950) after operating expenses of \$179,560 (2011 - \$135,020) for the period, finance income of \$3,310 (2011 - \$3,475), and a provision for deferred income tax expense of \$21,860 (2011 - \$191,410).

The operating expenses for the quarter included management fees of \$27,570 (2011 - \$33,220), general and administration expenses of \$10,175 (2011 - \$8,925), professional fees of \$57,360 (2011 - \$19,920), travel and related costs of \$6,195 (2011 - \$1,880) and public company costs of \$75,340 (2011 - \$40,575). Professional fees increased by \$37,440 from 2011 to 2012 primarily as a result of the transition to IFRS compliant financial statements. Public company costs increased by \$34,770 from 2011 to 2012 due to the increased effort to market and promote the Company's projects and opportunities.

The loss for the period includes a non-cash charge of \$2,045 (2011 - \$29,660) related to share based compensation.

In the six months ended April 30, 2012, Troymet realized a net loss of \$355,310 after operating expenses of \$316,110 (2011 - \$565,440) for the period, interest income of \$7,250 (2011 - \$6,925), and a provision for future income tax expense of \$46,450 (2011 - \$213,790). The \$355,310 loss compares to a loss of \$772,305 the previous year.

The operating expenses for the six month period included management fees of \$45,915 (2011 - \$76,870), general and administration expenses of \$20,960 (2011 - \$20,390), professional fees of \$94,085 (2011 - \$43,190), travel and related costs of \$9,495 (2011 - \$14,355) and public company costs of \$140,550 (2011 - \$91,890).

The loss for the six month period includes a non-cash charge of \$4,230 (2011 - \$317,900) related to share based compensation expenses. Net cash operating expenses in the six months ended April 30, 2012 of \$347,130 were approximately \$49,250 higher than the previous year.

During the six months ended April 30, 2012, Troymet incurred net capital expenditures of \$219,580 compared to \$1,427,290 expended in the previous period. These expenditures relate primarily to exploration and drilling programs in progress during the period at the Golden Eagle and Key projects.

Capital Expenditures

| | McClarty Lake | Golden Eagle | Key | Thelon | Total |
|---------------------------------------|------------------|-----------------|--------------|-----------|--------------|
| Balance, November 1, 2010 | \$ 1,236,793 | \$ 2,261,436 | \$ 177,635 | \$ - | \$ 3,675,864 |
| Additions during the period | | | | | |
| Acquisition Costs | - | - | 88,244 | - | 88,244 |
| Geophysics | 7,905 | 129,601 | 257,089 | - | 394,595 |
| Geochemistry / Assays | 2,890 | - | 363,185 | - | 366,075 |
| Drilling Costs | 272,846 | 275,685 | 657,251 | - | 1,205,782 |
| Geological | - | 385 | 59,389 | - | 59,774 |
| Camp Costs | 25,206 | - | - | - | 25,206 |
| Travel / Transport / Communication | - | 6,500 | 5,950 | - | 12,450 |
| Total Additions | 308,847 | 412,171 | 1,431,107 | - | 2,152,126 |
| Mineral Exploration Tax Credit (METC) | - | (1,160) | (44,993) | - | (46,153) |
| Balance, October 31, 2011 | \$ 1,545,640 | \$ 2,672,447 | \$ 1,563,749 | \$ - | \$ 5,781,837 |
| Additions During the Period | | | | | |
| Acquisition Costs | - | 22,908 | 17,726 | 33,774 | 74,409 |
| Geophysics | - | - | - | - | - |
| Geochemistry / Assays | - | 13,569 | 45,735 | - | 59,304 |
| Drilling Costs | 9,000 | 29,508 | 20,318 | - | 58,826 |
| Geological | 2,788 | 2,028 | 21,947 | - | 26,762 |
| Camp Costs | - | - | 25 | - | 25 |
| Travel / Transport / Communication | - | - | 249 | - | 249 |
| Total Additions | 11,788 | 68,013 | 106,002 | 33,774 | 219,575 |
| Mineral Exploration Tax Credit (METC) | - | - | - | - | - |
| Balance, April 30, 2012 | \$ 1,557,428 | \$ 2,740,460 | \$ 1,669,751 | \$ 33,774 | \$ 6,001,412 |

As shown in the balance sheet dated April 30, 2012, the Company's mineral exploration and evaluation balance was \$6,001,410 (October 31, 2011 - \$5,781,840), an increase of \$219,575. As outlined in the table above, the increase was related to exploration expenditures at McClarty Lake of \$11,790, expenditures of \$68,010 at Golden Eagle and \$106,000 spent at the Key property. In addition, the Company incurred \$33,775 in acquisition costs related to the Thelon property.

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 April 30, 2012, the Company had a working capital balance of approximately \$1,760,135 (October 31, 2011 - \$2,108,830). Of the current funds on hand, Troymet must incur qualifying expenditures in the amount of \$328,040 in order to meet its flow-through requirements. Troymet has sufficient working capital to meet this requirement.

Total net capital expenditures of \$219,575 that were incurred during the period ended April 30, 2012 were funded by cash on hand.

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 23, 2011, the Company closed a non-brokered private placement consisting of 268,465 common shares issued on a flow-through basis at a price of \$0.075 per flow-through share for gross proceeds of \$20,135 and 3,207,350 Units at a price of \$0.055 per Unit for gross proceeds of \$176,404. Each Unit consisted of one common share and one share purchase warrant (a "Warrant"). Each Warrant is exercisable into one common share for one year from the date of issuance at a price of \$0.15 per share. Total gross proceeds were \$196,539. A finder's fee of \$4,400 was paid to one finder. In addition, 80,000 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 one year from the date of issuance.

On January 11, 2012, 1.0 million options expired or unexercised. On January 21, 2012, a total of 3,600,000 share purchase warrants and 866,004 finder's warrants expired unexercised.

At April 30, 2012 and the date of this MD&A, the fully diluted number of common shares was 156,706,525 shares including 121,856,225 common shares issued and outstanding, 26,100,300 share purchase warrants, and 8,750,000 options.

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

| Period Ended | 30-Apr 2012 | 31-Oct 2011 | 31-Jul 2011 | 30-Apr 2011 | 31-Jan 2011 |
|---|----------------|----------------|----------------|----------------|----------------|
| Beginning Shares Outstanding (Basic) | 118,380,410 | 86,965,410 | 86,965,410 | 86,113,666 | 68,117,113 |
| Shares issued pursuant to Plan of Arrangement | 0 | 0 | 0 | 0 | 0 |
| Exercise of warrants / agent options | 0 | 0 | 0 | 851,744 | 3,786,000 |
| Option exercise | 0 | 0 | 0 | 0 | 75,000 |
| Common shares issued for property / debt | 0 | 0 | 0 | 0 | 350,000 |
| Common shares issued for cash | 3,207,350 | 17,710,000 | 0 | 0 | 5,717,500 |
| Flow-through shares issued for cash | 268,465 | 13,705,000 | 0 | 0 | 8,068,053 |
| Closing Shares Outstanding (Basic) | 121,856,225 | 118,380,410 | 86,965,410 | 86,965,410 | 86,113,666 |
| Beginning Share Purchase Warrants / Finders' Warrants | 27,278,954 | 7,159,754 | 7,159,754 | 8,011,498 | 8,024,000 |
| Plan of Arrangement Warrants / Agent Options | 0 | 0 | 0 | 0 | 0 |
| Share Purchase Warrants / Finders' Warrants Expired | (4,466,004) | 0 | 0 | 0 | 0 |
| Share Purchase Warrants / Finders' Warrants Exercised | 0 | 0 | 0 | (851,744) | (3,786,000) |
| Share Purchase Warrants / Finders' Warrants Issued | 3,287,350 | 20,119,200 | 0 | 0 | 3,773,498 |
| Closing Share Purchase Warrants | 26,100,300 | 27,278,954 | 7,159,754 | 7,159,754 | 8,011,498 |
| Beginning Stock Options | 9,750,000 | 6,750,000 | 6,750,000 | 6,750,000 | 5,375,000 |
| Stock Options Granted | 0 | 3,000,000 | 0 | 0 | 1,450,000 |
| Stock Options Expired | (1,000,000) | 0 | 0 | 0 | 0 |
| Stock Options Exercised | 0 | 0 | 0 | 0 | (75,000) |
| Closing Stock Options | 8,750,000 | 9,750,000 | 6,750,000 | 6,750,000 | 6,750,000 |
| Total Shares - Fully Diluted | 156,706,525 | 155,409,364 | 100,875,164 | 100,875,164 | 100,875,164 |
| Weighted Average Shares Outstanding | 120,844,037 | 92,592,755 | 86,088,410 | 85,396,264 | 82,380,420 |

Summary of Quarterly Results

A summary of quarterly results for fiscal 2012 and fiscal 2011 is provided in the table below.

| | QII 30-Apr-12 | QI 31-Jan-12 | QIV 31-Oct-11 | QIII 31-Jul-11 |
|-----------------------------|--------------------------------|-------------------------------|--------------------------------|---------------------------------|
| Operations | | | | |
| Interest Income | \$3,307 | \$3,944 | \$5,392 | \$1,873 |
| Net Loss | (\$198,109) | (\$157,197) | (\$580,988) | (\$157,735) |
| Per Share - Basic | (\$0.00) | (\$0.00) | (\$0.01) | (\$0.00) |
| Balance Sheet | | | | |
| Working Capital | \$1,760,134 | \$2,055,541 | \$2,108,829 | \$953,156 |
| Total Assets | \$7,814,634 | \$8,105,372 | \$8,138,057 | \$6,345,111 |
| Capital Expenditures | \$121,198 | \$98,380 | \$401,580 | \$192,099 |

| | QII 30-Apr-11 | QI 31-Jan-11 | QIV 31-Oct-10 | QIII 31-Jul-10 |
|-----------------------------|--------------------------------|-------------------------------|--------------------------------|---------------------------------|
| Operations | | | | |
| Interest Income | \$3,473 | \$3,452 | \$520 | \$478 |
| Net Loss | (\$322,953) | (\$449,351) | (\$153,512) | (\$65,545) |
| Per Share - Basic | (\$0.00) | (\$0.01) | \$0.00 | \$0.00 |
| Balance Sheet | | | | |
| Working Capital | \$1,201,079 | \$2,240,258 | \$231,712 | \$38,695 |
| Total Assets | \$6,544,196 | \$6,584,024 | \$4,003,109 | \$3,857,139 |
| Capital Expenditures | \$1,106,221 | \$398,068 | (\$21,215) | \$75,154 |

Transactions with Related Parties

During the period, the Company paid fees of \$76,800 (2011 - \$76,800) 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 / or properties.

| | April 30, 2012 | | | April 30, 2011 | | |
|---------------------------------------|------------------------------------|----------------------------------|-----------|------------------------------------|----------------------------------|------------|
| | Short-term employee benefits | Share based payments (iii) | Total | Short-term employee benefits | Share based payments (iii) | Total |
| Tristia Ventures Corp. (i) | \$ 48,000 | \$ - | \$ 48,000 | \$ 48,000 | \$ - | \$ 48,000 |
| Scimitar Ventures Corporation (ii) | \$ 28,800 | \$ - | \$ 28,800 | \$ 28,800 | \$ - | \$ 28,800 |
| Directors and other key management | \$ - | \$ - | \$ - | \$ - | \$ 133,000 | \$ 133,000 |

- (i) Tristia Ventures Corp. (“Tristia”) is a private company controlled by Dr. Kieran Downes, President & CEO, and a director of the Company. Short-term employee benefits paid or payable to Tristia are included within exploration and development expenditures for the six months ended April 30, 2012 and April 30, 2011. Share based payments made in the six months ended April 30, 2011 were made to Dr. Downes in an individual capacity.
- (ii) Scimitar Ventures Corporation (“Scimitar”) is a private company controlled by Mr. Brian Cebryk, Chief Financial Officer, and a director of the Company. Short-term employee benefits paid or payable to Scimitar are included as management fees in the statement of net and comprehensive loss for the six months ended April 30, 2012 and April 30, 2011. Share based payments made in the six months ended April 30, 2011 were made to Mr. Cebryk in an individual capacity.
- (iii) The share based payments made in the six months ended April 30, 2011 reflect the Black Scholes value of the options granted in the period. There were no option grants in the six months ended April 30, 2012.

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.

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 including Troymet's properties. 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.

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 April 30, 2012.

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 are now fully vested.

In recognition of the market conditions that prevailed in fiscal 2009 and 2010, the contract with Senergy was renegotiated on December 1, 2008 and the monthly fee was reduced to \$1,000 per month from \$8,500 per month. In September 2010, with the improved Company finances and the current and planned drilling activity, the contract with Senergy was extended by an additional one year and the monthly fee paid to Senergy was renegotiated and increased from \$1,000 per month to \$7,500 per month.

On November 22, 2010, the Company announced that it had granted 500,000 options to Senergy at an exercise price of \$0.21 per share. The options vest as to 25% of the options on each of the 3, 6, 9, and 12 month anniversaries of the date of the grant (fully vested 12 months from the date of issuance).

Subsequent Events

There are no subsequent events to report.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the three month period ended April 30, 2012.

Forward-Looking Statements

This MD&A 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. In particular, this MD&A contains forward looking information in respect of the size and timing of exploration programs by Troymet or its partners, the execution of a joint venture agreement between the Company and HudBay, the exploration potential of the various mineral projects of the Company and the ability of the Company to attract additional funds if required. 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. Certain assumptions can be found in the Company’s disclosure documents on SEDAR at www.sedar.com and 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, assumptions in respect of commodity prices, and future costs and expenses of the Company 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.

Other

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

TROYMET EXPLORATION CORP.

CORPORATE INFORMATION

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Share Listing

TSX Venture Exchange
Symbol: "TYE"