

**TROYMET EXPLORATION CORP.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED JULY 31, 2013  
(UNAUDITED)**

**EXPRESSED IN CANADIAN DOLLARS**

Notice to Reader

The accompanying unaudited condensed interim financial statements of Troymet Exploration Corp. for the three and nine months ended July 31, 2013 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 September 17, 2013

“Kieran Downes”

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Kieran Downes  
President and Chief Executive Officer

“Brian Cebryk”

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Brian Cebryk  
Chief Financial Officer

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

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	<b>July 31 2013</b>	<b>October 31 2012</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 70,512	\$ 110,562
Accounts receivable	192,007	325,847
Short term investments	-	400,229
Prepaid expenses	<u>5,304</u>	<u>24,828</u>
	<b>267,823</b>	<b>861,466</b>
<b>MINERAL EXPLORATION AND EVALUATION</b>		
<b>ASSETS (Note 4)</b>	<b>5,498,935</b>	<b>5,387,242</b>
<b>INVESTMENT IN MCCLARTY LAKE (Note 5)</b>	<u><b>1,564,328</b></u>	<u><b>1,557,428</b></u>
	<u><b>\$ 7,331,086</b></u>	<u><b>\$ 7,806,136</b></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITY</b>		
Accounts payable and accrued liabilities	<b>36,375</b>	276,015
<b>DEFERRED INCOME TAX</b>	<u><b>159,249</b></u>	<u>159,249</u>
	<u><b>195,624</b></u>	<u>435,264</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL (Note 6)</b>	<b>9,159,714</b>	9,159,714
<b>RESERVE (Note 7)</b>	<b>988,958</b>	991,181
<b>DEFICIT</b>	<u><b>(3,013,210)</b></u>	<u>(2,780,023)</u>
	<u><b>7,135,462</b></u>	<u>7,370,872</u>
	<u><b>\$ 7,331,086</b></u>	<u><b>\$ 7,806,136</b></u>

See accompanying notes to financial statements.

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

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	<b>3 Months</b>	3 Months	<b>9 Months</b>	9 Months
	<b>July 31</b>	July 31	<b>July 31</b>	July 31
	<b>2013</b>	2012	<b>2013</b>	2012
<b>EXPENSES</b>				
Management fees	\$ 39,000	\$ 17,340	\$ 80,640	\$ 63,255
General and administration	7,738	9,472	30,502	30,432
Interest expense	179	617	-	1,490
Professional fees	11,747	29,105	49,245	123,190
Public company costs	3,804	69,420	67,321	209,968
Share based compensation (recovery)	-	49,908	(2,223)	54,138
Travel and related costs	208	1,947	8,355	11,441
	<u>62,676</u>	<u>177,810</u>	<u>233,841</u>	<u>493,914</u>
<b>LOSS BEFORE FINANCE INCOME AND INCOME TAXES</b>	<b>(62,676)</b>	<b>(177,810)</b>	<b>(233,841)</b>	<b>(493,914)</b>
<b>FINANCE INCOME</b>	<u>-</u>	<u>3,141</u>	<u>654</u>	<u>10,392</u>
<b>LOSS BEFORE INCOME TAXES</b>	<b>(62,676)</b>	<b>(174,669)</b>	<b>(233,187)</b>	<b>(483,522)</b>
<b>DEFERRED INCOME TAX RECOVERY (EXPENSE)</b>	<u>-</u>	<u>(83,016)</u>	<u>-</u>	<u>(129,467)</u>
<b>NET AND COMPREHENSIVE LOSS</b>	<u>\$ (62,676)</u>	<u>\$ (257,685)</u>	<u>\$ (233,187)</u>	<u>\$ (612,989)</u>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<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 – Expressed in Canadian Dollars)**

**Equity Attributable to Common Shareholders**

	Number of common shares	Share capital	Reserve	Deficit	Total equity
Balance, October 31, 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	-	-	91,520	-	91,520
Loss for the year	-	-	-	612,989	(612,989)
<b>Balance, July 31, 2012</b>	<b>121,856,225</b>	<b>\$ 9,159,714</b>	<b>\$ 989,480</b>	<b>\$ 2,891,722</b>	<b>\$ 7,257,472</b>

Balance, October 31, 2012	121,856,225	\$ 9,159,714	\$ 991,181	\$ 2,780,023	\$ 7,370,872
Common shares issued for cash	-	-	-	-	-
Flow-through shares issued for cash	-	-	-	-	-
Share issue costs, net of tax effect	-	-	-	-	-
Share based compensation	-	-	(2,223)	-	2,223
Loss for the period	-	-	-	233,187	(233,187)
<b>Balance, July 31, 2013</b>	<b>121,856,225</b>	<b>\$ 9,159,714</b>	<b>\$ 988,958</b>	<b>\$ 3,013,210</b>	<b>\$ 7,135,462</b>

See accompanying notes to financial statements.

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

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	<b>9 Months July 31 2013</b>	<b>9 Months July 31 2012</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net and comprehensive loss	\$ (233,187)	\$ (612,989)
Items not affecting cash and cash equivalents		
Deferred income tax expense	-	129,467
Share based compensation (recovery)	(2,223)	54,138
Changes in non-cash working capital (Note 10)	<u>20,577</u>	<u>(16,315)</u>
	<u>(214,833)</u>	<u>(445,699)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Decrease (increase) in short term investments	400,228	639,625
Investment in mineral exploration and evaluation	(111,689)	(700,421)
Investment in McClarty Lake	(6,900)	-
Changes in non-cash working capital (Note 10)	<u>(106,856)</u>	<u>155,697</u>
	<u>174,782</u>	<u>94,901</u>
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		
Issuance of common shares	<u>-</u>	<u>179,756</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(40,049)</b>	<b>(171,042)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b><u>110,562</u></b>	<b><u>353,091</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b><u>\$ 70,512</u></b>	<b><u>\$ 182,049</u></b>
<b>Supplemental cash flow disclosure</b>		
<b>Interest paid</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Income taxes paid</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**TROYMET EXPLORATION CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**Three and Nine Months Ended July 31, 2013**  
**(Unaudited – Expressed in Canadian Dollars)**

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**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 by management in accordance with International Financial Reporting Standards ("IFRS") 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.

The Company's ability to continue as a going concern is dependent on accessing capital markets, or entering into collaborative agreements that would provide additional financing. The outcome of these matters is materially uncertain at this time.

Realization values may be substantially different from carrying values as shown and these financial statements do not include any adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

**2. BASIS OF PRESENTATION**

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The condensed interim financial statements of the Company should be read in conjunction with the Company's 2012 annual financial statements which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2012 annual financial statements.

Approval of the financial statements

The condensed interim financial statements of the Company for the three months and nine months ended July 31, 2013, were authorized for issue on September 17, 2013 by the Board of Directors of the Company.

**TROYMET EXPLORATION CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**2. BASIS OF PRESENTATION – continued**

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.

Significant accounting judgments, estimates and assumptions

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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the audited Financial Statements for the year ended October 31, 2012 except for income tax expense which is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

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, 2012 or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.



**TROYMET EXPLORATION CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

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.

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.

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

*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**

The McClarty Lake property is comprised of five contiguous mineral claims totaling 596 hectares. The Company owns 100% of three of the claims that were staked in 2000 and 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 had an option to acquire a 60% interest in two claims comprising 252 hectares. As consideration, the Company made option payments totaling \$125,000 to HBED. No further option payments are required.

The Company has fulfilled the expenditure requirements and completed the earn-in requirements of the option agreement by incurring \$800,000 of exploration expenditures on or before August 15, 2008. Pursuant to the option agreement, HBED incurred sufficient expenditures to earn back a 20% interest in the two claims covered by the option agreement by spending \$750,000 on exploration and development. This earn-back was completed in June 2011 and on July 30, 2012 an agreement was signed to jointly continue exploration on the property (see note 5).

**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**

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 July 31, 2013, expenditures incurred on mineral exploration and evaluation assets are as follows:

	<b>McClarty Lake</b>	<b>Golden Eagle</b>	<b>Key</b>	<b>Thelon</b>	<b>Total</b>
Balance, October 31, 2011	\$ 1,545,640	\$ 2,672,447	\$ 1,563,750	\$ -	\$ 5,781,837
Additions during the period					
Acquisition Costs	-	22,908	17,726	66,644	107,278
Geophysics	-	-	46,377	-	46,377
Geochemistry / Assays	-	13,569	439,406	-	452,975
Drilling Costs	9,000	38,774	570,895	-	618,669
Geological	2,788	14,067	32,212	-	49,067
Total Additions	11,788	89,318	1,106,616	66,644	1,274,366
Share Based Compensation	-	489	35,194	1,699	37,382
Transferred to Investment in McClarty Lake	(1,557,428)	-	-	-	(1,557,428)
Mineral Exploration Tax Credit	-	(1,039)	(188,376)	-	(189,415)
Exploration Advances					40,500
Balance, October 31, 2012	\$ -	\$ 2,761,215	\$ 2,517,184	\$ 68,343	\$ 5,387,242
Additions During the Period					
Acquisition Costs	-	-	-	27,908	27,908
Geophysics	-	-	4,697	-	4,697
Geochemistry / Assays	-	-	31,790	-	31,790
Drilling Costs	6,600	400	47,399	-	54,399
Geological	300	-	-	-	300
Total Additions	6,900	400	83,886	27,908	119,093
Share Based Compensation	-	-	-	-	-
Transferred to investment in McClarty Lake	(6,900)	-	-	-	(6,900)
Mineral Exploration Tax Credit	-	-	-	-	-
Exploration Advances					(500)
Balance, July 31, 2013	\$ -	\$ 2,761,615	\$ 2,601,071	\$ 96,251	\$ 5,498,935

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**5. INVESTMENT IN MCCLARTY LAKE**

On July 30, 2012, the Company signed an agreement with HBED for joint exploration of the McClarty Lake property. Both companies, having previously incurred expenditures on the McClarty Lake property, agreed to combine their interests and jointly explore the property going forward, with the Company incurring 40% of the expenditures and HBED incurring 60% of the expenditures. No new entity was created upon signing of the agreement. The Company's contribution to the McClarty Lake agreement was its exploration expenditures on the McClarty Lake property of \$1,557,428. Under terms of the agreement, HBED must contribute \$1,151,052 in joint venture expenditures before the Company is required to fund its participating interest.

All decisions regarding exploration of the property will be made by a management committee consisting of two appointees by each of the Company and HBED. Voting is based on the relative contributions by each company. Accordingly the Company has 40% of the voting power, while HBED has 60% of the voting power. Only very specific circumstances require the unanimous consent of the Company and HBED. Management believes that these circumstances are unlikely to occur. Based on the preceding, there is no joint control of the McClarty Lake property. Accordingly, the Company has applied the equity method in accounting for the McClarty Lake property from July 30, 2012 onwards as it has significant influence.

During the period ended July 31, 2013, the Company incurred additional expenditures of \$6,900 related to the investment in McClarty Lake. There was no profit or loss related to the investment in McClarty Lake for the period.

**6. SHARE CAPITAL**

**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 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.

The flow-through shares included a \$0.015 premium per share. Accordingly, of the \$20,135 raised on flow-through shares, \$16,108 was recorded as capital stock and \$4,027 was recorded as a flow-through share premium liability. The premium was reduced as qualifying expenditures

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**6. SHARE CAPITAL - continued**

were incurred, and as at October 31, 2012, no premium remained.

**c) Per Share Data**

Basic earnings per share are calculated based on the weighted average number of 121,856,225 (2012 – 121,183,896) shares outstanding during the period. The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share.

**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 October 31, 2011	9,750,000	\$ 0.12
Expired on January 11, 2012	(1,000,000)	\$ 0.10
Granted on July 9, 2012	1,450,000	\$ 0.10
Expired on September 19, 2012	(2,250,000)	\$ 0.10
Balance at October 31, 2012 and July 31, 2013	<u>7,950,000</u>	<u>\$ 0.12</u>

**Options Outstanding**

A summary of options outstanding at April 30, 2013 and October 31, 2012 is as follows:

	Number of Shares Under Option	Number of Options Exercisable	Exercise Price	Expiry Date
	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
	1,150,000	1,150,000	\$ 0.10	July 9, 2017
<b>Employee</b>	<u>5,775,000</u>	<u>5,775,000</u>		
	125,000	125,000	\$ 0.15	August 1, 2013
	750,000	750,000	\$ 0.21	November 22, 2015
	1,000,000	750,000	\$ 0.10	September 26, 2013
	300,000	300,000	\$ 0.10	July 9, 2014
<b>Consultants</b>	<u>2,175,000</u>	<u>1,925,000</u>		

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**Three and Nine Months Ended July 31, 2013**  
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**6. SHARE CAPITAL - continued**

Share based compensation

During the nine months ended July 31, 2013, the Company recognized a share based compensation recovery of \$2,223 on the vesting of options previously granted to non-employees. The recovery occurred as a result of the assumptions used in calculations made at the reporting date for options that had not vested. No options were granted during the nine months ended July 31, 2013.

During the nine months ended July 31, 2012, the Company recognized share based compensation expense of \$87,768. A total of \$50,386 was expensed, while \$37,382 was capitalized to mineral exploration and evaluation assets. Included in the \$87,768 recognized on the option grant was \$14,116 related to non-employee options. On July 9, 2012, the Company granted 1,450,000 stock options to management, directors and non-employees. The options, which had an exercise price of \$0.10 per share, vested immediately.

**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)	Finders' Warrants (5)	Total
Outstanding, October 31, 2011	3,600,000	2,693,750	17,710,000	-	3,275,204	27,278,954
Issued during the year	-	-	-	3,207,350	80,000	3,287,350
Exercised during the year	-	-	-	-	-	-
Expired, unexercised during the year	(3,600,000)	-	(17,710,000)	-	(3,275,204)	(24,585,204)
Outstanding, October 31, 2012	-	2,693,750	-	3,207,350	80,000	5,981,100
Issued during the period	-	-	-	-	-	-
Exercised during the period	-	-	-	-	-	-
Expired, unexercised during the period	-	(2,693,750)	-	(3,207,350)	(80,000)	(5,981,100)
Outstanding, July 31, 2013	-	-	-	-	-	-

(1) 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. During the year ended October 31, 2012, the remaining 3,600,000 share purchase warrants expired unexercised.

(2) Originally 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. During the period ended April 30, 2013, the remaining 2,693,750 share purchase warrants expired unexercised.

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**6. SHARE CAPITAL - continued**

- (3) 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 of the financing. During the year ended October 31, 2012, the 17,710,000 share purchase warrants expired unexercised.
- (4) 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 of the financing. During the period ended April 30, 2013, the 3,207,350 share purchase warrants expired unexercised.
- (5) A total of 3,323,948 finder's warrants were issued in fiscal 2011. Of the finder's warrants issued, 914,748 were in conjunction with a non-brokered private placement completed by the Company on November 1, 2010 and November 10, 2010 and 2,409,200 were in conjunction with a non-brokered private placement completed by the Company on August 19, 2011.

The finder's warrants issued in November 2010 entitle 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. A total of 48,744 finder's warrants were previously exercised. During the year ended October 31, 2012, 866,004 finder's warrants from this financing expired unexercised.

The finder's warrants issued in August 2011 entitle 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. During the year ended October 31, 2012, 2,409,200 finder's warrants from this financing expired unexercised.

A total of 80,000 finder's warrants were issued conjunction with a non-brokered private placement completed by the Company on December 23, 2011. Entitles the holder, at their election, to acquire 80,000 common shares of the Company at \$0.055 per share until December 23, 2012. During the period ended April 30, 2013, the 80,000 finder's warrants from this financing expired unexercised.

At July 31, 2013, there are no share purchase warrants outstanding.

A summary of share purchase warrants outstanding at October 31, 2012 is as follows:

Warrants Outstanding	Exercise Price	Expiry Date
2,618,750	\$ 0.350	November 1, 2012
75,000	\$ 0.350	November 10, 2012
3,207,350	\$ 0.150	December 23, 2012
80,000	\$ 0.055	December 23, 2012
5,981,100		

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**7. RESERVE**

The share-based payment reserve records stock options recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. Upon cancellation, expiry or forfeiture, the amount is transferred to deficit.

**8. RELATED PARTY TRANSACTIONS**

Under terms of the Thelon option agreement, which was signed on March 29, 2012 with a director of the Company, the Company is required to make a \$5,000 payment on the anniversary date of the option agreement. This amount was paid during the period.

The Company has incurred fees of \$120,000 (2012 - \$120,000) to companies in which Directors held an interest for management, administrative, accounting and technical services. Of this amount, \$99,000 (2012 - \$120,000) is included in general and administration expenses and/or properties \$21,000 (2012 - \$NIL) is included in accounts payable and current liabilities at July 31, 2013.

	July 31, 2013			July 31, 2012		
	Short-term employee benefits	Share based payments (iii)	Total	Short-term employee benefits	Share based payments (iii)	Total
Tristia Ventures Corp. (i)	\$ 72,000	\$ -	\$ 72,000	\$ 72,000	\$ 19,214	\$ 91,214
Scimitar Ventures Corporation (ii)	\$ 43,200	\$ -	\$ 43,200	\$ 43,200	\$ 19,214	\$ 62,414
Directors and other key management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(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 or as management fees for the nine months ended July 31, 2013 and July 31, 2012.

(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 nine months ended July 31, 2013 and July 31, 2012.



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**9. 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.

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:

	July 31, 2013	October 31, 2012
Cash and cash equivalents	\$ 70,512	\$ 110,562
Accounts receivable	192,007	325,847
Short-term investments	-	400,229
	<u>\$ 262,519</u>	<u>\$ 836,638</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 July 31, 2013, the Company held a Guaranteed Investment Certificate ("GIC") with a total value of \$NIL (October 31, 2012 - \$400,229).

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**9. FINANCIAL RISK MANAGEMENT – continued**

The Company's accounts receivable are as follows:

	July 31, 2013	October 31, 2012
GST	\$ 2,592	\$ 136,432
Mineral Exploration Tax Credit	189,415	189,415
<b>Total accounts receivable</b>	<b>\$ 192,007</b>	<b>\$ 325,847</b>

As at July 31, 2013, the Company's accounts receivable are current (less than 90 days) with the exception of \$189,415 related to the Mineral Exploration Tax Credit receivable from the Government of British Columbia.

As at October 31, 2012, the Company's accounts receivable are current (less than 90 days) with the exception of \$62,548 related to the GST ITC receivable from the Government of Canada.

The Company believes all outstanding balances are collectible and therefore there is no allowance for doubtful accounts at July 31, 2013 and October 31, 2012.

(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 12. 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 July 31, 2013 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	\$ 36,375	\$ -	\$ 36,375	\$ -	\$ -	\$ -
	<b>\$ 36,375</b>	<b>\$ -</b>	<b>\$ 36,375</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**9. FINANCIAL RISK MANAGEMENT – continued**

(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.

(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.

(f) 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.

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

	July 31, 2013	July 31, 2012
Source / (use) of cash		
Accounts receivable	\$ 133,839	\$ 121,723
Advances and prepaid expenses	19,523	(23,365)
Accounts payable	(239,641)	41,024
	\$ (86,279)	\$ 139,382
Related to operating activities	\$ 20,577	\$ (16,315)
Related to investing activities	(106,856)	155,697
	\$ (86,279)	\$ 139,382

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**11. 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.

**12. SEGMENTED INFORMATION**

The Company currently operates in a single reportable operating segment, mineral exploration and development, and all of its operations are in Canada.

**13. SUBSEQUENT EVENT**

On August 20, 2013, the Company announced that it intends to complete a non-brokered private placement for aggregate gross proceeds of up to \$885,600 consisting of 88,560,000 Units of the Company at a price of \$0.01 per Unit with each Unit comprised of one common share and one-third of one common share purchase warrant. Each full common share purchase warrant is exercisable for one year from closing into one common share at \$0.05 per share and \$0.10 per share in the second and third year from closing. A finder's fee of up to 8% of the gross proceeds of the private placement may be paid in cash or common shares.

## MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) for the three months and nine months ended July 31, 2013 was prepared with information available up to September 11, 2013 and should be read in conjunction with the Company’s unaudited condensed interim financial statements and accompanying notes for the period ended July 31, 2013. The reader should also refer to the audited financial statements and the accompanying notes for the year ended October 31, 2012.

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 audited financial statements of the Company, as at and for the year ended October 31, 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, uranium, 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 Nunuvut.

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 significant discovery potential for epithermal gold-silver, VMS and porphyry copper-molybdenum deposits. It is strategically located between the Blackwater gold deposit (New Gold Inc.) and the 3Ts gold-silver deposit (Independence Gold Corp.). The Key project is currently the Company’s primary focus. Subject to financing, drilling in 2013 is planned to test several priority targets that were not accessible due to active logging in fall 2012.

At the McClarty Lake project, a joint venture agreement has been established with Hudbay Minerals Inc. (“Hudbay”) holding a 60% interest and Troymet holding a 40% interest. Under the terms of the agreement, Hudbay must contribute \$1,076,051 in joint venture expenditures before Troymet is required to fund its participating interest. Troymet believes Hudbay is the best partner to

explore and develop the 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). Hudbay drilled a single hole in winter 2013 to test for the down dip and southward strike continuation of the Discovery Zone volcanic massive sulphide (VMS) mineralization discovered by Troymet in 2007. The hole intersected 52 metres of 5-25% pyrite + phyrrotite mineralization.

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, and a new bulk tonnage gold target has been identified on the Skarn zone. Subject to financing, drilling in 2014 is planned to test several priority targets.

The Thelon property covers five target areas prospective for high-grade uranium and rare earth mineralization. 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 July 31, 2013, the Company had net working capital of \$231,448. Future exploration programs on Troymet's projects will require additional financing. The junior mining sector has faced difficult market conditions for an extended period of time; however, the Company is confident it will be able to engage in financing opportunities to accommodate exploration programs in the upcoming field season. However, in the event that Troymet is unsuccessful in raising sufficient equity on reasonable terms, exploration programs will be delayed until such times that equity markets improve. With the cost cutting that management implemented in the first quarter and the working capital on hand, the Company has sufficient capital to operate on a "bare-bones" approach for the foreseeable future.

### **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 – Gold, Copper and Zinc**

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 reconnaissance soil sampling program completed coverage of the eastern half of the property. Eight large target areas were identified 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 VTEM anomalies.

The 2012 field program consisted of detailed infill sampling of previously identified gold-in-soil anomalies and prospecting and over seven principal anomalous zones. IP surveys totaling 9.6 kilometres were conducted over the SGN, Blue, Moly, Tsacha, VF and Eye target areas. The strongest association of gold-in-soil and IP anomalies was identified at the Buzz, SGN and Blue

targets. The P1A target is a coincident gold-in-soil anomaly and VTEM anomaly on the north side of a strong IP anomaly.

A reverse-circulation (RC) drill program was completed in November 2012 and consisted of 16 holes totaling 867 metres. Drilling tested gold-in-soil anomalies +/- coincident induced polarization anomalies in the Buzz (10 holes), SGN (2 holes), P1A (2 holes) and Blue (2 holes) target areas. Active logging restricted access to certain other drill targets in the SGN, Blue and Moly zones. Full results are presented in the Company's January 14, 2013 news release. See also NI 43-101 technical report by Casselman referenced below.

### Buzz Anomaly

The Buzz gold-in-soil anomaly occurs on a rugged NW-trending ridge along the GN Fault in an area of generally shallow overburden cover. The anomaly occurs within an area approximately 1,400 metres long and ranging in width from 600 to 900 metres. There are three parts to the anomaly:

- Buzz A: ~ 1,300 metres long and 200 metres wide.
- Buzz B: ~ 500 metres long and 200 metres wide; it flanks the Buzz A to the northwest.
- Buzz C: ~ 350 metres long and 250 metres wide; it flanks the Buzz A to the southwest.

The drill program tested for bedrock gold mineralization under and adjacent to high gold-in-soil anomalies. Holes RC-08, RC-09 and RC-10, drilled on a ~125 metre long east-west section through the Buzz B, intersected bedrock gold-silver mineralization (best value of 0.38 g/t gold over 13.71 metres including 2.74 g/t gold over 1.52 metres in RC-10). The mineralization occurs within the peak of the Buzz B anomaly and is open to the north, south, east and to depth. Holes RC-09 and RC-10 were drilled heel to toe. The mineralization in both holes starts immediately in the sub-crop indicating the Buzz B gold-in-soil anomaly is reflecting bedrock gold mineralization.

Hole RC-03 and RC-04 (Buzz C) were drilled as 25 metre step outs, north and south respectively, of the silver intersection in 2011 drill hole, Key-09 (11.13 g/t silver, 0.23% zinc and 0.05 g/t gold over 5.0 metres). Hole RC-04 intersected two sections with anomalous silver.

Holes RC-05, RC-06 and RC-07 (Buzz C) were drilled on a ~110 metre long east-west section to the west of hole Key-09. Hole RC-05 intersected two intervals with anomalous silver and is anomalous throughout in zinc.

Holes RC-11 and RC-14 (Buzz A) were drilled to test a peak gold-in-soil anomaly of 0.34 g/t gold. RC-14 intersected several intervals of significantly anomalous molybdenum that correlate well with the molybdenum intersections in 2011 drill hole, Key-07, ~200 metres to the south. RC-11 also intersected anomalous but lower molybdenum and copper values.

The multi-element soil anomalies at Buzz appear to be mapping bedrock mineralization and important drill targets remain to be drill tested.

### SGN Anomaly

The SGN gold-in-soil anomaly extends south from Good News Lake for approximately 2,000 metres. The anomaly ranges in width from ~380 metres in the north to ~ 200 metres in the south. Induced polarization survey lines were completed at three locations to position the anomaly for drill



testing. Line 1 was surveyed at the northern limit of the anomaly at Good News Lake and Lines 2 and 3 were surveyed further south. The data indicates an east dipping structure. The shape of the soil anomaly appears to be a product of a glacial transport direction from the southwest intersecting an east dipping, north to northwest trending structure.

The induced polarization survey on Line 1 indicated a coincident strong chargeability and resistivity anomaly, approximately 550 metres wide, just north of peak gold-in-soil values of 0.42 g/t and 0.14 g/t gold. Holes RC-15 and RC-16 were collared ~190 metres apart and drilled westerly to test the anomaly. Hole RC-15 intersected variably bleached and altered andesitic volcanics carrying disseminated pyrite (trace to >5%) and disseminated and net textured magnetite (trace to 2%) from surface to 62.48 metres. The hole cut two intervals of anomalous gold +/- silver. Hole RC-16 intersected quartz veining, silicification and hematization in bleached and pyritic (trace to 2%) andesitic volcanics from 9.14 metres to the end of the hole at 70.10 metres. The interval 10.67 to 45.72 metres contains anomalous gold values. The interval 22.86 to 45.72 metres also carries anomalous silver values.

The two holes were not drilled in the best part of the anomaly which is between 300 – 400 metres to the south. Here, peak gold-in-soil values are 0.25 to 0.50 g/t, and there is gold (0.22 g/t), silver (14.3 g/t) and tungsten (260 ppm) in a surface sample.

#### Blue Anomaly

The Blue anomaly comprises a trend of gold-in-soils that initially trends to the north and then arcs to the northeast across the East Fault. This orientation approximates the orientation of the Blackwater gold deposit. Currently, no controlling structure is recognized.

Hole RC-01 was drilled to test a coincident chargeability high and a copper- and gold-in-soil anomaly. It intersected 1.34 g/t silver and 0.12% copper over 23.17 metres in hornfelsed and sulphidized felsic to mafic volcanics, locally displaying quartz veinlets and trace disseminated chalcopyrite. RC-02 was collared ~ 500 metres north of RC-01 to test a gold-in-soil anomaly on the East Fault. It intersected a narrow interval of anomalous gold starting at 4.57 metres in pyritic micro-diorite.

#### P1A Anomaly

The P1A VTEM anomaly is located on the GN Fault in an area of rugged topography. Holes RC-12 and RC-13 intersected andesitic volcanics carrying disseminated and veinlet controlled minor magnetite and pyrrhotite as well as trace pyrite. Both holes intersected anomalous zinc but no anomalous gold or silver values.

No field work was conducted on the project during the three month period ended April 30, 2013. Active logging through March/April 2013 has opened up considerable access to various areas of the property that were not accessible during the fall 2012 drill program. Troymet believes the Key project has significant discovery potential. Exploration on the Key project is still 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](http://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. Modelling of the new historical data in 3D has identified additional drill targets.

No field work was conducted on the project during the three month period ended April 30, 2013.

Further information on the Golden Eagle Project is available in a NI 43-101 technical report entitled “Technical Report, Golden Eagle Property, Atlin Mining Division, British Columbia” by J. Michael Wark, P.Geol., dated May 30, 2012 and filed on SEDAR ([www.sedar.com](http://www.sedar.com)) July 10, 2012.

### **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”), a 100% owned subsidiary of Hudbay Minerals Inc. In 2011, Hudbay completed expenditures to earn back a 20% interest and a joint venture was established with Hudbay holding a 60% interest and Troymet holding a 40% interest on the two claims (“joint venture claims”).

A formal joint venture agreement was signed in August 2012. Under the terms of the agreement, Hudbay must contribute \$1,076,051 in joint venture expenditures before Troymet is required to fund its participating interest. Thereafter, Hudbay and Troymet will share all future exploration and development expenditures pro-rata based on their participating interests. Hudbay is the project operator.

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.

Hudbay drilled a single hole in winter 2013 to test for the down dip and southward strike continuation of the Discovery Zone volcanic massive sulphide (VMS) mineralization discovered by Troymet in 2007. Drilling commenced on February 27, 2013 and was shut down on March 7, 2013 at 437 metres depth due to concerns of unsafe ice conditions. A borehole electromagnetic (EM) survey was completed upon shutdown.

Sulphide bearing biotite-quartz-garnet-amphibole-kyanite-cordierite-sericite gneisses and schists were intersected from 280 to 437 metres down hole. The main sulphide mineralization, consisting of predominantly pyrite (5-25%) and minor pyrrhotite, was intersected over a 52 metre interval from 346 to 398 metres down hole. A second 5 metre interval with 3-5% pyrite and minor pyrrhotite was intersected from 423 to 428 metres down hole. No significant occurrences of sphalerite (zinc sulphide) and chalcopyrite (copper sulphide) were reported by HudBay.

Interpretation and modelling of the borehole EM data revealed two off hole responses, one of which is interpreted to represent the zinc and copper bearing (Discovery Zone) mineralization intersected in Troymet's 2007-2008 drilling, the other anomaly to represent the pyrite-pyrrhotite mineralization intersected in 2011 Hudbay holes, MCC001/MCC002/MCC003.

There were no significant copper, lead, zinc, gold or silver values in the samples assayed by Hudbay (see June 14, 2013 news release).

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](http://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.

No work was conducted on the project during the three month period ended April 30, 2013. 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, 2012	Year Ended October 31, 2011	Year Ended October 31, 2010
Operating Expenses	\$646,287	\$907,063	\$631,717
Other Income Interest	\$12,990	\$10,717	\$1,050
Net Loss Per Share - Basic and Diluted	\$501,290 \$0.00	\$896,346 (\$0.01)	(\$543,596) (\$0.01)
Capital Expenditures	\$1,084,951	\$2,020,969	\$207,040
Total Assets	\$7,806,136	\$8,138,057	\$4,003,109
Total Liabilities	\$435,264	\$538,872	\$94,345

## Results of Operations

In the three months ended July 31, 2013, Troymet realized a net and comprehensive loss of \$62,676 (2012 – \$257,685) after expenses of \$62,676 (2012 - \$177,810) for the period, finance income of \$nil (2012 - \$3,141), and deferred income tax expense of \$nil (2012 - \$83,016).

The expenses for the quarter included management fees of \$39,000 (2012 - \$17,340), general and administration expenses of \$7,738 (2012 - \$9,472), professional fees of \$11,747 (2012 - \$29,105), travel and related costs of \$207 (2012 - \$1,947) and public company costs of \$3,804 (2012 - \$69,420). As outlined in Note 8 of the condensed interim financial statements dated for the three and nine months ended July 31, 2013 and below on page 13, it should be noted that total management fees were the same in 2013 and 2012. In 2012, more of the management fees were capitalized to various exploration projects in conjunction with the Company's 2012 exploration efforts.

As a result of cost savings implemented by the Company in the first quarter and because consulting services related to the Company's transition to IFRS compliant financial statements was no longer required, professional fees decreased by \$17,358 from 2012 to 2013. Public company costs decreased by \$65,616 from 2012 to 2013 as a result of cost savings efforts and more direct marketing and promotion of the Company's projects and opportunities.

The net and comprehensive loss for the three months ended July 31, 2013 includes a non-cash recovery of \$nil (2012 - expense of \$49,908) related to share based compensation. No options were granted during the three months ended July 31, 2013. On July 9, 2012, the Company granted 1,450,000 stock options to management, directors and non-employees. These options, which have an exercise price of \$0.10 per share, vested immediately on the grant date.

In the nine months ended July 31, 2013, Troymet realized a net and comprehensive loss of \$233,187 versus a loss of \$612,989 in 2012. This loss was incurred after expenses of \$233,841 (2012 - \$493,914) for the period, finance income of \$654 (2012 - \$10,392), and deferred income tax expense of \$nil (2012 - \$129,467).

The expenses for the period included management fees of \$80,640 (2012 - \$63,255), general and administration expenses of \$30,502 (2012 - \$30,432), professional fees of \$49,245 (2012 - \$123,190), travel and related costs of \$8,355 (2012 - \$11,441) and public company costs of \$67,321 (2012 - \$209,968). As a result of cost savings implemented by the Company in the first quarter and because consulting services related to the Company's transition to IFRS compliant financial statements was no longer required, professional fees decreased by \$73,945 or 60% from 2012 to 2013. Public company costs decreased by \$142,647 or 68% from 2012 to 2013 as a result of cost savings efforts related to the promotion and marketing of the Company's projects.

The net and comprehensive loss for the nine months ended July 31, 2013 includes a non-cash recovery of \$2,223 (2012 - expense of \$54,138) related to share based compensation. The recovery occurred as a result of the assumptions used in calculations made at the reporting date for options that had not vested. No options were granted during the nine months ended July 31, 2013. On July 9, 2012, the Company granted 1,450,000 stock options to management, directors and non-employees. These options, which have an exercise price of \$0.10 per share, vested immediately on the grant date.

During the nine months ended July 31, 2013, Troymet invested \$118,589 in mineral exploration and evaluation assets compared to \$700,421 expended in 2012. As shown in the table below, these expenditures relate primarily to exploration and drilling programs in progress during the period at the Key project.

## Capital Expenditures

	McClarty Lake	Golden Eagle	Key	Thelon	Total
Balance, October 31, 2011	\$ 1,545,640	\$ 2,672,447	\$ 1,563,750	\$ -	\$ 5,781,837
Additions during the period					
Acquisition Costs	-	22,908	17,726	66,644	107,278
Geophysics	-	-	46,377	-	46,377
Geochemistry / Assays	-	13,569	439,406	-	452,975
Drilling Costs	9,000	38,774	570,895	-	618,669
Geological	2,788	14,067	32,212	-	49,067
Total Additions	11,788	89,318	1,106,616	66,644	1,274,366
Share Based Compensation	-	489	35,194	1,699	37,382
Transferred to Investment in McClarty Lake	(1,557,428)	-	-	-	(1,557,428)
Mineral Exploration Tax Credit	-	(1,039)	(188,376)	-	(189,415)
Exploration Advances					40,500
Balance, October 31, 2012	\$ -	\$ 2,761,215	\$ 2,517,184	\$ 68,343	\$ 5,387,242
Additions During the Period					
Acquisition Costs	-	-	-	27,908	27,908
Geophysics	-	-	4,697	-	4,697
Geochemistry / Assays	-	-	31,790	-	31,790
Drilling Costs	6,600	400	47,399	-	54,399
Geological	300	-	-	-	300
Total Additions	6,900	400	83,886	27,908	119,093
Share Based Compensation	-	-	-	-	-
Transferred to investment in McClarty Lake	(6,900)	-	-	-	(6,900)
Mineral Exploration Tax Credit	-	-	-	-	-
Exploration Advances					(500)
Balance, July 31, 2013	\$ -	\$ 2,761,615	\$ 2,601,071	\$ 96,251	\$ 5,498,935

As shown in the Statement of Financial Position dated July 31, 2013, the Company's long term assets consist of mineral exploration and evaluation assets totaling \$5,498,935 and the McClarty Lake investment of \$1,564,328 for a total of \$7,063,263 (October 31, 2012 - \$6,944,670), a net increase of \$118,593. As outlined in the table above, the increase in mineral exploration and evaluation assets was related to the Company's investment of \$83,886 at the Key property, \$400 at Golden Eagle and \$27,908 at Thelon. In addition, the Company incurred \$6,900 in exploration costs on the McClarty Lake investment.

## 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 July 31, 2013, the Company had a working capital balance of approximately \$231,448 (October 31, 2012 - \$625,951).

Total net investment in exploration and evaluation assets of \$118,589 that was incurred during the period ended July 31, 2013 was 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 November 1, 2012, 2,618,750 share purchase warrants expired unexercised. On November 10, 2012, 75,000 share purchase warrants expired unexercised. On December 23, 2012, 3,207,350 share purchase warrants and 80,000 finder's warrants expired unexercised. On August 1, 2013, 125,000 options issued to consultants expired unexercised.

At the date of this MD&A, the fully diluted number of common shares was 129,681,225 shares including 121,856,225 common shares issued and outstanding and 7,825,000 options.

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

Period Ended	Report Date	31-Jul 2013	30-Apr 2013	31-Jan 2013	31-Oct 2012
Beginning Shares Outstanding (Basic)	121,856,225	121,856,225	121,856,225	121,856,225	121,856,225
Shares issued pursuant to Plan of Arrangement	0	0	0	0	0
Exercise of warrants / agent options	0	0	0	0	0
Option exercise	0	0	0	0	0
Common shares issued for property / debt	0	0	0	0	0
Common shares issued for cash	0	0	0	0	0
Flow-through shares issued for cash	0	0	0	0	0
Closing Shares Outstanding (Basic)	121,856,225	121,856,225	121,856,225	121,856,225	121,856,225
Beginning Share Purchase Warrants / Finders' Warrants	0	0	0	5,981,100	5,981,100
Plan of Arrangement Warrants / Agent Options	0	0	0	0	0
Share Purchase Warrants / Finders' Warrants Expired	0	0	0	(5,981,100)	0
Share Purchase Warrants / Finders' Warrants Exercised	0	0	0	0	0
Share Purchase Warrants / Finders' Warrants Issued	0	0	0	0	0
Closing Share Purchase Warrants	0	0	0	0	5,981,100
Beginning Stock Options	7,950,000	7,950,000	7,950,000	7,950,000	10,200,000
Stock Options Granted	0	0	0	0	0
Stock Options Expired	(125,000)	0	0	0	(2,250,000)
Stock Options Exercised	0	0	0	0	0
Closing Stock Options	7,825,000	7,950,000	7,950,000	7,950,000	7,950,000
Total Shares - Fully Diluted	129,681,225	129,806,225	129,806,225	129,806,225	135,787,325
Weighted Average Shares Outstanding	121,856,225	121,856,225	121,856,225	121,856,225	121,352,897



## Summary of Quarterly Results

A summary of results for the most recent quarters including the last quarter ended July 31, 2013 are provided in the table below.

	QIII 31-Jul-13	QII 30-Apr-13	QI 31-Jan-13	QIV 31-Oct-12
<b>Operations</b>				
<b>Finance Income</b>	\$0	\$346	\$488	\$2,598
<b>Net Profit (Loss)</b>	\$62,676	(\$93,443)	(\$77,066)	(\$62,675)
<b>Per Share - Basic</b>	\$0.00	(\$0.00)	(\$0.00)	(\$0.00)
<b>Balance Sheet</b>				
<b>Working Capital</b>	\$231,448	\$354,063	\$477,580	\$231,448
<b>Total Assets</b>	\$7,331,086	\$7,430,464	\$7,500,352	\$7,806,136
<b>Capital Expenditures</b>	\$19,438	\$29,915	\$69,240	\$347,374

	QIII 31-Jul-12	QII 30-Apr-12	QI 31-Jan-12	QIV 31-Oct-11
<b>Operations</b>				
<b>Finance Income</b>	\$3,141	\$3,307	\$3,944	\$2,051
<b>Net Loss</b>	(\$257,684)	(\$198,109)	(\$157,197)	(\$258,035)
<b>Per Share - Basic</b>	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
<b>Balance Sheet</b>				
<b>Working Capital</b>	\$1,158,780	\$1,760,134	\$2,055,541	\$2,108,829
<b>Total Assets</b>	\$7,966,609	\$7,814,634	\$8,105,372	\$8,138,057
<b>Capital Expenditures</b>	\$517,999	\$121,198	\$98,380	\$409,585

## Transactions with Related Parties

Under terms of the Thelon option agreement, which was signed on March 29, 2012 with a director of the Company, the Company is required to make a \$5,000 payment on the anniversary date of the option agreement. This amount was paid in the third quarter.

The Company has incurred fees of \$120,000 (2012 - \$120,000) to companies in which Directors held an interest for management, administrative, accounting and technical services. Of this amount, \$99,000 (2012 - \$120,000) is included in general and administration expenses and/or properties \$21,000 (2012 - \$nil) is included in accounts payable and current liabilities at July 31, 2013.

	July 31, 2013			July 31, 2012		
	Short-term employee benefits	Share based payments (iii)	Total	Short-term employee benefits	Share based payments (iii)	Total
Tristia Ventures Corp. (i)	\$ 72,000	\$ -	\$ 72,000	\$ 72,000	\$ 19,214	\$ 91,214
Scimitar Ventures Corporation (ii)	\$ 43,200	\$ -	\$ 43,200	\$ 43,200	\$ 19,214	\$ 62,414
Directors and other key management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- (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 or as management fees for the three and nine months ended July 31, 2013 and July 31, 2012.
- (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 three and nine months ended July 31, 2013 and July 31, 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, 2013.

### **Investor Relations Activities**

On August 1, 2008, the Company engaged Senegy Communications Inc. ("Senegy") to provide investor relations services. Vancouver-based Senegy provides investor relations and marketing services to public companies in the natural resource sectors. Senegy assists 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 Senegy was signed. This agreement, which has an option to renew at terms mutually agreeable to each party, initially required the Company to pay Senegy \$7,500 per month for investor relations services, \$1,000 per month for a dedicated surrogate office and related administrative services, and to reimburse Senegy for all pre-approved expenses. Payments to Senegy have been re-negotiated in light of market conditions and the Company's activity levels. Subsequent to October 31, 2012, the Senegy contract was reduced to \$1,500 per month from \$7,500 per month paid to Senegy the previous 12 months.

In addition to cash payments, Senegy was granted 125,000 incentive stock options exercisable at \$0.15 per share and Shiro Rae, an employee of Senegy, has been granted 75,000 options. On November 22, 2010, the Company announced that it had granted 500,000 options to Senegy 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**

On August 20, 2013, the Company announced that it intends to complete a non-brokered private placement for aggregate gross proceeds of up to \$885,600 consisting of 88,560,000 Units of the

Company at a price of \$0.01 per Unit with each Unit comprised of one common share and one-third of one common share purchase warrant. Each full common share purchase warrant is exercisable for one year from closing into one common share at \$0.05 per share and \$0.10 per share in the second and third year from closing. A finder's fee of up to 8% of the gross proceeds of the private placement may be paid in cash or common shares.

On August 1, 2013, 125,000 options issued to a consultant expired unexercised.

### **Transactions not Reflected on the Statement of Financial Position**

The Company did not enter into any transactions that were not reflected on the Statement of Financial Position during the three month period ended July 31, 2013.

### **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 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](http://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](http://www.sedar.com).

# TROYMET EXPLORATION CORP.

## CORPORATE INFORMATION

### **Directors**

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

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

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

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

Brian D. Cebryk, CMA  
Courtenay, British Columbia

### **Management**

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

Brian D. Cebryk, CMA  
Chief Financial Officer

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

### **Head Office**

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Comox, B.C. V9M 3M4

Kieran Downes  
Telephone: (250) 729-0453  
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### **Auditors**

Deloitte LLP  
Saskatoon, Saskatchewan

### **Bank**

Scotiabank

### **Legal Counsel**

Davis LLP  
Calgary, Alberta

### **Transfer Agent**

Computershare Trust Company of Canada

### **Share Listing**

TSX Venture Exchange  
Symbol: "TYE"