TITANIUM CORPORATION INC.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Nine Months Ended May 31, 2004

The following discussion and analysis of the operations, results, and financial position of Titanium Corporation Inc. ("Titanium" or the "Company") for the third quarter ended May 31, 2004 should be read in conjunction with the May 31, 2004 Interim Financial Statements and the related Notes thereto. The effective date of this report is July 23, 2004.

Forward Looking Statements
Except for historical information, this Management's Discussion and Analysis ("MD&A") may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied in such forward looking statements.

1.0 Business Overview
The Company is a venture issuer reporting in Ontario, British Columbia, Alberta and Quebec. The common shares of Titanium trade on the TSX Venture Exchange under the symbol TIC.

The Company's principal business activities include the commercialization of a proprietary process to recover titanium-bearing minerals and zircon from Canada's oil sands and the exploration and development of the titanium bearing mineral property for which the Company holds in Nova Scotia.

Oil Sands Project
The Company's mission is to become the first titanium and zircon sand producer in Canada. In June 2003, Titanium signed an exclusivity agreement with Syncrude Canada Ltd. ("Syncrude") and a major U.S. titanium dioxide pigment producer to jointly explore and develop the potential for extracting and producing titanium-bearing minerals and zircon from Syncrude's centrifuge plant tailings stream in Alberta, Canada. As part of the agreement, Syncrude supplies samples of its oil sands tailings to Titanium for testing and the pigment producer, which has facilities for evaluating the concentrates produced by Titanium, has the capacity to purchase all of the end product upon an agreement being reached with the Company.

In May 2004, Titanium opened its new $5 million pilot plant located in the Saskatchewan Research Council's facility located in the Regina Research Park. The pilot plant has a design capacity of up to 5 tonnes per hour of Syncrude plant tailings solids. The objective of the pilot plant is to further refine the Company's proprietary process with the goal of moving towards commercial-scale throughput capability.

Mineral Properties
The Company is exploring a titanium mineral sands project located in western Nova Scotia near the community of Truro comprising mineral claims along the Shubenacadie River northward to the eastern reaches of Cobequid Bay (the "Mineral Properties"). Exploration has been focused on 629 contiguous exploration claims aggregating approximately 102 square kilometers. In addition to drilling, the Company has completed extensive testing of the mineral content of the sand.

2.0 Overall Performance

The Company is in sound financial condition with working capital of approximately $3.90 million at May 31, 2004 compared to approximately $3.34 million at August 31, 2003.

During the nine month period ended May 31, 2004, the Company did not generate any operating revenues, as it is in the development stage and, therefore, losses were incurred throughout the period. During the three months ended May 31, 2004 the Company incurred a net loss of $605,705 ($0.01 per share) compared to $401,240 ($0.01 per share) for the three months ended May 31, 2003. The increase in loss was primarily due to the following increased expenditures during the quarter compared to the previous year's quarter:

a. $34,250 increase in directors fees. During fiscal 2003 the directors received no fees for meetings that they attended. Commencing in fiscal 2004 directors are being paid an annual fee of $25,000 each which is paid semi-annually in February and August;
b. $11,586 increase in insurance costs related to increased insurance premiums for property and commercial general liability;
c. $61,799 increase in investor relations and shareholder communications related to the cost of services of a corporate communications firm, the Company attending a trade show and the cost of the grand opening event of the Pilot Plant;
d. $30,154 increase in professional fees related to increased legal fees for ongoing immigration work to process immigration files for non-resident consultants and ongoing patent application work and accounting fees for the review costs of the quarterly financial statements;
e. $70,150 increase in stock-based compensation relating to the cost of option awards to employees and consultants;
f. $21,479 increase in office and administration due to the Company's expansion of its operations to include the opening of the Pilot Plant in Regina.

Management anticipates that further losses will be incurred in the fourth quarter and at least the following financial year primarily for general and administration expenses, and costs related to its Oil Sands Project and Mineral Properties.

During the nine months ended May 31, 2004 the Company incurred a net loss of $1,526,209 ($0.04 per share) compared to $1,006,500 ($0.03 per share) for the nine months ended May 31, 2003. The increase in loss was primarily due to the following increased expenditures during the nine month period compared to the previous years nine month period:

a. $128,637 increase in consulting fees related to the allocation of certain consulting fees between capitalization to projects and expense depending on the nature of the consultants' work.
b. $96,750 increase in directors' fees. During fiscal 2003 directors received no fees for meetings that they attended. Commencing in fiscal 2004 directors are being paid an annual fee of $25,000 each which is paid semi-annually in February and August;
c. $29,952 increase in insurance costs related to increased insurance premiums for property and commercial general liability;
d. $217,200 increase in investor relations and shareholder communications related to the costs associated with contracting a corporate communications firm, the Company attending a number of trade and investment shows and the cost of the grand opening event of the Pilot Plant;
e. $42,024 increase in professional fees related to increased legal fees for preparation of the Company's Annual Information Form, ongoing immigration work to process

immigration files for non-resident consultants and ongoing patent application work and accounting fees related to the review of the quarterly financial statements;

f. $91,392 decrease in stock-based compensation relating to the cost of option awards to employees and consultants;
g. $33,421 increase in office and administration costs due to the Company's expansion of its operations to include the opening of the pilot plant in Regina.
h. $74,954 increase in travel related to meeting exclusivity agreement parties, provincial and municipal officials in regards to the Pilot Plant and potential investors for presentations.

The Company's only source of income during the nine months ended May 31, 2004 was from interest on cash and marketable securities that amounted to $53,589 compared to $43,921 during the same period in 2003. The higher level of income reflects the higher level of average cash and marketable security balances held during the period.

The Company's primary assets at May 31 2004 were cash and marketable securities totaling $4,911,165 ($3,325,851 –August 31, 2003) and development costs for its Oil Sands Project and Mineral Properties of $10,604,429 ($4,962,422 – August 31, 2003). A discussion of additions to the development costs is presented in Sections 2.1 and 2.2 below.

At May 31, 2004 the Company had current accounts payables and accruals of $1,355,078 compared to $51,740 at August 31, 2003. The primary reason for the increase was outstanding invoices and accruals directly relating to the construction and commissioning of the new pilot plant that was opened on May 26, 2004.

2.1 Oil Sands Project

2.1.1 Strategy and Outlook

The Company's goal is to become the first titanium and zircon sand producer in Canada by commercially extracting titanium bearing minerals and zircon from the Athabasca oil sands. In 2000, the Company started collecting tailings samples and began basic research and development work on processing technologies that could be used on the oil sands. The Company hired its own technical team and invested in laboratory facilities at Dalhousie University in Halifax Nova Scotia. Over the past three years the Company has been successful in developing and refining a proprietary separation process for the recovery of heavy minerals from oil sands tailings by merging conventional mineral sand beneficiation technology with conventional oil sand technology. The Company has filed patent applications in Canada and in the United States with respect to its proprietary technology. Both patent applications are pending and in good standing.

A key component to the Company's strategy is its strategic relationship with Syncrude and a major U.S. titanium dioxide pigment manufacturer. Titanium signed a three-way two-year exclusivity agreement with these partners in June 2003. As part of the agreement, Syncrude supplies samples of its oil sands tailings to Titanium for testing and has agreed not to engage in any discussions or activities for the removal of heavy minerals from its oil sands project for the duration of the agreement. The pigment manufacturer provides its facilities and expertise for evaluating the concentrates produced by Titanium and provides the capacity to purchase all of the end-product upon agreement being reached with the Company. The exclusivity agreement does not preclude the Company from seeking to develop business relationships with other oil sand producers. The three parties commenced discussions in May 2004 to negotiate a Memorandum of Understanding that will establish commercial terms of operation and their relationship.

The Syncrude relationship provides two primary strategic advantages:

(i) The Size and Quality of the Deposit

The Athabasca oil sand deposit located in Alberta contains one of the largest deposits of oil in the world. Syncrude is the world's largest producer of crude oil from oil sands and the largest single source producer in Canada. Syncrude's bitumen recovery process greatly concentrates the valuable heavy minerals during the extraction process creating unusually high grades of titanium-bearing minerals and zircon in the feedstock available to the Company. It has been estimated that the Syncrude tailings could supply 8-10% of the world's titanium requirements and 5-7% of the world's zircon requirements.

(ii) No Mining Costs

Unlike most heavy mineral operations the Company will have no mining costs to recover the feedstock but rather will only be required to process the oil sands tailings from the Syncrude tailings stream. Once Syncrude has recovered the last remaining bitumen from its treatment plant the tailings are disposed of in the tailings pool. Upon completion of testing at the pilot plant and negotiation of commercial terms with the parties involved Titanium plans to locate its wet plant in close proximity to Syncrude's tailings pipe.

An important aspect of the Company's plan in fiscal 2004 has been the engineering, development and commissioning of a pilot plant. On May 26, 2004, the Company opened its Pilot Plant located in the Regina Research Park. The Pilot Plant is currently being commissioned and is capable of a processing capacity of up to 5 tonnes per hour of centrifuge plant tailings solids in a bid to further refine the Company's proprietary process and expand towards commercial-scale throughput capability. The Pilot Plant is comprised of a new 4,250 square feet wet mill separation plant that concentrates heavy minerals and removes most of the residual bitumen. The heavy minerals are then fed through an adjoining 2,800 square feet dry mill separation plant that produces titanium and zircon concentrates. The purpose of the Pilot Plant is to make titanium and zircon concentrates in tonnages suitable for evaluation by pigment producers in order for Titanium to obtain long-term supply contracts. In addition, the operation of the Pilot Plant will enable the Company to accurately calculate the cost of production of these concentrates and prepare a bankable feasibility study.

Since the opening of the Pilot Plant on May 26, 2004 the main focus has been commissioning the wet mill in order to produce sufficient dry mill feedstock to commission the dry mill. As of July 15, 2004 approximately 5-7 tons of dry mill feed had been produced and the dry mill was set for commissioning by the end of July 2004.

Management has delineated five primary milestones to achieving full-scale commercial production:

(i) July 2004 to October 2004 for successful negotiation of the Memorandum of Understanding outlining the commercial terms between the Company, Syncrude and the major U.S. titanium dioxide pigment producer;

(ii) June 2004 to May 2005 for successful, commissioning and operation of the Pilot Plant. If successful the Pilot Plant will be the basis for the design and construction of the first commercial plant;

(iii) June 2004 to March 2005 for completion of a internal feasibility report and commissioning of an independent bankable feasibility study to support the design engineering, site selection, and financing arrangements for Phase 1 commercial production.

(iv) Early 2006 to build a new commercial facility and commence Phase 1 commercial production. Phase 1 is anticipated to be a scale-up to an approximate 50 tonne-per-hour commercial plant near Syncrude's operations in Fort McMurray, Alberta. The commercial plant will be capable of processing about 10% of the available Syncrude tailings containing titanium and zircon, will yield commercial quantities of marketable products, and will generate revenue.

(v) Early 2007 to expand to Phase 2 commercial production. Phase 2 is the full-scale commercial facility capable of processing Syncrude's projected 500+ tonnes-per-hour of sand feed yielding commercial products and possibly recapturing some lost bitumen. Additionally, other open pit oil sand projects could be brought into production at this time.

2.1.2 Oil Sands Project – Expenditures

Beginning Balance, *August 31, 2003 (audited)*	$	382,313
Consulting fees		989,205
Equipment costs		3,675,958
Travel		317,528
General		67,355
Rent		35,798
Sampling & assays		63,823
Transportation		135,589
Ending balance, *May 31, 2004 (unaudited)*	$	5,667,569

2.2 Mineral Properties

During the nine-months ended May 31, 2004 the Company's primary focus has been on the financing and development of the oil sands project. However, plans have been made to continue exploration drilling on approximately 30 square kilometres of new exploration licences that the Company was granted in 2003. On August 5, 2003, the Company was granted four (4) additional exploration licenses covering an aggregate total of 200 claims representing some 3,222 hectares (32.22 sq. km) at Cobequid Bay. The Company has never previously explored the grounds embodied on these four exploration licenses.

Assessment work has to be completed on these four properties by August 2005 to maintain the licenses in good standing. In addition, contiguous to these licenses is another block of licenses that the Company has held since December 3, 2001 that requires assessment work to maintain the license in good standing for at least another year.

Total cost of assessment work required on the aforementioned licenses totals $ 45,000.
The Company will conduct a Pionjar drilling program totaling thirty-six (36) holes located in such a way as to complement the drilling pattern of previous drill holes of other exploration licenses.

Management has a plan to add more holes to the program if favourable circumstances (i.e., weather, tides, personnel, mechanical drill efficiency etc.) prevail to take advantage of lower unit cost per hole. These additional holes, if completed, will target to extend assessment credits earned for two years instead of the minimum one. An additional $25,000 field cost has been budgeted for this program.

2.2.2 Mineral Properties – Expenditures

Beginning Balance, *August 31, 2003 (audited)*	$	4,433,376
Geology - Miscellaneous		1,407
Acquisitions - Travel & lodging		2,447
Acquisitions - Outside labs		16,522
Metallurgy - Consulting fees		197,774
Metallurgy - Bulk sampling		1,376
Metallurgy - Equipment costs		2,194
Metallurgy - Outside labs		97,784
Metallurgy - Travel & lodging		37,244
Amortization		22,011
Ending balance, *May 31, 2004 (unaudited)*	$	4,812,135

3.0 Selected Annual Information

The following are the highlights of financial data on the Company for the most recently completed three financial years which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts herein are expressed in Canadian dollars unless otherwise indicated:

(audited)		Aug. 31, 2003		Aug. 31, 2002		Aug. 31, 2001
Loss before write-off of exploration property	$	(1,172,538)	$	(1,422,494)	$	(397,286)
Net loss		(1,172,538)		(1,924,713)		(397,286)
Net loss per share *(basic and fully diluted)*		(0.03)		(0.06)		(0.02)
Total assets		8,418,360		6,745,530		3,591,589
Total liabilities		51,740		104,205		1,645,263
Working capital		3,335,657		3,014,191		(714,373)

The net loss for the year ended August 31, 2003 was $1,172,538 or $0.03 per share compared to a net loss of $1,924,713 or $0.06 per share for the year ended August 31, 2002. Aside from the differences in general and administration costs, travel, consultant costs and interest charges discussed below, the main item resulting in the decrease in the net loss in fiscal year 2003 was a write-off of the Lochaber Lake Base Metal Project of $502,219. The write-off resulted from the Company relinquishing its 50% interest in the project that was owned by a formerly related company, Goliath Copperfields Limited.

Office and administrative charges increased from $152,537 in fiscal 2002 to $408,881 in fiscal 2003. During fiscal 2003 the Company moved into new corporate offices at 200 King Street West, Toronto. The sharp increase was due largely in part to the increase in rent expense of $94,000 due to the new office space being acquired to facilitate the Company's expansion along with increase administrative salaries of approximately $120,000.

Travel expenses increased from $116,817 in fiscal 2002 to $140,492 in fiscal 2003 as a result of the Company's focus on the Oil Sands Project in western Canada and financing activities. Travel

consisted of officers and professional staff traveling to meet provincial and municipal officials, shareholders and potential investors.

Consulting fees decreased during fiscal 2003 to $328,026 compared to $624,485 in fiscal 2002. This decrease was primarily due to the capitalization of certain officers and professional staff time to Exploration Properties and the Oil Sands Project due to a greater allocation of their time spent directly on these projects compared to corporate activities that are expensed.

During fiscal 2002 the Company incurred $60,294 (nil fiscal 2003) in interest charges relating to a promissory note.

For the year ended August 31, 2003 the Company spent $1,003,090 ($1,233,156 - 2002) on exploration expenditures related to the Nova Scotia mineral properties and $382,313 ($Nil – 2002) on expenditures related to the Oil Sands Project.

4.0 Summary of Quarterly Results

	2004 May 31 Q3	2004 Feb. 28 Q2	2003 Nov. 30 Q1	2003 Aug. 31 Q4	2003 May 31 Q3	2003 Feb. 28 Q2	2002 Nov. 30 Q1	2002 Aug. 31 Q4
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss before write-off of exploration property	(605,705)	(525,282)	(395,222)	(166,038)	(401,240)	(276,276)	(328,984)	(398,743)
Basic per share	(0.01)	(0.01)	(0.01)	-	(0.01)	(0.01)	(0.01)	(0.01)
Diluted per share	(0.01)	(0.01)	(0.01)	-	(0.01)	(0.01)	(0.01)	(0.01)
Net loss	(605,705)	(525,282)	(395,222)	(166,038)	(401,240)	(276,276)	(328,984)	(900,962)
Basic per share	(0.01)	(0.01)	(0.01)	-	(0.01)	(0.01)	(0.01)	(0.03)
Diluted per share	(0.01)	(0.01)	(0.01)	-	(0.01)	(0.01)	(0.01)	(0.03)

5.0 Liquidity

In management's view, the most meaningful information concerning the Company relates to its current liquidity and solvency given that, currently, it is not generating any income from its Oil Sands Project or Mineral Properties.

The Company raises funds for its operations through issuance of common shares. Although the Company has been successful in the past in raising funds, there can be no assurance that any funding required by the Company in the future will be made available to it and, if such funding is available, that it will be offered on reasonable terms.

The Company had a net working capital balance of $3,914,457 as at May 31, 2004 compared to $3,335,657 at August 31, 2003. Even though the Company incurred a loss and invested over 5.6 million dollars on its Oil Sands Project and Mineral Properties over the nine month period ended May 31, 2004, the Company was able to increase its working capital position.

On February 17, 2004 the Company completed a private placement financing of 4,710,000 units at a price of $1.70 per unit for gross proceeds of $8,007,000. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $2.00 until August 17, 2005. The agents who completed the financing received a commission of 7% of the gross proceeds raised together with an option to purchase 376,800 units at a price of $1.70 per unit until February 17, 2005.

At May 31, 2004, outstanding warrants and agent's options represented a total of 2,731,800 shares issueable for maximum aggregate proceeds of $5,350,560.

	Number	Exercise Price	Amount	Expiry Date
Agents Units *	376,800	$ 1.70	$ 640,560	February 2005
Warrants	2,355,000	2.00	4,710,000	August 2005
Total	2,731,800		$ 5,350,560	

**Each Unit consists of one common share and one-half purchase warrant. Each whole warrant is exercisable at $2.00 until August 17, 2005. Should the Agent's Units be excercised by February 2005 an additional $376,800 could be available by August 2005 relating to the Agent's Warrants.*

The Company feels it has sufficient working capital to meet its current obligations and sufficient working capital to meet its planned operating costs and expenditures on the Oil Sands Project and Mineral Properties for approximately the next twelve months.

6.0 Capital Resources

Current demands on the Company's capital resources stem from management's pursuit to add shareholder value through the development of the Oil Sands Project and further exploration of its Mineral Properties. In order to aggressively pursue these mandates, additional capital resources will have to be put in place in 2005. The source of this additional funding will be equity financings in the junior equity markets.

The Company has no material commitments or contractual obligations with respect to the development of the Oil Sands Project or the Mineral Properties beyond those that would be considered as part of normal business.

During the nine months ended May 31, 2004 the Company capitalized $5,285,526 on its Oil Sands Project related primarily to the development and construction of the pilot plant and $378,759 on its Mineral Properties.

7.0 Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

8.0 Transactions with Related Parties

The Company was charged $Nil and $200,000 for the three and nine months ended May 31, 2004, respectively, by Harbour Capital Corporation ("Harbour") a corporation controlled by a director that provided the services of the chief executive officer. Harbour is controlled by George Elliott, Chairman, President and Chief Executive Officer of the Company.

The Company was charged $8,174 and $38,684 for the three and nine months ended May 31, 2004, respectively, by a corporation partially owned by George Duguay the former chief financial officer of the Company that provides bookkeeping, corporate secretarial and transfer agency services to the Company.

The Company was charged $2,500 and $2,500 for the three and nine months ended May 31, 2004, respectively, for the services of Bradley Kipp the new chief financial officer of the Company and this amount was included in accrued liabilities.

9.0 Risks

The following discussion pertains to the outlook and conditions currently known to management that may have a material impact on the financial condition and results of operations of Titanium. This discussion, by its nature, is not all-inclusive. Other factors may affect the Company in the future:

9.1 Oil Sands Project

The Company has developed a laboratory tested process for cleaning and extracting the appropriate concentrates from the Syncrude tailings. Unforeseen difficulties with scale-up either to pilot or commercial scale, unexpected utility costs, natural gas costs, labour cost or shortages, engineering cost and related industrial process risks could negatively impact the viability of the project.

The oil sands have more impurities and on average slightly finer grain size than typical beach mineral sand deposits. There is also a larger than normal variance in the size of the heavy minerals sands and a large presence of fine quartz. These factors present additional challenges to the efficient processing of oil sands tailings. The critical steps required to create marketable-grade titanium dioxide and zircon from the oil sands include creating a heavy mineral concentrate from the tailings, removal of the remaining 3-5% bitumen from the concentrate, removal of pyrite from the concentrate, reducing the level of silica in the HiTi and reducing the levels of iron and titanium dioxide in the zircon product. There is no assurance that the Company will overcome such challenges even though there are technologies and processes available to address these challenges.

The Company has necessarily relied on the 1996 study by the Alberta Chamber of Resources (Mineral Development Agreement Study) and Syncrude's own data to establish the extent and consistency of the tailings supply. This involves more risk than the typical situation where a company can control its own source of supply.

The Company has filed patent applications in the United States and Canada with respect to its proprietary technology for recovering heaving minerals. There can be no assurance that such patent applications will be allowed or that, if issued, the patents will not be challenged by any third parties, or that the patents of others will not have an adverse effect on the ability of the Company to commercially exploit its technology. Furthermore, there can be no assurance that others will not independently develop similar technology, duplicate the Company's product or design around the patented technology developed by the Company. In addition, the Company could incur substantial costs in defending itself in suits brought against it in respect of such patents or in suits in which the Company attempts to enforce its own patents against other parties.

The Company may not be able to negotiate fair commercial arrangements with Syncrude and /or the U.S. pigment manufacturer notwithstanding their obligations under the current exclusivity agreement to negotiate in good faith, and in such event, the Company may not be able to secure new customers and/or new suppliers of tailings.

Technological developments could render titanium dioxide obsolete as a pigment thereby substantially reducing the demand for titanium dioxide. Similarly, global demand for zircon could be diminished in the face of alternatives for its current consumers.

9.2 Mineral Properties

The principal risk relating to the Nova Scotia mineral properties at its current stage is the challenge of engineering a barge/dredging system capable of maintaining anchor in a high marine energy environment.

The business of exploring for and exploiting mineral deposits involves a high degree of risk. Few properties that are explored ultimately reach the stage of commercial exploitation. Substantial expenditures are required to establish mineral reserves through drilling, to develop extraction processes and to develop the processing facilities and infrastructure at any site chosen for commercial exploitation. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of producing heavy minerals from mineral properties are affected by many factors including the cost of operations, variations in grade of minerals in the soil, fluctuations in the price of the resulting heavy minerals, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulation and environmental protection. In addition, grade of mineralization ultimately produced may differ from that indicated by drilling and/or sampling results and such differences could be material. Depending on the price of the heavy mineral end-products or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

10.0 Competition

The Company competes with international companies that have substantially greater financial and technical resources to support their business activities as well as for the recruitment and retention of qualified employees. The Company has not operated its titanium processing technology at a commercial scale. Accordingly, it cannot describe processing efficiencies and costs associated with its titanium processing technology or compare such efficiencies and costs to those of competitors. The manufacturing methods and costs to manufacture also vary greatly, with certain methods lending themselves to specific niche applications and deposits. As a result, competition within the industry is driven by a variety of factors, principally cost of production, price and product attributes.

11.0 Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities and accounts payable. Terms of the financial instruments, where relevant, are fully disclosed in the Company's financial statements. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from it financial instruments and that their fair values approximated their carrying values unless otherwise noted.

Included in the Company's balance of cash, cash equivalents and marketable securities at May 31, 2004 are high-grade money market instruments that bear interest and carry a low degree of risk. The objective of these investments is to preserve funds for the development of the Oil Sands Project and the Mineral Properties.

12.0 Outstanding Share Data

Outstanding Common Shares	Number	Amount
Balance, August 31, 2003 *(audited)*	36,173,480	11,715,069
Exercise of warrants	20,000	40,000
Common shares issued, net of issue costs	4,710,000	7,141,343
Warrant Valuation	-	(1,263,239)
Balance, May 31, 2004 and July 23, 2004 *(unaudited)*	40,903,480	17,633,173

Warrants and Agent's Options	Number	Exercise Price	Expiry Date
Agent's Options	376,800	$ 1.70	Feb. 2005
Warrants	2,355,000	$ 2.00	Aug 2005
Balance, May 31, 2004 and July 23, 2004 *(unaudited)*	2,731,800		

Stock Options	Number	Weighted Average Exercise Price
Balance August 31, 2003 *(audited)*	2,713,075	$2.20
Options granted	1,095,000	$1.97
Options cancelled or expired	(380,000)	$2.22
Balance, July 23, 2004 *(unaudited)*	3,428,075	$2.15

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.