TITANIUM CORPORATION INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended August 31, 2005

The following discussion and analysis of the operations, results, and financial position of Titanium Corporation Inc. ("Titanium" or the "Company") for the year ended August 31, 2005 should be read in conjunction with the August 31, 2005 audited financial statements and the related notes thereto. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The effective date of this report is October 26, 2005.

All amounts herein are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements
Except for statements of historical facts relating to Titanium, certain information contained herein constitutes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning estimates of expected capital expenditures, statements relating to expected future production and cashflows, statements relating to the advancement of Titanium's Oil Sands Project and exploration and development projects, statements relating to the potential of the Oil Sands project and other statements which are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Titanium believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on 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 activity is the commercialization of a proprietary process to recover titanium-bearing minerals and zircon from Canada's oil sands. The Company also holds exploration licences on titanium bearing mineral property claims in Nova Scotia.

Oil Sands Project
The Company's mission is to become the first titanium and zircon sand producer from Canada's oil sands. The Company has successfully developed and refined a proprietary separation process for the recovery of titanium and zircon from oil sand tailings. The Company operates a pilot mineral sands processing facility in Regina, Saskatchewan (the "Regina Pilot Plant") that continues to yield high quality titanium-bearing minerals and zircon. In August 2005, the Company successfully commissioned and operated a 12 tonne per hour portable wet plant (the "Bulk Sampling Plant") that was connected to a live tailings flow from an oil sands operation in Fort McMurray, Alberta.

Exploration Properties
The Company currently holds mineral exploration claims in Nova Scotia near the community of Truro along the Shubenacadie River northward to the eastern reaches of Cobequid Bay (the

"Exploration Properties"). At this time the Company does not intend on pursuing further work on the Exploration Properties. (See Section 2.2).

2.0 Overall Performance

Explanation of 2005 Annual Results

The Company had working capital of approximately $26.0 million at August 31, 2005 compared to approximately $2.3 million at August 31, 2004. During the year the Company did not generate any operating revenues as it is in the development stage and, therefore, losses were incurred throughout the year.

The net loss for the year ended August 31, 2005 was $8,172,615 as compared $2,168,046 for the year ended August 31, 2004. Basic and diluted net loss per share for fiscal 2005 was $0.19 compared to a net loss per share of $0.06 for fiscal 2004. The increase of approximately $6.0 million in net loss compared with the previous year can primarily be attributed to an increased level of corporate activity and a write-down of the Exploration Properties.

During fiscal 2005 the Company incurred increased consulting ($719,168), office administration ($135,603), insurance ($37,982), professional fees ($69,373) and travel and promotion ($171,202) costs. These increases were offset by a decrease in investor relations costs of $248,204. The increases in consulting resulted from the hiring of a new President and Chief Executive Officer during the year and the cost of added resources required to progress the Company's Oil Sands Project. Of the increased consulting costs of $719,168 a total of $551,423 related to stock-based compensation costs of stock options vesting during the year. The increased level of insurance, professional and travel costs primarily related to added operational and corporate administration costs of running the Regina Pilot Plant for a full year. The increased level of administration was primarily related to increased capital taxes as a result of the equity capital raised in August 2005 private placement.

Having carefully evaluated the prospects for the Exploration Properties, the management resources required to develop the Exploration Properties and the Company's stated mission of developing the Oil Sands Project, the Board decided not to undertake additional work or expenditures on the Exploration Properties. As a result, the Company recognized the full cost of $4,920,391 relating to these mining claims and exploration costs and $99,781 relating to the Nova Scotia pilot plant and related exploration equipment as a non-cash charge during fiscal 2005. While at this time the Company does not intend on pursuing further work on the Exploration Properties it will continue to hold six out of the twelve exploration licences that have remaining assessment work credits.

Explanation of Quarterly Results of Operations

For the three months ended August 31, 2005, the net loss was $1,010,110 compared with a net loss of $641,837 for the same period in 2004. Basic and diluted net loss per share was $0.01 for the three months ended August 31, 2005 and $0.03 for the three months ended August 31, 2004. The increase of $368,273 in net loss during the three months ended August 31, 2005 compared with the same three-month period in 2004 can primarily be attributed to increased consulting, capital tax and stock-based compensation costs.

Financial Condition

The Company's primary assets at August 31, 2005 were cash, short term investments and marketable securities totaling $26.6 million ($2.5 million – August 31, 2004) and development costs for its Oil Sands Project of $9.2 million ($6.7 million – August 31, 2004). A description of additions to the Oil Sands Project is presented in Section 2.1 below.

Critical Accounting Estimates

Oil sands Project Development Costs

All direct costs which meet the generally accepted criteria for deferral related to the oil sands project are capitalized as incurred. These criteria include having a clearly defined process with identifiable associated costs, establishment of technical feasibility, an intention to process and sell the recovered minerals to a clearly defined market, and adequate resources exist or are expected to be available to complete the project to commercial production.

Stock-based Compensation

The Company accounts for all employee and non-employee stock-based awards pursuant to the amended recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. The stock-based compensation recorded by the Company is a critical accounting estimate because of the value of compensation recorded and the many assumptions required to calculate the compensation expense.

Compensation expense is recorded for stock options issued to employees and non-employees using the fair value method. The Company must calculate the fair value of stock options issued and amortize the fair value to stock compensation expense over the vesting period, and adjust the amortization for stock option forfeitures and cancellations. The Company uses the Black-Scholes model to calculate the fair value of stock options issued which requires that certain assumptions including the expected life of the option and expected volatility of the stock be estimated at the time that the options are issued.

Accounting policy changes since August 31, 2004

Sources of GAAP

Effective September 1, 2004, the Company adopted the new CICA Handbook Section 1100, “Generally Accepted Accounting Principles”. This section establishes standards for financial reporting in accordance with GAAP and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not explicitly dealt with in the primary sources of GAAP. The adoption of this section did not have any significant impact on the Company’s financial statements.

Asset retirement obligation

Effective September 1, 2004, the Company adopted the CICA Handbook Section 3110, “Asset Retirement Obligations”, which established standards for asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. At August 31, 2005, the Company has not incurred or committed any asset retirement obligations related to the development of its Oil Sands Project or Exploration Properties.

Impairment of long-lived assets

Effective September 1, 2004 the Company adopted the recommendations of CICA Handbook Section 3063 “Impairment of Long-lived Assets” on a prospective basis. Section 3063 requires that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated.

If the fair value is less than the carrying amount of the asset, impairment is recognized. With the exception of the write-off of the Exploration Properties (See Section 2.2), management believes that there has been no impairment of the Company’s long-lived assets as at August 31, 2005 and the adoption of Section 3063 has no other effect on the current financial statements.

2.1 Oil Sands Project

2.1.1 Strategy and Outlook

The Company’s mission is to become the first titanium and zircon sand producer from Canada’s oil sands. The Company has successfully developed and refined a proprietary separation process for the recovery of titanium and zircon from oil sand tailings.

In fiscal 2004, the Company opened the Regina Pilot Plant located in the Regina Research Park in Saskatchewan. The purpose of the Regina Pilot Plant was to demonstrate the viability of the Company’s process and perfect the flow sheet. During fiscal 2005 the Company focused on completing the commissioning of the dry mill in the Regina Pilot Plant and further optimizing and improving the assay results from material recovered from Syncrude Canada’s Plant 6 tailings. In September 2004, it was announced that the dry mill was successfully commissioned and the first TiO_2-bearing products were produced, validating the Company’s process technology for recovering TiO_2-bearing minerals. On November 30, 2004, it was further announced that the first bulk zircon products were produced from the Regina Pilot Plant.

During the second quarter of fiscal 2005 the Company recruited Mr. Scott Nelson as President and Chief Executive Officer of the Company. Mr. Nelson has a demonstrated record of leading and managing growth gained from over 25 years experience in resource based, capital intensive companies. He has held key management positions with Amoco Canada Petroleum Company Ltd., Dome Petroleum Ltd., The Irving Group, IBM Canada and Amerada Hess Canada Ltd.

During the third quarter of 2005 the Company released an independent report on its Oil Sands Project that was completed by J.C. Whitcomb of Whitcomb & Associates, Pretoria, South Africa and filed it with the Securities Regulatory Authorities. The Study included an assessment of the supply of oil sands tailings and their heavy mineral content and a review of Titanium Corporation’s proposed mineral sands extraction process including design and location of facilities, product recoveries and logistics. Whitcomb & Associates also reviewed world market conditions for titanium and zircon feedstocks as well as the pigment and ceramics industries which consume large portions of these feedstocks.

During the fourth quarter of 2005, the Company completed the onsite portion of the Bulk Sampling Plant. This Company designed wet plant was constructed in Australia and commissioned at the oil sands site in Fort McMurray in August 2005. The 12 tonne per hour capacity unit was connected to the live tailings line and successfully extracted tonnages of washed sands from the tailings flow. A daily sampling program conducted throughout 2005 and the bulk sampling program has confirmed heavy minerals content averaging 24%. The washed sands from the program are now being processed and analyzed at the Regina Pilot Plant. Also during the fourth quarter, the Company commenced a core sampling program utilizing the existing oil sand core inventory. The cores are being analyzed for heavy minerals which will enable the Company to compile an overall resource estimate as well as predict heavy minerals production resulting from the oil sands mining program.

In order to achieve its stated mission the Company will be focusing over the next year on the following strategic objectives and an update of progress is included below:

1. *Securing long–term sources of supply of oil sands tailings at an efficient cost.* In May, 2005, the Company announced that the three way exclusivity agreement among Syncrude, Titanium and a major titanium dioxide pigment producer had been extended for a further 12 months to allow completion of a number of technical programs that are underway. The results of the Bulk Sampling Plant program together with the final flow sheet and recoveries of the Regina Pilot Plant will be the subject of a final joint technical review with Syncrude in late 2005. After completion of the bulk sampling program, the portable Bulk Sampling Plant will be available for testing at other oil sands sites.

2. *Achieve a royalty agreement with the Alberta government which reflects the economic, environmental and potential downstream industrial opportunities that Titanium's commercial production facility will provide Alberta*. Discussions with the Alberta government have been concluded, proposals have recently been submitted and the Company is awaiting review and response by the government.

3. *Negotiate premium long-term sales contracts with consumers of titanium and zircon feed-stocks.* Zircon samples have been supplied to the major milling and ceramics firms who have undertaken laboratory testing and found the quality of the Company's product to be high quality, commercial grade. A number of these firms have made ceramic tiles utilizing Titanium's zircon and are very pleased with the results and have provided Titanium with formal expressions of interest including volumes of feedstock that they are prepared to contract for. The Company has also been actively working with the pigment industry in the testing of the Company's titanium products. Confidential negotiations are underway and will continue for a number of months. The pigment industry will require large quantities of feedstock for testing in their operational processes in advance of the construction of a full scale commercial facility. The Company is therefore planning a phased approach for construction of scalable commercial facilities to meet this requirement. Preliminary engineering estimates indicate the cost of Phase 1 facilities would be in the range of $25-30 million. The Phase 1 facilities will be a further development stage and not at a scale that would generate positive cash-flow. Earlier plans for commercialization developed by the Company in 2003 included Phase 1 and Phase 2 facility projects and it is apparent that this approach is the optimal one to meet customer requirements.

4. *Design a commercial minerals processing facility.* Preliminary engineering for Phase 1 facilities is underway by an experienced Australian engineering firm. The preliminary indications are that approximately 12-16 months will be required to finalize engineering, procure longer lead equipment and construct scalable wet plant and dry mill facilities at the oil sands site. During the fourth quarter, the Company engaged a large Canadian engineering firm with experience in both mining and oil sands. The Canadian firm is

working closely with the Australian firm on the preliminary engineering and costing of facilities.

2.1.2 Oil Sands Project – Expenditures

	Year ended August 31, 2005
Beginning Balance, ***August 31, 2004***	**$ 6,718,901**
Consulting fees	231,561
Stock option compensation charge	617,519
Building	202,916
Maintenance	23,893
Bulk Sample Plant	512,295
Salaries	293,006
Equipment	59,004
Travel	97,366
General	43,294
Regina Pilot Plant Rent	189,263
Sampling and assays	105,731
Transport – feedstock, samples, tailings	119,781
Ending balance, ***August 31, 2005***	**$ 9,214,530**

2.2 Exploration Properties and Nova Scotia Pilot Plant and Exploration Equipment

Having carefully evaluated the prospects for the Exploration Properties, the management resources required to develop the properties and the Company's stated mission of developing the Oil Sands Project, the Board decided not to undertake additional work or expenditures on the Exploration Properties. As a result, the Company recognized the full cost of $4,920,391 relating to these mining claims and exploration costs and $99,781 relating to the Nova Scotia pilot plant and exploration equipment as a non-cash charge in the third quarter. While at this time the Company does not intend on pursuing further work on the Exploration Properties it will continue to hold six out of the twelve exploration licences that have remaining assessment work credits.

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:

	For the Years Ended August 31,		
(audited)	**2005**	**2004**	**2003**
Loss before write-off of Exploration Properties	$ (3,152,443)	$ (2,168,046)	$ (1,172,538)
Net loss	(8,172,165)	(2,168,046)	(1,172,538)
Net loss per share *(basic and diluted)*	(0.19)	(0.06)	(0.03)
Total assets	36,013,588	14,790,230	8,418,360
Total liabilities	696,508	681,299	51,740
Deficit	(13,930,634)	(5,758,019)	(3,589,973)
Working capital	26,016,806	2,263,614	3,335,657

4.0 Summary of Quarterly Results

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

	Q4 August 31, 2005	**Q3 May 31, 2005**	**Q2 Feb. 28, 2005**	**Q1 Nov. 30, 2004**
Interest revenues	$ 5,973	$ 9,965	$ 3,209	$ 6,406
Net loss	(1,010,110)	(5,759,817)	(790,669)	(612,019)
Basic loss per share	(0.01)	(0.14)	(0.02)	(0.02)
Diluted loss per share	(0.01)	(0.14)	(0.02)	(0.02)

	Q4 Aug. 31, 2004	**Q3 May 31, 2004**	**Q2 Feb. 29, 2004**	**Q1 Nov. 30, 2003**
Interest revenues	$ 31,437	$ 11,861	$ 25,483	$ 16,245
Net loss	(641,837)	(605,705)	(525,282)	(395,222)
Basic loss per share	(0.03)	(0.01)	(0.01)	(0.01)
Diluted loss per share	(0.03)	(0.01)	(0.01)	(0.01)

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.

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.

In August 2005, the Company closed a private placement financing raising gross proceeds of $23,875,002 through the sale of 10,611,112 units comprised of one common share and one whole warrant at a price of $2.25 per unit. Proceeds of the financing will be used primarily to fund the next phase (Phase1) of the Company's Oil Sands Project including the design, engineering and construction of expandable production facilities, and for general corporate purposes.

The Company had a net working capital balance of $26,016,806 as at August 31, 2005 compared to $2,263,614 at August 31, 2004.

During the year ended August 31, 2005, a total of $6,049,562 was generated from the exercise of agent's options, warrants and incentive stock options to purchase common shares of the Company as follows:

	Number	Exercise Price	Amount
Exercise of agents' options for cash	376,800	$1.70	$ 640,560
Exercise of warrants for cash	2,362,526	$2.00	4,725,052
Exercise of stock options for cash	332,500	$2.06 *	684,000
			$6,049,612

** weighted average exercise price*

At August 31, 2005, outstanding warrants represented a total of 10,611,112 shares issueable for maximum aggregate proceeds of $34,486,114.

The Company does not currently have contractual obligations with regards to any purchase obligations or financings. The Company has entered into agreements to lease land and office space for various periods until 2008.

Contractual Obligation	Total	2006	2007	2008
Consulting *(see Section 8 – Related Party)*	$ 750,000	$475,000	$275,000	$ -
Long Term Debt	-	-	-	-
Capital Lease Obligation	-	-	-	-
Operating – Office Space	88,000	88,000	-	-
Operating – Land Lease	159,000	53,000	53,000	53,000
Purchase Obligation	-	-	-	-
Other Long Term Obligation	-	-	-	-
Total Contractual Obligations	$997,000	$616,000	$328,000	$53,000

6.0 Capital Resources

Current demands on the Company's capital resources stem from management's pursuit to add shareholder value through the development and commercialization of the Oil Sands Project. To fund its past development activities the Company has raised equity capital to achieve specific milestones set out in its business plan. The Directors consider that the latest funds raised in August 2005 will be sufficient to complete the design, engineering and construction of a Phase 1 expandable production facility to be located in Fort McMurray, Alberta. The funds are also forecast to provide sufficient working capital to at least the end of fiscal 2006.

Phase 1 is a significant step towards commercial scale production and will provide selected pigment manufacturers large scale quantities of feedstock for testing as part of securing long-term sales contracts. The Phase 1 facilities will not be designed to operate at a scale that will generate positive cashflow but will be designed to be expandable to a commercial scale once a production decision is made. At such time as the Company decides to build a commercial scale plant further project finance will be required.

During the year ended August 31, 2005 the Company capitalized $2,495,629 on its Oil Sands Project related primarily to the operation of its Regina Pilot Plant and development of the Bulk Sampling Plant at the Syncrude site.

7.0 Off-Balance Sheet Arrangements

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

8.0 Transactions with Related Parties

Auxilium Corporation ("Auxilium")
The Company entered into an agreement with Auxilium to provide the services of Scott Nelson, a director and the President and Chief Executive Officer of the Company. The agreement is for a term of 3 years, commencing February 23, 2005, during which time Auxilium will be paid $275,000 per year plus a $12,000 vehicle allowance. Auxilium was also granted 500,000 options to purchase common shares of the Company at a price of $3.40, vesting over a 3 year period. Auxilium is a corporation controlled by Scott Nelson. The Company was charged $71,750 (2004 - $nil) and $150,333 (2004 - $nil) for the three and twelve months ended August 31, 2005 by Auxilium.

Harbour Capital Corporation ("Harbour")
The Company entered into an agreement with Harbour to provide the services of George Elliot, a director and the Executive Chairman. The agreement is for a term of 18 months, commencing January 19, 2005, during which time Harbour will be paid $200,000 per year. Harbour is a corporation controlled by George Elliot. The Company was charged $50,000 (2004 - $50,000) and $200,000 (2004 - $250,000) for the three and twelve months ended August 31, 2005.

The Company was charged $13,333 (2004 - $12,500) and $40,833 (2004 - $12,500) for the three and twelve months ended August 31, 2005 respectively, for the services of Bradley Kipp the Chief Financial officer of the Company.

The Company was charged $31,818 (2004 - $6,377) and $65,334 (2004 - $45,061) for the three and twelve months ended August 31, 2005 respectively by a corporation partially owned by George Duguay an officer of the Company that provided bookeeping and corporate secretarial services. Accounts payable at August 31, 2005 were $13,470 (2004 - $1,464).

These related party transactions were in the normal course of operations and were measured at the exchange amounts.

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 successfully tested its process for cleaning and extracting the appropriate concentrates from the Syncrude tailings at its Regina Pilot Plant facility. Unforeseen difficulties with scale-up to 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 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 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.

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, commodity taxes receivable and payables and accruals. Terms of the financial instruments, where relevant, are fully disclosed in the Company's annual 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.

12.0 Outstanding Share Data

Outstanding Common Shares	Number
Balance, August 31, 2004	40,903,480
Shares issued on the exercise of Agents' Options	376,800
Shares issued on the exercise of Warrants	2,362,526
Share issued on the exercise of Stock Options	332,500
Shares issued on private placement	10,611,112
Balance August 31, 2005 and October 26, 2005	54,586,418

Warrants and Agents' Options	Number	Exercise Price ($)	Expiry Date
Agents' Options	376,800	1.70	February 2005
Warrants	2,355,000	2.00	August 2005
Balance August 31, 2004	2,731,800		
Exercise of Agents' Options	(376,800)	1.70	
Issue of Warrants*	188,400	2.00	August 2005
Exercise of Warrants	(2,362,526)	2.00	
Expiry of Warrants	(180,874)	2.00	
Issue of Warrants on private placement	10,611,112	3.25	August 2007
Balance at August 31, 2005 and October 26, 2005	10,611,112	3.25	August 2007

**Each Agent Option was exercisable into one common share and one-half common share purchase warrant at $2.00*

Stock Options	Number	Weighted Average Exercise Price ($)
Balance August 31, 2004	3,278,075	2.15
Options granted	1,175,000	3.46
Options cancelled or expired	(276,409)	2.00
Options exercised	(332,500)	2.06
Option adjustment	100,000	2.20
Balance August 31, 2005 and October 26, 2005	3,944,166	2.56

13.0 Disclosure Controls

Based on an evaluation of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded at August 31, 2005 that these controls and procedures operated effectively.

Additional Information

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