TITANIUM CORPORATION INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Nine Months Ended May 31, 2005

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, 2005 should be read in conjunction with the May 31, 2005 unaudited financial statements and the August 31, 2004 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 July 15, 2005.

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

Forward Looking Statements
Except for historical information, this Management's Discussion and Analysis 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 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 oil sand producer in Canada. The Company presently operates a commercial scale demonstration sized mineral sands processing facility in Regina, Saskatchewan that has yielded high quality titanium-bearing minerals and zircon. Independently analyzed assays have proven the success of the Company's processing and cleaning technique to recover titanium-bearing minerals and zircon concentrates from oil sands plant tailings.

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"). Past 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 (See Section 2.2)

2.0 Overall Performance

The Company had working capital of approximately $1.47 million at May 31, 2005 compared to approximately $2.26 million at August 31, 2004. During the period the Company did not generate any operating revenues, as it is in the development stage and, therefore, losses were incurred throughout the period.

The net loss for the three months ended May 31, 2005 was $5,759,817 as compared $605,705 for the three months ended May 31, 2004. Basic and diluted net loss per share for the third quarter of 2005 was $0.14 compared to a net loss per share of $0.02 in the third quarter of 2004. The increase of approximately $5.1 million in net loss compared with the same three-month period in 2004 can primarily be attributed to a write-down in the Exploration Properties and the Nova Scotia pilot plant and exploration equipment. 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 exploration equipment as a non-cash charge in the current 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.

For the nine months ended May 31, 2005, the net loss was $7,162,505 compared with a net loss of $1,526,209 for the same period in 2004. Year-to-date basic and diluted net loss per share was $0.17 compared with $0.03 net loss per share for the comparative nine months ended May 31, 2004. The increase of approximately $5.6 million in net loss compared with the same nine-month period in 2004 can be attributed to the write-down in the Exploration Properties ($4.9 million) and Nova Scotia Pilot Plant ($0.1 million) and increased consulting, general administration, professional fees and travel expenditures incurred to establish the necessary infrastructure and expertise to progress the Company's Oil Sands Project toward commercial production. A portion of the increased loss was attributable to increased stock-based compensation awards in fiscal 2005.

The Company's primary assets at May 31, 2005 were cash and marketable securities totaling $1.7 million ($2.5 million – August 31, 2004) and development costs for its Oil Sands Project of $8.4 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

Exploration Properties

All direct costs associated with the Exploration properties have been capitalized as incurred. If the property proceeds to development, these costs become part of preproduction and development costs of the property. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related costs and expenditures are written off.

The amounts capitalized at any time represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of particular properties. The recoverability of the carrying values of exploration properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development and future profitable production there from or alternatively upon the Company's ability to dispose of its interests on an advantageous basis (See Section 2.2).

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.

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 May 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 undiscounted value of the future cash flows 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 May 31, 2005 and the adoption of Section 3063 has no effect on the current financial statements.

2.1 Oil Sands Project

2.1.1 Strategy and Outlook

The Company's mission is to combine innovative engineering and business solutions to commercialize the recovery of titanium and zircon-bearing minerals from Canada's oil sands to produce marketable products for pigment manufacturers and zircon consumers. Over the past four years the Company has successfully developed a separation process for the recovery of heavy minerals from oil sands tailings by merging conventional mineral sand beneficiation technology with conventional oil sand technology.

In fiscal 2004, the Company opened a commercial scale demonstration plant located in the Regina Research Park in Saskatchewan. The purpose of the demonstration plant was to demonstrate the viability of the Company's process, perfect the flow sheet, and 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 demonstration plant would allow the Company to accurately calculate the cost of production of these concentrates and prepare a bankable feasibility study.

During the nine months ended May 31, 2005 the Company focused on completing the commissioning of the dry mill in the demonstration 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 by the demonstration 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. Whitcomb & Associates stated in the report that "the results of the Study indicate a commercially attractive project which should be pursued".

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.* During the third quarter 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. The Company has progressed a number of technical and business items that are prerequisites for concluding a commercial agreement for long term supply. During the quarter, the Company completed the design, engineering and construction of a portable bulk sampling wet plant. The unit, an innovative modular design, has been shipped from Australia and is scheduled to arrive at the Syncrude site in August 2005. Following the installation of electrical and control equipment, the unit will be directly attached to the tailing line for large sample processing of the live tailings stream to confirm the consistency of the material from which titanium and zircon products are being processed at the Regina pilot facility. The bulk sampling program will commence in August 2005 at a total cost of approximately $625,000 and will extend into September 2005. The results of the program together with the final pilot plant flow sheet and pilot plant recoveries will be the subject of a final joint technical in the fourth quarter. After completion of the bulk sampling program, the portable 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 cashflow. 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. The Company is qualifying Canadian engineering firms for site engineering, erection and other on-site construction functions.

5. *Arrange suitable financing arrangements to support the design and construction of a commercial facility.* The Company has maintained modest cash balances sufficient to cover approximately 12 months of R&D and administrative costs. The Company is in confidential discussions with financial advisors and institutions regarding the financing alternatives to meet capital requirements for the next stage of the project.

2.1.2 Oil Sands Project – Expenditures

	Three months ended May 31, 2005	**Nine months ended May 31, 2005**
Beginning Balance	**$ 7,786,904**	**$ 6,718,901**
Consulting fees	73,073	224,529
Stock option compensation charge	169,383	464,135
Building	111,651	202,495
Maintenance	354	23,108
Salaries	101,166	295,196
Equipment	54,951	26,862
Travel	34,767	74,731
General	13,150	35,191
Demonstration Plant Rent	49,155	140,677
Sampling and assays	16,275	66,328
Transport – feedstock, samples, tailings	7,505	94,181
Ending balance, ***May 31, 2005***	**$ 8,418,334**	**$ 8,366,334**

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 current 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.

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2.2.2 Exploration Properties – Expenditures

	Three months ended May 31, 2005	**Nine months ended May 31, 2005**
Beginning balance	**$ 4,914,522**	**$ 4,902,784**
Depreciation	5,869	17,607
Write-down of Exploration Properties	(4,920,391)	(4,920,391)
Ending balance	**$ -**	**$ -**

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)	**2004**	**2003**	**2002**
Loss before write-off of Exploration Properties	$ (2,168,046)	$ (1,172,538)	$ (1,422,494)
Net loss	(2,168,046)	(1,172,538)	(1,924,713)
Net loss per share *(basic and diluted)*	(0.06)	(0.03)	(0.06)
Total assets	14,790,230	8,418,360	6,745,530
Total liabilities	681,299	51,740	104,205
Deficit	(5,758,019)	(3,589,973)	(2,417,435)
Working capital	2,263,614	3,335,657	3,014,191

4.0 Summary of Quarterly Results

	Q3 May 31, 2005	**Q2 Feb. 28, 2005**	**Q1 Nov. 30, 2004**	**Q4 Aug. 31, 2004**
Interest revenues	$ 9,965	$ 3,209	$ 6,406	$ 31,437
Net loss	(5,759,817)	(790,669)	(612,019)	(641,837)
Basic loss per share	(0.14)	(0.02)	(0.02)	(0.03)
Diluted loss per share	(0.14)	(0.02)	(0.02)	(0.03)

	Q3 May 31, 2004	**Q2 Feb. 29, 2004**	**Q1 Nov. 30, 2003**	**Q4 Aug. 31, 2003**
Interest revenues	$ 11,861	$ 25,483	$ 16,245	$ 11,792
Net loss	(605,705)	(525,282)	(395,222)	(166,038)
Basic loss per share	(0.01)	(0.01)	(0.01)	(0.00)
Diluted loss per share	(0.01)	(0.01)	(0.01)	(0.00)

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.

The Company had a net working capital balance of $1,466,734 as at May 31, 2005 compared to $2,263,614 at August 31, 2004.

During the nine months ended May 31, 2005, a total of $2,246,982 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	463,211	$2.00	926,422
Exercise of stock options for cash	330,000	$2.06 **	680,000
			$2,246,982

* *all agents' options were exercised at May 31, 2005*
** *weighted average exercise price*

For the period from May 31, 2005 to July 15, 2005 a further 2,500 incentive stock options were exercised for proceeds of $4,000 and 32,815 warrants were exercised for proceeds of $65,630. At July 15, 2005, outstanding warrants represented a total of 2,047,374 shares issueable for maximum aggregate proceeds of $4,094,748 as follows:

	Number	Exercise Price	Amount	Expiry Date
Warrants at May 31, 2005	2,080,189	2.00	$ 4,160,378	August 2005
Exercise of warrants for cash	(32,815)	2.00	(65,630)	
Warrants at July 15, 2005	2,047,374	2.00	$ 4,094,748	August 2005

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	2005	2006	2007	2008
Consulting *(see Section 8 – Related Party)*	$1,102,000	$452,000	$375,000	$275,000	$ -
Long Term Debt	-	-	-	-	-
Capital Lease Obligation	-	-	-	-	-
Operating – Office Space	300,000	212,000	88,000	-	-
Operating – Land Lease	212,000	53,000	53,000	53,000	53,000
Purchase Obligation	-	-	-	-	-
Other Long Term Obligation	-	-	-	-	-
Total Contractual Obligations	$1,614,000	$717,000	$516,000	$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. In order to aggressively pursue this initiative, additional capital resources will have to be put in place during fiscal 2005. The source of this additional funding is anticipated to be equity financings.

During the three and nine months ended May 31, 2005 the Company capitalized $631,430 and $1,699,433 respectively on its Oil Sands Project related primarily to the operation of its demonstration plant and development of a portable bulk sampling wet 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, 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 $71,751 (2004 - $nil) and $78,583 (2004 - $nil) for the three and nine months ended May 31, 2005 by Auxilium. Accounts payable at May 31, 2005 were $30,985 (2004 - $nil).

Harbour Capital Corporation ("Harbour")

The Company entered into an agreement with Harbour to provide the services of George Elliot, 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 - $nil) and $150,000 (2004 - $200,000) for the three and nine months ended May 31, 2005.

The Company was charged $10,500 (2004 - $nil) and $27,500 (2004 - $nil) for the three and nine months ended May 31, 2005 respectively, for the services of Bradley Kipp the Chief Financial Officer of the Company.

The Company was charged $7,555 (2004 - $8,174) and $33,516 (2004 - $38,684) for the three and nine months ended May 31, 2005 respectively by a corporation partially owned by George Duguay an officer of the Company that provided bookkeeping and corporate secretarial services. Accounts payable at May 31, 2005 were $2,552 (2004 - $nil).

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 demonstration 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	463,211
Share issued on the exercise of Stock Options	330,000
Balance May 31, 2005	42,073,491
Shares issued on the exercise of Warrants	32,815
Shares issued on the exercise of Stock Options	2,500
Balance July 15, 2005	42,108,806

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	(463,211)	1.70	
Balance at May 31, 2005	2,080,189	2.00	
Exercise of Warrants	(32,815)	2.00	
Balance at July 15, 2005	2,047,374	2.00	August 2005

**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	(276,407)	2.00
Options exercised	(330,000)	2.06
Option adjustment	100,000	2.20
Balance May 31, 2005	3,946,668	2.41
Options granted	-	-
Options exercised	(2,500)	1.60
Balance July 15, 2005	3,944,168	2.41

Additional Information

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