TITANIUM CORPORATION INC.

UNAUDITED FINANCIAL STATEMENTS

THREE MONTHS ENDED NOVEMBER 30, 2005

Responsibility for Financial Statements

The accompanying financial statements for Titanium Corporation Inc. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the August 31, 2005 audited financial statements. Only changes in accounting information have been disclosed in these financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

The auditors of Titanium Corporation Inc. have not performed a review of the unaudited financial statements for the three months ended November 30, 2005 and November 30, 2004.

Titanium Corporation Inc.
Balance Sheets

	November 30, 2005 (Unaudited)	August 31, 2005 (Audited)
Assets		
Current		
Cash and cash equivalents	**$ 1,705,861**	$ 2,024,499
Short term investments	**23,739,852**	24,018,813
Marketable securities (Market value, $nil; August 31, 2005, $581,178)	**-**	567,450
Commodity taxes receivable	**42,939**	51,477
Prepaids and other non-recurring recoveries	**32,942**	51,075
	25,521,594	26,713,314
Oil Sands Project development costs (Note 2)	**9,875,791**	9,214,530
Office equipment and leasehold improvements	**82,745**	85,744
	$ 35,480,130	$ 36,013,588
Liabilities		
Current		
Payables and accruals	**$ 571,720**	$ 696,508
Shareholders' equity		
Capital stock (Note 3)	**43,512,498**	43,512,498
Warrants	**3,735,111**	3,735,111
Contributed surplus (Note 5)	**2,249,121**	2,000,105
Deficit	**(14,588,320)**	(13,930,634)
	34,908,410	35,317,080
	$ 35,480,130	$ 36,013,588

Nature of operations (Note 1)

See accompanying notes to the unaudited interim financial statements

Titanium Corporation Inc.

Statements of Operations and Deficit

(Unaudited)

For the Three Months Ended November 30,

	2005	2004
Expenses		
Consulting	**$ 183,017**	$ 167,883
Office and administration	**112,780**	103,771
Depreciation and amortization	**5,392**	7,583
Directors' fees	**39,500**	32,250
Insurance	**33,657**	31,569
Investor relations	**10,820**	33,502
Loss on foreign exchange	**16,713**	2,793
Professional fees	**94,042**	70,516
Shareholders' communication and filing fees	**99,250**	11,898
Stock-based compensation	**186,378**	95,524
Travel and promotion	**77,898**	61,136
	859,447	618,425
Interest income	**(201,761)**	(6,406)
Net loss	**$ 657,686**	$ 612,019
Basic and diluted loss per share (Note 8)	**$ 0.01**	$ 0.02
Deficit at beginning of period	**$ 13,930,634**	$ 5,758,019
Net loss	**657,686**	612,019
Deficit at end of period	**$ 14,588,320**	$ 6,370,038

See accompanying notes to the unaudited interim financial statements

Titanium Corporation Inc.
Statements of Cash Flows
(Unaudited)
For the Three Months Ended November 30,
(Unaudited)

	2005	2004
Decrease in cash and cash equivalents		
Operating activities		
Net loss	**$ (657,686)**	$ (612,019)
Stock-based compensation	**186,378**	95,524
Depreciation and amortization	**5,392**	7,583
	(465,916)	(508,912)
Net changes in non-cash working capital items:		
Decrease in prepaids and other non-recurring recoveries	**18,133**	44,761
Decrease in commodity taxes receivables	**8,538**	230,981
Decrease in payables and accruals	**(405,760)**	(480,998)
	(845,005)	(714,168)
Financing activities		
Common shares issued for cash	**-**	49,000
Investing activities		
Decrease in short term investments	**278,961**	-
Decrease in marketable securities	**567,450**	600,609
Oil Sands Project development costs	**(598,623)**	(492,635)
Net change in non-cash working capital relating to Oil Sands Project development costs	**280,972**	173,830
Acquisition of office equipment and leasehold improvements	**(2,393)**	(7,317)
	526,367	274,487
Decrease in cash and cash equivalents for the period	**(318,638)**	(390,681)
Cash and cash equivalents, beginning of period	**2,024,499**	955,316
Cash and cash equivalents, end of period	**$ 1,705,861**	$ 564,635

Cash and cash equivalents at end of period consists of:		
Cash	**$ 421,662**	$ 505,888
Term deposits	**1,284,199**	58,747
	$ 1,705,861	$ 564,635

See accompanying notes to the unaudited interim financial statements

1. Accounting Policies and Nature of Operations

Titanium Corporation Inc. ("Titanium" or the "Company") was formed by articles of amalgamation under the Business Corporations Act (Ontario) on July 24, 2001. The Company is engaged in the business of developing a separation process for the recovery of titanium and zircon from Canada's oil sands. The Company is considered to be in the development stage as it has yet to earn any revenues and it is devoting substantially all of its efforts toward the development of this process.

To fund its past development activities, the Company has raised equity capital to achieve specific milestones set out in its business plan. In August 2005, the Company raised funds that will be used to complete the design, engineering and construction of a Phase 1 expandable production facility to be located in Fort McMurray, Alberta and for working capital purposes.

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 cash flow but will be designed to be expandable to a commercial scale once a production decision is made.

Management is of the opinion that additional funding is available and may be sourced in time to allow the Company to expand the Phase 1 facilities to a commercial scale plant. While it has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future.

The unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended November 30, 2005 may not necessarily be indicative of the results that may be expected for the year ending August 31, 2006.

The balance sheet at November 30, 2005 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended August 31, 2005. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended August 31, 2005.

2. Oil Sands Project development costs

Costs incurred relating to the Oil Sands Project development at November 30, 2005 and August 31, 2005 are as follows:

	November 30, 2005 (Unaudited)	August 31, 2005 (Audited)
Acquisition and development costs	**$ 5,131,880**	$ 4,732,510
Building and equipment construction costs	**4,743,911**	4,482,020
	$ 9,875,791	$ 9,214,530

In May 2005, the Company extended until May 2006, the three-way exclusivity agreement with Syncrude ("Syncrude") and a major titanium dioxide pigment producer to develop the commercial feasibility of extracting and producing titanium bearing minerals and zircon as by-products of bitumen extraction from oil sands produced by Syncrude's centrifuge plant.

3. Capital Stock

The Company is authorized to issue an unlimited number of common shares.

Common shares	**Number of Shares**	**Amount**
Balance, August 31, 2005 and November 30, 2005	54,586,418	$ 43,512,498

4. Common share purchase warrants

The following table reflects the continuity of common share purchase warrants:

Expiry Date	Exercise Price	August 31, 2005 Balance (Audited)	Issued	Exercised	Expired	November 30, 2005 Balance (Unaudited)
August 2007	$3.25	10,611,112	-	-	-	10,611,112

5. Contributed Surplus

The following table reflects the continuity of contributed surplus relating to stock options:

Balance, August 31, 2005	$ 2,000,105
Stock option compensation expense	186,378
Stock option compensation charged to Oil Sands Project development costs	62,638
Balance, November 30, 2005	$ 2,249,121

6. Common Share Purchase Plan

The Company has a stock option plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Company. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 4,000,000 common shares in the aggregate, and with respect to any one optionee, to 5% of the number of issued and outstanding common shares of the Company at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the board of directors which cannot exceed five years.

Effective February 26, 2003, all options granted subsequently under the Plan vest and become exercisable by the holder over a period of 18 months, with 1/6 of the options being granted vesting at the end of each 3 month period following the grant.

Effective February 23, 2005, the Company amended its stock option plan to increase the number of common shares reserved for issuance under the plan from 4,000,000 to 5,000,000 common shares.

The following table reflects the continuity of stock options for the three months ended November 30, 2005:

	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, August 31, 2005	3,944,166	$ 2.56
Options granted	75,000	2.30
Balance, November 30, 2005	4,019,166	$ 2.56

The following table reflects the stock options outstanding as of November 30, 2005:

Expiry Date	Weighted Average Exercise Price ($)	Options Outstanding
2006	2.20	690,000
2007	2.26	530,000
2008	2.22	635,000
2009	1.98	984,166
2010	3.50	1,180,000
		4,019,166

6. Common Share Purchase Plan (continued)

During the period ended November 30, 2005, 75,000 (November 30, 2004 - 70,000) stock options were granted by the Company. Accordingly, $90,000 (November 30, 2004 - $63,480) will be expensed in the statement of operations and deficit as these options vest.

The fair value of the options granted has been estimated at the date of grant using a Black-Scholes option pricing model. The current period's valuation was calculated with the following assumptions: weighted average risk free interest rate of 3.60% (November 30, 2004 - 4.0%); volatility factor of the expected market price of the Company's common stock of 57% (November 30, 2004 - 68%); and a weighted average expected life of the options of 5 years (November 30, 2004 - 5 years).

During the period ended November 30, 2005, 157,000 (November 30, 2004 - 1,045,000) options granted in prior periods had vested. Accordingly, $249,016 (November 30, 2004 - $236,058) was recorded as contributed surplus. Of the $249,016 (November 30, 2004 - $236,058) recorded as contributed surplus, $186,378 (November 30, 2004 - $95,524) was recorded as stock-based compensation and $62,638 (November 30, 2004 - $140,534) was capitalized to Oil Sands Project development costs.

7. Income Taxes

The benefit of the loss for the period has not been recognized in these unaudited interim financial statements.

Estimated taxable income for the period is nil. Based upon the level of historical taxable income it cannot be reasonably estimated at this time if it is more likely than not the Company will realize the benefits from future income tax assets relating to temporary differences between tax values and accounting values. Accordingly, an equivalent estimated taxable temporary difference valuation allowance has been provided.

The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion or all of the future tax assets will be realized.

Refer to the August 31, 2005 audited financial statements for additional information on the tax position of Company.

8. Loss per common share

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share. The effect of common share purchase warrants and stock options on the net loss for the periods presented is not reflected as to do so would be anti-dilutive.

The following table sets forth the computation of basic and diluted loss per share:

Three Months Ended November 30,		**2005**		2004
Basic and diluted loss per share	**$**	**0.01**	$	0.02
Numerator:				
Net loss for the period	**$**	**(657,686)**	$	(612,019)
Denominator:				
Weighted average number of common shares		**54,586,418**		38,025,146

9. Related Party Transactions

The Company was charged $71,750 (2004 - $nil) for the three months ended November 30, 2005 by a corporation controlled by a director that provided the services of President and Chief Executive Officer.

The Company was charged $50,000 (2004 - $50,000) for the three months ended November 30, 2005 by a corporation controlled by a director that provided the services of Executive Chairman. Payables and accruals at November 30, 2005 were $31,264 (2004 - $nil).

The Company was charged $15,000 (2004 - $7,500) for the three months ended November 30, 2005 for the services of the Chief Financial Officer.

The Company was charged $14,241 (2004 - $9,648) for the three months ended November 30, 2005 by corporations partially owned by an officer of the Company that provided bookkeeping and corporate secretarial services. Payables and accruals at November 30, 2005 were $4,323 (2004 - $nil).

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

10. Supplementary cash flow information

Three Months Ended November 30,		**2005**		2004
Non-cash investing activity:				
Stock compensation charged to Oil Sands Project development costs	**$**	**62,638**	$	140,534
Depreciation of Oil Sands Project charged to exploration expenditures	**$**	**-**	$	5,869

11. Comparative Figures

Certain prior year comparative figures have been reclassified to conform with the current year's financial statement presentation.

12. Subsequent Events

Subsequent to November 30, 2005, the Company received $1,409,300 from the exercise of 653,000 stock options.