TITANIUM CORPORATION INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Months ended November 30, 2005

The following discussion and analysis of the operations, results, and financial position of Titanium Corporation Inc. ("Titanium" or the "Company") for the three months ended November 30, 2005 should be read in conjunction with the November 30, 2005 unaudited financial statements and 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 January 19, 2006.

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, 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 reader is cautioned not to place undue reliance on forward-looking statements.

1.0 Business Overview
The Company is a reporting issuer 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 development of a separation process for the recovery of titanium and zircon from Canada's oil sands. The Company also holds exploration licences on a titanium bearing mineral property claim 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 Financial Results

The Company had working capital of approximately $24.9 million at November 30, 2005 compared to approximately $26.0 million at August 31, 2005. 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.

During the first quarter of fiscal 2006 the Company continued to focus its efforts on the development of its Oil Sands Project. The net loss for the three months ended November 30, 2005 was $657,686 compared to $612,019 for the three months ended November 30, 2004. Basic and diluted net loss per share for the three months ended November 30, 2005 was $0.01 compared to a net loss per share of $0.02 for same period ended November 30, 2004.

For the quarter, higher stock-based compensation costs and shareholders' communication and filing fees offset higher interest income earned. The Company maintained significantly higher average cash balances in the first quarter of fiscal 2006 as a result of the $23.8 million financing completed in August of 2005. During the three months ended November 30, 2005 the Company incurred a total of $295,797 in consulting and office and administration costs compared to $271,654 in the comparative period in 2004. The increase was primarily due to added consulting costs resulting from the hiring of a new President and Chief Executive Officer in February 2005. Investor relations cost savings were offset by increased shareholders' communications costs as a result of the Company having its annual report professionally designed and colour printed for the first time. In addition, filing fee expenses increased as a result of the $15,000 Ontario Securities Commission annual participation fee that was paid during the three months ended November 30, 2005. Professional fees increased during the first quarter of fiscal 2006 compared to same period in fiscal 2005 as a result of higher audit fees incurred in completing the audit of the annual financial statements for the year ended August 31, 2005.

Stock-based compensation for the first quarter of fiscal 2006 increased to $186,378 compared to $95,524 in the comparative period in fiscal 2005. The fair value of stock options calculated on the date of grant is reflected as an expense to the Statement of Operations and Deficit over the period the options vest.

The foreign exchange loss for the three months ended November 30, 2005 totaled $16,713 compared to a loss of $2,793 in the same period of 2004. The Company records foreign exchange gains and losses on US dollar cash balances held. In addition, the Company incurs foreign exchange gains and losses on payments in Australian dollars as it only converts Canadian dollars to Australian dollars at the time of payment.

Financial Condition

The Company's primary assets at November 30, 2005 were cash, short term investments and marketable securities totaling $25.4 million ($26.0 million – August 31, 2005) and development costs for its Oil Sands Project of $9.9 million ($9.2 million – August 31, 2005). 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.

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 successfully commissioned the Regina Pilot Plant and recovered both TiO_2 bearing products and zircon, thereby validating the Company's process technology.

In August 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. 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. Approximately 350 tonnes of washed sand, representing fresh tailings samples, were obtained from the Bulk Sampling Plant. By utilizing the portable Bulk Sampling Wet Plant together with the Regina Pilot Plant, the Company now has the capability to quickly assess tailings at other oil sands sites.

In November 2005, the Company announced test results with respect to its ongoing technical programs. The Company has been conducting a daily sampling program of fresh pipeline tailings

material at the oil sands site since January 2005. Results to date from this program indicate an average Total Heavy Minerals content of 34.2%, in the minus 500 microns in size plus 45 microns in size fraction and an improved product suite comprised of significant levels of zircon and increased levels of the higher TiO_2 content minerals, rutile and leucoxene (as compared with earlier results from testing of tailings that had been deposited in the tailings pond). The high percentage of zircon is particularly significant since zircon is a key economic driver of mineral sands projects.

The Company has now successfully sourced heavy minerals from both the deposited tailings area and from the fresh tailings pipeline. The Company's ongoing technical programs, including pilot plant processing, continue to analyze the material and data obtained from the bulk sampling and daily sampling programs. This technical work is indicating that the volume and content of heavy minerals contained in the fresh tailings pipeline fluctuates and contains higher levels of bitumen and fines as compared with the deposited material. The Company has adjusted its process design to handle the removal of increased levels of bitumen and fines as well as process the new product suite. To manage fluctuating or reduced fresh tailings supply, meet production targets and ensure the continuity of tailings supply in the event of interruptions to the fresh tailings flow, the Company plans to supplement fresh tailings supply from an inventory of deposited tailings. Supplemental methods include the storage and sourcing of deposited tailings as well as pre-production of an inventory of heavy minerals concentrates. Production could be regularly sourced from both fresh and stored or deposited tailings.

The Company has commenced a drill core analysis program utilizing existing core samples from the oil sands drill core inventory. The cores are being analyzed for total heavy minerals content which will enable the Company to compile an overall resource estimate as well as predict valuable heavy minerals production resulting from the oil sands operator's mining program.

In November 2005, the Company announced that the international engineering firm AMEC Americas Limited ("AMEC") had been selected to manage the design, engineering and construction of its mineral processing facilities. AMEC has extensive experience in both mining and oil sands projects. AMEC is working closely with the Australian firm R.J. Robbins & Associates which has ongoing responsibility for process design and engineering. R.J. Robbins & Associates previously designed the Company's Regina Pilot Plant and Bulk Sampling facilities.

On November 29, 2005, the Company announced the appointment of Malcolm Macpherson as a Director of the Company. Mr. Macpherson is a leader in the mineral sands industry with a distinguished 25-year career as a senior executive and Chief Executive Officer of Iluka Resources Ltd., the world's largest combined titanium and zircon mineral producer.

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 in-progress technical programs. The results of the daily sampling program and the Bulk Sampling Plant program together with the flow sheet and recoveries of the Regina Pilot Plant were the subject of a successful technical review with Syncrude in late 2005. The Company is now working with Syncrude toward agreements that will provide for access to tailings supply and on-site operations for the next phase of the Company's oil sands project, the construction of Phase 1 facilities to produce industrial sized product quantities for testing by potential customers.

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.* Consistent with the Alberta Government's strategies of "value added" economic development, technical innovation, diversification and environmental responsibility, the Alberta government and associated agencies have expressed strong support for the development of heavy minerals and other products from oil sands tailings. Discussions with the Alberta government have been concluded with regard to the applicability of the royalty regime to the Company's downstream processing of oil sands tailings. However, the oil sands royalty regime did not fully contemplate the production of these new products and discussions are continuing between the government and oil sands operator regarding the administrative treatment of any amounts paid to the oil sands operator by the Company for access to tailings.

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 have provided Titanium with formal expressions of interest including volumes of feedstock that they are prepared to contract for. Expressions of interest volumes are substantially in excess of expected production volumes. The Company has also been working with the pigment industry in the testing of the Company's titanium products. Confidential negotiations are underway. 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 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 the Phase 1 minerals processing facility.* Preliminary engineering and costing for Phase 1 as well as final commercial facilities is underway by R.J. Robbins & Associates and AMEC. The preliminary indications are that approximately 12-16 months will be required to finalize engineering, procure longer lead equipment and construct Phase 1 concentrator (wet plant) and separation (dry mill) facilities at the oil sands site. After reaching agreements with the oil sands operator, the Company plans to commence Phase 1 construction by mid-2006 and commission these facilities during the first half of 2007. After production and customer acceptance of industrial sized product runs leading to long term sales arrangements, the Company would plan to arrange appropriate long term financing and construct full capacity facilities during 2008 which would be commissioned during 2009.

2.1.2 Oil Sands Project – Expenditures

	Three Months Ended November 30, 2005
Beginning Balance, ***August 31, 2005***	**$ 9,214,530**
Consulting fees	236,924
Stock option compensation charge	62,638
Building	13,744
Maintenance	3,097
Bulk Sample Plant	42,265
Salaries	96,438
Equipment	-
Travel	45,503
General	25,212
Regina Pilot Plant Rent	43,487
Sampling and assays	55,358
Transport – feedstock, samples, tailings	36,595
Ending balance, ***November 30, 2005***	**$9,875,791**

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. While at this time the Company does not intend on pursuing further work on the Exploration Properties, it will continue to hold the 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

Due to the Company's focus on the Oil Sands Project the Company decided not to undertake additional work or expenditures on the Exploration Properties and, accordingly, all the costs of $4,920,391 were written off in the third quarter of fiscal 2005. In addition, all the related pilot plant and exploration equipment cost of $99,781 were also written off in the same quarter.

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:

	Q1 Nov. 30, 2005	**Q4 August 31, 2005**	**Q3 May 31, 2005**	**Q2 Feb. 28, 2005**
Interest revenues	$ 201,761	$ 5,973	$ 9,965	$ 3,209
Net loss	(657,686)	(1,010,110)	(5,759,817)	(790,669)
Basic loss per share	(0.01)	(0.01)	(0.14)	(0.02)
Diluted loss per share	(0.01)	(0.01)	(0.14)	(0.02)

	Q1 Nov. 30, 2004	**Q4 Aug. 31, 2004**	**Q3 May 31, 2004**	**Q2 Feb. 29, 2004**
Interest revenues	$ 6,406	$ 31,437	$ 11,861	$ 25,483
Net loss	(612,019)	(641,837)	(605,705)	(525,282)
Basic loss per share	(0.02)	(0.03)	(0.01)	(0.01)
Diluted loss per share	(0.02)	(0.03)	(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 the issuance of equity capital. 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 $24,949,874 as at November 30, 2005 compared to $26,016,806 at August 31, 2005.

At November 30, 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 as follows.

		Year Ended August 31		
Contractual Obligation	**Total**	**2006**	**2007**	**2008**
Consulting *(see Section 8 – Related Party)*	$ 795,500	$365,000	$287,000	$143,500
Long Term Debt	-	-	-	-
Capital Lease Obligation	-	-	-	-
Operating – Office Space	126,000	126,000	-	-
Operating – Land Lease	268,000	72,000	98,000	98,000
Purchase Obligation	-	-	-	-
Other Long Term Obligation	-	-	-	-
Total Contractual Obligations	$1,189,500	$563,000	$385,000	$241,500

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 latest funds raised in August 2005 will be used to complete the design, engineering and construction of a Phase 1 expandable production facility to be located in Fort McMurray, Alberta.

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 three months ended November 30, 2005 the Company capitalized $661,261 related to its development activities on its Oil Sands Project.

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")

In February 2005 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) three months ended November 30, 2005 by Auxilium.

Harbour Capital Corporation ("Harbour")
In January 2005 the Company entered into an agreement with Harbour to provide the services of George Elliott, 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 Elliott. The Company was charged $50,000 (2004 - $nil) for the three months ended November 30, 2005.

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

The Company was charged $14,241 (2004 - $9,648) for the three months ended November 30, 2005 by a corporation partially owned by George Duguay an officer of the Company that provided bookeeping and corporate secretarial services. Accounts payable 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.

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 heavy 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.

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, 2005 and November 30, 2005	54,586,418
Share issued on the exercise of Stock Options	653,000
Balance January 19, 2006	55,239,418

Warrants and Agents' Options	Number	Exercise Price ($)	Expiry Date
Balance at August 31, 2005, November 30, 2005 and January 19, 2006	10,611,112	3.25	August 2007

Stock Options	Number	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
Options exercised	(653,000)	2.16
Balance January 19, 2006	3,366,166	

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 November 30, 2005 that these controls and procedures operated effectively.

Additional Information

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