TITANIUM CORPORATION INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Six Months ended February 28, 2006

This management discussion and analysis ("MD&A") of the operating results and financial position of Titanium Corporation Inc. ("Titanium" or the "Company") is for the three and six months ended February 28, 2006 compared with the three and six months ended February 28, 2005. The MD&A is current to April 26, 2006 and should be read in conjunction with the interim financial statements of the Company for the three and six months ended February 28, 2006 and related notes thereto (the "Financial Statements"). The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for interim reporting (for more complete disclosure see Summary of Significant Accounting Policies – Note 2 to the Company's audited December 31, 2005 financial statements). All amounts herein are expressed in Canadian dollars unless otherwise indicated.

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

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 relating to the advancement of Titanium's Oil Sands Project, statements relating to the potential of the Oil Sands Project, statements concerning estimates of expected capital expenditures and development timelines, statements relating to expected future production and cashflows 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 is in the development stage and its principal business activity is the development of a separation process for the recovery of titanium and zircon from Canada's oil sands.

Oil Sands Project
The Company's mission is to become the first titanium and zircon sand producer from Canada's oil sands. The Company is developing a mineral separation process for the recovery of titanium mineral concentrates and zircon from oil sands extraction plant tailings in Alberta. The Company operates a pilot mineral sands processing facility in Regina, Saskatchewan (the "Regina Pilot Plant") for flowsheet development testwork. In August 2005, the Company 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.

2.0 Overall Performance

Explanation of Financial Results

The Company had working capital of approximately $25.1 million at February 28, 2006 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.

During the second quarter of fiscal 2006 the Company continued to focus its efforts on the development of its Oil Sands Project. During the six months ended February 28, 2006 the Company capitalized $1,427,508 related to its development activities on its Oil Sands Project.

The Company recorded a net loss of $1.6 million ($0.03 per share) for the six months ended February 28, 2006 compared with a net loss of $1.4 million ($0.03 per share) for the same period in 2005.

Increased costs on a year-to-date basis are the result of increases in consulting fees and stock-based compensation costs as well as shareholder communication and travel costs.

Consulting fees for the six months ended February 28, 2006 increased to $537,338 from $324,052 for the comparable period in 2005. This increase was primarily due to performance bonuses paid to two senior officers of the Company. The costs associated with the hiring of the new President and CEO who was hired in February 2005 was largely offset by the termination of a number of consulting contracts subsequent to his engagement.

Non-cash stock based compensation expenses for the six months ended February 28, 2006 increased to $485,892 compared to $191,048 in the corresponding period in 2005. The increase was due to the vesting of stock options that were granted in February 2005.

Increased shareholders' communications costs ($151,134 for the six months ended February 28, 2006 compared to $89,475 for the comparable period in 2005) were the result of the Company having its annual report professionally designed and colour printed for the first time.

Travel ($159,419 for the six months ended February 28, 2006 compared to $105,373 in comparable period in 2005) increased primarily due the increased business development activities of the Oil Sands Project and a European investor relations trip.

Increases in expenses during the six months ended February 28, 2006 were offset by increased interest income as the Company maintained significantly higher average cash balances during the six month period ended February 28, 2006 as a result of the $23.8 million financing completed in August of 2005.

The foreign exchange loss for the six months ended February 28, 2006 totaled $25,660 compared to a loss of $6,389 in the same period of 2005. 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.

The Company recorded a net loss of $1.0 million ($0.02 per share) for the three months ended February 28, 2006 compared with a net loss of $0.8 million ($0.02 per share) for the same period in 2005. Similar to the year-to-date period discussed above, the increased costs related primarily to increases in consulting fees and stock based compensation costs during the period. The $388,103

increase in costs during the three months ended February 28, 2006 compared to the same period in 2005 were offset by a $191,334 increase in interest income during the same periods as a result of higher average cash balances.

Financial Condition
The Company's primary assets at February 28, 2006 were cash, short term investments and marketable securities totaling $25.6 million ($26.7 million – August 31, 2005) and development costs for its Oil Sands Project of $10.6 million ($9.2 million – August 31, 2005). A description of additions to the Oil Sands Project is presented in Section 4.1 below.

3.0 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.

4.0 Oil Sands Project

Strategy and Outlook

The Company is developing a mineral sands separation process for the recovery of titanium mineral concentrates and zircon from oil sands extraction plant tailings in Alberta.

The Company has assessed the mineral content in both deposited tailings and fresh pipeline tailings at the oil sands site near Fort McMurray, Alberta. This has included analysis of tailings on a daily basis which indicates that the minerals content of the fresh tailings fluctuates (as a percentage of total volume) and there are higher levels of bitumen and fine solids compared with the material in the deposited tailings.

These finding have necessitated changes to flow sheet design which will be tested by the operation of onsite modular pilot facilities (the "2006 Pilot") this year at Fort McMurray. The 2006 Pilot is planned to be constructed in Australia and shipped to Fort McMurray for commissioning during the summer of

2006 and is being designed to provide the ability to recover hydrocarbons associated with the concentration and recovery of heavy minerals. As part of the 2006 Pilot, the Company will utilize the Bulk Sampling Plant that it operated during 2005. The 2006 Pilot is expected to cost approximately $3.0 million.

The Company has been continuously evaluating heavy minerals markets and development options. Worldwide demand for zircon continues to outpace supply, driven by new demand from China and other Asian countries particularly in the ceramics industry. Zircon pricing has risen steadily over the past 5 years averaging over US$600 per tonne in 2005 and has increased to over US$700 per tonne in 2006. In light of the strength of the zircon market and the opportunity this presents, the Company has reviewed its previously announced decision to construct a non-commercial demonstration plant to produce industrial samples of titanium products for operational testing by the chloride pigment industry. The chloride feedstock market has been in balance with pricing remaining static and is likely to become increasingly competitive in the near term. Therefore, the Company is examining other uses for its titanium bearing minerals and the timing of market entry. This removes the need to generate large bulk samples for customer evaluation – the major reason for the demonstration plant.

The Company is evaluating the option of entering the zircon market sooner, reducing considerably development costs and providing earlier cash flow. In conjunction with the 2006 Pilot, the Company intends to undertake a feasibility study into the option of the early production of zircon with the production of titanium minerals following later in an expansion phase.

The Company is continuing to conduct ongoing technical programs including: a daily sampling program of fresh pipeline tailings material at the Fort McMurray oil sands site and a drill core analysis program utilizing existing core samples from the oil sands operator's 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 order to achieve its stated mission the Company will be focusing 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.*

   The Company continues to work 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 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. Portable facilities for the 2006 Pilot are being constructed in Australia for shipment to Fort McMurray this summer for on site testing of the primary concentration process for recovery of heavy minerals and associated hydrocarbons.

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 the administrative treatment of any amounts paid to the oil sands operator by the Company for access to tailings. The Government has initiated the appropriate process to work with the oil sands operator and the Company to establish fiscal terms to permit the continued development of the recovery of heavy minerals from oil sands 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 zircon customers have made ceramic tiles utilizing Titanium's zircon and have provided Titanium with formal expressions of interest including volumes of feedstock for which they are prepared to contract for. Expressions of interest volumes are substantially in excess of expected production volumes.

4. *Design of the first phase of facilities.*

   A feasibility study including the option of the early production of zircon is underway by R.J. Robbins & Associates and AMEC Americas Limited. The Company is now planning to redesign the first phase of its facilities to be a commercial plant and to initially prioritize the commercial production of zircon.

4.1 Oil Sands Project – Expenditures

	Three Months Ended February 28, 2006	**Six Months Ended February 28, 2006**
Beginning Balance,	**$ 9,875,791**	**$ 9,214,530**
Engineering and consulting fees	412,559	649,483
Stock option compensation charge	(6,348)	56,290
Building	2,531	16,275
Maintenance	645	3,742
Bulk Sample Plant	(13,971)	28,294
Salaries	75,903	172,341
Equipment	24,897	24,897
Travel	12,403	57,906
General and administration	118,417	143,629
Regina Pilot Plant Rent	50,412	93,899
Sampling and assays	64,253	119,611
Transport – feedstock, samples, tailings	24,546	61,141
Ending balance, *February 28, 2006*	**10,642,038**	**10,642,038**

5.0 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 and related plant and equipment	$ (3,152,443)	$ (2,168,046)	$ (1,172,538)
Net loss	(8,172,615)	(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 its exploration properties in Nova Scotia 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.

6.0 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:

	Q2 Feb 28, 2006	**Q1 Nov. 30, 2005**	**Q4 August 31, 2005**	**Q3 May 31, 2005**
Interest revenues	$ 194,543	$ 201,761	$ 5,973	$ 9,965
Net loss	(987,438)	(657,686)	(1,010,110)	(5,759,817)
Basic loss per share	(0.02)	(0.01)	(0.01)	(0.14)
Diluted loss per share	(0.02)	(0.01)	(0.01)	(0.14)

	Q2 Feb 28, 2005	**Q1 Nov. 30, 2004**	**Q4 Aug. 31, 2004**	**Q3 May 31, 2004**
Interest revenues	$ 3,209	$ 6,406	$ 31,437	$ 11,861
Net loss	(790,669)	(612,019)	(641,837)	(605,705)
Basic loss per share	(0.02)	(0.02)	(0.03)	(0.01)
Diluted loss per share	(0.02)	(0.02)	(0.03)	(0.01)

The above quarterly results reflect generally increasing corporate administration costs as development activities of the Company continue to increase. The second quarter of fiscal 2006 shows relatively higher losses than other periods due substantially to higher stock based compensation expenses ($299,514) and bonuses paid to two senior officers ($187,500). Losses in the first and second quarter of fiscal 2006 were partially offset by interest income earned on cash balances raised in August 2005.

The third quarter of fiscal 2005 showed a large loss primarily related to the write-off of the Company's Nova Scotia exploration properties and related plant and equipment of $5,020,172.

7.0 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.

The Company had a net working capital balance of $25,082,719 as at February 28, 2006 compared to $26,016,806 at August 31, 2005.

At February 28, 2006, outstanding warrants represented a total of 11,231,879 shares issueable for maximum aggregate proceeds of $35,882,839 as follows:

	Number	Exercise Price	Amount	Expiry Date
Broker Warrants*	620,767	$2.25	$ 1,396,725	August 2007
Warrants*	10,611,112	3.25	34,486,114	August 2007
Total	11,231,879		$ 35,882,839	

**Issued as part of the August 2005 private placement financing.*

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:

		Six months ended Aug 31	Year ended Aug 31	
Contractual Obligation	**Total**	**2006**	**2007**	**2008**
Consulting *(see Section 10 – Related Party)*	$ 774,000	$243,500	$387,000	$143,500
Long Term Debt	-	-	-	-
Capital Lease Obligation	-	-	-	-
Operating – Office Space	175,724	79,471	57,752	38,501
Operating – Land Lease	245,400	49,080	98,160	98,160
Purchase Obligation	-	-	-	-
Other Long Term Obligation	-	-	-	-
Total Contractual Obligations	$1,195,124	$372,051	$542,912	$280,161

8.0 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. The $23.8 million raised in August 2005 was to be used to complete the design, engineering and construction of the Phase 1 production facility to be located in Fort McMurray, Alberta and for working capital purposes.

In response to continued positive market economics for zircon, the Company is now planning to redesign the first phase of its facilities to be a commercial plant and to initially prioritize the commercial production of zircon. The Company has commenced engineering and costing feasibility studies on the commercial facilities and would have to seek equity or project financing for the estimated completion cost which has yet to be determined.

During the six months ended February 28, 2006 the Company capitalized $1,427,508 related to its development activities on its Oil Sands Project.

9.0 Off-Balance Sheet Arrangements

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

10.0 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 and provides for up to a 50% annual bonus related to certain performance criteria. Auxilium is a corporation controlled by Scott Nelson. The Company was charged $71,750 (2005 - $6,833) and $143,500 (2005 - $6,833) respectively for the three and six months ended February 28, 2006 by Auxilium. In addition, a 12 month performance bonus of $137,500 (2005 – $nil) was paid to Auxilium during the six months ended February 28, 2006.

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 (2005 - $50,000) and $100,000 (2005 - $100,757) respectively for the three and six months ended February 28, 2006. A bonus of $50,000 (2005 - $nil) was also paid to Harbour during the six months ended February 28, 2006. Payables and accruals at February 28, 2006 were $53,500 (2005 - $ nil).

The Company was charged $nil (2005-$16,522) and $14,241 (2005 - $25,961) respectively for the three months ended February 28, 2006 by a corporation partially owned by George Duguay an officer of the Company that provided bookeeping and corporate secretarial services. Accounts payable at February 28, 2006 were $2,600 (2005 - $6,804). As of November 30, 2005, this corporation was no longer related to the Company.

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

11.0 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 the Company. This discussion, by its nature, is not all-inclusive. Other factors may affect the Company in the future.

In general, development projects have no operating history upon which to base estimates of future cash capital and operating costs. For development projects such as the Oil Sands Project, estimates of tailings supply are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital cost, cash operating costs based upon anticipated tonnage and grades to be processed, expected recovery rates, facility and equipment operating costs, anticipated climatic conditions and other factors. In addition, there remains to be undertaken certain work on the Oil Sands Project that could adversely impact estimates of capital and operating costs of the project and such differences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

There can be no assurance that the Company will be able to complete development of the Oil Sands Projects at all or on time or to budget due to, among other things, changes in the economics of the project, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. Should any of these events occur, it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Potential customers for heavy mineral products have unique manufacturing processes that utilize feedstock with specific characteristics. The oil sands have more impurities and on average have a slightly finer grain size than typical beach mineral sand deposits. There is also a larger than normal variance of the heavy minerals. These factors present additional challenges to the efficient processing of the heavy mineral concentrate. The critical steps required to create marketable-grade titanium dioxide and zircon from the oil sands include making a heavy mineral concentrate from the tailings, removal of the remaining hydrocarbons from the concentrate. There is no assurance that the Company will overcome such challenges on a commercial scale and that its products will meet certain of the customers' specifications.

The development of the Oil Sands Project and the construction of processing facilities and commencement of commercial production will require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of further development and commercial production. The only source of funds currently available to the Company is through the issue of equity capital, the entering into of joint ventures or incurring project financing. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders.

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's exclusivity agreement with Syncrude expires on May 16, 2006. 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.

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 or is in the process of filing patent applications in the United States and Canada with respect to its 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's business is dependent on retaining the services of a small number of key personnel of the appropriate caliber as the business develops. The Company has entered into employment agreements with certain of its key executives. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the directors and senior management and the loss of one or more could have a materially adverse effect on the Company.

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

12.0 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.

13.0 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.

14.0 Outstanding Share Data

Outstanding Common Shares	Number
Balance, August 31, 2005	54,586,418
Shares issued on the exercise of Broker Warrants	15,900
Shares issued on the exercise of Stock Options	724,666
Balance February 28, 2006	55,326,984
Shares issued on the exercise of Stock Options	210,000
Balance April 26, 2006	55,536,984

Warrants	Number	Exercise Price ($)	Expiry Date
Balance at August 31, 2005	10,611,112	3.25	August 2007
Broker Warrants issued	636,667	2.25	August 2007
Broker Warrants exercised	(15,900)	2.25	
February 28, 2006 and April 26, 2006	11,231,879		August 2007

Stock Options	Number	Weighted Average Exercise Price ($)
Balance August 31, 2005	3,944,166	2.56
Options granted	400,000	2.77
Options exercised	(724,666)	2.14
Balance February 28, 2006	3,619,500	2.67
Options exercised	(210,000)	2.20
Balance April 26, 2006	3,409,500	2.70

15.0 Disclosure Controls

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109— *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure .

Additional Information

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