MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations of Titanium Corporation Inc. ("Titanium" or the "Company"). This MD&A has been prepared for the three and nine months ended May 31, 2007 and includes material information available up to July 27, 2007. The MD&A is intended to supplement the Company's audited financial statements and notes thereto ("Financial Statements") as at and for the year ended August 31, 2006. This MD&A should be read and reviewed in conjunction with the Financial Statements.

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. The Company's public filings, including its most recent annual audited financial statements at August 31, 2006, can be reviewed via the SEDAR website at www.sedar.com or the Company's website at www.titaniumcorporation.com.

Certain statements included in this MD&A including, without limitation, the Company's business plans, development and future potential of the Oil Sands Project and other statements that express management's expectation or estimates regarding the development and timing of completion of various aspects of the Company's projects or of the Company's future performance, constitute "forward-looking statements". When used in this MD&A, the words "expect", "anticipate", "target", "plan", "continue", "budget", "estimate", "may", "will", "should", "potential", and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Although the Company 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. These risks, uncertainties and other factors include, but are not limited to: changes in the worldwide price of zircon and titanium; fluctuations in exchange rates; legislative, political or economic developments including changes to relevant legislation in Canada; operating or technical difficulties in connection with development activities; requirement for additional funding; development timelines; expected capital expenditures; failure to complete a final feasibility study with respect to the Oil Sands Project; failure to secure long-term services of supply of oil sands tailings; failure to obtain the necessary patents with respect to the Company's technology for recovery of heavy minerals and the Company's expected future production and cashflows and other factors (including development and operating risks). For further expansion of certain risks and uncertainties that could contribute to a difference in results, please review those risks listed under the heading "Risks" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are not guarantees of future performance and there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

Business Overview

The Company is in the development stage and 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 vision is to create a new industry in Alberta by processing a waste material into valuable products such as zircon and titanium bearing minerals. The Company's mission is to develop and build a commercial process that will maximize the inherent value existing in the waste material currently being deposited in oil sands tailings (the "Oil Sands Project"). The potential exists in such process not only to recover previously wasted resources but to simultaneously deliver environmental benefits. There are currently three oil sands mining operations that would be candidates to utilize the Company's planned process and a number of other mining projects under development. As the Company develops it's Oil Sands Project it is committed to achieving the highest standards in areas of good corporate governance, open communication with all affected stakeholders and excellence with best accepted engineering design practices with safety, environmental protection, and risk mitigation as key components of the commercial process.

Overall Performance

During the first nine months of fiscal 2007, the Company made solid progress, completing the on-site pilot concentrator program, advancing separation circuit processing in Regina and commencing international market development for titanium and zircon.

In early September 2006, within its established targets and on budget, Titanium completed construction and began operation of its C$3 million pilot heavy minerals concentrator in Fort McMurray. Pilot production testing is a critical step for any new process development. For Titanium, the pilot is serving three main purposes. First, it helps validate the Company's manufacturing flow sheet within the actual oil sands operating environment. Second, it produces heavy mineral concentrates for testing in mineral separation circuits under development in the Company's Regina facility. Third, the pilot facilitates future process development with both the existing oil sands producer and future producers once the Company is in a position to expand its operations to new mining projects.

By the end of October 2006 the pilot facility had produced sufficient concentrates for separation circuit testing in Regina. The on-site program was successful in achieving recoveries of heavy minerals between 98-99% from oil sands tailings. In November, concentrates were shipped to the Company's Regina development facility for further testing in separation circuits designed to maximize the recovery of zircon. During the on-site pilot, the Company also gained valuable experience in the removal and recovery of hydrocarbons associated with the minerals and the tailings stream. The removal and recovery of hydrocarbons is integral to the recovery and concentration of heavy minerals from the oil sands tailings stream and will involve further research and development programs and piloting. The Company has engaged experts from the Alberta based research unit of CANMET Energy Technology Centre ("CANMET") to assist with the necessary research and development work. CANMET is the primary federal government research group for the development of supply technologies and related environmental technologies with an emphasis on oil sands and heavy oil.

During the third quarter of fiscal 2007, work progressed on the design and testing of the zircon flow-sheet and preliminary zircon samples were provided to prospective customers. The evaluation of oil sands drill core samples progressed during the period as reported in a press release on June 22, 2007. Work is also underway on the recovery and testing of titanium minerals which would be targeted at growing markets in Asia.

Outlook

The Company's current key objectives include: conducting further research and development programs to improve the removal and recovery of hydrocarbons during the concentration process and testing those improvements; zircon flow-sheet testing and optimization; and assessment of titanium mineral processing requirements.

The future steps, following the successful completion of the necessary technical programs and market testing, would be commencement of an engineering feasibility followed by an estimated 24 to 36 month period to execute project financing, detailed facility design, engineering, permitting and facility construction.

Results of Operations

Explanation of Financial Results

For the three months ended May 31, 2007, the Company incurred a loss of $428,331 or $0.01 per share, compared to a loss of $786,375, or $0.01 per share in the year-earlier third quarter. For the nine months ended May 31, 2007, the Company incurred a loss of $1,952,067, or $0.03 per share, compared to a loss of $2,431,499, or $0.04 per share in the year-earlier.

During both periods the Company did not generate operating revenues as it is in the development stage.

Expenses

Corporate General and Administrative ("G&A Costs")

	Three Months Ended May 31		**Nine Months Ended May 31**	
	2007	**2006**	**2007**	**2006**
Consulting	$137,244	$168,335	$593,006	$705673
Office and administration	80,898	139,935	291,949	379,457
Directors' fees	38,875	33,500	126,375	112,500
Insurance	33,320	35,274	102,219	104,394
Investor relations	38,920	4,581	80,775	73,235
Professional fees	17,888	111,743	176,289	326,649
Shareholders' communication and filing fees	12,428	22,033	178,193	173,167
Travel and promotion	46,499	55,483	231,055	214,902
	$406,072	**$570,884**	**$1,779,861**	**$2,089,977**

During the third quarter of fiscal 2007 the Company incurred a total of $406,072 for G&A costs compared to $570,884 in the same quarter in fiscal 2006. During the nine months ended May 31, 2007 G&A costs decreased $310,116 to $1,779,861 compared to the year-earlier comparative period in 2006. Consulting fees decreased in both the three and nine month periods in fiscal 2007 as a result of the use of less consultant services and lower bonus costs. Increases in investor relations costs during the third quarter of fiscal 2007 related to the timing of certain costs and the attendance by the Company at a number financial and industry presentations and tradeshows.

Stock based compensation

During the three months ended May 31, 2007 167,500 stock options expired and no new stock options (2006: 150,000) were granted. Of the $260,109 (2006:$392,515) recorded as contributed surplus relating to the vesting of stock options for the three months ended May 31, 2007, $215,361 (2006: $353,752) was recorded as stock-based compensation in the statement of loss and deficit and $44,748 (2006: $38,763) was capitalized to Oil Sands Project Development Costs.

During the nine months ended May 31, 2007, 442,500 stock options expired and 500,000 (2006:550,000) new stock options were granted at an average price of $2.10 (2006: $2.77). These new stock options will be expensed in the statement of loss and deficit or capitalized to Oil Sands Development costs as they vest. Of the $977,056 (2006:$934,697) recorded as contributed surplus for the nine months ended May 31, 2007, $813,208 (2006: $839,644) was recorded as stock-based compensation in the statement of loss and deficit and $163,848 (2006: $95,053) was capitalized to Oil Sands Project Development Costs.

For the 500,000 options granted during the nine months ended May 31, 2007, the fair value was calculated at the date of grant using a Black-Scholes option pricing model with the following assumptions:

1. 425,000 - weighted average risk free interest rate of 3.99%; volatility factor of the expected market price of the Company's common stock of 44.3%; and a weighted average expected life of the options of 5 years.
2. 75,000 - weighted average risk free interest rate of 3.82%; volatility factor of the expected market price of the Company's common stock of 49.7%; and a weighted average expected life of the options of 5 years.

Foreign exchange loss

Foreign exchange losses for the third quarter ended of fiscal 2007 totaled $23,572 compared to a loss of $33,842 in the comparable quarter in fiscal 2006. Foreign exchange losses for the nine months ended May 31, 2007 totaled $21,653 compared to a loss of $59,502 in the comparable period in fiscal 2006. 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 expects to continue to see foreign currency gains and/or losses as it continues to hold approximately $350,000 in US dollars.

Interest income

Interest income earned during the third quarter of fiscal 2007 increased to $226,015, compared to $179,864 during the comparable quarter in fiscal 2006. The higher interest income earned during the current quarter relates to higher rates earned in the fixed income markets for the Company's short-term investments.

Interest income earned during the nine months ended May 31, 2007 increased to $689,998, compared to $576,168 during the comparable quarter in fiscal 2006. The higher interest income during the current nine month period relates to higher rates earned in the fixed income markets for the Company's short-term investments

In the absence of interest rate increases, interest income should modestly decrease in fiscal 2007 as average cash balances decline as a result of development expenditures and general and administrative costs anticipated to be incurred during fiscal 2007.

Oil Sands Project – Expenditures

	Three Months Ended May 31		Nine Months Ended May 31	
	2007	**2006**	**2007**	**2006**
Beginning Balance	**$14,586,649**	**$10,642,038**	**$13,212,493**	**$9,214,530**
Engineering, salaries and consulting fees	151,145	162,166	777,219	813,589
Stock option compensation charge	44,748	38,763	163,848	95,053
Building	-	-	14,844	16,275
Maintenance	654	1,443	7,911	5,185
Equipment	58,853	540,384	294,869	881,408
Travel	11,810	54,456	64,804	112,362
General and administrative	15,760	19,180	96,597	56,009
Regina development facility rent	21,863	35,470	119,174	125,991
Sampling and assays	38,463	28,833	144,966	141,190
Transport-feedstock, samples, tailings	6,845	13,574	40,065	74,715
Ending balance	**$14,936,790**	**$11,536,307**	**$14,936,790**	**$11,536,307**

The Company capitalizes all costs incurred related to the development of its Oil Sands Project. The Company capitalized $350,141 in Oil Sands Project development costs during the three months ended May 31, 2007 compared with $894,269 in the comparable period in fiscal 2006. The Company capitalized $1,724,297 in Oil Sands Project development costs during the nine months ended May 31, 2007 compared with $2,321,777 in the comparable nine months in fiscal 2006.

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:

	Q3 May 31, 2007	**Q2 Feb 28, 2007**	**Q1 Nov 30, 2006**	**Q4 Aug, 31, 2006**
Statement of Loss				
Net loss	$428,231	$908,772	$614,964	$746,293
Basic and diluted loss per share	$0.01	$0.02	$0.01	$0.02
Balance Sheet				
Working capital	$21,020,898	$21,536,736	$21,423,343	$22,524,604
Total assets	$36,205,660	$36,552,213	$36,264,506	$36,863,876
Cashflow from financing activities	$-	$1,171,075	$4,000	$-

	Q3 May 31, 2006	Q2 Feb 28, 2006	Q1 Nov 30, 2005	Q4 Aug, 31, 2005
Statement of Loss				
Net loss	$786,375	$987,438	$657,686	$1,010,110
Basic and diluted loss per share	$0.01	$0.02	$0.01	$0.01
Balance Sheet				
Working capital	$24,479,995	$25,082,720	$24,949,874	$26,016,806
Total assets	$36,696,565	$36,358,235	$35,480,130	$36,013,588
Cashflow from financing activities	$738,251	$1,587,973	$-	$25,964,841

Please review the discussion under the heading "Results of Operations" in this MD&A for an explanation of the financial results for the three and nine-month periods ended May 31, 2007.

For the fourth quarter of fiscal 2006, the Company incurred a smaller loss compared to the loss in the year-earlier quarter. The Company earned $239,000 interest in the fourth quarter of fiscal 2006 compared to $12,000 in the comparable previous year quarter.

Other fluctuations in the Company's expenditures reflect increases in administrative costs and professional fees associated with seasonal corporate filing and regulatory activities. Specifically, the increased costs related to the preparation of year end audit files and annual meeting materials, as well as the impact of year end audit adjustments to the financial statements.

Liquidity and Capital Resources

In management's view, the most meaningful information concerning the Company relates to its current liquidity given that, currently, it is not generating any income from its Oil Sands Project. 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 Company's only sources of liquidity until the Oil Sands Project reaches commercial production and profitability are current cash balances, issue of equity capital, exercise of warrants and stock options outstanding, incurring project financing and entering into joint ventures. The Company is in a strong financial position through the feasibility stage of project development with $21,051,793 in cash and short term investments at May 31, 2007. To complete the development to commercial production, the Company will need to obtain external financing. The ability to develop the Oil Sands Project is dependent on the Company's ability to raise the necessary financing to build the required plant and infrastructure through debt or equity issues or other strategic alternatives. Management remains confident that necessary funds will be available at reasonable commercial terms.

The Company had a net working capital balance of $21,020,898 as at May 31, 2007 compared to $22,524,604 at August 31, 2006.The Company's primary assets at May 31, 2007 were cash and short term investments totaling $21.1 million ($23.4 million – August 31, 2006) and development costs for its Oil Sands Project of $14.9 million ($13.2 million – August 31, 2006).

Off-Balance Sheet Arrangements

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

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 (2006 - $71,692) and $215,250 (2006 - $215,192) for the three and nine months ended May 31, 2007 by Auxilium. In addition, a 12 month performance bonus of $137,500 (2006 – $137,500) was paid to Auxilium during the nine months ended May 31, 2006.

Harbour Capital Corporation ("Harbour")

Under the terms of a consulting agreement renewed on September 1, 2006, $25,000 (2006: $50,003) and $75,000 (2006: $200,003) was paid for the three and nine months ended May 31, 2007 to Harbour, a company controlled by George Elliott, a director of the Company, to provide the services of Executive Chairman. This renewed consulting agreement is for a term of 12 months, commencing September 1, 2006, during which time Harbour will be paid $100,000 per year.

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

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.

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 and 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 sources of funds currently available to the Company are 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 costs and related industrial process risks could negatively impact the viability of the project.

While the Exclusivity Agreement with Syncrude was renewed in July 2006 for two years, the Company may not be able to negotiate fair commercial arrangements with Syncrude, 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.

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 and zircon processing technology at a commercial scale. Accordingly, it cannot describe processing efficiencies and costs associated with its titanium and zircon 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.

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.

Outstanding Share Data

Outstanding Common Shares	Number
Balance, August 31, 2006	55,670,651
Shares issued on the exercise of stock options	537,000
Balance May 31, 2007 and July 27, 2007	56,207,651

Warrants	Number	Exercise Price ($)	Expiry Date
Warrants	10,611,112	3.25	August 2007
Broker warrants	557,100	2.25	August 2007
Balance at May 31, 2007 and July 27, 2007	11,168,212		

Stock Options	Number	Weighted Average Exercise Price ($)
Balance August 31, 2006	2,959,500	2.68
Options granted	500,000	2.10
Options exercised	(537,000)	2.14
Options expired	(442,500)	2.96
Balance May 31, 2007	2,480,000	2.73
Options expired	(50,000)	1.95
Balance July 27, 2007	2,430,000	2.74

Disclosure Controls and Procedures

The Chief Executive Officer, the Chief Financial Officer and the management of the Company have designed and implemented disclosure controls and procedures and internal control over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer, particularly during the period in which the Company's interim filings are being prepared, and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. In designing the Company's disclosure controls and procedures and internal control over financial reporting, the size of the Company, its business environment and the complexity of its operations has been considered.

Additional Information

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