TITANIUM CORPORATION INC.
(A Development Stage Company)

FINANCIAL STATEMENTS
AUGUST 31, 2007 and 2006

PRICEWATERHOUSECOOPERS

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Auditors' Report

To the Shareholders of
Titanium Corporation Inc.

We have audited the balance sheets of Titanium Corporation Inc. as at August 31, 2007 and 2006 and the statements of income and retained earnings and cash flows for each of the years in the two year period ended August 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2007 and 2006 and the results of its operations and its cash flows for each of the years in the two year period ended August 31, 2007 in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
December 5, 2007

Titanium Corporation Inc.
(A Development Stage Company)
Balance Sheets
(Expressed in Canadian Dollars)

August 31	2007	2006
Assets		
Current		
Cash	$ -	$ 239,172
Short term investments	20,547,208	23,179,780
Commodity taxes receivable	42,302	76,968
Prepaids	36,780	37,052
	20,626,290	23,532,972
Oil sands project development costs (Note 3)	14,823,946	13,212,493
Office equipment and leasehold improvements (Note 4)	95,720	118,411
	$ 35,545,956	$ 36,863,876

Liabilities		
Current		
Bank indebtedness	$ 57,285	$ -
Payables and accruals	243,394	1,008,368
	300,679	1,008,368
Shareholders' equity		
Capital stock (Note 5)	47,968,417	46,751,330
Warrants (Note 6)	-	4,087,198
Contributed surplus (Note 8)	7,385,444	2,125,406
Deficit	(20,108,584)	(17,108,426)
	35,245,277	35,855,508
	$ 35,545,956	$ 36,863,876

See accompanying notes to the financial statements

Commitments (Note 11)

Approved on Behalf of the Board:

"Eric W. Slavens"
Director

"Scott Nelson"
Director

Titanium Corporation Inc.
(A Development Stage Company)
Statements of Loss and Deficit
For the Years Ended August 31
(Expressed in Canadian Dollars)

	2007	2006	Cumulative, Since Inception on (October 6, 1997) to August 31, 2007
Expenses			
Consulting	$ 656,480	$ 884,089	$ 3,508,478
Office and administration	434,818	508,091	2,780,493
Depreciation and amortization	33,802	32,482	142,147
Directors' fees	170,500	150,000	614,000
Insurance	138,259	128,384	583,300
Loss on foreign exchange	28,948	51,408	85,203
Professional fees	302,635	408,069	2,092,962
Research and development costs	474,793	-	474,793
Shareholders' communication and filing fees	342,394	390,316	1,721,893
Stock based compensation	1,012,600	1,208,176	3,380,567
Travel and promotion	316,739	288,356	1,324,670
Exploration properties and related plant and equipment costs written off	-	-	5,453,766
	3,911,968	4,049,371	22,162,272
Interest income	(911,810)	(815,217)	(2,036,992)
Net loss before income taxes	3,000,158	3,234,154	20,125,280
Income taxes (recovery)	-	(56,362)	(36,198)
Net loss	3,000,158	3,177,792	20,089,082
Basic and diluted loss per share (Note 9)	$ 0.05	$ 0.06	
Deficit at beginning of year	$ 17,108,426	$ 13,930,634	$ -
Net loss	3,000,158	3,177,792	20,089,082
Shares purchased for cancellation	-	-	19,502
Deficit at end of year	$ 20,108,584	$ 17,108,426	$ 20,108,584

See accompanying notes to the financial statements.

Titanium Corporation Inc.
(A Development Stage Company)
Statements of Cash Flows
For the Years Ended August 31
(Expressed in Canadian Dollars)

	2007	2006	Cumulative, Since Inception on (October 6, 1997) to August 31, 2007
Cash (used in) provided by:			
Operating activities			
Net loss	**$ (3,000,158)**	$ (3,177,792)	$ (20,089,082)
Net changes in non-cash working capital items:			
Exploration properties and related plant and equipment costs written off	**-**	-	5,453,766
Stock-based compensation	**1,088,445**	1,208,176	3,456,412
Depreciation and amortization	**33,802**	32,482	142,147
	(1,877,911)	(1,937,134)	(11,036,757)
Decrease (increase) in commodity taxes receivable	**34,666**	(25,491)	(42,302)
Increase in prepaids	**272**	14,023	(36,780)
Increase (decrease) in payables and accruals	**(764,974)**	311,860	243,394
	(2,607,947)	(1,636,742)	(10,872,445)
Financing activities			
Common shares issued, net of issue cost settled for cash	**1,175,075**	2,326,224	50,711,500
Investing activities			
Decrease (increase) in short term investments	**2,632,572**	839,033	(20,547,208)
Decrease in marketable securities	**-**	567,450	-
Exploration expenditures excluding depreciation of pilot plant and equipment	**-**	-	(5,522,391)
Oil sands project development costs	**(1,485,046)**	(3,816,148)	(13,588,879)
Acquisition of office equipment and leaseholds	**(11,111)**	(65,144)	(237,862)
	1,136,415	(2,474,809)	(39,896,340)
Net decrease in cash	**(296,457)**	(1,785,327)	(57,285)
Cash, beginning of year	**239,172**	2,024,499	-
(Bank indebtedness) Cash, end of year	**$ (57,285)**	$ 239,172	$ (57,285)

See accompanying notes to the financial statements

1. Nature of Operations and Basis of Presentation

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

To fund its past development activities, the Company has raised equity capital and its cash held as short term investments amounted to $20,547,208 at August 31, 2007. In addition to its investment in pilot facilities in Regina, Saskatchewan, to further its development program, the Company has constructed and operated on-site pilot facilities at an oil sands site near Fort McMurray, Alberta. The facilities are utilized on a test basis to process oil sands froth treatment tailings, taken directly from the tailings pipeline. The processes are being developed to recover heavy minerals as a concentrate and to remove and recover bitumen. The processing of heavy mineral concentrate by separation into valuable heavy minerals, primarily zircon, is being tested at the Company's Regina facilities. Process design and testing is on-going.

Following the successful completion of development and testing, the Company's business plan is to commercialize minerals and bitumen recovery from tailings at open pit oil sands mining and extraction sites. As such, in the course of commercialization, the Company will require agreement to long term access to tailings from oil sands operators to achieve its business plan. Additional funding will be required for commercialization and Management believes that funding will be available. While it has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future.

2. Summary of Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. These financial statements are denominated in Canadian dollars.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

2. Summary of Significant Accounting Policies (continued)

Short Term Investments

Short term investments represent investments in guaranteed investment certificates and bankers' acceptances with original maturity dates of less than twelve months from period end. Short term investments are carried at cost. The carrying value of the guaranteed investment certificates held by the Company approximates their fair value.

Marketable Securities

Marketable securities are valued at the lower of cost and market value.

Oil Sands Project Development Costs

All direct costs relating to the oil sands project which meet the generally accepted criteria for deferral are capitalized as incurred.

Research and Development Costs

Expenditures that are related to research and development activities are expensed as incurred.

Office Equipment, Automobile, Leasehold Improvements and Related Amortization

Office equipment is recorded at cost. Amortization is recorded on the declining balance basis at an annual rate of 20%.

Automobile is recorded at cost. Amortization is recorded on the declining balance basis at an annual rate of 30%.

Leasehold improvements are recorded at cost. Amortization is recorded on the straight line basis at an annual rate of 20%.

In the year in which an asset is acquired, half the normal rate of amortization is recognized.

Stock - Based Compensation

The Company recognizes the fair value of stock based compensation over the vesting period of the options. The fair value of the options granted is calculated using an option pricing model that takes into account the exercise price, expected life of the option, expected volatility of the underlying shares, expected dividend yield, and the risk free interest rate for the term of the option.

2. Summary of Significant Accounting Policies (continued)

Income Taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantively enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered more likely than not.

Loss Per Common Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants. Currently, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and accordingly basic and diluted loss per common share are the same.

Asset Retirement Obligation

The fair value of the liability for retirement costs related to site reclamation and abandonment is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. At August 31, 2007, the Company has not incurred or committed any asset retirement obligations related to the development of its Oil Sands Project.

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the Canadian Institute of Chartered Accountants ("CICA") issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective August 31, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement. The Company has evaluated the impact of EIC-166 and has determined that no adjustments are currently required.

2. Summary of Significant Accounting Policies (continued)

Future Accounting Changes

Financial Instruments - Recognition and Measurement

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, "Financial Instruments – Recognition and Measurement", 1530, "Comprehensive Income", and 3865, "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods will not be restated. The Corporation will be adopting these new standards effective the fiscal year commencing September 1, 2007.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These standards are effective for interim and annual financial statements for the Corporation's reporting period beginning on September 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Corporation is currently assessing the impact of these new accounting standards on its financial statements.

Impairment of Long-Lived Assets

Canadian GAAP requires that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, undiscounted future cash flows expected to result from the use of the asset and its disposition must be estimated and compared with the carrying values of those assets.

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets (continued)

Where the undiscounted future cash flows are less than the carrying amount of the asset, the assets are written down to thier estimated fair values. Management has not identified circumstances indicating possible impairment of the Company's long-lived assets as at August 31, 2007.

Accounting Changes

In July 2006, the Accounting Standards Board ("AcSB") issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

(Expressed in Canadian Dollars)

3. Oil Sands Project Development Costs

Costs incurred relating to the oil sands project development are as follows:

	2007 Opening Balance	Additions	Writedowns	2007 Closing Balance
Acquisition and Development Costs:	$ 6,447,803	$ 1,135,899	$ -	$ 7,583,702
Building and Equipment Construction Costs:	6,764,690	475,554	-	7,240,244
	$13,212,493	$ 1,611,453	$ -	$14,823,946

	2006 Opening Balance	Additions	Writedowns	2006 Closing Balance
Acquisition and Development Costs:	$4,732,510	$ 1,715,293	$ -	$ 6,447,803
Building and Equipment Construction Costs:	4,482,020	2,282,670	-	6,764,690
	$9,214,530	$ 3,997,963	$ -	$13,212,493

(Expressed in Canadian Dollars)

4. Office Equipment and Leasehold Improvements

	2007	2006
Cost		
Office equipment	$ 137,894	$ 132,784
Automobile	45,714	45,714
Leasehold improvements	48,573	48,573
	232,181	227,071
Accumulated Amortization		
Office equipment	69,374	59,633
Automobile	18,514	6,857
Leasehold improvements	48,573	42,170
	136,461	108,660
Net Carrying Value		
Office equipment	68,520	73,151
Automobile	27,200	38,857
Leasehold improvements	-	6,403
	$ 95,720	$ 118,411

5. Capital Stock

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

Common Shares	Number of Shares	Amount
Balance, August 31, 2005	54,586,418	43,512,498
Exercise of warrants for cash	79,567	179,025
Valuation of warrants exercised	-	50,287
Exercise of stock options for cash	1,004,666	2,147,199
Reallocation from contributed surplus relating to the exercise of Agents' options and stock options	-	1,264,695
Adjustment to share issue costs as at August 25, 2005 to reflect value of Broker Warrants issued	-	(402,374)
Balance, August 31, 2006	55,670,651	$ 46,751,330
Exercise of stock options for cash	537,000	1,175,075
Reallocation from contributed surplus relating to the exercise of Agents' options and stock options	-	42,012
Balance, August 31, 2007	**56,207,651**	**$ 47,968,417**

(Expressed in Canadian Dollars)

6. Common Share Purchase Warrants and Agents' Options

The following table reflects the continuity of the number of warrants and Agents' options:

Expiry Date	Exercise Price	2006 Opening Balance	Issued	Exercised	2006 Closing Balance	Black-Scholes Value
Broker Warrants:						
August 2007	$2.25	-	636,667 (*)	(79,567)	557,100	$ 352,087
Warrants:						
August 2007	$3.25	10,611,112	-	-	10,611,112	3,735,111
		10,611,112	636,667	(79,567)	11,168,212	$ 4,087,198

Expiry Date	Exercise Price	2007 Opening Balance	Issued	Expired	2007 Closing Balance	Black-Scholes Value
Broker Warrants:						
August 2007	$2.25	557,100	-	(557,100)	-	$ -
Warrants:						
August 2007	$3.25	10,611,112	-	(10,611,112)	-	-
		11,168,212	-	(11,168,212)	-	$ -

(*) During fiscal 2006, share issue costs were adjusted to reflect the value of 636,667 Broker Warrants issued on August 26, 2005. The value assigned to these warrants and charged against share capital was $402,374. The warrants were valued using the Black-Scholes pricing model with the following assumptions; dividend yield 0%, expected volatility 45%, a risk free interest rate of 4.15%, and an expected life of 2 years.

(Expressed in Canadian Dollars)

7. Common Share Purchase Plan

The Company has a stock option plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Company. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 6,000,000 common shares in the aggregate, and with respect to any one optionee, to 5% of the number of issued and outstanding common shares of the Company at the date of the grant of the option. Options issued under the Plan prior to February 26, 2003 may be exercised during a period determined by the board of directors which cannot exceed five years. All options granted subsequently under the Plan vest and become exercisable by the holder over a period of 18 months, with 1/6 of the options being granted vesting at the end of each 3 month period following the grant.

The following table reflects the continuity of stock options granted under the Plan.

	NUMBER OF STOCK OPTIONS		WEIGHTED AVERAGE EXERCISE PRICE	
	2007	2006	**2007**	2006
Opening Balance	**2,959,500**	3,944,166	**$2.68**	$2.56
Options granted	**500,000**	550,000	**2.10**	2.77
Options cancelled/expired	**(492,500)**	(530,000)	**(2.84)**	(2.36)
Options exercised	**(537,000)**	(1,004,666)	**2.15**	2.14
Ending Balance	**2,430,000**	2,959,500	**$2.60**	$2.68

As at August 31, 2007 there were 2,046,665 (2006 - 3,031,167) exercisable stock options. The remaining expense to be recognized as a charge to income over the vesting period for unvested options is $350,131 (2006 - $1,154,958)

The following table reflects the stock options outstanding as at August 31, 2007:

Expiry Date	Weighted Average Exercise Price	Options Outstanding
2007	$2.18	100,000
2008	$2.45	10,000
2009	$1.97	470,000
2010	$3.41	950,000
2011	$2.44	900,000
		2,430,000

(Expressed in Canadian Dollars)

7. Common Share Purchase Plan (continued)

During the year ended August 31, 2007, 500,000 (2006: 550,000) stock options were granted to directors, officers and consultants of the Company. These options will be expensed in the statement of loss and deficit or capitalized to oil sands project development costs as they vest. Of the options granted 308,336 (2006: 79,169) have vested and accordingly, $275,267 (2006: $335,313) was recorded as contributed surplus. Of the $275,267 (2006: $335,313) recorded as contributed surplus, $158,867 (2006: $267,578) was recorded as stock-based compensation, $72,750 (2006: $67,735) was capitalized to oil sands project development costs, and $43,650 (2006: $nil) was expensed to research and development costs.

During 2007, 503,337 (2006: 399,154) options granted in prior years had vested. Accordingly, $939,585 (2006: $1,054,684) was recorded as contributed surplus. Of the $939,585 (2006: $1,054,684) recorded as contributed surplus, $853,733 (2006: $940,598) was recorded as stock-based compensation, $53,657 (2006: $114,086) was capitalized to oil sands project development costs and $32,195 (2006: $nil) was expensed to research and development costs.

The fair value of all options granted in fiscal 2007 and 2006 has been estimated at the date of grant using a Black-Scholes option pricing model. The current year's valuation was calculated with the following assumptions: weighted average risk free interest rate of 3.96% (2006: 3.65%); volatility factor of the expected market price of the Company's common stock of 45.12% (2006: 57%); and a weighted average expected life of the options of 5 years (2006 - 5 years).

8. Contributed Surplus

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

	Amount
Balance, August 31, 2005	$ 2,000,105
Stock option compensation expense	1,389,997
Options exercised	(1,264,696)
Balance, August 31, 2006	2,125,406
Valuation of stock options granted	1,214,852
Options exercised	(42,012)
Expired warrants	4,087,198
Balance, August 31, 2007	**$ 7,385,444**

(Expressed in Canadian Dollars)

9. Loss Per Common Share

The basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is the same as basic loss per share. The effect of common share purchase options, warrants and Agents' options on the net loss is anti-dilutive and therefore, basic loss per share is equal to diluted loss per share

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

	2007	2006
Numerator:		
Net loss	**$ 3,000,158**	$ 3,177,792
Denominator:		
Weighted average number of common shares	**56,025,079**	55,073,853

10. Related Party Transactions

Auxilium Corporation ("Auxilium")

The Company entered into an agreement with Auxilium, a corporation controlled by a director, to provide the services of President and Chief Executive Officer. 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 per year vehicle allowance. The Company was charged $424,500 (2006 - $424,500) during the year by Auxilium. Included in this amount is a bonus of $137,500 (2006 - $137,500) paid to this Company during the year.

Harbour Capital Corporation ("Harbour")

Under the terms of a consulting agreement expiring August 31, 2007, $100,000 (2006 - $267,170) was paid to Harbour, a company controlled by a director of the Company to provide the services of Executive Chairman. Included in this amount is a performance bonus of $nil (2006 - $50,000) that was also paid to Harbour.

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

(Expressed in Canadian Dollars)

11. Commitments

The Company has entered into agreements to lease land and office space for various periods, subject for renewal in 2008. Future minimum annual rent and land lease amounts payable are as follows:

Office Space:

2008	$ 123,504

Land Lease:

2008	$ 102,600
2009	8,550
	$ 111,150

12. Supplementary Cash Flow Information

	2007	2006
Cash paid for income taxes	$ -	$ (56,361)
Stock compensation expensed as research and development costs	75,845	-
Stock compensation capitalized to oil sands development costs	126,407	181,821
	$ 202,252	$ 125,460

13. Financial Instruments

At August 31, 2007, the Company's financial instruments consisted of bank indebtedness, short term investments, commodity taxes receivable, prepaid expenses and payables and accruals. The Company estimates that the fair value of these financial instruments approximate the carrying values. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(Expressed in Canadian Dollars)

14. Income Taxes

The following table reconciles the expected income tax recovery at the statutory income tax rate to the amounts recognized in the statements of operations:

	2007	2006
Net loss before income taxes reflected in the statements of operations	**$ 3,000,158**	$ 3,234,154
Expected income tax recovery at statutory rate	**1,080,433**	1,216,573
Non-deductible consulting (stock compensation) expense	**(364,627)**	(454,473)
Other non-deductible items	**(5,703)**	(5,423)
Effect of change in income tax rates	**(195,990)**	(484,416)
Valuation allowance	**(514,113)**	(328,623)
Income tax (recovery) reflected in the statement of operations	**$ -**	$ (56,362)

The following table reflects the future income tax assets at August 31, 2007 and 2006:

	2007	2006
Future income tax assets:		
Unclaimed non-capital losses	**$ 5,431,718**	$ 4,608,594
Scientific research and development (SR&ED) expenditure pool	**1,272,801**	2,019,074
Excess of unclaimed exploration and development expenditures and undepecreciated capital cost over carrying values	**-**	-
Unclaimed common stock issue costs	**412,444**	330,959
Other	**9,108**	16,861
	7,126,071	6,975,488
Less valuation allowance	**(6,217,246)**	(5,477,865)
Total future tax assets	**908,825**	1,497,623
Future income tax liabilities:		
Excess of book value over unclaimed exploration and development expenditures, undepreciated capital cost and cumulative eligible capital property	**(908,825)**	(1,497,623)
Net future tax	**$ -**	$ -

Under the Income Tax Act (Canada), certain expenditures are classified as SR&ED expenditures and are grouped into a pool for tax purposes, which are 100% deductible in the year in which they are incurred. The expenditure pool can be carried forward indefinately and fully deducted in any subsequent year. The SR&ED expenditure pool at August 31, 2007 was $4,099,354 (2006 - $6,215,832).

The Company has also earned investment tax credits on SR&ED expenditures at August 31, 2007 of $872,302 (2006 - $1,324,331), which can offset Canadian income taxes otherwise payable in future years up to 2015.

(Expressed in Canadian Dollars)

14. Income Taxes (continued)

As at August 31, 2007, the Company has Canadian tax losses carried forward of $17,581,293 (2006 - $14,228,494) and are available until 2026 as follows:

2007	$ 2,063,630
2008	282,336
2009	1,502,266
2010	1,114,190
2014	2,018,780
2015	5,059,308
2026	3,620,957
2027	1,919,826
	$17,581,293

15. Comparative Information

Certain comparative figures have been reclassified to conform with current period financial statement presentation.