TITANIUM CORPORATION INC.

(A Development Stage Company)

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2007

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Titanium Corporation Inc. (A Development Stage Company) were prepared by management in accordance with Canadian Generally Accepted Accounting Principles. The most significant of these accounting principles have been set out in the August 31, 2007 audited financial statements. Only changes in accounting policies have been disclosed in these unaudited interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Titanium Corporation Inc.
(A Development Stage Company)
Interim Balance Sheets
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	November 30, 2007	August 31, 2007
Assets		
Current		
Cash	$ 2,600,133	$ -
Short-term investments	17,401,790	20,547,208
Commodity taxes receivable	16,678	42,302
Prepaids	10,017	36,780
	20,028,618	20,626,290
Oil Sands Project development costs	14,956,107	14,823,946
Office equipment and leasehold improvements	99,287	95,720
	$ 35,084,012	$ 35,545,956

	November 30, 2007	August 31, 2007
Liabilities		
Current		
Bank indebtedness	$ -	$ 57,285
Payables and accruals	408,063	243,394
	408,063	300,679
Shareholders' equity		
Capital stock (Note 3)	47,968,417	47,968,417
Contributed surplus (Note 4)	7,566,086	7,385,444
Deficit	(20,858,554)	(20,108,584)
	34,675,949	35,245,277
	$ 35,084,012	$ 35,545,956

Nature of operations and basis of presentation (Note 1)
Subsequent events (Note 10)

Approved on Behalf of the Board:

"Eric W. Slavens"
Director

"Scott Nelson"
Director

The accompanying notes are an integral part of these unaudited interim financial statements

Titanium Corporation Inc.

(A Development Stage Company)
Interim Statements of Comprehensive Loss and Deficit
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	Three Months Ended November 30 **2007**	Three Months Ended November 30 2006	Cumulative Since Inception on October 6, 1997 to November 30 2007
Expenses			
Consulting	**$ 102,358**	$ 141,501	$ 3,610,836
Office and administration	**133,420**	94,817	2,913,913
Depreciation and amortization	**5,698**	9,001	147,845
Directors' fees	**47,583**	43,750	661,583
Insurance	**34,060**	33,554	617,360
Loss (Gain) on foreign exchange	**21,056**	(7,706)	106,259
Professional fees	**157,609**	52,225	2,250,571
Research and development costs	**216,424**	-	691,217
Shareholders' communication and filing fees	**31,228**	55,847	1,753,121
Stock-based compensation	**147,313**	370,444	3,527,880
Travel and promotion	**61,707**	108,806	1,386,377
Exploration properties and related plant and equipment costs written-off	**-**	-	5,453,766
	958,456	902,239	23,120,728
Interest income	**(208,486)**	(265,386)	(2,245,478)
Net loss before income taxes	**749,970**	636,853	20,875,250
Income tax expense (recovery)	**-**	(21,889)	(36,198)
Net loss and comprehensive loss	**$ 749,970**	$ 614,964	$ 20,839,052
Basic and diluted loss per share (Note 6)	**$ 0.01**	$ 0.01	
Deficit at beginning of period	**$ 20,108,584**	$ 17,108,426	$ -
Net loss	**749,970**	614,964	20,839,052
Shares purchased for cancellation	**-**	-	19,502
Deficit at end of period	**$ 20,858,554**	$ 17,723,390	$ 20,858,554

The accompanying notes are an integral part of these unaudited interim financial statements

Titanium Corporation Inc.
(A Development Stage Company)
Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	Three Months Ended November 30 **2007**	Three Months Ended November 30 2006	Cumulative Since Inception on October 6, 1997 to November 30 2007
Cash (used in) provided by:			
Operating activities			
Net loss	**$ (749,970)**	$ (614,964)	$ (20,839,052)
Net changes in non-cash working capital items:			
Exploration properties and related plant and equipment costs written-off	**-**	-	5,453,766
Stock-based compensation	**180,642**	370,444	3,637,054
Depreciation and amortization	**5,698**	9,001	147,845
	(563,630)	(235,519)	(11,600,387)
Decrease (Increase) in commodity taxes receivable	**25,624**	45,305	(16,678)
Increase in prepaids	**26,763**	31,023	(10,017)
Increase (decrease) in payables and accruals	**164,669**	(424,744)	408,063
	(346,574)	(583,935)	(11,219,019)
Financing activities			
Common shares issued, net of issue costs, settled for cash	**-**	4,000	50,711,500
Investing activities			
Decrease (increase) in short-term investments	**3,145,418**	1,236,774	(17,401,790)
Exploration expenditures, excluding depreciation of pilot plant and equipment	**-**	-	(5,522,391)
Oil Sands Project development costs	**(132,161)**	(869,742)	(13,721,040)
Acquisition of office equipment and leaseholds	**(9,265)**	-	(247,127)
	3,003,992	367,032	(36,892,348)
Net Increase (Decrease) in cash	**2,657,418**	(212,903)	2,600,133
(Bank indebtedness) Cash, beginning of period	**(57,285)**	239,172	-
Cash, end of period	**$ 2,600,133**	$ 26,269	$ 2,600,133

Titanium Corporation Inc.
(A Development Stage Company)
Interim Statements of Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	Shares Issued			Contributed	Accumulated	
	# of Shares	Share Value	Warrants	Surplus	Deficit	Total
Balance at August 31, 2006	55,670,651	46,751,330	4,087,198	2,125,406	(17,108,426)	35,855,508
Valuation of stock options granted	-	-	-	1,214,852	-	1,214,852
Shares issued on exercise of stock options	537,000	1,175,075	-	-	-	1,175,075
Reallocation from contributed surplus relating to the exercise of agents options and stock options	-	42,012	-	(42,012)	-	-
Expiration of warrants	-	-	(4,087,198)	4,087,198	-	-
Loss for the year	-	-	-	-	(3,000,158)	(3,000,158)
Balance at August 31, 2007	56,207,651	$ 47,968,417	$ -	$ 7,385,444	$ (20,108,584)	$ 35,245,277
Valuation of stock options granted	-	-	-	180,642	-	180,642
Loss for the period	-	-	-	-	(749,970)	(749,970)
Balance at November 30, 2007	**56,207,651**	**$ 47,968,417**	**$ -**	**$ 7,566,086**	**$ (20,858,554)**	**$ 34,675,949**

The accompanying notes are an integral part of these unaudited interim financial statements

1. Nature of Business 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 and short term investments amounted to $20,001,923 at November 30, 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 unaudited financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by GAAP for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Net losses for the three month period ended November 30, 2007 may not necessarily be indicative of the results that may be expected for the year ending August 31, 2008.

The balance sheet at August 31, 2007 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for annual financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended August 31, 2007. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended August 31, 2007.

2. Summary of Significant Accounting Policies (Continued)

Financial Instruments, Comprehensive Income and Hedges

The Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, “Financial Instruments – Recognition and Measurement”, 1530, “Comprehensive Income”, 3861 "Financial Instruments - Disclosure and Presentation" 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 have not been restated. The Company has adopted these new standards effective September 1, 2007.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustment as part of other comprehensive income. Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 “Hedging Relationships”, and the hedging guidance in Section 1650 “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Under adoption of these new standards, the Company designated its cash and cash equivalents and short-term investments as held-for-trading, which are measured at fair value. The Company's marketable securities are designated as available-for-sale and are presented at market value with the gain or loss realized in the accumulated other comprehensive income. Accounts receivable and prepaid expenses are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

2. Summary of Significant Accounting Policies (Continued)

Financial Instruments, Comprehensive Income and Hedges (Continued)

Impact upon adoption of sections 1530, 3855, 3861 and 3865

The Company has evaluated the impact of sections 1530, 3855, 3861 and 3865 on its consolidated financial statements and determined that no adjustments are currently required.

Future Accounting Changes

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 new standards are effective for interim and annual financial statements for the Company'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 Company is currently assessing the impact of these new accounting standards on its financial statements.

(Expressed in Canadian Dollars)

3. Capital Stock

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

Common Shares	Number of Shares	Amount
Balance, August 31 and November 30, 2007	56,207,651	$ 47,968,417

4. Contributed Surplus

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

Balance, August 31, 2007	$ 7,385,444
Stock-based compensation expense	147,313
Stock-based compensation charged to research and development costs	33,329
Options exercised	-
Balance, November 30, 2007	$ 7,566,086

5. 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 for the three months ended November 30, 2007:

	Number of Stock Options	Weighted Average Exercise Price
Balance, August 31, 2007	2,430,000	$ 2.60
Options granted	75,000	2.00
Options expired/cancelled	(325,000)	2.51
Balance, November 30, 2007	2,180,000	$ 2.53

(Expressed in Canadian Dollars)

5. Common Share Purchase Plan (continued)

The following table reflects the stock options outstanding as of November 30, 2007:

Expiry Date	Weighted Average Exercise Price ($)	Options Outstanding	Weighted Average Remaining Life (Years)	Options Vested	Weighted Average Exercise Price ($) (Vested)
2008	2.45	10,000	0.31	10,000	2.45
2009	1.97	370,000	1.34	370,000	1.97
2010	3.38	900,000	2.29	733,333	3.38
2011	2.41	825,000	3.54	716,664	2.43
2012	2.00	75,000	4.97	-	-
		2,180,000		1,829,997	

During the three months ended November 30, 2007, 75,000 (November 30, 2006 - 425,000) stock options were granted by the Company. Accordingly, $83,175 (November 30, 2006 - $371,025) will be expensed in the statement of operations and deficit as these options vest.

The following stock options were granted during the three months ended November 30, 2007:

Expiry Date	Exercise Price ($)	Number
November 19, 2012	2.00	75,000

The fair value of the 75,000 options granted has been estimated at the date of grant using a Black-Scholes option pricing model. The current period's valuation was calculated with the following assumptions: risk free interest rate of 3.84%; volatility factor of the expected market price of the Company's common stock of 61.3%; and an expected life of 5 years.

(Expressed in Canadian Dollars)

6. Basic and Diluted Loss Per Common Share

The basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share. The effect of stock 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 diluted loss per share:

Three Months Ended November 30,	2007	2006
Basic and diluted loss per share	$ 0.01	$ 0.01
Numerator:		
Net loss for the period	$ 749,970	$ 614,964
Denominator:		
Weighted average number of common shares	56,207,651	55,672,079

7. 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 $71,750 (November 30, 2006 - $71,750) during the three months ended November 30, 2007 by Auxilium.

Harbour Capital Corporation ("Harbour")

Under the terms of a consulting agreement which expired on August 31, 2007, $25,000 was paid to Harbour during the first quarter or fiscal 2007 to provide the services of Executive Chairman. Harbour is a company that was controlled by a director of the Company. No comparable amount was paid in the first quarter of fiscal 2008 as the director and Executive Chairman resigned effective August 31, 2007.

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

(Expressed in Canadian Dollars)

8. Supplemental Cash Flow Information

Three Months Ended November 30,	2007	2006
Non-cash investing activity:		
Stock compensation charged to Oil Sands Project development costs	$ -	$ 65,894

9. Comparative Figures

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

10. Subsequent Events

On December 21, 2007, 475,000 stock options were granted to officers and employees of the Company with an exercise price of $2.25, expiring December 21, 2012.

Subsequent to November 30, 2007, 101,666 stock options were exercised for aggregate cash proceeds of $203,699.