TITANIUM CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2009

Titanium Corporation Inc. ("Titanium" or the "Company") has prepared the following management discussion and analysis (the "MD&A") to provide information to assist in understanding the financial results for the fiscal year ended August 31, 2009. This MD&A should be read in conjunction with Titanium's audited financial statements for the fiscal year ended August 31, 2009 including the notes thereto (the "Financial Statements"). This MD&A is dated as at and based on information available to management as of November 23, 2009. The Company is a development stage company whose common shares are listed on the TSX Venture Exchange under the symbol TIC.

The above referenced material is available on Titanium's website at www.titaniumcorporation.com or it can be found, along with additional information about Titanium, on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("GAAP"). All amounts included in this MD&A are in Canadian dollars, unless otherwise specified. Certain prior year amounts have been reclassified to conform with the presentation for the current year.

This MD&A contains forward-looking information that reflects the current expectations of management about the future results, performance, achievements, prospects or opportunities for Titanium. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "believe", "project", "should" or "continue" or the negative thereof or similar variations. Forward-looking information is provided in this document in the discussion of Titanium's research plans under the heading "Titanium's Business" and Titanium's business plans for fiscal 2010 under the heading "Next Steps for the Project". Titanium provides forward-looking information in order to describe management expectations and assist shareholders in understanding our financial position as at and for the periods ended on the dates presented in this report. Readers are cautioned that this information may not be appropriate for other purposes. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond Titanium's control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. Forward-looking information is subject to significant risks and uncertainties and is based on a number of Titanium's expectations and assumptions which may prove to be incorrect regarding future stable or increasing prices for zircon and bitumen, stable currency exchange rates between the Canadian and US dollars, expected capital expenditures *and Titanium's expected future research activities. The material risks, uncertainties and other factors that could influence actual results include, but are not limited to:*

- *Operational or technical difficulties in connection with successfully completing research activities;*
- *Results of research activities;*
- *Development timeline delays and problems, including negative impacts on Titanium's technologies caused by unforeseen development costs;*
- *Reliance on a small number of key people to carry out Titanium's business and research activities;*
- *Access to and cost of oil sands tailings necessary to carry out the Project;*
- *Competitors who may develop alternate solutions or Titanium's intellectual property may not be adequately protected;*
- *Changes to environment laws and regulations which may add significant cost to or impair the permitted operation of the Project.*

While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information except as required by applicable securities laws. This forward-looking information represents our views as of the date of this MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. *There can be no assurance that forward-looking information will prove to be accurate as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.* These factors are not intended to represent a complete list of the factors that could affect the Company. See the section on "Risks" in this MD&A and risk factors disclosed in materials filed with the securities regulatory authorities in Canada from time to time and available on SEDAR.

Titanium's Business

Titanium is creating a new business to recover heavy minerals and bitumen from waste generated in the oil sands mining operations of northern Alberta. The research and development activities related to creating this new business are referred to as the "Oil Sands Project" or the "Project".

Oil sands operators mine oil sands deposits to extract bitumen, a heavy oil trapped in the sands, to process it into synthetic crude oil. Heavy minerals occurring in the oil sands deposits are concentrated in the froth treatment tailings during one of the bitumen processing steps.

Titanium has been researching novel processes to recover the tailings bitumen and heavy minerals since 2003. The initial testing, while encouraging, showed that it was not possible to remove all hydrocarbons from mineral grains by conventional techniques. Therefore in recent years the Company's research has been examining new solutions for the production of both the heavy minerals and bitumen. This recent change in research direction has also demonstrated the potential for environmental benefits, namely water reuse, improvements in air quality and recovery of solvents.

The Company embarked on a large research program and it received a $3.5 million grant from the Alberta Government's Alberta Energy Innovation Fund ("AEIF") to assist in a two-year program. This research was primarily focused on the removal and recovery of bitumen and associated environmental benefits. The research program is managed by the Company's in-house experts and is comprised of multiple components being executed by a number of leading research firms in Canada and the United States. The Company has been conducting a phased research program both internally with a small research staff and with external research firms to develop technologies to process oil sands froth treatment tailings directly from the tailings pipeline. The phases of the research programs are as follows:

- <u>Phase I - initial laboratory scale work</u>: the objective was to identify the most prospective laboratory-based solutions;
- <u>Phase II - continuous bench scale testing</u>: the objective was to provide scaling data for piloting;
- <u>Phase III - integrated pilot testing</u>: the objective is to operate the technology in an integrated, coupled continuous process.

Update on the "Project"

During fiscal year ended August 31, 2009 Titanium made significant progress on its research program towards resolving the technical issues related to the Oil Sands Project: removing residual bitumen from the heavy minerals; and recovering bitumen and solvent from the froth treatment tailings stream. The Company's research programs have identified solutions which have been progressing through laboratory, bench and continuous testing. This successful work has resulted in the award of further Government grant funding and the Company is now planning a Phase III integrated pilot to demonstrate continuous testing in 2010.

In particular, the following are the major activities and accomplishments for the fiscal year:

- The Company spent $2.2 million (net of $1.2 million in grants) on research programs during a very active year to advance more than 12 separate research contracts which are all components of the Project.
- In May 2009, bench scale continuous testing (Phase II testing) was conducted to verify a flow sheet for bitumen recovery. The testing was successful in recovering bitumen and solvent from the tailings stream and warrants further testing. The testing also identified improvements in the process which are being incorporated in the larger scale integrated pilot being planned for 2010.
- Research programs are continuing in a number of related areas including water treatment and reuse and solvent recovery. The Company conducted on-going work to process cleaned heavy minerals concentrate and minerals separation at its Regina facility. The Company engaged external experts to advise it on optimizing the recovery of zircon. Planning commenced for a minerals separation pilot to be conducted as a component of the integrated pilot planned for 2010. The Company's Regina based research team is being relocated to Edmonton as part of the 2010 Phase III integrated pilot program and the Regina facility will be closed.
- In September 2009, a Canadian Government agency, Sustainable Development Technology Canada ("SDTC"), selected the Company's Project to receive up to $4.9 million in grant funding. The grant is non-repayable and will be used to fund up to one-third of the Phase III integrated pilot being planned for calendar 2010. The grant will be disbursed over the term of the Project once a final contribution agreement has been executed and specific project milestones have been met. The Company is working to finalize the consortium agreements which must be in place before the contribution agreement is signed by SDTC.
- The Company's research programs continue to be partially funded by a $3.5 million grant from the Alberta Government's AEIF received in March, 2008. In July, the Province approved an amendment

allowing the remaining unspent grant funds to be re-directed towards funding the integrated demonstration pilot.

- The Company relocated its corporate head office from Toronto, Ontario to Edmonton, Alberta. This move and other changes are expected to result in significant cost savings going forward and locates the Company closer to the Alberta oil sands and the integrated pilot facilities.

Next Steps for the "Project"

The Company's plans for fiscal 2010 are as follows:

- Planning is underway to engineer, construct and operate the Phase III integrated pilot in Alberta which is expected to operate in the late spring of 2010 until early 2011.

- The expenditure for the construction and operation of the demonstration pilot is expected to cost up to $15 million and will be funded approximately one-half by the Company, one third by the Canadian Government SDTC grant and the remainder by funding under the Alberta Government AEIF program.

- Demonstration piloting will more clearly define the requirements for commercialization of the process. Those commercialization activities include: obtaining an independent engineering feasibility study; negotiating commercial arrangements with the oil sands operators, Government and customers; and arranging financing.

- An increased focus in the Company's research program is being placed on water treatment for reuse and solvent recovery, both of which have the potential to deliver environmental benefits.

- The Company will continue to carefully control overhead costs, focusing its resources on research and piloting.

- The management of the Company believes it has sufficient cash and grant funding to complete the 2010 demonstration pilot and will be evaluating future financing requirements as the Project progresses during 2010.

Financial Information & Analysis

Selected Annual Information

The following table presents a summary of selected financial information ($ millions except per share data):

	Aug 31 2009	Aug 31 2008	Aug 31 2007
Net Loss	**$ 20.4**	$ 4.0	$ 3.0
Net Loss per Share - Basic & Diluted	**$ 0.36**	$ 0.07	$ 0.05
Cash & Short-Term Investments *	**$ 15.2**	$ 20.6	$ 20.5
Total Assets	**$ 15.5**	$ 36.2	$ 35.5

* includes cash equivalents and restricted investment

Summary of Quarterly Results

The following table summarizes the financial data of the Company for the most recently completed eight quarters ($ millions except per share data):

	Q4 Aug 31, 2009	Q3 May 31, 2009	Q2 Feb 28, 2009	Q1 Nov 30, 2008
Net Loss	**$ 16.6**	$ 1.4	$ 1.2	$ 1.1
Basic and Diluted Loss per Share	**$ 0.29**	$ 0.03	$ 0.02	$ 0.02
	Q4 Aug 31, 2008	Q3 May 31, 2008	Q2 Feb 28, 2008	Q1 Nov 30, 2007
Net Loss	$ 1.3	$ 0.9	$ 1.2	$ 0.7
Basic and Diluted Loss per Share	$ 0.02	$ 0.02	$ 0.02	$ 0.01

The main items impacting on the full year and fourth quarter fiscal 2009 financial results in relation to the comparative periods in the previous fiscal year are:

- Net loss increased largely due to the write off of the mineral development costs and the pilot plant assets. The Company conducted its annual review comparing the carrying value of the mineral development costs intangible asset to its fair value. The Company's research has confirmed the highly integrated nature of the mineral and bitumen processes and that more research is required for the bitumen component of this process. Accordingly the mineral development costs previously capitalized as an intangible asset have been written off as a non-cash charge to the statement of loss. During the fourth quarter of its 2009 fiscal year, the Company also reviewed the carrying values of the existing pilot plant assets and determined that these assets are of no further use. Accordingly the pilot plant assets have been written off as a non-cash charge to the statement of loss.

- The Company had $12.4 million in unrestricted cash and short-term investments at the end of fiscal 2009. All of the short-term investments are liquid and are in the form of certificates of deposit with an original term of one year but redeemable after 30 days. The balance at the end of fiscal 2008 was $17.1 million. The decrease year over year is due to the use of cash to fund the research activities and the general and administrative expenses.

- The restricted short-term investment balance (both the current and long-term portion) at the end of fiscal 2009 was $2.2 million as compared to $3.5 million at the end of fiscal 2008. The decrease in restricted investment is due to the reduction in the certificate of deposit which is pledged as security to a chartered bank for the letter of credit issued by the bank to the Alberta Government in respect of the full grant proceeds of $3.5 million from the AEIF. As the Company incurs eligible research expenditures, the Province of Alberta authorizes a reduction in the letter of credit to release a portion of the restricted investment into the Company's unrestricted short-term investment balance.

- The government grant balance decreased from $3.3 million at the end of fiscal 2008 to $2.2 million at the end of fiscal 2009. The reduction reflects 50% of the eligible research expenditures incurred, net of the interest earned on the restricted short-term investment.

- Below is a summary of the research spending by major category ($ thousands):

	Three Month Period Ended			Fiscal Year Ended		
	Aug 31 2009	Aug 31 2008	Increase (Decrease)	**Aug 31 2009**	Aug 31 2008	Increase (Decrease)
External Research	**$ 438**	$ 457	$ (19)	**$ 2,329**	$ 508	$ 1,821
Compensation & Benefits	**243**	193	50	**705**	817	(112)
Pilot Plant, Rent and Other	**138**	286	(148)	**577**	867	(290)
Subtotal	**819**	936	- 117	**3,611**	2,192	1,419
Less: Alberta Grant	**(240)**	(193)	(47)	**(1,187)**	(193)	(994)
Less: Amount Capitalized	**-**	(96)	96	**(223)**	(515)	292
TOTAL	**$ 579**	$ 647	$ (68)	**$ 2,201**	$ 1,484	$ 717

Fiscal 2009 was an active year for research activities with spending totaling $2.2 million as compared to $1.4 million for fiscal 2008. These amounts are net of the recovery of the government grant in the amounts of $1.2 and $0.2 million for fiscal 2009 and 2008, respectively. The research spending in fiscal 2009 was primarily directed toward the bitumen recovery and removal testing. The majority of these outsourced research costs are being partially recovered from the Alberta Government under the provisions of the AEIF grant. Compensation costs are lower in fiscal 2009 due to reduced staff levels. The pilot plant costs decreased in fiscal 2009 due to lower activity and an increased focus on external research.

The portion of the costs that were capitalized was lower in fiscal 2009 due to a higher level of mineral development costs in the early part of fiscal 2008 that met the criteria for capitalization.

- The following table provides details of general and administrative ("G&A") expenses for the periods noted ($ thousands):

	Three Month Period Ended			Fiscal Year Ended		
	Aug 31 2009	Aug 31 2008	Increase (Decrease)	**Aug 31 2009**	Aug 31 2008	Increase (Decrease)
Compensation & Benefits	**$ 156**	$ 187	$ (31)	**$ 917**	$ 929	$ (12)
Consulting & Professional Fees	**41**	126	(85)	**392**	647	(255)
Directors' Fees	**79**	44	35	**251**	189	62
Travel	**48**	57	(9)	**212**	262	(50)
Rent, Insurance & Office	**8**	44	(36)	**251**	248	3
Investor Relations & Filing Fees	**23**	22	1	**157**	280	(123)
TOTAL	**$ 355**	$ 480	$ (125)	**$ 2,180**	$ 2,555	$ (375)

During fiscal 2009, G&A expense decreased to $2.2 million from $2.6 million in fiscal 2008. The major reasons for the decrease are lower spending in most categories but primarily in consulting & professional fees where the Company opted to outsource less work. In addition, rent and office expenses, which also includes telephone and information technology support costs, were lower due to a concerted focus on reducing discretionary spending and due to lower rent and support costs in Edmonton as compared to Toronto.

- Interest income declined to $0.3 million in fiscal 2009 from $0.7 million in fiscal 2008 reflecting the decline in both interest rates and the Company's cash balances.

Liquidity and Capital Resources

The Company has $15.2 million in cash and short-term investments (including $2.9 million of current and non-current restricted investment) at August 31, 2009, which compares to cash and short-term investments of $20.6 million (which includes $3.5 million of current and non-current restricted investment) at August 31, 2008. The Company's short-term investments are certificates of investment issued by Schedule I Canadian chartered banks. The investments were all purchased with an original term of one year but redeemable, at the Company's option, any time 30 days after purchase. At August 31, 2009, all of the short-term investments (except for the restricted investment) can be redeemed immediately.

The Company has sufficient cash, short-term investments and government grants to fund its research and general and administrative costs for at least the next twelve months. Options available to the Company to fund its future cash requirements include, but are not limited to, new or additional government grants and/or issuances of securities and/or some form of partnership or joint venture.

The following is a summary of the cash flows for the periods noted:

- Cash used in operating activities for fiscal 2009 was $5.2 million compared to $3.1 million in fiscal 2008. The primary reason for the increase in 2009 was higher research spending.

- Cash provided by investing activities was $5.3 million in fiscal 2009 as the Company drew down on its short-term investments to fund its R&D and G&A expenditures. Note that short-term investments are not classified as cash equivalents because their initial terms are for one year (even though they are redeemable in 30 days).

- Cash provided from financing activities decreased significantly in fiscal 2009 as compared to 2008 because the $3.5 million Alberta grant was received in the prior year.

The restricted short-term investment relates to a redeemable certificate of investment which has been pledged as security by the Company to the Company's bank in support of a letter of credit which was required by the Province of Alberta for the amount of the grant proceeds paid to the company in March, 2008. The agreement with the Alberta Government provides that the grant proceeds are repayable if the amount is not spent on eligible research expenditures. The Government receives quarterly reports of the expenditures from the Company to review and approve and then the Government authorizes a reduction to the letter of credit for an amount which reflects the remaining unspent grant proceeds.

Accounting Policy Changes

The Company adopted, in the fourth quarter of the fiscal year ended August 31, 2009, the new CICA Handbook section 3064 "Goodwill and intangible assets". This new section was required to be adopted by all companies for the first fiscal year beginning on or after October 1, 2008. Section 3064 includes the guidance on research and development activities which was previously found in section 3450 "Research and Development Costs" but now requires that development costs which are deferred meet the definition of an intangible asset. The Company adopted the new section 3064 retrospectively as required and there was no impact to prior periods upon its adoption.

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at August 31, 2009.

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting for Canadian publicly accountable enterprises. The AcSB strategic plan outlines the replacement of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 would be the changeover date for publicly accountable companies to use IFRS and the changeover dated applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. For the Company, these new standards will be effective for the reporting period commencing September 1, 2011, and the amounts reported for the fiscal year commending September 1, 2010 will have to be restated for comparative purposes.

The Company has completed the initial “diagnostic” review to identify the major differences between Canadian GAAP and IFRS. Management will prepare a project plan during the next two quarters to review the disclosures and measurement differences and ensure that the required information is or will be captured so that the implementation timetable will be met.

Financial Instruments

The Company’s financial instruments consist of cash and cash equivalents, short-term investments, goods and services tax receivable, prepaid expenses, accounts payable and accrued liabilities. Management of the Company believes that it is not exposed to significant interest, currency, liquidity or credit risks arising from its financial instruments and that their fair values approximated their carrying values. The Company manages the risks relating to the financial instruments by primarily investing in short-term highly liquid certificates of investment which are issued by Schedule I Canadian chartered banks. The income statement includes interest income and foreign exchange loss which are associated with financial instruments.

Risks

The following conditions currently known to management may have a material impact on the financial condition and results of operations of the Company in the future. This discussion is not all-inclusive and other factors may affect the Company in the future.

- The Company may not be able to achieve commercialization of the Project on the timetable anticipated or at all;
- The Company expects its cash reserves will be reduced due to future research expenditures on the Project and on G&A expenses and cannot provide certainty as to how long the cash reserves will last or that the Company will be able to access additional capital when necessary;

- Potential fluctuations in financial and business results and conditions make forecasting difficult for a new Project and may restrict access to funding for a commercialization plan once the research is successfully concluded and a feasibility study has been prepared;
- Exchange rate and commodity price fluctuations are beyond the Company's control and may have a material adverse effect on its business, operating results, financial condition and profitability;
- Markets for the heavy minerals have not been established and may take longer to develop than anticipated;
- The costs for large capital intensive projects in the oil sands are difficult to forecast and there is no assurance that the capital expenditures required to commercialize any products resulting from the Project will not be significantly higher than planned;
- The Company is a research and development company and it has limited experience with completing a commercial operation for a new business;
- The Company is dependent on third party suppliers and the oil sands operators for the supply of key materials and components for the Project and it currently does not have contracts in place for these supplies;
- Regulatory or environmental law changes may impact negatively on the Project and the market for the Company's products;
- Once the Project is developed, the Company could be liable for environmental damages resulting from research activities or commercial operations;
- Failure to protect intellectual property could adversely affect the Company's success and growth. Intellectual property litigation may cause the Company to incur significant expenses or prevent the Company from successfully completing or operating the Project;
- The Company could fail to attract and retain the personnel necessary to run its business;
- Competitors may discover solutions to remove and recover bitumen and minerals prior to the successful commercialization of the Project.

Other Information

Outstanding Share Data (as at November 23, 2009)

Number of common shares – issued and outstanding	56,349,317
Number of common share stock options	3,440,000

Compliance

Mr. Neil Dawson, Principal of Titanatek (Pty) Ltd. of Australia, and a registered member of AusIMM is the independent consultant who acts as the Qualified Person for the Company on its Oil Sands Project.