TITANIUM CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 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 three month period ended November 30, 2009. This MD&A should be read in conjunction with Titanium's unaudited financial statements for the three month period ended November 30, 2009 including the notes thereto (the "Financial Statements") and the annual MD&A for the year ended August 31, 2009. This MD&A is dated as at and based on information available to management as of January 26, 2010. 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 "Update on the Project" and "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 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.

Titanium made significant progress on its research programs during 2009 completing the major portion of the R&D programs and 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 as outlined below in the next two sections.

Update on the "Project"

During the first quarter of fiscal 2010, Titanium shifted focus to the 2010 integrated pilot while continuing work on a small number of remaining R&D programs. In particular, the following are the major activities and accomplishments for the fiscal quarter:

- 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 30% of the Phase III integrated pilot costs 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.
- During the first quarter, the Company completed the detailed planning process and contract drafting with SDTC and is awaiting final SDTC approval of the contribution agreement. The Company has also been actively working with oil sands operators to plan their cooperative involvement in the integrated pilot.
- In preparation for the 2010 program, during the quarter the Company engaged engineering, facilities and construction firms to commence detailed design and planning for the integrated pilot. This work is progressing well and is expected to continue through the second quarter. The Company is also planning the testing, analytical and other support services for the pilot with external service firms.
- To consolidate its operations and facilitate the 2010 integrated pilot, the Company relocated its minerals technical staff from Regina to Edmonton and decommissioned the Regina facility.

Next Steps for the "Project"

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

- Engineer, construct and commission the Phase III integrated pilot at third party test facilities in Edmonton. Engineering is underway aimed at commissioning in May, 2010.

- Operate the Phase III integrated pilot processing froth treatment tailings from June, 2010 until early 2011. The pilot will demonstrate and test a number of technologies designed to: concentrate and recover heavy minerals and bitumen; recover solvents; treat and recover water and reduce environmental impacts associated with froth tailings streams.

- 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.

- 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 Phase III integrated pilot and will be evaluating future financing requirements as the Project progresses during 2010.

Financial Information & Analysis

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):

	Q1 Nov 30, 2009	Q4 Aug 31, 2009	Q3 May 31, 2009	Q2 Feb 28, 2009
Net Loss	**$ 1.6**	$ 16.6	$ 1.4	$ 1.2
Basic and Diluted Loss per Share	**$ 0.03**	$ 0.29	$ 0.03	$ 0.02
	Q1 Nov 30, 2008	Q4 Aug 31, 2008	Q3 May 31, 2008	Q2 Feb 28, 2008
Net Loss	$ 1.1	$ 1.3	$ 0.9	$ 1.2
Basic and Diluted Loss per Share	$ 0.02	$ 0.02	$ 0.02	$ 0.02

The following summarizes Titanium's financial performance for the three month period ended November 30, 2009 as compared to the similar period in 2008:

- Net loss increased to $1.6 million for the three months ended November 30, 2009 compared to $1.1 million for the three months ended November 30, 2008. The increase is due largely to higher research expenditures as the Company is preparing for its Phase III integrated pilot.

- The Company had $11.1 million in cash and unrestricted short-term investments at the end of this first fiscal quarter. All of the short-term investments are liquid and are in the form of certificates of deposit. The balance at the end of the last fiscal year end was $12.4 million. The decrease in cash and unrestricted short-term investments for the three month period 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 the first quarter fiscal 2010 was $2.7 million as compared to $2.9 million at the end of fiscal 2009. 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 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 $2.2 million at the end of fiscal 2009 to $1.9 million at the end of the first quarter fiscal 2010. 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		
	Nov 30 2009	Nov 30 2008	Increase (Decrease)
External Research	**$ 738**	$ 425	$ 313
Compensation & Benefits	**177**	144	33
Pilot Plant, Rent and Other	**404**	91	313
Subtotal	**1,319**	660	659
Less: Alberta Grant	**(328)**	(190)	(138)
Less: Amount Capitalized	**-**	(76)	76
TOTAL	**$ 991**	$ 394	$ 597

Research activity spending totaled $1.0 million in fiscal 2010 as compared to $0.4 million for the first quarter of fiscal 2009. These amounts are net of the recovery of the government grant in the amounts of $0.3 million and $0.2 million for fiscal 2010 and 2009, respectively. The research spending in the first quarter of fiscal 2010 was partially related to preliminary engineering work to prepare for the integrated demonstration pilot. 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 slightly higher in the first quarter of fiscal 2010 due to retention bonus payments. The pilot plant costs increased in the first quarter of fiscal 2010 due mainly to costs relating to the move from Regina to the research facility near Devon, south of Edmonton, Alberta and due to higher consulting and professional fees.

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

	Three Month Period Ended		
	Nov 30 2009	Nov 30 2008	Increase (Decrease)
Compensation & Benefits	**$ 285**	$ 352	$ (67)
Consulting & Professional Fees	**149**	98	51
Directors' Fees	**67**	45	22
Travel	**57**	58	(1)
Rent, Insurance & Office	**53**	74	(21)
Investor Relations & Filing Fees	**35**	41	(6)
TOTAL	**$ 646**	$ 668	$ (22)

G&A expense totaled $0.6 million for the first quarter of fiscal 2010, slightly lower than the comparable period in fiscal 2009. Compensation expense is lower due to fewer staff which is offset partially by higher reliance on consultants and professionals. The largest portion of the increase in professional fees is due to the annual audit costs and work on IFRS conversion which were expensed in the first quarter of fiscal 2010.

- Interest income declined to $52,544 in the first quarter of fiscal 2010 compared to $124,754 in fiscal 2009 reflecting the decline in both interest rates as investments have matured and the lower investment balance.

Liquidity and Capital Resources

The Company has $13.8 million in cash and short-term investments (including $2.7 million of current and non-current restricted investment) at November 30, 2009, which compares to cash and short-term investments of $15.2 million (which includes $2.9 million of current and non-current restricted investment) at August 31, 2009. 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 November 30, 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 the first quarter of fiscal 2010 was $1.5 million compared to $1.2 million in fiscal 2009. The primary reason for the increase in 2010 was higher research spending and changes in non-cash working capital.

- Cash provided by investing activities was $2.5 million in the first quarter of fiscal 2010 as the short-term investments had matured and cash was used to fund R&D and G&A expenditures. Short-term investments are not classified as cash equivalents because their initial terms are for one year (even though they are redeemable 30 days after purchase).

- Cash provided from financing activities reflects 35,000 stock options which were exercised during the first fiscal quarter of 2010. Also included in financing activities is the interest earned on the restricted investment.

Accounting Policy Changes

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 November 30, 2009.

During 2009, CICA Handbook Section 3862, "Financial Instruments – Disclosures" was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

This amendment will be effective for the year ending August 31, 2010. The adoption of this amended standard had no impact on the Company's presentation of its financial position or results of operations for the three months ended November 30, 2009 but additional disclosure is required and is reflected in notes to the financial statements.

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 commencing 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 continue to prepare a project plan during the next quarter 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 January 26, 2010:

Number of common shares – issued and outstanding	56,372,650
Number of common share stock options	4,005,000

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.