

Information on the \$3.5 million Energy Innovation Fund Grant from the Province of Alberta to Titanium Corporation

Titanium Corporation has been awarded a \$3.5 million Energy Innovation Fund Grant from the Province of Alberta (**see news release March 28, 2008**) to allow the Company to continue its research into the value-added opportunities and environmental benefits of recovering hydrocarbons and heavy minerals from oil sands tailings streams.

Titanium Corporation is matching the value of the Grant which represents half of the total program expenditure of \$7 million for a two-year project. The funding program will be managed by Titanium Corporation and work is expected to be contracted to a number of expert research firms like CANMET (Federal Government) and the Saskatchewan Research Council (SRC). The research and development program is aimed at the recovery of minerals and bitumen from oil sands froth treatment tailings.

The Grant was conceived in large part thanks to the Province of Alberta's interest in new projects and technologies that have potential to add value to Alberta's resources and improve the environment.

In his mandate letter to Minister Knight delivered on March 27, 2008, the Premier of Alberta directed the Minister to take the lead in (among other things) supporting "research on new oil sands extraction processes that use less energy, less water, reduce tailings ponds and improve land reclamation."

This research that Titanium Corporation is currently undertaking with the assistance of the Energy Innovation Fund will directly support Minister Knight in his new mandate, as prescribed by the Premier.

The Government's funding and support will help Titanium Corporation complete its research and development programs and bring the Company closer to achieving its goal to establish a new industry recovering value from waste, while delivering economic benefits and environmental improvements.

The following questions and answers provide additional information:

1. What is the Energy Innovation Fund Grant?

The \$200 million Energy Innovation Fund is a provincial initiative that supports Alberta's Integrated Energy Vision: to build on world-class knowledge, expertise and leadership to responsibly develop Alberta's vast energy resources for the benefit of current and future generations. The fund was announced in August 2006.

2. Please explain the status of Titanium Corporation's minerals project and why you are now also looking at bitumen recovery.

Titanium Corporation has been focusing on minerals recovery from oil sands tailings since establishing its mineral pilot research facilities in 2004 at the Saskatchewan Research Council (SRC) campus in Regina. The Company's technical team has developed proprietary technology and conducted on-site pilot programs over the past two years which has resulted in the successful recovery of heavy minerals from oil sands tailings. As a result of Titanium Corporation's pilot work, the Company learned that oil sands tailings streams contain significant volumes of unrecovered bitumen that has potential for recovery. These findings led Titanium Corporation to explore the opportunity to integrate both minerals and bitumen recovery from these oil sands tailings. The previously unrecovered bitumen also contains naphtha which is a substantial source of volatile organic carbons (VOCs) emissions. This research program has the potential to have not only economic and technology benefits, but could also result in significant environmental efficiencies.

3. Will this speed up the R&D process and shorten the time to commercialization?

Titanium Corporation anticipated some Government support and this Grant has been an important factor in advancing and expediting the Company's project.

4. What are the environmental benefits?

There is potential for significant reduction of volatile organic carbons (VOCs) through the recovery of bitumen that is currently unrecovered in oil sands tailings streams. There is also potential for reduction of the intensity of greenhouse gas emissions for the oil sands industry of carbon dioxide (CO₂) and nitrous oxide (NO_x).

5. Would Titanium Corporation gain any carbon tax credits?

Titanium Corporation will be studying the potential for carbon credits as the project advances. The Company is hopeful that there will be positive outcomes in this area for all stakeholders involved.

6. Why the need for the Grant and how will it assist your Company's efforts?

During the past year, Titanium Corporation's project attracted the attention of a number of departments within the Government of Alberta; most notably the Department of Energy. During briefings about the project, the Company learned that the Province was very interested in new projects and technologies that would add value to Alberta's resource industry and improve the environment. The Department of Energy saw the potential in the value of the research being conducted by Titanium Corporation and wanted to contribute to the project in order to expedite the research and development work for the benefit of all Albertans.

To date, Titanium Corporation's efforts have been completely funded by shareholders, and while the Company is still well capitalized, the Alberta Government's significant grant will enable Titanium Corporation to complete this important phase of research and development in a thorough and timely manner. One of Titanium Corporation's goals of this program is to provide the knowledge and technical background to establish a new industry, recovering value from waste while delivering economic benefits and environmental improvements.

7. Is there any other support besides financial support being offered by the Government?

The program and Grant will include an Advisory Committee comprised of Research, Government and Industry experts. This group will be a valuable additional resource for Titanium Corporation.

8. Are there any repayment obligations to the Government or future stock or royalty commitments?

There are no special obligations of this nature. The Grant is paid directly to Titanium Corporation and will be expended on designated research programs.

9. What will we hear about Titanium Corporation's project in the coming months and what does the Company's timeline look like?

Over the next several months, Titanium Corporation will be working with its various research partners as well as engaging additional expertise. The focus of this phase of the program will be on lab scale testing by these resources to identify processes and technologies for field/pilot testing. The Company's aim is to move from lab scale to pilot scale testing some time in 2009 to prove out the newly developed technology before moving ahead with commercial implementation.

10. Which oil sands projects would be candidates for testing and implementing any new technology developed from this research program?

Any of the oil sands mining projects, of which there will be four in operation this year, are candidates. They all use a very similar hot water primary extraction process to separate bitumen from the sands and a froth treatment process that results in the tailings that Titanium Corporation utilizes. All of these froth tailings streams contain valuable heavy minerals and lost bitumen that Titanium Corporation hopes to capitalize on.