

Transcript of
Titanium Corporation Inc. (TIC.V)
Year End Conference Call
November 26, 2008

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Participants

Gordon Pridham, Chairman

Presentation

Operator

Greetings and welcome to the Titanium Corporation Year-End Conference Call. At this time, all participants are on a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press *0 on your telephone keypad.

The discussions held during this conference call may contain forward-looking statements. While these statements represent management's current expectations, actual results may materially change. These risks and uncertainties are more particularly described and updated by Titanium Corporation's Annual MD&A filed for the twelve-month period ended August 31, 2008 on SEDAR at www.sedar.com. Most notably, these risks and assumptions include but are not limited to changes in the worldwide prices of zircon, titanium, and crude oil; fluctuation in exchange rates; legislative, political, or economic developments including changes to relevant legislation in Canada; operating or technical difficulties in connection with development activities particularly the removal and recovery of bitumen; requirement for additional funding; development timelines and priorities; assumptions about off-take contracts and commercial agreements with customers and oil sands producers respectively; development timelines and priorities; and Titanium's expected future production and cash flows. These and all subsequent forward-looking statements are based on estimates and opinions of management on the dates they are made and



expressly qualified in their entirety by this notice. Titanium assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

It is now my pleasure to introduce your host, Mr. Gordon Pridham, Chairman for Titanium Corporation. Thank you, Mr. Pridham, you may begin.

Gordon Pridham – Titanium Corporation Inc. – Executive Chairman

Thanks very much, operator. This is Gordon Pridham and I'm the Chairman of Titanium Corporation. I'll be hosting your conference this morning. Thank you for joining us on our fourth quarter update following the filing of our financial statements for the twelve-month period ending August 31, 2008. This morning I'll be reviewing our recent activities and describing our current research and development programs along with other strategic initiatives that we're moving forward on.

Titanium is a development stage company working in the oil sands arena, and in this market environment of great uncertainty we have good partners, we're well-funded, we're playing in a space where everything is big. The resource is big, the operators are big, the challenges are big, but the opportunities are big. We continue to focus on the inherent value contained in the waste streams of this multibillion dollar oil sands industry and the four large oil sands mining operations continue to produce over a million barrels a day with froth tailings containing approximately 3% in bitumen losses which translates into about 10 million barrels of bitumen loss annually. Recent declines in oil prices and delayed expansion plans on new projects have caused some of the expanded projects to be delayed but current mines will continue to operate. So, to capture the value, we're developing proprietary techniques to recover heavy minerals and bitumen from these waste tailings. The recovery of this value from waste represents not only a large commercial opportunity but offers a solution for improved environmental performance in the oil sands operations. This two-pronged economic and environmental value proposition is of interest to many stakeholders in the oil sands industry and to you, our shareholders.

Many of you have followed our progress over the course of the last few years from the establishment of our mineral research and processing plant in Regina where the majority of our research and development work is conducted, to tapping into an oil sands froth tailing stream to extract the concentrated heavy minerals and bitumen, to operating an on-site pilot plant at the Syncrude site which was designed to recover

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heavy minerals from the froth tailing streams. And while we recovered 98% of the minerals, traces of bitumen remained on those minerals and further analysis led us to the conclusion that in order to recover the minerals we had to also remove and recover the bitumen. And accordingly, in 2007, we started our bitumen removal and recovery program.

So turning to our R&D programs, we are focused on the two primary challenges in order to complete technical work and deliver an industry-wide commercial solution. First, the removal of the residual bitumen from the heavy minerals and second, the recovery of bitumen from these tailing streams. Our objective is to identify lab-based solutions and expeditiously move them forward to the pilot plant field testing stage. In addition to our in-house technical experts, we've searched-out and contracted with some of the world's leading research firms to assist us in our quest for solutions.

The company has launched a phased research program in these two primary areas using both internal and external resources, and the work entails categorizing hydrocarbons in the tailing stream, testing these different solvents, testing alternate physical and hydraulic separation methods and testing organic and inorganic chemicals, amongst other approaches. Phase I, which is mostly complete, is focused on the laboratory-based testing. Phase II will involve continuous bench-scale testing and Phase III will be an integrated pilot project.

Now, let's look at what has been accomplished in fiscal 2008. The company has made significant progress towards gaining stakeholder support and executing on the R&D program. Significant events which will be discussed in greater detail include the funding and support from the Government of Alberta, progress on resolving the technical issues of recovering bitumen and heavy minerals, hiring additional technical expertise and engaging additional independent research organizations.

In March, we announced the award of a \$3.5 million grant from the Government of Alberta. The funds from this grant will be matched by the company and will be used to complete an R&D program that will take place over the course of the next couple of years. The acknowledgment of our project's potential through the grant is significant. As you know, there is increasing pressure on the Government of Alberta and on the oil sands industry in areas of environmental and resource stewardship. The government has endorsed our project and has a vested interest to see us succeed in recovering value from waste and providing residual environmental improvements. We

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are fortunate to have a valued advisory committee consisting of government, research and industry representatives to assist us as we move through the research process.

During fiscal 2008, development programs were conducted at the company's Regina facility and they were focused on an increase in the recovery of higher grade zircon products. In addition, perspective new technologies tested in conjunction with external firms have shown improved results and testing is continuing.

The principal focus of our R&D program was on the challenges of removing residual bitumen from the heavy minerals and recovering bitumen from the tailing streams. Laboratory, or Phase I, results were encouraging and independent research firms have been commissioned to conduct continuous bench, or Phase II, testing. We are moving towards the goal of commencing pilot scale, or Phase III, testing thereafter.

In July of 2008, we announced that Dr. Kevin Moran had joined as Vice President of Process Development. Dr. Moran joins us from Syncrude where he managed research and pilot projects in oil sands bitumen extraction and recovery technologies. Dr. Moran's mandate is to accelerate bitumen recovery programs through the current R&D phases, pilot testing and commercial feasibility to full-scale operations.

We've commenced a period of intensive R&D activities with multiple research partners aimed at resolving the remaining technical challenges of bitumen recovery and bitumen removal from heavy minerals. Retaining leading independent research firms provides a source of additional expertise and should accelerate the process of developing solutions to technical issues.

Turning to our financial position as reported for the last year, expenses increased approximately \$0.8 million to \$4.8 million for fiscal 2008 due primarily to the increased research and development costs; principally, for third party research work which was consistent with our increased focus on research currently in progress. A portion of a certain program costs are being funded from the proceeds of the grant from the Province of Alberta. In addition, certain administrative costs increased reflecting the addition of senior research personnel and related advisory services.

The company maintains a strong balance sheet with a total cash position of \$20.6 million which includes \$3.5 million of restricted cash at the end of fiscal 2008.

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The Business plan for fiscal 2009 is focused on resolving the technical issues of recovering bitumen and zircon from waste tailing streams. 2009 will be an extremely active year with multiple R&D programs underway, the most critical of which are focused on bitumen removal and recovery. Our key objectives for fiscal 2009 are: complete the bitumen bench-scale continuous, or Phase II, testing; engineering, procurement, construction planning for an integrated pilot, or Phase III, project; continued close collaboration with government stakeholders; controlling costs and managing cash resources conservatively; and continuing to look at alternative sources for project support, funding and partnering.

So, just to recap, we believe that Titanium has the core strengths required to be successful. We've got an outstanding technical team led by Dr. Moran and these in-house capabilities are supported by relationships with leading independent research firms. We have credibility established within the oil sands industry through relationships with producers and the Government of Alberta. We have a strong balance sheet. At the end of our last fiscal quarter we had over \$20 million dollars in cash, and this cash should be sufficient to fund our \$7 million research program and fund corporate operations for the next couple of years. In addition, we'll continue to manage our proprietary technology.

Titanium is creating a new business focused on the waste material that results from this multibillion dollar oil sands industry. Our processes and technology will offer solutions for improving the efficiency of non-renewable resources along with reducing environmental impacts. This two-pronged value proposition of value from waste is of interest to key stakeholders in the oil sands industry. We intend to move this process forward as quickly as possible to commercialize this business and create significant value for shareholders.

I would like to thank you for joining us today and be pleased to answer any questions that you may have.

Operator

Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press *1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press *2 if you would like to remove your question from the queue. For participants using speaker equipment, it

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may be necessary to pick up your handset before pressing the * keys. One moment please, while we poll for questions. As a reminder, it is *1 to ask a question.

Once again, ladies and gentlemen, if you have a question, you may press *1 from your telephone keypad. We will pause a moment to poll for questions.

Thank you. Our first question is coming from the line of Brock Winterton of Clarus. Please go ahead with your question.

Brock Winterton – Clarus Securities

Good morning Gordon.

Gordon Pridham – Titanium Corporation Inc. – Executive Chairman

Morning Brock.

Brock Winterton – Clarus Securities

The question I have is just when would you expect to get into the actual engineering studies phase of the project?

Gordon Pridham – Titanium Corporation Inc. – Executive Chairman

Well, Brock, I guess as we've described here, there are three phases to the process and moving onto the next phase is conditional on achieving results from the previous phase. We are starting into Phase II, the continuous bench-scale testing, in early 2009 and would look to start pilot testing as soon as we have results from that, and it will be a little bit dependent on the timing of those results. So, I think that in terms of full scale engineering, that process is probably sometime in the 2010 time period.

Brock Winterton – Clarus Securities

Okay. And just a question on your... you made the comment about partnering and other ideas for funding. Can you elaborate on that at all?

Gordon Pridham – Titanium Corporation Inc. – Executive Chairman

Well, frankly, were at the very early stages of that. In this day and age, I think we're all mindful of making sure that we use our cash resources as expeditiously as possible and further stages of development for this project will be costly. And while we are well-funded to get us through our research and development phase, we are

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mindful that the next phase of the process will be expensive, and so we're going to start to explore all avenues for that.

Brock Winterton – Clarus Securities

Okay. Thank you.

Operator

Thank you. Ladies and gentlemen, as a reminder if you would like to ask a question, please press *1 from your telephone keypad. We will pause a moment to poll for questions. Again, that's *1.

Thank you. Mr. Pridham, there are no questions at this time. I would like to turn the floor back over to you for closing comments.

Gordon Pridham – Titanium Corporation Inc. – Executive Chairman

Okay. Thank you very much for joining us today and I encourage you to continue to monitor our progress as we move our programs along and we're always open to further questions if you want to reach us. Thank you very much.

Operator

Thank you, sir. This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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