

*Transcript of  
Titanium Corporation Inc. (TIC.V)  
Quarterly Update Conference Call  
July 29, 2008*

**Vcall**

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**Participants**

Gordon Pridham, Executive Chairman

**Presentation**

**Operator**

Greetings and welcome to the Titanium Corporation's Quarterly Update Conference Call. At this time, all participants are on a listen-only mode. A 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. As a reminder, this conference is being recorded.

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 quarterly MD&A filed for the nine-month period ended May 31, 2008 on [www.sedar.com](http://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, Executive Chairman for Titanium Corporation. Thank you, Mr. Pridham, you may begin.

**Gordon Pridham – Titanium Corporation Inc. – Executive Chairman**

Thank you, Claudia. Good morning, everybody. My name is Gordon Pridham. I'm the Chairman of Titanium Corporation and I'll be hosting our conference call this morning. Thank you for joining us for our third quarter update following the filing of our interim financial statements for the nine-month period ending May 31, 2008. This morning I'll be reviewing the exciting opportunity before us and describing our current



research and development programs and other strategic initiatives that are propelling us forward.

To start, I'd like to describe the opportunity before us. Titanium is focused on the inherent value contained in the waste streams of a multibillion dollar oil sands industry and to capture this value we're developing proprietary techniques to recover minerals and bitumen from these waste tailings. The recovery of value from this waste stream represents not only a very large commercial opportunity but it also offers a solution for improved environmental performance in oil sands operations. This two-pronged economic and environmental value proposition is of interest to many stakeholders in the oil sands industry.

This diagram illustrates how our process would fit into a typical oil sands treatment operation. Our point of entry is at the discharge from the froth treatment plant. And this froth is rich with heavy minerals and still contains a certain amount of bitumen, all of which ends up as waste in tailings ponds.

Over the past couple of years, the company has conducted research and development programs both on-site and at its Regina research facility to develop technology and processes for these oil sands tailings coming directly from the pipeline.

As you know, the oil sands industry faces growing environmental challenges that call for solutions that address air emissions, water use and treatment, waste management, and maximize use of non-renewable resources. An estimated 10 million barrels a year of unrecovered bitumen or hydrocarbons is currently discharged into tailings areas from froth tailing streams. Bitumen losses could increase to more than 30 million barrels a year over the next decade due to rapid oil sands growth. So you know we base our forecast on 3% of the current million barrels a day of production from these projects. Recovering a portion of this lost bitumen together with the heavy minerals represents a large opportunity to create value for shareholders.

When we see oil sands waste tailings, we see value and opportunity to improve environmental performance. As you might imagine, there's a range of potential environmental attributes that our approach could offer. They include maximizing inherent value in oil sands tailings, enabling more effective use of non-renewable resources, decreasing VOC emissions, and reducing the intensity of CO<sub>2</sub>/NO<sub>2</sub> emissions.

So let me turn to our progress to date. We've made significant progress in a number of areas. Firstly, with our on-site pilot plant, we've tapped into an oil sands froth treatment tailings stream and extracted a concentrate of heavy minerals and bitumen. This is a significant achievement. To our knowledge, we're the only company that has been able to establish a presence in an oil sands producer's site in order to develop and test waste potential recovery and processes. This work has enabled us to characterize the heavy minerals and residual bitumen contained in the froth tailings stream so that the next phase of our research will enable us to define the criteria for separation and recovery processes. It's also enabled us to characterize the environmental performance benefits of recovering the lost hydrocarbons in this waste.

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These measures form the basis for designing and launching a range of research programs that are currently underway.

So turning to the highlights of the quarter, let's look at what's occurred. We have now marshaled excellent technical expertise and test facilities with financial resources and stakeholder support needed to move ahead on our research agenda. We're pleased to have been awarded a \$3.5 million grant from the Government of Alberta. This grant will be matched by the company over a two-year period to complete additional research and development on the recovery of hydrocarbons and minerals. The grant is important but more important is the impact of our relationship with the Province in moving our project forward to commercialization. There is increasing pressure on the Government of Alberta and in turn, on the oil sands industry to provide 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're fortunate to have a world-class advisory committee consisting of government, research, and industry representatives to assist us as we move through the research process. We've an outstanding technical team led by Niel Erasmus and Dr. Kevin Moran. Kevin, as you may have noticed, joined us at the beginning of this month from Syncrude where he managed the research and pilot programs in oil sands bitumen extraction and recovery technology. Dr. Moran's mandate is to accelerate the bitumen recovery programs through the current research and development phase, pilot testing and commercial feasibility through to full scale operations.

The company is focused on two primary challenges in order to complete technical work and deliver an industry-wide commercial solution; one, removal of residual bitumen from the heavy minerals and two, recovery of the bitumen.

The objective of this initial laboratory scale work is to identify the most promising lab-based solutions and expeditiously move them forward to the pilot plant field testing stage. To enable the transition from laboratory to pilot testing, the company's portable pilot plant located in Fort McMurray provides a base for modifications and field testing. To leverage our in-house expertise and thereby, accelerate the outcomes of this research, our Regina technical team is currently working with three independent research firms. We continue to develop proprietary technology for value from waste and will protect our intellectual property wherever possible.

The company has launched a phased research program in these two primary areas, both internally and externally, and the work entails categorizing hydrocarbons in the tailing stream, testing different solvents, testing alternate physical and hydraulic separation methods, testing organic and inorganic chemicals amongst other approaches. The first phase of our work commenced in May and has focused primarily on the removal of hydrocarbons as being provided largely by outside research firms. The bitumen recovery work commenced pretty much at the beginning of this month and is largely being driven out of our Regina facilities and is being headed up by Dr. Moran.

We continually monitor trends in the area of mineral and hydrocarbon markets. Dr. Guzman, our VP of Marketing and Technology, formerly from Rio Tinto, has been

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working with our partners and potential customers particularly in Asia as they continue to evaluate product samples for various applications.

Market conditions, prices, and prospects for heavy minerals remain steady during the quarter. Demand and prices for Zircon remains strong worldwide, largely in China while the market for titanium minerals has been soft.

On the other side of the value equation, world prices for oil and the value of bitumen have increased to record levels and accordingly, we are going to give priority to the recovery of zircon and bitumen.

We have extensive experience in working with froth treatment tailing streams making us uniquely positioned to extract value from waste in oil sands operations. We've marshaled world-class technical expertise, management capability, research facilities along with the financial resources and stakeholder support significantly from the Alberta Government.

We're creating a new business focused on the waste material that results from the multibillion dollar oil sands industry. Our processes and technology offers solutions for improving the efficiency of non-renewable resources along with decreases in emissions. This two-pronged proposition of value from waste is of interest to key stakeholders in the oil sands industry and we intend to move the process forward expeditiously to commercialize the business and create significant value for shareholders.

We are evaluating new business opportunities that leverage off of our core strength and assets and we also continue to build share ownership at the board level of the company and are pleased to announce that Moss Kadey, a 9.9% shareholder has just joined the Board and we welcome his guidance and entrepreneurship.

Turning to our financial position as reported in the last quarter, expenses in the quarter were \$1,006,000 and for the nine-months of '08 were \$3,340,000. They increased compared to the 2007 periods which were \$654,000 and \$2.642 million respectively. This was due to increased research and development costs and increased corporate and admin costs.

The company maintains a strong balance sheet, a total cash position of \$21.7 million which includes \$3.5 million of restricted cash at the end of the quarter for our research programs.

I'd like to thank you for joining us today and I'd be pleased to answer any questions that you might have.

**Operator**

Thank you. Ladies and gentlemen, 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

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using speaker equipment, it may be necessary to pick up your handset before pressing the \* keys. One moment please while we pole for questions.

Our first question is coming from Jerry Cohen with ISS National Sales and Finance. Please state your question.

**Jerry Cohen – ISS National Sales and Finance**

Yes. When would you hope to be commercial? What are the chances of that occurring?

**Gordon Pridham – Titanium Corporation Inc. – Executive Chairman**

Thank you. As I indicated, we are in a three-phased process for the final research on the removal and recovery of the bitumen. Each phase reviews successively the work of the previous phase and we take the successes and the failures, frankly, make adjustments and move on to the next phase of the process. Our goal, as you could see from that chart, is to be into the third phase approximately a year from now where we would expect to begin piloting our research work and while we are optimistic about the result to date and about the processes ahead of us, research by its very nature is difficult to predict and so we are, as I say, we are optimistic about getting to the ultimate results that will lead us to a commercial project, but it will depend on the results from our research work.

**Jerry Cohen – ISS National Sales and Finance**

Alright. Thank you.

**Operator**

Once again, ladies and gentlemen, if you would like to ask a question, please press \*1 on your telephone keypad at this time.

Our next question is coming from Brock Winterton with Clarus Securities. Please state your question.

**Brock Winterton – Clarus Securities**

Thank you. Good morning. Could you give us some sense when you say about a year from now, you hope to be in a position to perhaps, if things go well, get into that pilot testing program? What is the time frame maybe to put that pilot testing program in place and is it a three-month type of test do you think that would be required to be able to get that thing... get the data that you need, or do you need to run this at sort of six months or a year, I don't know.

**Gordon Pridham – Titanium Corporation Inc. – Executive Chairman**

Thank you. Yes. So we are hoping to be in a position to start piloting the results of our research approximately a year from now and as I say, some of that timing will depend a little bit on the results from the previous research work. It's possible that the pilot testing may actually also occur in phases and we would expect that the first phase of pilot testing would be in that approximate three month period and depending on the results of that pilot testing, we may need to do some additional pilot testing. So there could be successive pilot testing processes but the first phase is not likely to last more than about three months.

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**Brock Winterton – Clarus Securities**

Okay. And do you have any idea... would this be using your current facilities, that mobile testing, or would this be sort of requiring a brand new pilot facility?

**Gordon Pridham – Titanium Corporation Inc. – Executive Chairman**

We will use our existing facilities and we may look to add on some enhancements to that facility for additional processes.

**Brock Winterton – Clarus Securities**

Okay. Thank you.

**Operator**

As a reminder, if you would like to ask a question, please press \*1 on your telephone keypad at this time.

Mr. Pridham, it appears we have no further questions. I'd like to turn the floor back over to you for any closing comments.

**Gordon Pridham – Titanium Corporation Inc. – Executive Chairman**

Thank you, operator. Thank you, everybody, for participating today and if you have any further questions that you would like to discuss with us directly, please don't hesitate to call us. Thanks very much.

**Operator**

Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time.

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