



TITANIUM CORPORATION INC.
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED
AUGUST 31, 2011

November 30, 2011

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CERTAIN DEFINITIONS

In this Annual Information Form, the following words and phrases have the following meanings, unless the context otherwise requires:

"**CBCA**" means *Canada Business Corporations Act*;

"**Common Shares**" means the common shares in the capital of the Company;

"**Company**", "**Titanium**", "**we**", "**us**" or "**our**" means Titanium Corporation Inc.;

"**oil sands**" has the meaning ascribed to such term in the *Mines and Minerals Act* (Alberta); and

"**TSXV**" means the TSX Venture Exchange.

Unless otherwise specified, information in this Annual Information Form is as at the end of the Company's most recently completed fiscal year, being August 31, 2011.

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained herein including, without limitation, management's assessment of future plans and operations, financial and business prospects and financial outlook, tax horizon, planned capital expenditures, the timing thereof and the method of funding may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect our current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, future stable or increasing prices for zircon, bitumen and naphtha, changes in general economic and market conditions, expected capital expenditures and expected future research activities, loss of markets, volatility of commodity prices, currency fluctuations, environmental risks, competition from other waste management companies, inability to retain services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, access to and cost of oil sands tailings, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and risk factors outlined under "*Risk Factors*" and elsewhere herein. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although we believe that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements or information because we can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic environment in which Titanium operates; the timely receipt of any required regulatory approvals; our ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; our ability to obtain financing on acceptable terms; access to oil sands tailings; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding environmental matters in the jurisdictions in which we operate; and our ability to successfully market our services.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could effect our operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), and at our website (www.titaniumcorporation.com). Although the forward-looking statements contained herein are based upon what

management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements and information are made as of the date hereof and we assume no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward-looking statements and other information contained herein concerning our industry and our general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While we are not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

BACKGROUND

Titanium Corporation Inc. was formed upon the amalgamation of Titanium Corporation of Canada Limited and NAR Resources Ltd. under the *Business Corporations Act* (Ontario) on July 24, 2001. On March 19, 2009, Titanium was continued under the CBCA.

We do not have any subsidiaries.

Our principal office is located at Suite 1400, 10025 – 106th Street, Edmonton, Alberta T5J 1G4 and our registered office is located at Suite 101, 50 Richmond Street East, Toronto, Ontario M5C 1N7.

The Common Shares trade on the TSXV under the symbol "TIC".

GENERAL DEVELOPMENT OF THE BUSINESS

The following is a summary of our business operations for the periods shown.

Fiscal 2009

In fiscal 2009, we successfully completed the significant portion of our two year research and development program as Phase II of the concentration and separation of heavy minerals and the removal and recovery of heavy minerals and bitumen from oil sands froth treatment tailings (the "**CVW Project**") that was previously funded by the Government of Alberta Energy Innovation Fund Grant of \$3.5 million (the "**2008 EIF Grant**") granted on March 28, 2008, and we commenced plans to conduct a pilot in fiscal 2010 intended to demonstrate the results of the research and development program.

In the first quarter of fiscal 2009, we signed a contract with a large international research organization that agreed to review and refine the work already completed by us at our Regina facility in regards to minerals concentration and separation.

On May 1, 2009, in conjunction with the move of our head office from Toronto, Ontario to Edmonton, Alberta, we appointed Mr. Vincent J. Gallant as our new Chief Financial Officer and Mr. Victor Wells stepped down.

During the third quarter of fiscal 2009, we completed a four week continuous pilot program which was aimed at testing a flow sheet for bitumen recovery. The preliminary results were encouraging and we planned to use the results to assist in the design of a larger-scale demonstration pilot planned for fiscal 2010. We also continued the on-going work to process cleaned heavy mineral concentrate and minerals separation at our Regina facility.

In July of 2009, the Government of Alberta approved an amendment to the 2008 EIF Grant to apply the balance of the funding to the CVW Project, as only 50% of the \$3.5 million 2008 EIF Grant had previously been utilized to complete a major portion of our research and development program that had commenced in 2008.

Fiscal 2010

During fiscal 2010, we successfully executed the contracting, construction, installation, commissioning and operation of the CVW Project. We engaged a number of leading organizations to execute the integrated demonstration pilot program including: an agreement with CanmetENERGY ("**Canmet**") for the use of facilities and services at Canmet's Devon, Alberta facilities for demonstration piloting for the period from April 2010 until February 2011; SNC-Lavalin Inc. for the pilot design and engineering and further services related to commercial feasibility, engineering and construction; Westways Group Inc. for procurement, fabrication and installation of process modules; and Maxxam Analytics Inc. for on-going analytical services and independent testing.

On September 10, 2009, we announced that Sustainable Development Technology Canada ("**SDTC**") had selected Titanium's "Creating Value from Waste" ("**CVW**") project to receive up to \$4.9 million in funding from the SDTC (the "**SDTC Grant**"). The funds were to be used to advance the demonstration of technologies being developed by us during our development of the CVW Project that recover valuable products from oil sands tailings and deliver

environmental improvements. The CVW Project is led by Titanium and includes Syncrude Canada Ltd. ("**Syncrude**"), Canadian Natural Resources Limited ("**CNRL**"), Suncor Energy Inc. ("**Suncor**"), Sojitz Corporation and the Government of Alberta. The participation of Syncrude, CNRL and Suncor as consortium members is related to the provision of tailings samples and reviewing test results.

In January of 2010, we entered into a contribution agreement (the "**Contribution Agreement**") with SDTC to financially assist us in completing the CVW Project in order to commercially demonstrate the technology. Under the terms of the Contribution Agreement, SDTC agreed to contribute to us up to the lesser of: (i) 30.75% of the eligible costs associated with the CVW Project; or (ii) \$4,919,212, such contribution to be payable in stages when we meet the agreed to project milestones as set out in the Contribution Agreement. SDTC consortium agreements were also entered into with each of Syncrude, CNRL and Suncor. We received an initial payment of \$1.6 million in January 2010 as an initial contribution towards the engineering, fabrication and construction of the Hydro Carbon Processing Pilot Plant. The Contribution Agreement provides for a number of milestone payments related to the initial signing of the Contribution Agreement and subsequent completion of construction and piloting phases of the program. Funds are dispersed following submission by the Company and review by SDTC of detailed progress reports related to such milestones.

We completed an agreement with Canmet for the use of their facilities and services at their Devon, Alberta facility in the second quarter of fiscal 2010, which agreement is for the period from April 2010 to April 2011.

In July of 2010, Phase III of the CVW Project became operational with the start up of the bitumen recovery and solvent recovery units of the CVW process. Process modules for bitumen removal, minerals recovery and water treatment were brought on-line during August 2010 and continued to be brought on-line in September 2010.

In August 2010, we received a second payment of \$2.0 million from SDTC as a result of meeting SDTC's milestone for successful completion of engineering, construction, installation and commissioning of the piloting process modules.

Fiscal 2011

On September 28, 2010, we announced that Mr. Andreas Curkovic had been retained to provide investor relations services (the "**Services**") to us. As compensation for the Services, Mr. Curkovic was granted 50,000 incentive stock options under our stock option plan and is to receive a fee of \$5,000 per month as payment for the Services, which fee is renewable on a monthly basis.

On October 5, 2010, we announced the completion of the first portion of Phase III of the CVW Project and the advance of a second payment of \$2.0 million from SDTC under the Contribution Agreement. This brought our total received under the Contribution Agreement to \$3.6 million.

On December 15, 2010, we completed a brokered private placement of 7,165,500 units ("**Units**") of the Company at a price of \$2.00 per Unit for aggregate gross proceeds of \$14,331,000 (the "**Private Placement**"). Each Unit consisted of one Common Share and one half of one Common Share purchase warrant (a "**Warrant**"). Each whole Warrant entitles the holder to purchase one additional Common Share at a price of \$2.50 per Common Share and all Warrants expire on June 15, 2012. The Warrants were listed and posted for trading on the TSXV on April 18, 2011. See "*Market for Securities*" below.

In early December 2010, piloting of a third oil sands operator's tailings commenced and was completed in February 2011. Bitumen and solvent recoveries from froth treatment tailings averaged 75% and bitumen removal from heavy minerals was well within target ranges.

During the third quarter of fiscal 2011, we commissioned a paraffinic froth treatment tailings pilot at a third party site for two other oil sands operators and then operated for four weeks during that quarter.

On February 28, 2011, Mr. Vincent J. Gallant resigned as Chief Financial Officer of the Company and on March 1, 2011, Ms. Jennifer Kaufield was appointed as the Company's Chief Financial Officer.

On March 10, 2011, we announced the completion of the second phase of the Company's oil sands tailings demonstration pilot project and the advance of a third payment of \$825,000 from the SDTC, bringing the total payment advances to \$4.4 million from SDTC under the SDTC Grant.

In May 2011, the pilot project at Canmet was decommissioned following operation of the minerals cleaning circuit to produce heavy mineral concentrate, which marked the conclusion of our 18 month demonstration pilot. We commenced conducting minerals separation testing in Australia with expert firms to optimize zircon recovery.

RECENT DEVELOPMENTS

Our technology has been submitted to a new consortium, Oil Sands Tailings Consortium ("**OSTC**"), comprised of all of the major oil sands operators **in Canada**, which has been formed to share best practices and technologies across the industry. OSTC is in the process of developing an oil sands tailings "Technology Roadmap", which will guide the industry's implementation of new technologies.

On November 1, 2011, the Company announced that The Alberta Science and Technology Leadership Foundation ("**ASTech**") has recognized Dr. Kevin Moran as one of its 2011 ASTech Honourees for his role in developing new innovative tailings technologies for the oil sands industry. The ASTech award Honourees are recognized by industry, Government and academia for achieving outstanding technology breakthrough's that improve the world.

DESCRIPTION OF THE BUSINESS AND OPERATIONS

Research and Development Strategy

General Development of the Business

We are in the development stage of our business as we have yet to earn revenues and are devoting substantially all of our efforts towards the commercial development of the CVW Project. Phase I of the CVW Project, which involved initial laboratory scale work with a view to identifying the most prospective laboratory-based solutions, was completed in 2008, and Phase II of the CVW Project, which involved continuous bench scale testing with the objective of providing scaling data for piloting, was completed in 2009.

Phase III of the CVW Project was completed in May 2011. The objective of this phase was to operate our CVW technology in an integrated process. This phase was completed at Canmet's pilot facility in Devon, Alberta and in May 2011 the pilot plant was decommissioned and the Company has stored the technology circuits utilized during the demonstration pilot. The pilot demonstrated a number of our CVW-developed technologies that are designed to concentrate and recover heavy minerals and bitumen, recover solvents, treat and recover water, as well as reduce environmental impacts associated with froth tailings streams. Phase III of the CVW Project cost approximately \$15 million.

The Company is now engaged in the "pre-commercialization" phase involving ongoing consultations, planning and negotiations with stakeholders. The oil sands operators have disciplined internal review processes prior to sanctioning on-site projects including detailed front end engineering and design ("**FEED**"). The Company is working closely with the oil sands operators to reach commercial agreements during this process. In addition, the Company is working with the Alberta Government to establish fiscal terms to support the recovery of minerals and bitumen from oil sands tailings, as the recovery of these commodities from tailings was not anticipated in the current fiscal regimes.

Narrative Description of the Business

General

Our business is focused on developing a commercial process to maximize the inherent value existing in the waste material in froth treatment tailings currently being deposited in oil sands tailings in the Fort McMurray, Athabasca region of Alberta. More specifically, the CVW Project is focused on the recovery of heavy minerals, bitumen, solvent and water contained in the waste tailing streams. Our technology is designed to be applicable in all open-pit

oil sands operations and to reduce emissions at oil sands sites. Treatment and reuse of tailings water by our process has the potential to reduce the consumption of fresh river water and the footprint of tailings ponds. The CVW Project is aimed at developing and demonstrating technology to recover valuable products from oil sands tailings including heavy minerals, hydrocarbons and water.

The CVW Project

Our oil sands project began as a project to recover heavy minerals of titanium and zircon from the tailings of surface mining oil sands operations, as the occurrence of those heavy minerals in the oil sands and their concentration into the tailings streams had been widely known. However, as the CVW Project evolved and we have expended more towards the research and development of the CVW Project, the scope has been expanded to respond to needs which now involve the recovery of heavy minerals, as well as hydrocarbons from the tailings stream and the recovery and recycling of water in the tailings stream to provide the water for our process, which in turn is expected to reduce water imports from the Athabasca River by oil sands operators in that region. The recovery of hydrocarbons that would have otherwise gone into the tailings ponds by using our CVW technologies effectively reduces the emissions of the oil sands operations and result in significant reductions in carbon dioxide, NO_x, volatile organic carbons ("VOCs") and methane. Additionally, the recycling of water will assist oil sands operators in reducing imports of water from the Athabasca River, as well as meeting the requirements of Energy Resources Conservation Board ("ERCB") Directive 74 regarding reductions in tailings volumes and long term storage of mature fine tailings. ERCB Directive 74 mandates reductions in the volumes of oil sands tailings being discharged to tailings ponds by prescribed percentages over a several year schedule.

Our CVW technologies completed Phase III of our research and development phase of the CVW Project in May 2011 and have been developed largely through the 2008 EIF Grant, the SDTC Grant and the Company's own funding. The CVW technologies process the tailings from oil sands tailings ponds to produce bitumen, solvent, water and clean heavy minerals that can be subsequently upgraded to value-added materials. In doing so, these technologies have the potential to significantly reduce emissions of VOCs and carbon dioxide equivalents while offering an opportunity to reduce raw water consumption. We are currently in the process of patent-protecting the novel processes that comprise the CVW suite.

Phase III of the CVW Project focused on executing the integrated piloting activity to commercially demonstrate the CVW suite of technologies. The commercial demonstration was conducted at Canmet's facility in Devon, Alberta, which is a recognized leader in the research and piloting of oil sands technologies appropriate for scaling to commercial operation.

The CVW process first separates froth treatment tailings into fine and coarse fractions, with the cut-point for this separation depending on market economics, as well as the processing characteristics of the equipment chosen. The coarse fraction contains all of the saleable heavy minerals along with approximately 20% of the hydrocarbons in the feed stream. Once the hydrocarbons are removed from the mineral surfaces, then the minerals can be separated using a variety of techniques utilizing differences in surface tension, specific gravity, electrical conductivity and magnetic susceptibility. This produces final heavy mineral products that are ready for sale and shipment to various downstream consumers; however, due to the high value and market demand for zircon relative to titanium, the Company is first focusing on the recovery and sale of zircon. See "*Risk Factors*".

The fines fraction portion after completion of the first step of the CVW process contains 80% of the hydrocarbons in the froth treatment tailings. Depending on the split size chosen for the coarse-fine separation, this fraction can also contain up to 80% of the water and 60-70% of the solids in the feed stream. The hydrocarbons from the fines stream are recovered and concentrated and the tailings are then sent to the water recovery circuit of the CVW process. The recovered hydrocarbons and solvent may be returned to the oil sands producer.

The second step of the CVW process is the water recovery circuit, which serves two purposes: (i) to recover and process sufficient water for our CVW technologies, which accounts for approximately 10% of the water in the froth treatment tailings feed stream; and (ii) to recover water to be recycled back to the oil sands operator, which replaces water that would otherwise have been imported from the Athabasca River. The quality demands for the recycled water will depend on the quality demands of the proposed end use of the water. The removal of this amount of

water from the tailings stream significantly concentrates the solids and brings the remaining tailings much closer in compliance with the requirements of ERCB Directive 74.

The results of the CVW Project have indicated that over 70% of the valuable heavy minerals in the froth treatment tailings can be recovered, up to 80% of the hydrocarbons (including the lost solvent) can be recovered at a quality sufficient to be recycled and over 50% of the water can be recovered and recycled.

The Company is now engaged in the "pre-commercialization" phase involving ongoing consultations, planning and negotiations with stakeholders. The oil sands operators have disciplined internal review processes prior to sanctioning on-site projects including detailed FEED. The Company is working closely with the oil sands operators to reach commercial agreements during this process. Implementation of the Company's technology involves the construction of large facilities at oil sands sites which integrate with existing oil sands operations. An off-site central minerals facility would process Heavy Mineral Concentrate "HMC", sourced from these on-site facilities into final mineral products. The Company plans to be the principal owner and operator of the minerals facility.

Patents and Trade-Marks

We have filed seven patent applications directed at different aspects of the CVW process. Two of these patent applications have been issued in both Canada and the United States, four of these patent applications are currently pending in both Canada and the United States and one of these patent applications is currently in the International Phase of the Patent Cooperation Treaty. The patent application which is currently in the International Phase of the Patent Cooperation Treaty is an updated patent application which is intended to replace one of the four patent applications currently pending in both Canada and the United States. The patent application which is intended to be replaced by the Patent Cooperation Treaty patent application will therefore be abandoned in both Canada and the United States. The seven patent applications are more specifically directed at: recovery and processing minerals from froth treatment tailings; recovery of bitumen from froth treatment tailings; a method for processing froth treatment tailings; and apparatus and method for recovering a hydrocarbon diluent from tailings; and a method for separating a feed material derived from a process for recovering bitumen from oil sands. Each of the patent applications has been assigned by the inventors to the Company or is in the process of being assigned by the inventors to the Company.

We have filed three trade-mark applications in each of Canada and the United States (i.e. three Canadian trade-mark applications and three U.S. trademark applications) with respect to the CVW Project. These trade-mark applications include: (i) "CREATING VALUE FROM WASTE"; (ii) "VALUE FROM WASTE"; and (iii) "CVW". Each of (i) and (ii) above are currently in a pending and opposed status in Canada and a suspended status in the United States, while (iii) was allowed in Canada on May 7, 2010 and is currently in a suspended status in the United States.

In October of 2010, the Company received notice that trade-mark opposition proceedings were commenced by Ostara Nutrient Recovery Technologies Inc. with respect to the Canadian trade-mark applications for the "CREATING VALUE FROM WASTE" and "VALUE FROM WASTE". As a result, the Company considers these trade-marks to have a pending and opposed status. The parties are currently in the process of exchanging evidence as part of the opposition proceedings.

Specialized Skill and Knowledge

In conducting its research and development programs, the Company requires specialized skills and knowledge of the oil sands and mineral sands industries. The Company has assembled a team of technical specialists with oil sands and mineral sands training and experience which is augmented by the use of external firms and contractors with expertise in these areas. Research and development and piloting are conducted both internally by the Company and with the extensive use of external engineering and research firms and facilities.

Competitive Conditions

The Company's focus is exclusively on the recovery of valuable products from tailings streams generated by the oil sands mining industry in Alberta, Canada. The Company is the leading developer of technology for a unique tailings stream in this industry referred to as froth treatment tailings which contains lost bitumen, solvents, valuable heavy

minerals and water. The Company's CVW Project is receiving support from the Alberta and Canadian Government's and cooperation from five oil sands operators who represent the most likely principle customers for the Company's technology. The Company is not aware of competing projects which offer a total solution for remediation of froth treatment tailings. The products to be recovered from froth treatment tailings have ready uses and markets. Recovered bitumen and solvents would be taken back into the oil sands operators' processes. Zircon, the principle valuable heavy mineral, is in high demand and short supply in world markets. The majority of zircon is used in the ceramics and refractory industries where it is an essential material and approximately 40% of the world's zircon is consumed by China.

Economic Dependence

The Company is currently at the development stage and does not have revenues or associated agreements such as supply, marketing or services agreements. These types of agreements will be important as the Company commercializes. At the development stage, the Company's significant agreements are the funding Contribution Agreement with SDTC and contracts with engineering and technical partners SNC-Lavalin Inc. and Maxxam Analytics Inc.

Changes to Contracts

In the current year, the Company expects to complete the majority of work under the Contribution Agreement. Contracts with the Company's engineering and technical partners will be extended as project and commercialization activities warrant.

Employees and Consultants

As at August 31, 2011, we employed seven employees who develop, manage and direct the Company's programs. The Company outsources the majority of required services including accounting, legal, corporate secretarial, engineering, analytical, testing and pilot operations. Consultants and contractors working on the Company's programs are engaged "on demand" and the numbers vary considerably. The Company intends to engage additional full time employees in the course of commercializing its technologies.

DIVIDEND POLICY

We have not paid any dividends on outstanding Common Shares. The board of directors of the Company (the "**Board**") will determine the actual timing, payment and amount of dividends, if any, that may be paid by Titanium from time to time based upon, among other things, the cash flow, results of operations and financial condition of the Company, the needs for funds to finance ongoing operations and other business considerations as the Board considers relevant.

DESCRIPTION OF CAPITAL STRUCTURE

We have been authorized to issue an unlimited number of Common Shares. The holders of Common Shares are entitled to: dividends if, as and when declared by the Board; one vote per share at any meeting of the shareholders of the Company; and upon liquidation to receive all assets as are distributable to the holders of Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSXV under the symbol "TIC" and the Warrants are listed and posted for trading on the TSXV under the symbol "TIC.WT". The following sets forth the price range and trading volume of the Common Shares and Warrants, respectively, on (as reported by the TSXV) a monthly basis for our most recently completed financial year and up to the trading date prior to the date of this Annual Information Form.

	Common Shares		
	Price Range		Volume
	High (\$/share)	Low (\$/share)	
2010			
August	1.38	1.10	519,563
September	1.88	1.00	2,201,206
October	2.53	1.70	4,530,168
November	2.30	1.80	1,478,846
December	2.00	1.81	1,534,845
2011			
January	2.05	1.85	1,032,994
February	2.45	1.89	3,206,204
March	2.34	2.03	1,382,365
April	2.85	2.00	3,113,870
May	2.90	2.15	2,015,611
June	2.57	2.16	827,801
July	2.49	2.15	1,334,653
August	2.28	1.84	1,567,008
September	2.10	1.35	1,089,545
October	1.84	1.30	964,745
November	2.35	1.70	2,379,766

	Warrants		
	Price Range		Volume
	High (\$/Warrant)	Low (\$/Warrant)	
2011			
April (18-30) ⁽¹⁾	0.90	0.70	53,500
May	1.05	1.05	3,000
June	1.05	1.00	6,750
July ⁽²⁾	N/A	N/A	N/A
August ⁽²⁾	N/A	N/A	N/A
September ⁽²⁾	N/A	N/A	N/A
October ⁽²⁾	N/A	N/A	N/A
November ⁽²⁾	N/A	N/A	N/A

Notes:

- (1) The Warrants were listed and posted for trading on the TSXV on April 18, 2011.
(2) There were no trading volumes for such periods.

Prior Sales

The following table provides details regarding each class of securities of the Company that are outstanding but not listed or quoted on a market place that have been issued by the Company during the most recently completed financial year:

<u>Type of Securities</u>	<u>Date of Issuance</u>	<u>Number of Securities</u>	<u>Exercise Price per Security</u>
Options to purchase Common Shares	September 27, 2010	1,300,000	\$1.32
	January 24, 2011	1,850,000	\$2.00
Warrants ⁽¹⁾	December 15, 2010	3,582,750	\$2.50
Common Share purchase warrants ("Broker Warrants") ⁽²⁾	December 15, 2010	426,030	\$2.50

Notes:

- (1) The Warrants were originally issued on December 15, 2010 pursuant to the Private Placement; however, on April 18, 2011, the Warrants were listed and posted for trading on the TSXV. See "*Trading Price and Volume*" above.
- (2) The Broker Warrants were issued to the agents as partial compensation pursuant to the Private Placement on the same terms and conditions as the Warrants.

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with us and principal occupation of the directors and officers of the Company are set out below and in the case of directors, the period each has served as a director.

Name and Province and Country of Residence	Position	Principal Occupation During Past 5 Years	Director Since	Number of Common Shares Beneficially Owned or Controlled
Scott Nelson Alberta, Canada	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company since February 23, 2005.	February 23, 2005	177,000 ⁽⁴⁾
Gordon Pridham ⁽¹⁾ Ontario, Canada	Chairman and Director	President and Chief Executive Officer of Edgewater Capital Inc., a private investment company, since 2003.	December 11, 2006	66,000
C. Bruce Burton ^{(1),(2)} Ontario, Canada	Director	Independent businessman since 2007 and for the period 2003 to 2007, Vice President and Chief Financial Officer of Dundee Precious Metals Inc.	November 19, 2007	200,000
Moss Kadey ⁽²⁾ Ontario, Canada	Director	Independent businessman since 2000.	July 23, 2008	6,000,000 ⁽⁵⁾
Malcolm Macpherson ^{(2) (3)} W.A., Australia	Director	Since 2001, an independent businessman and a director of private and public companies.	November 29, 2005	25,000
Brant G. Sangster ^{(2) (3)} Alberta, Canada	Director	Since August 2006, an independent businessman, strategic consultant and a director of public companies. Prior thereto, Senior Vice-President, Oil Sands of Petro-Canada.	September 1, 2006	65,000
Eric W. Slavens ^{(1),(2)} Ontario, Canada	Director	Since 2005, an independent businessman.	March 17, 2005	60,000
Jennifer Kaufield Alberta, Canada	Vice-President, Finance and Chief Financial Officer	Vice-President, Finance and Chief Financial Officer of the Company since March 1, 2010. Prior thereto, an independent business consultant since 2005.	N/A	Nil

Name and Province and Country of Residence	Position	Principal Occupation During Past 5 Years	Director Since	Number of Common Shares Beneficially Owned or Controlled
George A. Duguay Ontario, Canada	Corporate Secretary	Corporate Secretary of the Company since 2005. President of G. Duguay Services Inc. since 1988, a private consulting company that provides corporate and financial administrative services to public companies. From 1988 to February 2006, a partner of Duguay and Ringler Corporate Services.	N/A	10,000
Salustio Guzman Quebec, Canada	Vice-President, Marketing and Technology	Vice-President, Marketing and Technology of the Company since 2004.	N/A	Nil
Kevin Moran Alberta, Canada	Vice-President, Process Operations	Vice-President, Process Operations since July 2008 and currently adjunct professor at the Department of Chemical and Materials Engineering at the University of Alberta. Prior to July 2008, Project Leader and Research Associate at Syncrude since 2001.	N/A	10,000
John Oxenford Brisbane, Australia	Vice-President, Oil Sands Operations	Vice-President, Oil Sands Operations of the Company since 2004.	N/A	Nil

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Technical Committee.
- (4) 109,500 Common Shares are held directly by Mr. Nelson and 67,500 Common Shares are held by Auxilium Corporation.
- (5) 680,000 Common Shares are held directly by Mr. Kadey, 2,000,000 Common Shares are held by the Kadey Family Trust, 3,220,000 Common Shares are held by Mossco Capital Inc. and 100,000 Common Shares are held by his spouse, Vivette Kadey.
- (6) Titanium does not have an executive committee of its Board.

The term of office of each director expires at the next annual meeting of shareholders.

As at November 30, 2011, the directors and executive officers of Titanium, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 6,613,000 Common Shares or approximately 10.3% of the issued and outstanding Common Shares.

Management

Scott Nelson, President, Chief Executive Officer and a Director

Mr. Nelson is a leading Canadian executive with more than 25 years experience in resource based, capital intensive companies. Mr. Nelson has held key management positions with Amoco Canada Petroleum Company Ltd., Dome Petroleum Ltd., The Irving Group, IBM Canada ("IBM") and Amerada Hess Canada Ltd. As President of Amerada Hess Canada Ltd., Mr. Nelson led its rapid growth, the tripling of production and the eventual sale of the company to Petro-Canada. Prior to his appointment as President and Chief Executive Officer of the Company, Mr. Nelson was employed by IBM and PricewaterhouseCoopers Consulting (which was acquired by IBM) from September

2002 until February 2005. Mr. Nelson is a Certified Management Accountant and is also the President of Auxilium Corporation.

Jennifer Kaufield, Vice-President, Finance and Chief Financial Officer

Ms. Kaufield is an experienced finance professional with over 15 years in private and public corporations spanning high-tech, mining and telecom industries. She has been a key contributor to developing and transitioning companies through research and development, commercialization and growth phases. Ms. Kaufield served in senior financial positions with resource and technology firms including Placer Dome and Catena Networks. At Catena Networks, Ms. Kaufield was part of the management team which lead the development of the firm from a small technology venture though a period of rapid growth cumulating to over 400 employees.

Ms. Kaufield holds a BBA, Accounting from St. Francis Xavier University, as well as Chartered Accountant and Certified Public Accountant designations.

George Duguay, Corporate Secretary

Mr. Duguay is a senior executive with experience in the technology, financial services and resource industries. Since 1988, he has been the President of G. Duguay Services Inc., a partner of Duguay and Ringler Corporate Services until February 2006 and a provider of corporate and financial administrative services to public companies. G. Duguay Services Inc. continues to act as a consultant in this area. In addition, he was a founder of Equity Transfer & Trust Company, a provider of transfer agency and corporate trust services. In addition to being Corporate Secretary of Titanium, he is also corporate secretary of two other public companies and a director of another public company. For the period May 1993 to December 2004, he served as a director of Genesis Microchip Inc., the world's leading supplier of display image processors listed on NASDAQ.

Mr. Duguay is a Certified General Accountant and a Fellow of the Institute of Chartered Secretaries.

Salustio Guzman, Vice-President, Marketing and Technology

Mr. Guzman has worked in the titanium industry for over 14 years and prior to that he worked in the aluminum industry for six years. Mr. Guzman has experience in the antimony and tin metallurgical industries in Bolivia. After obtaining his doctoral degree at Columbia University, he worked at the corporate research laboratories of Alcan International Ltd., Kingston, where he was a project leader and research scientist; responsible for proposing/assessing new technologies or improvements to existing Hall-Heraeault technologies for production of primary aluminum from bauxites and recycling of secondary aluminum metal. He then joined Rio Tinto Iron & Titanium Inc./QIT Division, where he held the positions of Chief Metallurgist Process Research, Manager Process and Environmental Research and Manager Process Research; responsible for managing, proposing and implementing research programs and technical assistance to operating plants; process research programs provide an understanding of fundamental principles for developing new or improved existing technology practices including mining, mineral processing, calcinations, smelting in arc furnaces, iron refining, steel making, iron and steel powders fabrication, acid pressure leaching, resource recovery and environmental conservation practices. Mr. Guzman was also a professor-lecturer for the Department of Mining, Metals and Materials Engineering at McGill University.

Mr. Guzman graduated from the Henry Krumb School of Mines, Columbia University, New York with a Doctorate in Engineering Science (Extractive Metallurgy).

Kevin Moran, Vice-President, Process Development

Dr. Moran has an extensive oil sands background working in the industry for more than 11 years. During this time, he focused on solving technical issues related to bitumen production through the application of colloidal and hydraulic principles; specific emphases included flotation, tight emulsions and the physical characterization of bitumen. Dr. Moran joined the Company in July 2008 from Syncrude, where he managed research and technology development programs in oil sands bitumen extraction and froth treatment process technologies. As Project Leader and Research Associate at Syncrude, he was also responsible for feasibility studies and business case advancement

in support of these research and development initiatives. Dr. Moran also continues in his role as Adjunct Professor at the Department of Chemical and Materials Engineering at the University of Alberta. He is a Professional Engineer registered in Alberta.

Dr. Moran graduated from the University of Alberta with a doctorate in Chemical Engineering. Dr. Moran also holds a Masters degree in Chemical Engineering from the University of Toronto and undergraduate degrees in Engineering and Science from the University of Western Ontario.

John Oxenford, Vice-President, Oil Sands Operations

Mr. Oxenford has over 30 years experience in the resource industry in Canada, Australia and the USA. From 1980 to 2004, he worked with Syncrude, where he held positions in operations, technical support to operations, research and development. From 1992 to 2004, he was Manager of Research Programs at Syncrude Research in Edmonton. He has represented Syncrude and/or the oil sands industry in many local and national initiatives such as the Oil Sands Technology Road Map, which he co-chaired. He is the author/co-author of numerous articles on his areas of interest including slurry transport, extraction of bitumen from oil sands, operator training, and the recovery of heavy minerals and other non-energy products from oil sand tailings.

Mr. Oxenford holds a Masters of Engineering degree from the Colorado School of Mines in mineral processing. He is a Member of the Canadian Institute of Mining, a Fellow of the Australasian Institute of Mining and Metallurgy, and a Professional Engineer registered in Alberta.

Directors

Gordon Pridham, Director

Since 2003, Mr. Pridham has been President and Chief Executive Officer of Edgewater Capital Inc. a private investment company, and from 2001 until 2003 he was President and Chief Executive Officer of IPC Securities Corporation. Mr. Pridham has over 25 years experience in the financial services sector having financed and advised companies in public and private markets across a broad range of industry sectors. He has an extensive background in the energy and natural resources sectors, having worked in the Energy and Minerals group of Chemical Bank and National Bank in New York, Calgary and Toronto. Mr. Pridham built and ran the Investment Banking groups at Deutsche Morgan Grenfell, Research Capital Corporation and Raymond James Ltd. Mr. Pridham serves as a director of Newalta Corporation, which is listed on the Toronto Stock Exchange ("**TSX**"). Newalta Corporation is Canada's largest provider of industrial waste management and environmental services industrial waste management company focused on maximizing the value inherent in oilfield and industrial waste through the recovery of saleable products and recycling. Mr. Pridham is also a Chairman of the board of directors of US Silver Corporation and a director of Monarch Wealth Management, a private company in the wealth management business.

C. Bruce Burton, Director

Mr. Burton is an experienced corporate executive with more than 25 years experience in the natural resources sector. Mr. Burton held senior management positions with BlackRock Ventures Inc., a heavy oil firm, and served as a director until its sale to Shell Canada in 2006. Between 2003 and 2007, Mr. Burton was Vice-President and Chief Financial Officer of Dundee Precious Metals Inc. and a key member of the management team that built that company. During his extensive career in the resource industry, he has held executive and director positions with Rayrock Resources Inc. and Minera Rayrock Inc. (Vice President Finance, President and a director), Camflo Mines Inc. (Vice President Finance) and Discovery West Inc. (Vice President Finance and a director). Mr. Burton is also a director of Bioteq Environmental Technologies Inc., Continental Nickel Limited and GT Canada Medical Properties Inc.

Mr. Burton received an Honours Business Administration from the University of Western Ontario, a Masters of Business Administration from York University, a Chartered Accountant and received the ICD.D designation from the Institute of Corporate Directors.

Moss Kadey, Director

For the last 30 years, Mr. Kadey has been an executive, founder and shareholder in consumer products businesses. From 1995 to 2000 he was President and joint owner of a Manhattan, New York based hair-care company which was sold to Estee Lauder in 2000. In the period from 1987 to 1995, he was founder and Chief Executive Officer of Brita International Holdings Inc., a manufacturer and supplier of household water filtration products, which in 1995 was sold to Clorox Inc. From 1977 to 1987 he was Vice President, Finance and Operations of Giftcraft Limited, a leading Canadian importer and distributor of gifts and novelties. Mr. Kadey currently is a director of Brita GmbH, a private international company based out of Germany which manufactures water filtration products for household and professional applications. Mr. Kadey obtained his Chartered Accountant designation in South Africa.

Malcolm Macpherson, Director

Mr. Macpherson is a leader in the mineral sands industry with a distinguished 25 year career as a senior executive and Chief Executive Officer of Iluka Resources Ltd., the world's largest combined titanium and zircon mineral producer. Mr. Macpherson was instrumental in forming Iluka Resources Ltd. in 1999 (formerly Westralian Sands Ltd.) and helped grow the company to its paramount position in the mineral sands industry. From 1994 to 2001, Mr. Macpherson was the Managing Director and Chief Executive Officer of Iluka Resources Ltd. Mr. Macpherson has served as head of the Western Australian Chamber of Minerals and Energy, and as Senior Vice President of the Minerals Council of Australia. He also served for a decade as Chairman of Western Power Corporation. Mr. Macpherson currently holds directorships with a number of organizations including, Chairman of CRC Sustainable Resources Processing and Chairman of Pluton Resources Limited. Since 2001, Mr. Macpherson has served as a director of various private and public companies.

Brant G. Sangster, Director

Mr. Sangster has extensive experience in Canada's energy industry. He retired in 2010 from a distinguished 25 year career with Petro-Canada, one of Canada's largest oil and gas companies. In his most recent role as Senior Vice-President, Oil Sands for Petro-Canada, Mr. Sangster was responsible for Petro-Canada's oil sands production and development as well as Petro-Canada's participation in Syncrude. He was also a member of Petro-Canada's Executive Leadership Team, accountable for the effective integration of the planning and execution of oil sands business objectives with overall strategies and activities of Petro-Canada. Mr. Sangster retired from Petro-Canada in August 2006. Mr. Sangster is also a director of Harvest Operations Corp., Inter Pipeline Fund and Canadian Oil Sands Limited, a wholly owned subsidiary of Canadian Oil Sands Trust listed on the TSX. Mr. Sangster graduated from Dalhousie University with a Bachelor of Science degree in Chemical Engineering.

Eric W. Slavens, Director

Mr. Slavens entered the public accounting profession in 1968 and dealt with a broad range of finance, reporting and governance issues servicing the needs of many successful private and public Canadian companies. Mr. Slavens held the position of Managing Partner, Toronto Mid-Market office with Price Waterhouse and served as the National IPO Services Leader, PricewaterhouseCoopers for 10 years until June of 2005. Mr. Slavens also served as a member and chairman of a number of committees of the Institute of Chartered Accountants of Ontario and was elected as a Fellow of the Institute in 1985. Mr. Slavens has completed the Corporate Governance College Program co-sponsored by the Canadian Institute of Corporate Directors and the Rotman School of Management. Mr. Slavens is also a director of Altus Group Limited, NexGen Financial Corporation and TransGlobe Apartment Real Estate Investment Trust.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To our knowledge, no director or executive officer is, or has been in the last 10 years as of the date hereof, a director, chief executive officer or chief financial officer of a company (including the Company) that: (i) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**order**"); or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an

event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To our knowledge, no director, executive officer or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, or has been in the last 10 years of the date hereof, a director or executive officer of a company (including the Company) that while that person was acting in such capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the last 10 years of the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

To our knowledge, no director, executive officer or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision with respect to the Company.

CONFLICTS OF INTEREST

The directors or officers of the Company may also be directors or officers of other companies involved in our industry or industries similar to ours. As such, situations may arise where they are in a conflict of interest with the Company. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the CBCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the CBCA.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Accountants, 10088 – 102 Avenue, Edmonton, Alberta T5J 3N5.

Equity Transfer Services Inc., at its principal office in Toronto, Ontario is the transfer agent and registrar of the Common Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that Titanium is or was a party to, or that any of its property is or was a subject of, during the last completed financial year, nor are any such legal proceedings known to Titanium to be contemplated, that involves a claim for damages, exclusive of interest and costs, exceeding 10% of the current assets of Titanium.

During the year ended August 31, 2011, there were no (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Company, of any shareholder who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding voting securities of the Company, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102")) or any known associate or affiliate of such persons, in any

transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

Certain directors and officers of Titanium have participated in private placements by Titanium on the same basis as other arm's length subscribers to such offerings.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, we have not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year, which are still in effect.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or related to, the Company's most recently completed financial year other than PricewaterhouseCoopers LLP, the Company's auditors. PricewaterhouseCoopers LLP, Chartered Accountants, the Company's auditors, are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in our other public filings before making an investment decision.

A market for our CVW process may never develop or may take longer to develop than we anticipate.

Our CVW process represents an emerging market, and we do not know whether oil sands producers will adopt our CVW process in their operations. The development of a market for our CVW process may be affected by many factors, some of which are beyond our control, including the emergence of newer, more competitive technologies and processes, the cost of building facilities to run our CVW process, regulatory requirements, the perception of oil sands producers of the viability and necessity of our CVW process and their reluctance to adopt new technologies and processes.

If a market for our CVW process fails to develop, or develops more slowly than we anticipate, we may never achieve profitability. ***We are dependent upon oil sands producers to adopt and integrate our CVW process in their oil sands operations.***

Our success depends on the willingness of oil sands producers to adopt and integrate our CVW process into their own oil sands operations. We can offer no guarantee that oil sands producers will adopt and integrate our CVW process. Any integration, design, construction or operational problems encountered by oil sands producers associated with adopting and integrating our CVW process could adversely affect the market opportunity for our CVW process and our financial results.

We may not be able to achieve commercialization of our CVW process on the timetable we anticipate or at all.

We cannot guarantee that we will be able to develop a commercially scaled version of our CVW process on the timetable we anticipate, or at all. We may encounter problems and delays in the commercialization of the CVW process for a number of reasons, many of which are beyond our control.

We have no experience operating our CVW process on a commercial basis.

To date, we have focused primarily on research and development. The CVW process is a new process and consequently we have no experience operating on a large-scale commercial basis. For oil sands producers to adopt and implement our CVW process, we will have to negotiate commercial terms for the implementation of these technologies. This will require the interest and cooperation of the oil sands operators. We do not know whether or when we will be able to conclude such commercial negotiations. Moreover, commercial implementation will require substantial capital and we do not know whether we will be able to secure sufficient funding on terms acceptable to us. Our failure to complete commercial negotiations or financing could have a material adverse effect on our business and financial results.

We expect to incur continued losses over the next several years. If we are unable to successfully implement our business plan, our cash requirements may increase and we may find it difficult to raise additional funding. We expect our cash reserves will be reduced due to future operating losses, and we cannot provide certainty as to how long our cash reserves will last or that we will be able to access additional capital when necessary.

We may not be able to successfully execute our business plan.

The execution of our business plan poses many challenges and is based on a number of assumptions. We may not be able to successfully execute our business plan. In addition, we cannot guarantee that we will be able to leverage our relationships with oil sands producers for the implementation and development of our CVW process. If we experience significant cost overruns on our programs, or if our business plan is more costly than we anticipate, certain research and development activities may be delayed or eliminated, resulting in changes or delays to our commercialization plans, or we may be compelled to secure additional funding (which may or may not be available) to execute our business plan. We cannot predict with certainty our future revenues or results from our operations. If the assumptions on which our revenue or expenditure forecasts are based change, the benefits of our business plan may change as well. In addition, we may consider expanding our business beyond what is currently contemplated in our business plan. Depending on the financing requirements of a potential acquisition or new process opportunity, we may be required to raise additional capital through the issuance of equity or debt. If we are unable to raise additional capital on acceptable terms, we may be unable to pursue a potential acquisition or new process opportunity.

Potential fluctuations in our financial and business results make forecasting difficult and may restrict our access to funding for our commercialization plan.

We expect our revenues and operating results to vary significantly from quarter to quarter. As a result, quarter-to-quarter comparisons of our revenues and operating results may not be meaningful. Due to the stage of development of our business, it is difficult to predict our future revenues or results of operations accurately. We are also subject to normal operating risks such as credit risks, foreign currency risks and fluctuations in commodity prices. As a result, it is possible that in one or more future quarters, our operating results may fall below the expectations of investors and securities analysts. Not meeting investor and security analyst expectations may materially and adversely impact the trading price of our Common Shares and restrict our ability to secure required funding to pursue our commercialization plans.

Exchange rate fluctuations are beyond our control and may have a material adverse effect on our business, operating results, financial condition and profitability.

Our revenues will be affected by fluctuations in the exchange rate between the Canadian dollar and the United States dollar. We expect to generate a significant portion of our revenues in United States dollars while a significant portion of our operating expenses, cost of revenues and capital expenditures are in Canadian dollars. As a result, any decrease in the value of the United States dollar relative to the Canadian dollar reduces the amount of Canadian dollar revenues we realize on sales, without a corresponding decrease in expenses. Exchange rate fluctuations are beyond our control, and the United States dollar may depreciate against the Canadian dollar in the future, which would result in lower revenues and margins. In order to reduce the potential negative effect of a weakening United States dollar, we may enter into various hedging programs. However, if the Canadian dollar increases in value, it will negatively affect our financial results.

Commodity price fluctuations are beyond our control and may have a material adverse effect on our business, operating results, financial condition and profitability.

Commodity prices, in particular the price of naphtha, affect our costs. Naphtha is a key component of our CVW process. Naphtha is difficult to source and we are dependent upon a sufficient supply of this commodity. While we do not anticipate significant near or long-term shortages in the supply of naphtha, such shortages could adversely affect our ability to commercially develop our CVW process or significantly raise the costs of running our CVW process.

We depend on our intellectual property and our failure to protect that intellectual property could adversely affect our future growth and success.

Failure to protect our existing intellectual property could seriously harm our business and prospects because we believe that developing new processes that are unique to us is critical to our success. We rely on patent, trade secret, trademark and copyright laws to protect our intellectual property. However, some of our intellectual property is not covered by any patent or patent application and the patents to which we currently have rights expire between September 4, 2023 and September 20, 2027. Our present or future-issued patents may not protect our technological leadership and our patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, our patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there is no assurance that: (a) any of the patents owned by us or other patents that third parties license to us will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others; or (b) any of our pending or future patent applications will be issued with the breadth of claim coverage sought by us, if issued at all. In addition, effective patent, trade secret, trademark and copyright protection may be unavailable, limited or not applied for in certain countries.

We also seek to protect our proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with our strategic partners and employees. We can provide no assurance that these agreements will not be breached, that we will have adequate remedies for any breach or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

We may be involved in intellectual property litigation that causes us to incur significant expenses or prevents us from selling CVW process.

We may become subject to lawsuits in which it is alleged that we have infringed the intellectual property rights of others or commence lawsuits against others who we believe are infringing upon our rights. Our involvement in intellectual property litigation could result in significant expense to us, adversely affecting the development of sales of the challenged process or intellectual property and diverting the efforts of our technical and management personnel, whether or not such litigation is resolved in our favour. In the event of an adverse outcome as a defendant in any such litigation, we may, among other things, be required to: (a) pay substantial damages; cease the development, use, sale or importation of process that infringe upon other patented intellectual property; (b) expend significant resources to develop or acquire non-infringing intellectual property; (c) discontinue processes incorporating infringing technology; or (d) obtain licences to the infringing intellectual property.

We may not be successful in such development or acquisition or that such licences would be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on our business and financial results.

We currently face and will continue to face competition.

As our CVW process has the potential to replace existing methods of dealing with froth treatment tailings, competition for our process will come from current oil sands producers, from improvements to current methods of dealing with froth treatment tailings and from new alternative methods of dealing with froth treatment tailings.

Additionally, oil sands producers are working on developing alternative methods of dealing with froth treatment tailings, such as thickening and dewatering methods which could meet current regulatory requirements. The industry may elect to use such methods or develop others as alternatives to adopting the Company's technology

Other companies, research facilities and universities are actively engaged in the research and development of processes for dealing with froth treatment tailings. Each of these organizations has the potential to develop competing processes that would diminish the competitiveness of our CVW process. These organizations, including the oil sands producers themselves, have substantial financial resources, research and development capabilities, and other resources, which give them significant competitive advantages over us.

We could lose or fail to attract the personnel necessary to run our business.

Our success depends in large part on our ability to attract and retain key management, engineering, scientific and operating personnel. As we develop additional capabilities and expand the scope of our operations, we will require more skilled personnel. Recruiting personnel for the oil sands and waste remediation industry is highly competitive. We may not be able to continue to attract and retain qualified executive, managerial, technical and operational personnel needed for our business. Our failure to attract or retain qualified personnel could have a material adverse effect on our business.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the Company's most recent annual meeting of security-holders that involved the election of directors. Additional financial information is contained in the Company's financial statements and the related management's discussion and analysis for the Company's most recently completed fiscal year.