

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

Titan Uranium Inc.
(formerly Ceduna Capital Corp.)
(a development stage company)

Interim Financial Statements
(Unaudited – Prepared by Management)

For the Six Months Ended February 28, 2006

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended February 28, 2006.

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

BALANCE SHEETS

[Unaudited – Prepared by Management]

[See Note 1 - Nature of Business and Basis of Presentation]

	February 28 2006 (Unaudited) \$	August 31 2005 (Audited) \$
ASSETS		
Current		
Cash and cash equivalents	7,094,145	1,984,273
Accounts receivable	69,330	50,323
Prepaid expenses	260,151	52,483
Due from related parties [note 5]	21,000	—
	<u>7,444,626</u>	<u>2,087,079</u>
Property and equipment [note 3]	75,480	37,070
Resource properties [note 4]	1,498,330	1,220,048
Total assets	<u>9,018,436</u>	<u>3,344,197</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	44,000	185,767
Due to related parties [note 5]	—	9,586
Total liabilities	<u>44,000</u>	<u>195,353</u>
Commitments [note 6]		
Shareholders' equity		
Share capital [note 7]	10,816,448	4,571,165
Share subscription receivable [note 8]	(8,125)	(50,428)
Contributed surplus [note 7]	1,068,597	298,645
Deficit	(2,902,484)	(1,670,538)
Total shareholders' equity (deficit)	<u>8,974,436</u>	<u>3,148,844</u>
Total liabilities and shareholders' equity	<u>9,018,436</u>	<u>3,344,197</u>

See accompanying notes

On behalf of the Board:

“Arni Johannson”
Director

“Chadwick Wasilenkoff”
Director

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

STATEMENTS OF OPERATIONS AND DEFICIT

For the Periods Ended February 28, 2006 and 2005

	Three Months Ended Feb 28, 2006 \$	Three Months Ended Feb 28, 2005 \$	Six Months Ended Feb 28, 2006 \$	Six Months Ended Feb 28, 2005 \$
EXPENSES				
Accounting and audit	—	2,005	5,275	3,005
Amortisation	7,166	—	11,025	—
Consulting fees	111,150	180	180,002	180
Investor relations and marketing	130,208	4,850	278,297	7,442
Legal	6,573	16,708	26,055	36,807
Listing, filing and transfer agent fees	14,004	19,327	23,894	20,700
Office and miscellaneous	27,969	6,023	40,597	6,657
Rent and administration	8,222	938	16,380	938
Salary	14,373	—	14,373	—
Stock based compensation	326,026	—	535,362	7,804
Travel and entertainment	41,819	2,259	110,686	4,539
Write down of loan receivable	—	—	—	—
Interest income	(8,831)	—	(10,000)	—
	668,679	52,290	1,231,946	88,072
Loss for the year				
Deficit, beginning of period	2,233,805	1,106,271	1,670,538	980,489
Deficit, end of period	2,902,484	1,068,561	2,902,484	1,068,561
Loss per share – basic and diluted				
	(0.04)	(0.03)	(0.08)	(0.05)
Weighted average number of common shares				
Outstanding – basic and diluted	18,522,021	1,644,375	16,564,950	1,644,375

See accompanying notes

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

STATEMENTS OF CASH FLOWS

For the Periods Ended February 28, 2006 and 2005

	Three Months Ended Feb 28, 2006 \$	Three Months Ended Feb 28, 2005 \$	Six Months Ended Feb 28, 2006 \$	Six Months Ended Feb 28, 2005 \$
OPERATING ACTIVITIES				
Loss for the period	(668,679)	(52,290)	(1,231,946)	(88,072)
Adjustment for item not involving cash:				
Amortization	7,166		11,025	7,804
Stock based compensation	326,026		535,362	
	(335,487)	(52,290)	(685,559)	(80,268)
Change in non-cash working capital items:				
Increase in accounts receivable	(10,323)	(17,032)	(19,007)	(19,211)
Increase in prepaid expenses	(241,434)	(5,975)	(207,668)	(44,035)
(Decrease) Increase in accounts payable and accrued liabilities	(31,175)	(14,589)	(141,767)	(242,048)
Increase in advances to related parties	(38,294)	—	(30,586)	—
Cash used in operating activities	(656,713)	(89,886)	(1,084,587)	(385,562)
FINANCING ACTIVITIES				
Proceeds from issuance of common shares, Net of issuance costs	3,197,438	—	6,522,176	—
Issuance of convertible promissory notes	—	—	—	335,000
Proceeds from (repayment of) loans	—	—	—	(22,500)
Share subscriptions received in advance	—	224,050	—	224,050
Advance from related parties	—	(75)	—	1,937
Cash provided by financing activities	3,197,438	223,975	6,522,176	538,487
INVESTING ACTIVITIES				
Resource property interests and options	(44,089)	—	(278,282)	—
Purchase of equipment	(40,072)	—	(49,435)	—
Cash used in investing activities	(84,161)	—	(327,717)	—
Increase (decrease) in cash and cash equivalents	2,456,564	134,089	5,109,872	152,925
Cash and cash equivalents, beginning of year	4,637,581	18,836	1,984,273	—
Cash and cash equivalents, end of year	7,094,145	152,925	7,094,145	152,925

See accompanying notes

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of business

The Company was incorporated under the Business Corporation Acts of Yukon on January 28, 1999. It was a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 until completing a Qualifying Transaction on May 31, 2005. Immediately prior to closing the Qualifying Transaction, the Company consolidated its issued share capital on a two for one new share basis pursuant to shareholder approval obtained at the Company's annual general meeting. The financial statements have been restated to reflect the share consolidation.

On May 30, 2005 the Company changed its name from Ceduna Capital Corp. to Titan Uranium Exploration Inc. On June 24, 2005 the Company changed its name from Titan Uranium Exploration Inc. to Titan Uranium Inc.

The Company completed its Qualifying Transaction by purchasing an option to acquire a 100% interest in eight mining leases located in Nunavut Territory known as the Thelon Uranium Project. Subsequent to this Qualifying Transaction the Company acquired mineral claims in the Athabasca region of Saskatchewan.

The Company is in process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing and permitting to complete the development, and future profitable productions or proceeds from the disposition thereof.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated any operating revenues to date and has experienced recurring operating losses and accumulated a deficit of \$2,918,484 as at February 28, 2006. If the Company is unable to continue to raise additional financings through debt or equity this could impact the Company's ability to continue as a going concern. The operations of the Company have been funded primarily by the issuance of share capital. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of commitments and contingencies at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ materially from those estimates. A significant area requiring the use of management estimates involved the determination of stock based compensation.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments which are readily convertible into cash. As at February 28, 2006, the Company has cash equivalents of \$7,094,145 [August 31, 2005 \$1,984,273].

Leases

Rental payments under operating leases are expensed as incurred.

Prior period comparatives

Certain prior period amounts have been reclassified to conform to the current year presentation.

Stock-based compensation

The Company prospectively adopted the fair value method of accounting for stock options awards granted to employees and directors, as recommended by the Canadian Institute of Chartered Accountants Handbook section on stock-based compensation and other stock-based payments.

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock.

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

The prospective application of the fair value method did not have a cumulative impact on the Company's financial statements as the Company had not granted stock option awards prior to fiscal 2005.

Resource properties

The company is in the exploration stage and accounts for its mineral interests whereby all costs related to acquisition, exploration and development are capitalised. These costs will be amortised against revenue from future production or written off if the interest is abandoned or sold.

The carrying values of resource properties will be reviewed at least annually by management on a property-by-property basis to determine if they have become impaired. If impairment is deemed to exist, the resource property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalised for the resource properties is dependent upon the delineation of economically recoverable reserves, the Company's ability to obtain the necessary financing to complete their development and realise profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is possible that changes could occur in the near term which could adversely affect management's estimates and may result in future writedowns of capitalised property carrying values.

Asset retirement obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which they incur and/or in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect period-to-period changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. The Company does not have any asset retirement obligations.

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Earnings (loss) per share

Basic earnings (loss) per share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

As the Company incurred net losses in the period ended February 28, 2006 and 2005, the stock options and share purchase warrants, as disclosed in note 9, were not included in the computation of loss per share as its inclusion would be anti-dilutive.

Property and equipment

Property and equipment are carried at cost less accumulated amortisation. The Company provides for amortization on the following basis:

Computer equipment	- 3 years straight line
Exploration equipment	- 3 years straight line
Leasehold improvements	- straight line over the term of the lease
Office furniture	- 5 years straight line

Income taxes

The Company follows the liability method of accounting for income taxes pursuant to Section 3465, Income Taxes, of The Handbook of the Canadian Institute of Chartered Accountants. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is included in the period that includes the enactment date. In addition, Section 3465 requires recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY AND EQUIPMENT

	February 28, 2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	11,914	5,569	6,345	6,190
Exploration equipment	47,342	5,245	42,097	13,000
Leasehold improvements	22,274	7,614	14,660	8,750
Office furniture	16,252	3,874	12,378	9,130
	97,782	22,302	75,480	37,070

4. RESOURCE PROPERTIES

	Aug 31 2005 Opening Balance	Feb 28 2006 Acquisition Costs	Feb 28 2006 Deferred Exploration Costs	Total
	\$	\$	\$	\$
Thelon, Nunavut	307,435	—	44,846	352,281
Athabasca, Saskatchewan	912,613	—	233,436	1,146,049
	1,220,048	—	188,590	1,498,330

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

4. RESOURCE PROPERTIES (cont'd.)

	Thelon, NT	Athabasca, SK	2005 Deferred Exploration Costs
Exploration costs:			
Balance, beginning of the year	297,435	18,613	316,048
Additions			
Accommodation and food	—	—	—
Consulting	37,181	93,074	130,255
Mobilisation/demobilisation	7,665	—	7,665
Shipping/transportation	—	—	—
Supplies and maintenance	—	—	—
Surveys	—	140,362	140,362
Balance, November 30, 2005	342,281	252,049	594,330
Acquisition cost:			
Balance, beginning of the year	10,000	894,000	904,000
Additions	—	—	—
Balance, November 30, 2005	10,000	894,000	904,000
Total Exploration and Acquisition November 30, 2005	352,281	1,146,049	1,498,330

[a] Thelon, Nunavut Properties

On May 31, 2005, the Company purchased an option to acquire a 100% interest in eight mining leases located in Nunavut Territory and known as the Thelon Uranium Project (“the Project”).

Consideration payable to acquire the 100% interest in the Project consists of the Company:

- [i] issuing 100,000 common shares of the Company at a price of \$0.10 per share (issued being the fair value of the shares at the time of the agreement date);
- [ii] expending \$1,000,000 on recommended exploration work on the Project to include at least 2,500 meters of diamond drilling on or before June 1, 2007 (\$277,435 incurred);
- [iii] paying advanced royalties totalling \$50,000 over a three year period (\$10,000 paid, \$20,000 on or before June 1, 2006 and \$20,000 on or before June 1, 2007); and
- [iv] paying annual lease payments totalling on or after May 15 of each year (\$10,000 paid).

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

4. RESOURCE PROPERTIES (cont'd.)

Conditional upon acquiring a 100% interest in the Project, the Company will grant the optionor a 2% Net Smelter Royalty ("NSR"). This NSR may be reduced to 1% on the payment of \$1,000,000 and be reduced to 0.5% on the payment of an additional \$1,000,000. The Company will pay advance royalties of \$20,000 per year while it owns this Project.

[b] Athabasca, Saskatchewan Properties

On July 5, 2005 the Company entered into an agreement to acquire a 100% interest in thirty mineral dispositions ("Claims") located in the Athabasca Basin, Saskatchewan.

Consideration payable to acquire the 100% interest in the Claims consist of the Company:

- [i] paying \$350,000 and issuing to the vendor 800,000 common share in the capital of the Company for value of \$544,000, being the fair value of the shares at the time of the closing of the agreement (paid and issued);
- [ii] issuing to the Vendor 400,000 transferable common share purchase warrants, entitling the holder to acquire up to 400,000 common shares in the capital of the Company at an exercise price of \$0.75 per common share for a period of 24 months (issued);
- [iii] granting to the Vendor a 2% Net Smelter Return ("NSR"), with the option in favour of the Company to buy back 1% of the NSR by paying to the Vendor \$1,000,000 at any time prior to commercial production from the Claims;
- [iv] granting to the Vendor a 10% carried interest in the Claims with such carried interest remaining in effect until the commencement of commercial production by the Company on one or more Claims with all costs payable attributable to the Vendor to be paid by the Company and repaid by the Vendor from its working interest and/or initial NSR.

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

5. DUE TO RELATED PARTIES

The Company has entered into the following transactions with parties not at arm's length to the Company:

The Company paid or accrued consulting fees totaling \$162,400 [August 31, 2005 - \$155,640] to directors and officers of the Company for the period ended February 28, 2006.

As at February 28, 2006 there was \$21,000 advanced to a director for consulting fees and expenses [August 31, 2005 - \$9,586]. The amount is non-interest bearing, unsecured and due on demand.

The above transactions have been recorded at the exchange amounts which is the amount agreed to by the transacting parties.

6. COMMITMENTS

On May 1, 2005 the Company entered into a 3 year lease agreement for premises. Minimum basic rent is \$1,225 per month and the proportionate share of the operating costs is estimated at \$1,113 per month. The minimum commitment over the next 3 years is as follows:

	\$
2006	14,028
2007	28,056
2008	18,704
	<u>60,788</u>

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

7. SHARE CAPITAL

[a] **Authorized:** Unlimited number of common shares without par value

[b] **Issued and fully paid- common shares:**

	Shares #	Amount \$	Contributed Surplus \$
Balance, August 31, 2004 and 2003	1,644,375	676,767	—
Share consolidation 2 : 1	(822,187)	—	—
	822,188	676,767	—
Private placement	6,000,000	3,000,000	—
Conversion of promissory notes	4,642,857	750,000	—
Shares issued for corporate finance fee	100,000	50,000	—
Shares issued for advisory fee	50,000	25,000	—
Shares issued for finders fee	37,909	13,268	—
Shares issued for property acquisitions	900,000	554,000	—
Exercise of warrants	177,678	72,141	—
Share issue costs	—	(570,011)	—
Agent's warrants for prospectus	—	—	141,540
Stock based compensation	—	—	157,105
Balance, August 31, 2005	12,730,632	4,571,165	298,645
Private placement	4,825,000	5,900,000	—
Shares issued for corporate finance and advisory fees	293,610	322,716	—
Exercise of warrants	2,435,542	893,430	—
Exercise of options	82,000	42,260	—
Share issue costs	—	(913,123)	—
Agent's warrants	—	—	234,590
Stock based compensation	—	—	535,362
Balance, February 28, 2006	20,366,784	10,816,448	1,068,597

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

7. SHARE CAPITAL (cont'd.)

Private Placements

On *January 25, 2006* the Company completed the non-brokered portion of a \$2,600,000 private placement. The non-brokered portion consists of 375,000 units at a price of \$1.60 per unit for gross proceeds received of \$600,000. Each unit consists of one common share and one-half one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of \$2.00 until *January 25, 2007*. A finders fee of 8% of the gross proceeds was paid. In addition 37,500 warrants entitling the holder to purchase one common share of the Company at a price of \$1.75 per common share until *January 25, 2007* was granted.

The brokered portion of the private placement completed *January 31, 2005* and consisted of 1,250,000 units with the same terms as above. The agents received a cash commission of 8% of the gross proceeds raised and broker warrants entitling the agents to purchase up to 10% of the number of units sold under the brokered private placement at a price of \$1.75 per common share for a period of one year.

The estimated fair value of these warrants is recorded as \$122,120.

On *December 21, 2005* the Company issued 200,000 flow-through common shares at a price of \$1.50 per share for gross proceeds of \$300,000 from a non-brokered private placement. A finder's fee equal to 5% of the gross proceeds was paid.

On *September 21, 2005* the Company issued 3,000,000 units at a price of \$1.00 per unit for gross proceeds of \$3,000,000 from a brokered private placement. Each unit is comprised of one common share and one-half share purchase warrant. The holder of each whole warrant is entitled to acquire an additional common share at a price of \$1.35 per share until *September 21, 2007*.

Pursuant to the private placement, the Company issued 215,100 units and \$24,900 to settle \$240,000 agent fees. Each unit is comprised of one common share and one-half non-transferable share purchase warrant. The holder of each whole warrant is entitled to acquire an additional common share at a price of \$1.35 per share until *September 21, 2007*. The Company also issued 30,000 units to settle a corporate finance fee. Each unit is comprised of one common share and one-half non-transferable share purchase warrant. The holder of each whole warrant is entitled to acquire an additional common share at a price of \$1.10 per share until *September 21, 2007*. Additionally, 300,000 non-transferable broker warrants were issued. Each warrant entitles the holder to acquire a common share at a price of \$1.10 per share until *September 21, 2007*. The estimated fair value of these warrants is recorded as \$112,470.

Prospectus Financing

On *May 31, 2005*, the Company issued 6,000,000 units at \$0.50 per unit for gross proceeds of \$3,000,000 from a private placement (prospectus financing). Each unit is comprised of one common share and one-half share purchase warrant. The holder of each whole warrant is entitled to acquire an additional common share at a price of \$0.65 per share until *November 30, 2006*. The

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

7. SHARE CAPITAL (cont'd.)

Company applied the residual approach and allocated total net proceeds to the common shares and \$ nil to the attached warrants.

Pursuant to the prospectus financing agreement, the Company issued 100,000 units to the agent to settle corporate finance fee of \$50,000. These units have the same terms as the offered units including the fact that the 50,000 warrants will be listed for trading. The Company also issued 600,000 non-transferable warrants to the agent which can be exercised at \$0.50 per warrant until November 30, 2006. The estimated fair value of these warrants is recorded as \$141,540. This amount has been recorded as share issue costs with a corresponding amount in contributed surplus on the balance sheet.

The Company issued 50,000 units to Jennings Capital to settle an advisory fee in the amount of \$25,000 related to the prospectus financing. These units have the same terms as the offered units including the fact that the 25,000 warrants will be listed for trading.

Conversion of Promissory Notes

On May 31, 2005, the Company issued 2,500,000 units and 1,000,000 common shares at a deemed price of \$0.10 per unit/share respectively for the conversion of \$350,000 in non-interest bearing convertible promissory notes. Each unit consists of one common share and one non-transferable share purchase warrant with each warrant entitling the holder to purchase an additional common share of the Company at a price of \$0.20 until May 31, 2006.

Also on May 31, 2005, the Company issued 1,142,857 units at a deemed price of \$0.35 per unit for the conversion of the \$400,000 non-interest bearing convertible promissory notes. Each unit is comprised of one common share and one-half non-transferable share purchase warrant. The holder of each whole warrant is entitled to acquire an additional common share at a price of \$0.65 per share until November 30, 2006. The Company issued an additional 37,909 units to settle finders fees of \$13,268.

Acquisition of Resources Properties

See note 4.

Exercised Warrants

During the period 2,435,542 warrants were exercised for gross proceeds of \$893,430 of which \$8,125 was received subsequent to the quarter end.

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

7. SHARE CAPITAL (cont'd.)

Shares Held in Escrow

In connection with the Nunavut, Thelon property acquisition 130,000 common shares and common share warrants were placed in escrow. As of February 28, 2006 32,500 escrow shares have been released. Terms of the release from escrow are as follows:

10% on the Venture Exchange approval bulletin date (May 31, 2005)

15% 6 months from the bulletin date

15% 12 months from the bulletin date

15% 18 months from the bulletin date

15% 24 months from the bulletin date

15% 30 months from the bulletin date

15% 36 months from the bulletin date

8. SHARE SUBSCRIPTION RECEIVABLE

On February 28, 2006, 12,500 warrants were exercised at prices of \$0.65 for total proceeds of \$8,125. These funds were received subsequent to quarter end.

9. STOCK OPTIONS AND WARRANTS

Stock options

On February 3, 2006 the Company granted a total of 400,000 stock options to with an exercise price of \$2.02 and an expiry of February 3, 2011. The options were granted to consultants of the Company. On November 15, 2005 the Company granted a total of 1,415,000 stock options with an exercise price of \$1.00 and an expiry of November 15, 2010. Directors and officers of the Company were granted a total of 1,055,000 options and 360,000 were granted to consultants.

During the fiscal year 2005, the Company granted a total of 1,762,000 stock options under the Plan of which, 1,557,000 were granted to directors of the Company and 225,000 was granted to consultants. Prior to the share consolidation 160,000 options were granted to two directors. These options had an exercise price of \$0.05 per share, being vested immediately and expiring September 20, 2009. As a result of the 2:1 share consolidation, the number of exercisable options decreased by 80,000 and the exercise price increased to \$0.10 per option. On May 31, 2005 1,577,000 stock options were granted to directors and officers of the Company with an exercise price of \$0.50 per share and an expiry of May 31, 2010. On June 6, 2005 105,000 stock options were granted to a Investor Relations firm with an exercise price of \$0.53 per share with an expiry of June 6, 2010. Consistent with the Company's stock option plans these options vest as follows:

10% on grant date

15% 3 months from grant date

15% 6 months from grant date

15% 9 months from grant date

15% 12 months from grant date

15% 15 months from grant date

15% 18 months from grant date

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

9. STOCK OPTIONS AND WARRANTS (cont'd.)

The estimated fair value for the options granted during the period was \$1,728,793. Prorating the total amount based on the vesting schedule \$341,448 has been expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' deficiency. In addition and based on the vesting schedule a further \$193,912 from options granted in fiscal year ended August 31, 2005 has been expensed.

The weighted average fair value of the options, being \$0.66 per share, recognised in the statements of operations, has been estimated at the grant dates using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options. Weighted average assumptions used in the pricing model for the year are as follows:

Risk-free interest rate	3.65%
Expected life of options	5.0 years
Annualized volatility	100%
Dividend rate	Nil

Stock option transactions and the number of stock options outstanding are summarised as follows for the period ended February 28, 2006 and August 31, 2005:

	Number of Options	Weighted Average Exercise Price
As at August 31, 2004	—	—
Exercised	—	—
Granted	1,762,000	\$0.48
As at August 31, 2005	1,762,000	\$0.48
Exercised	(82,000)	(\$0.52)
Granted	1,415,000	\$1.00
Granted	400,000	\$2.02
As at February 28, 2006	3,495,000	\$0.71

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

9. STOCK OPTIONS AND WARRANTS (cont'd.)

Number of Shares Outstanding	Number of Shares Exercisable	Weighted Average Exercise Price	Expiry Date	Weighted Average Life in Years
80,000	68,000	\$0.10	Sep 20, 2005	3.5
1,537,000	827,350	\$0.50	May 31, 2010	4.2
63,000	-	\$0.53	Jun 06, 2010	4.3
1,415,000	353,750	\$1.00	Nov 15, 2010	4.7
400,000	40,000	\$2.02	Feb 3, 2011	4.9
3,495,000	1,289,100	\$0.86		4.5

Warrants

The fair value of the warrants granted during the period was estimated using the Black-Scholes Pricing Model with the following assumptions:

Risk-free interest rate	3.13%
Expected life of options	1.56 years
Annualized volatility	86%
Dividend rate	Nil

At February 28, 2006, the Company had the following non-publicly traded share purchase warrants outstanding:

Number of Shares	Exercise Price	Expiry Date
1,065,000	\$0.20	May 31, 2006
181,520	\$0.50	November 30, 2006
369,643	\$0.65	November 30, 2006
300,000	\$0.75	July 14, 2007
315,000	\$1.10	October 21, 2007
107,550	\$1.35	October 21, 2007
177,500	\$1.75	January 25, 2007
2,516,213		

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

9. STOCK OPTIONS AND WARRANTS (cont'd.)

At February 28, 2006, the Company had the following publicly traded share purchase warrants outstanding:

Number of Shares	Exercise Price	Expiry Date
2,751,000	\$0.65	November 30, 2006
1,485,000	\$1.35	October 21, 2007
816,755	\$2.00	January 31, 2008
5,052,755		

10. NON-CASH TRANSACTIONS

The Company had the following non-cash transactions during the period ended February 28, 2006:

[a] 215,100 units issued to settle corporate finance fees pursuant to the September private placement [see note 7]	\$215,100
[b] 30,000 units issued for agency fees pursuant to the September private placement [see note 7]	\$30,000
[c] 300,000 non-transferable agent warrants issued pursuant to the September private placement [see note 7]	\$112,470
[d] 48,510 units issued to settle corporate finance fees pursuant to the January private placement [see note 7]	\$77,616
[e] 177,500 non-transferable agent warrants issued pursuant to the January private placement [see note 7]	\$122,120

Titan Uranium Inc. (formerly Ceduna Capital Corp.)
(a development stage company)

February 28, 2006
(Unaudited)

NOTES TO FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS AND RISK

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to related parties. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. It is not practical to determine the fair values of amounts due to related parties due to their related party nature and the absence of a secondary market for such instruments.

It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

12. SUBSEQUENT EVENTS

Subsequent to February 28, 2006, the following events occurred:

- [a] A further 2,265,771 warrants have been exercised for proceeds of \$1,544,830..
- [b] A further 13,800 options have been exercised for proceeds of \$8,800.