

**Titan Uranium Inc.**  
**(a development stage company)**

Interim Financial Statements  
(Unaudited – Prepared by Management)

For the Six Months Ended February 28, 2007

## **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, 2007.

**Titan Uranium Inc.**  
(a development stage company)

**BALANCE SHEETS**

[Unaudited – Prepared by Management]  
[See Note 1 - Nature of Business and Basis of Presentation]

	February 28 2007 (Unaudited) \$	August 31 2006 (Audited) \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	11,203,972	10,181,515
Restricted cash	61,320	60,000
Accounts receivable	360,622	230,181
Prepaid expenses	254,734	190,127
<b>Total current assets</b>	<b>11,880,648</b>	<b>10,662,460</b>
Property and equipment [note 3]	146,734	102,031
Resource properties [note 4]	67,436,052	5,427,737
Reclamation deposit	35,000	35,000
<b>Total assets</b>	<b>79,498,434</b>	<b>16,227,228</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	360,325	731,870
Future income tax liability [note 6]	19,670,000	—
<b>Shareholders' equity</b>		
Share capital [note 7]	58,510,732	16,877,084
Share subscription receivable [note 8]	(159,750)	(15,893)
Contributed surplus [note 7]	10,055,184	2,904,619
Deficit	(8,938,057)	(4,270,452)
<b>Total liabilities and shareholders' equity</b>	<b>79,498,434</b>	<b>16,227,228</b>

*See accompanying notes*

On behalf of the Board:

“Philip E. Olson”  
Director

“Arni Johansson”  
Director

**Titan Uranium Inc.**  
(a development stage company)

**STATEMENTS OF OPERATIONS AND DEFICIT**

For the Periods Ended February 28, 2007 and 2006

	<b>Three Months Ended February 28 2007 \$</b>	<b>Three Months Ended February 28 2006 \$</b>	<b>Six Months Ended February 28 2007 \$</b>	<b>Six Months Ended February 28 2006 \$</b>
<b>EXPENSES</b>				
Accounting and audit	21,508	—	25,658	5,275
Amortisation	16,043	7,166	29,872	11,025
Consulting fees	154,394	111,150	238,874	180,002
Investor relations and marketing	60,364	130,208	197,504	278,297
Legal	(22,770)	6,573	44,280	26,055
Listing, filing and transfer agent fees	81,273	14,004	105,767	23,894
Office and miscellaneous	67,331	36,191	166,676	57,977
Salary	115,739	14,373	199,710	14,373
Stock based compensation	3,351,612	326,026	3,750,899	535,362
Travel and entertainment	38,609	41,819	80,544	110,686
Interest income	(84,156)	(8,831)	(174,679)	(10,000)
<b>Loss before taxes</b>	<b>(3,799,947)</b>	<b>(668,679)</b>	<b>(4,665,105)</b>	<b>(1,231,946)</b>
Tax expense	2,500	—	2,500	—
<b>Net loss</b>	<b>(3,802,447)</b>	<b>(36,191)</b>	<b>(4,667,605)</b>	<b>(57,977)</b>
Deficit, beginning of period	(5,135,610)	(5,135,610)	(4,270,452)	(4,270,452)
<b>Deficit, end of period</b>	<b>(8,938,057)</b>	<b>(2,902,484)</b>	<b>(8,938,057)</b>	<b>(2,902,484)</b>
Loss per share – basic and diluted	<b>(0.08)</b>	(0.04)	<b>(0.13)</b>	(0.08)
Weighted average number of common shares Outstanding – basic and diluted	<b>45,492,717</b>	18,522,021	<b>36,731,203</b>	16,564,950

*See accompanying notes*

**Titan Uranium Inc.**  
(a development stage company)

**STATEMENTS OF CASH FLOWS**

For the Periods Ended February 28, 2007 and 2006

	<b>Three Months Ended February 28 2007 \$</b>	Three Months Ended February 28 2006 \$	<b>Six Months Ended February 28 2007 \$</b>	Six Months Ended February 28 2006 \$
<b>OPERATING ACTIVITIES</b>				
Loss for the period	<b>(3,802,447)</b>	(668,679)	<b>(4,667,605)</b>	(1,231,946)
Adjustment for item not involving cash:				
Amortization	<b>16,043</b>	7,166	<b>29,872</b>	11,025
Stock based compensation	<b>3,351,612</b>	326,026	<b>3,750,899</b>	535,362
Resource property acquisition for shares	<b>59,970,000</b>	—	<b>59,970,000</b>	—
	<b>59,535,208</b>	(335,487)	<b>59,083,166</b>	(685,559)
Change in non-cash working capital items:				
Increase in restricted cash	—	—	<b>(1,320)</b>	—
Increase in accounts receivable	<b>(26,010)</b>	(10,323)	<b>(129,804)</b>	(19,007)
Increase in prepaid expenses	<b>(210,306)</b>	(241,434)	<b>(64,607)</b>	(207,668)
Increase (decrease) in accounts payable and accrued liabilities	<b>188,126</b>	(31,175)	<b>(371,544)</b>	(141,767)
Increase in advances to related parties	—	(38,294)	—	(30,586)
<b>Cash used in operating activities</b>	<b>59,487,018</b>	(656,713)	<b>58,515,891</b>	(1,084,587)
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of common shares, Net of issuance costs	<b>2,744,979</b>	3,197,438	<b>4,589,457</b>	6,522,176
<b>Cash provided by financing activities</b>	<b>2,744,979</b>	3,197,438	<b>4,589,457</b>	6,522,176
<b>INVESTING ACTIVITIES</b>				
Resource property interests and options	<b>(60,937,100)</b>	(44,089)	<b>(62,008,315)</b>	(278,282)
Purchase of equipment	<b>(21,088)</b>	(40,072)	<b>(74,576)</b>	(49,435)
<b>Cash used in investing activities</b>	<b>(60,958,188)</b>	(84,161)	<b>(62,082,891)</b>	(327,717)
<b>Increase in cash and cash equivalents</b>	<b>1,273,809</b>	2,456,564	<b>1,022,457</b>	5,109,872
Cash and cash equivalents, beginning of period	<b>9,930,163</b>	4,637,581	<b>10,181,515</b>	1,984,273
<b>Cash and cash equivalents, end of period</b>	<b>11,203,972</b>	7,094,145	<b>11,203,972</b>	7,094,145

*See accompanying notes*

**Titan Uranium Inc.**  
(a development stage company)

## **NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

### **1. BASIS OF PRESENTATION**

#### **Nature of business**

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 deficit of \$8,938,057 as at February 28, 2007. 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.

### **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, 2007, the Company has cash equivalents of \$11,203,972 [August 31, 2006 \$10,181,515].

#### **Restricted cash**

Cash subject to restrictions is classified as restricted cash on the balance sheet. The Company currently holds \$61,320 [August 31, 2006 - \$60,000] in a guaranteed interest certificate which is restricted for use as security against its credit card debt and has been presented as restricted cash.

**Titan Uranium Inc.**  
(a development stage company)

## **NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

### **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **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.

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 write-down of capitalised property carrying values.

**Titan Uranium Inc.**  
(a development stage company)

**NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)**

**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.

**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, 2007 and 2006, 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

**Titan Uranium Inc.**  
(a development stage company)

**NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)**

**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.

**3. PROPERTY AND EQUIPMENT**

	February 28 2007	February 28 2007	Net Book Value	August 31 2006
	Cost	Accumulated Amortization	Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	37,467	10,867	26,600	15,446
Exploration equipment	137,560	39,468	98,092	64,073
Leasehold improvements	22,274	14,440	7,834	11,526
Office furniture	21,104	6,896	14,208	10,986
	<b>218,405</b>	<b>71,671</b>	<b>146,734</b>	<b>102,031</b>

**4. RESOURCE PROPERTIES**

	Balance August 31 2006	Feb 28 2007 Acquisition Costs	Feb 28 2007 Deferred Exploration Costs	Balance February 28 2007
	\$	\$	\$	\$
Thelon, Nunavut	1,545,105	—	628,196	2,173,301
Athabasca, Saskatchewan	3,882,632	60,180,231	1,199,888	65,262,751
	<b>5,427,737</b>	<b>60,180,231</b>	<b>1,828,084</b>	<b>67,436,052</b>

**Titan Uranium Inc.**  
(a development stage company)

## NOTES TO FINANCIAL STATEMENTS

February 28, 2007  
(Unaudited)

### 4. RESOURCE PROPERTIES (cont'd)

#### [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;
- [iii] paying advanced royalties totaling \$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 on or after May 15 of each year.

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.

On February 27, 2007 the Company entered into a binding letter of intent with Mega Uranium Ltd. where Mega will acquire a 51% interest in all of Titan's owned and to be owned claims in the Thelon Basin. In order to earn the interest, Mega has committed to expend an aggregate of C\$5,000,000 on the Properties on or before December 31, 2008 on exploration work programs. Any work programs undertaken in 2007 will be operated by Titan, and any work programs in 2008 will be operated by Mega, with the other party contributing one full time geologist to the operator in each year. The letter of intent is subject to completion of diligence by Mega, receipt of requisite approvals and the completion of a formal agreement.

## **NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

### **4. RESOURCE PROPERTIES (cont'd)**

#### **[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 consists of the Company:

- [i] paying \$350,000 and issuing to the vendor 800,000 common shares 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.

#### **[c] Dejour properties, Athabasca, Saskatchewan**

On December 15, 2006 the Company entered into an agreement to acquire a 100% interest in seventy two dispositions ("Claims") located in the Athabasca Basin, Saskatchewan.

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

- [i] issuing to the vendor 17,500,000 common shares (paid and issued) in the capital of the Company for value of \$36,900,000, being the fair value of the shares of \$2.78 on the closing date of the agreement less an annualized 10% discount over five years due to trading restrictions placed on the shares. Additionally, since the acquisition cost is in excess of the tax pools related to the property, an amount of \$18,070,000 has been added to the value of the acquisition with the offset going to future income tax liability.

**Titan Uranium Inc.**  
(a development stage company)

## **NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

### **4. RESOURCE PROPERTIES (cont'd)**

#### **[c] Dejour properties, Athabasca, Saskatchewan (cont'd)**

- [ii] issuing to the Vendor 3,000,000 transferable common share purchase warrants, entitling the holder to acquire up to 3,000,000 common shares in the capital of the Company at an exercise price of \$2.00 per common share for a period of 24 months (issued), subject to a forced exercise provision whereby Titan can call the automatic exercise of the warrants should Titan's common shares trade on the Exchange at a price of \$4.00 or more for 20 consecutive trading days. Consistent with the company policy of using the Black-Scholes model to value warrants, a value of \$5,000,000 has been attributed to the properties based on the assumptions as detailed in Note 9 with a corresponding increase in contributed surplus.
- [iii] granting to the Vendor a 1% Net Smelter Return ("NSR") on all contributed properties, and
- [iv] granting to the vendor a 10% working interest in each Claim, carried by Titan to completed bankable feasibility study after which the vendor may elect to participate as to its 10% interest or convert to an additional 1% Net Smelter Return;

No value has been assigned to the Net Smelter Royalty or working interest as there is a high degree of uncertainty that any payment will take place in the future due to the nature of the business.

### **5. RELATED PARTIES**

The Company has entered into the following transactions with parties not at arm's length to the Company. These transactions have been recorded at the exchange amounts which is the amount agreed to by the transacting parties

The Company paid or accrued consulting fees totaling \$156,500 [August 31, 2006 - \$300,400] to directors and officers of the Company for the period ended February 28, 2006.

**Titan Uranium Inc.**  
(a development stage company)

**NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

**6. FUTURE INCOME TAX LIABILITIES**

Detail of the future income tax liability is as follows:

	\$
<b>Balance, August 31 2006</b>	—
Renunciation of flow through expenditures <i>[note 7]</i>	1,600,000
Liability arising from acquisition of resource properties <i>[note 4]</i>	18,070,000
<b>Balance, February 28, 2007</b>	<b>19,670,000</b>

The company has certain future tax assets which have been reduced to zero through the utilization of a valuation allowance because of a high degree of uncertainty surrounding their realization due to the nature of the business.

**7. SHARE CAPITAL**

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

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

	Shares #	Amount \$	Contributed Surplus \$
<b>Balance, August 31 2006</b>	27,197,705	16,877,084	2,904,619
Shares and warrants issued for resource property acquisition	17,500,000	36,900,000	5,000,000
Exercise of options	1,412,552	1,144,054	—
Exercise of warrants	3,078,691	3,589,260	—
Contributed surplus transfer on exercise of options	—	910,616	(910,616)
Contributed surplus transfer on exercise of warrants	—	689,718	(689,718)
Share issue costs related to renunciation of flow through expenditures	—	(1,600,000)	—
Stock based compensation	—	—	3,750,899
<b>Balance, February 28, 2007</b>	<b>49,188,948</b>	<b>58,510,732</b>	<b>10,055,184</b>

**Titan Uranium Inc.**  
(a development stage company)

## NOTES TO FINANCIAL STATEMENTS

February 28, 2007  
(Unaudited)

### 7. SHARE CAPITAL (cont'd)

*Acquisition of Resources Properties (see note 4)*

*Shares Held in Escrow*

Associated with the Nunavut, Thelon acquisition 130,000 common shares and 130,000 common share warrants were placed in escrow. As of February 28, 2007 91,500 warrants were exercised into common shares and 104,500 escrow shares have been released. Terms of the release from escrow are as follows:

39,000 shares on June 1, 2007  
39,000 shares on December 1, 2007  
39,000 shares on June 1, 2008

*Flow through shares*

In December of 2006 the Company renounced \$5,000,000 of tax deductions associated with qualified expenditures incurred and to be incurred with flow-through funds. The Company recorded a future income tax liability of \$1,600,000 with a corresponding entry to share issue costs.

### 8. SHARE SUBSCRIPTION RECEIVABLE

Prior to February 28, 2007, 17,500 warrants and 65,000 options were exercised for total proceeds of \$159,750. These funds were received subsequent to quarter end.

### 9. STOCK OPTIONS AND WARRANTS

#### **Stock options**

The Company has established a share option plan whereby options may be granted to directors, officers, key employees and consultants to purchase up to an aggregate of 10% of the issued and outstanding shares of the Company. Options granted have an exercise price of not less than the Market Price on the date of grant less the applicable discount, if any, permitted by the policies of the Exchanges and approved by the Board.

On February 12, 2007 the Company granted a total of 2,055,000 stock options with an exercise price of \$2.20 and an expiry of February 12, 2012. The options were granted to directors, officers and Consultants of the Company.

**Titan Uranium Inc.**  
(a development stage company)

**NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

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

**Stock options (cont'd)**

The estimated fair value for the options granted during the period was \$3,630,519. Prorating the total amount based on the vesting schedule \$3,078,433 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 \$672,466 from options granted in periods prior to August 31, 2006 has been expensed.

The fair value of stock options issued in the six month period ended February 28, 2007 was estimated using the Black-Scholes option-pricing model with the following assumptions:

Risk-free interest rate	4.22%
Expected life of options	5.0 years
Annualized volatility	93%
Dividend rate	Nil

Stock option transactions and the number of stock options outstanding are summarised as follows for the period ended February 28, 2007 and August 31, 2006:

	<b>Number of Options</b>	<b>Weighted Average Price</b>
Balance, August 31, 2006	2,839,460	\$0.92
Exercised	(1,412,552)	(\$0.81)
Granted	2,055,000	\$2.20
As at February 28, 2007	3,481,908	\$1.72

<b>Number of Shares Outstanding</b>	<b>Number of Shares Exercisable</b>	<b>Weighted Average Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted Average Life in Years</b>
412,000	412,000		May 31, 2010	3.3
769,250	557,000		Nov 15, 2010	3.7
112,500	37,500		Feb 3, 2011	3.9
33,158	6,632		Aug 15, 2011	4.5
100,000	40,000		Aug 23, 2011	4.5
2,055,000	1,742,500		Feb 12, 2012	5.0
3,481,908	2,795,632	\$1.72		4.5

**Titan Uranium Inc.**  
(a development stage company)

**NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

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

**Warrants (cont'd)**

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	4.13 %
Expected life of options	2.0 years
Annualized volatility	95%
Dividend rate	Nil

At February 28, 2007, the Company had the following non-publicly traded share purchase warrants outstanding:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
9,600	\$1.10	October 21, 2007
32,550	\$1.35	October 21, 2007
127,005	\$2.00	August 15, 2008
1,208,297	\$2.50	August 15, 2008
3,000,000	\$2.00	December 15, 2008
2,516,213		

At February 28, 2007, the Company had the following publicly traded share purchase warrants outstanding:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
914,300	\$1.35	October 21, 2007

**Titan Uranium Inc.**  
(a development stage company)

**NOTES TO FINANCIAL STATEMENTS**

February 28, 2007  
(Unaudited)

**10. 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. 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.

**11. SUBSEQUENT EVENTS**

Subsequent to February 28, 2007, the following events occurred:

- [a] On March 27, 2007 the Company completed a brokered private placement of 3,272,750 flow-through units, at a price of \$2.75 per unit for total gross proceeds of \$9,000,062.50. Each unit consists of one flow-through common share of Titan and one-half of one flow-through common share purchase warrant. Each whole warrant entitles the holder to purchase one additional flow-through common share of Titan at a price of \$3.25 per flow-through common share until March 27, 2009. The Agents received a commission of 7% of the gross proceeds, part of which was paid in cash and part of which was paid in commission units having the same terms as the financing units except that they are non flow-through.
- [b] Up to April 25, 2007 a further 109,145 warrants have been exercised for proceeds of \$157,790.
- [c] Up to April 25, 2007 a further 20,000 options have been exercised for proceeds of \$30,200.