

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

Unaudited Financial Statements  
May 31, 2008 and 2007

Prepared by Management

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

**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 May 31, 2008.

**Titan Uranium Inc.**  
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**BALANCE SHEETS**

	<b>May 31</b> <b>2008</b> (unaudited) \$	August 31 2007 (audited) \$
<b>ASSETS</b>		
Cash and cash equivalents	<b>8,416,162</b>	12,746,724
Accounts receivable	<b>1,397,948</b>	4,035,271
Prepaid expenses	<b>220,250</b>	64,657
<b>Total current assets</b>	<b>10,034,360</b>	16,846,652
Property and equipment	<b>164,051</b>	136,181
Resource properties [note 3]	<b>67,739,484</b>	61,742,505
Reclamation deposit	<b>35,000</b>	35,000
<b>Total assets</b>	<b>77,972,895</b>	78,760,338
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	<b>1,676,640</b>	974,165
Future income tax liabilities [note 5]	<b>18,279,000</b>	15,534,000
Commitments [note 8]		
Share capital [note 6]	<b>57,366,550</b>	60,094,163
Contributed surplus [note 6]	<b>14,128,439</b>	13,736,148
Deficit	<b>(13,477,734)</b>	(11,578,138)
<b>Total shareholders' equity</b>	<b>58,017,255</b>	62,252,173
<b>Total liabilities and shareholders' equity</b>	<b>77,972,895</b>	78,760,338

See accompanying notes

On behalf of the Board:

*"David D'Onofrio"*

David D'Onofrio  
Director

*"Philip Olson"*

Philip Olson  
Director

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**STATEMENTS OF OPERATION AND DEFICIT**

	<b>Three Months Ended May 31 2008 \$</b>	Three Months Ended May 31 2007 \$	<b>Nine Months Ended May 31 2008 \$</b>	Nine Months Ended May 31 2007 \$
<b>REVENUE</b>				
Interest income	<b>104,744</b>	147,665	<b>327,170</b>	322,343
<b>EXPENSES</b>				
Administration	<b>301,884</b>	236,855	<b>960,019</b>	605,740
Corporate development	<b>182,868</b>	333,988	<b>539,354</b>	812,930
Consulting & professional fees	<b>88,304</b>	90,234	<b>269,380</b>	303,919
Amortization	<b>22,359</b>	18,444	<b>58,894</b>	48,316
Stock-based compensation [note 7]	<b>15,153</b>	1,564,148	<b>399,119</b>	5,315,047
<b>Total expenses</b>	<b>610,568</b>	2,243,669	<b>2,226,766</b>	7,085,952
<b>Loss</b>	<b>(505,824)</b>	(2,096,004)	<b>(1,899,596)</b>	(6,763,609)
Deficit, beginning of period	<b>(12,971,910)</b>	(8,938,057)	<b>(11,578,138)</b>	(4,270,452)
<b>Deficit, end of period</b>	<b>(13,477,734)</b>	(11,034,061)	<b>(13,477,734)</b>	(11,034,061)
Loss per share – basic and diluted	<b>(0.01)</b>	(0.04)	<b>(0.04)</b>	(0.16)
Weighted average number of shares outstanding - basic and diluted	<b>52,837,849</b>	51,659,238	<b>52,835,992</b>	42,022,242

See accompanying notes

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**STATEMENTS OF CASH FLOWS**

	<b>Three Months Ended May 31 2008 \$</b>	Three Months Ended May 31 2007 \$	<b>Nine Months Ended May 31 2008 \$</b>	Nine Months Ended May 31 2007 \$
<b>OPERATING ACTIVITIES</b>				
Loss for the period	<b>(505,824)</b>	(2,096,004)	<b>(1,899,596)</b>	(6,763,609)
Adjustment for item not involving cash:				
Amortization	<b>22,359</b>	18,444	<b>58,894</b>	48,316
Stock based compensation	<b>15,153</b>	1,564,148	<b>399,119</b>	5,315,047
	<b>(468,312)</b>	(513,412)	<b>(1,441,583)</b>	(1,400,246)
Change in non-cash working capital items:				
Restricted cash	—	(13,680)	—	(15,000)
Accounts receivable	<b>(906,357)</b>	(659,221)	<b>2,637,323</b>	(789,025)
Prepaid expenses	<b>335</b>	119,024	<b>(155,593)</b>	54,417
Accounts payable and accrued liabilities	<b>730,113</b>	299,139	<b>702,475</b>	(72,406)
<b>Cash provided by (used in) operating activities</b>	<b>(644,221)</b>	(768,150)	<b>1,742,622</b>	(2,222,260)
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of common shares, net of issuance costs	—	8,734,119	<b>10,560</b>	13,323,576
<b>Cash provided by financing activities</b>	—	8,734,119	<b>10,560</b>	13,323,576
<b>INVESTING ACTIVITIES</b>				
Investment in resource properties	<b>(2,757,650)</b>	(1,985,747)	<b>(5,996,979)</b>	(4,024,062)
Purchase of equipment	<b>(35,755)</b>	(30,864)	<b>(86,765)</b>	(105,439)
<b>Cash used in investing activities</b>	<b>(2,793,405)</b>	(2,016,611)	<b>(6,083,744)</b>	(4,129,501)
<b>Change in cash and cash equivalents</b>	<b>(3,437,626)</b>	5,949,358	<b>(4,330,562)</b>	6,971,815
Cash and cash equivalents, beginning of period	<b>11,853,788</b>	11,203,972	<b>12,746,724</b>	10,181,515
<b>Cash and cash equivalents, end of period</b>	<b>8,416,162</b>	17,153,330	<b>8,416,162</b>	17,153,330

See accompanying notes

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**Notes to the Financial Statements**  
**May 31, 2008 (unaudited)**

**1. NATURE OF BUSINESS**

Titan Uranium Inc. (“the Company”) is engaged in the exploration for and development of uranium properties in Canada’s Athabasca and Thelon basins. To date, the Company has not earned significant revenue and is therefore considered to be a development stage company.

These financial statements are prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable mineral reserves. The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable mineral reserves and the ability of the Company to obtain the financing necessary to complete exploration and development and the success of future operations.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as the most recent annual audited financial statements. These consolidated financial statements should be read in conjunction with the Company’s annual audited financial statements filed on SEDAR.

**3. CHANGE IN ACCOUNTING POLICY**

**Financial instruments presentation and disclosure**

On January 1, 2008, the Company adopted CICA handbook sections relating to financial instruments presentation and disclosure. These sections are intended to enhance the users’ ability to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

- i) Financial assets - The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Due to the short-term maturity of accounts receivable, the carrying amount approximates fair value. The Company has not entered into any hedging relationships and does not hold any other available-for-sale securities that would result in the recognition of other comprehensive income or loss.
- ii) Financial liabilities - Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. Due to the short term nature of accounts payable and accrued liabilities, carrying amounts approximate fair value.
- iii) Management of financial risk - The Company’s financial instruments are exposed to certain financial risks, including credit risk and liquidity risk. The Company manages credit risk by assessing the credit worthiness of party’s granted credit and manages liquidity risk with its budgeting process.
- iv) Credit risk - Credit risk is the risk of an unexpected loss by the Company if a customer or third-party to a financial instrument fails to meet its contractual obligations.
- v) Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach is to ensure that it will have sufficient liquidity to meet its obligations when due. Accounts payable and accrued liabilities are due within the current operating period.

#### 4. RESOURCE PROPERTIES

	Acquisition Costs \$	Deferred Exploration \$	Total \$
<b>May 31, 2008</b>			
Thelon, Nunavut	98,073	2,150,688	2,248,761
Athabasca, Saskatchewan	51,065,214	14,425,508	65,490,722
	51,163,287	16,576,196	67,739,483
<b>August 31, 2007</b>			
Thelon, Nunavut	89,347	2,150,688	2,240,035
Athabasca, Saskatchewan	51,938,486	7,563,984	59,502,470
	52,027,833	9,714,672	61,742,505

On June 13, 2007 the Company entered into an agreement with Mega Uranium Ltd. (Mega), whereby Mega can earn an interest in certain of the Company's properties. The agreement is described in the most recent annual audited financial statement subject to the following amendment dated April 22<sup>nd</sup>, 2008:

- Upon Mega fulfilling the terms and conditions necessary to earn an undivided 51% interest in the property, the Company agreed to fund the next \$500,000 of exploration expenditures without altering the companies respective interest in the property.

As at May 31, 2008, \$3,598,725 had been spent on the properties pursuant to the Mega agreement.

On February 11, 2008 the Company entered into an agreement with Japan Oil, Gas and Metals National Corporation (JOGMEC), whereby JOGMEC can earn an interest in certain of the Company's properties.

As at May 31, 2008, \$425,718 had been spent on the properties pursuant to the JOGMEC agreement.

On April 11, 2008 the Company entered into an agreement with Vale Exploration Canada (Vale), whereby Vale can earn an interest in certain of the Company's properties.

As at May 31, 2008, \$1,092,145 had been spent on the properties pursuant to the Vale agreement.

#### 5. RELATED PARTIES

The Company 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 \$9,500 [2007 - \$182,500] to directors of the Company or companies controlled by directors of the Company for the period ended May 31, 2008.

#### 5. FUTURE INCOME TAX

Components of the future income tax liability are as follows:

Balance, August 31, 2007 and November 30, 2007	15,534,000
Renunciation of flow through expenditures	2,745,000
Balance, February 29 2008 and May 31, 2008	18,279,000

## 6. 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, 2007	52,828,249	60,094,163	13,736,148
Warrants exercised	9,600	17,387	(6,828)
Stock-based compensation	—	—	77,195
Balance, November 30, 2007	52,837,849	60,111,550	13,806,515
Stock-based compensation	—	—	306,771
Share issue costs	—	(2,745,000)	—
Balance, February 29, 2008	52,837,849	57,366,550	14,113,286
Stock-based compensation	—	—	15,153
Balance, May 31, 2008	52,837,849	57,366,550	14,128,439

## 7. STOCK OPTIONS AND WARRANTS

### Stock Options

The Company has established a share option plan whereby options may be granted to directors, officers, employees and consultants 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.

The Company did not grant any options during the quarter ended May 31, 2008.

Stock-based compensation of \$15,153 was recorded during the quarter ended May 31, 2008 for vesting of options previously granted.

The number of options outstanding and their weighted average exercise price at May 31, 2008 are as follows:

	Number of Options	Weighted Average Price
Balance – August 31, 2007 and November 30, 2007	4,379,250	1.96
Granted	867,500	0.73
Expired	(231,158)	2.37
Balance – February 29, 2008	5,015,592	1.73
Expired	(860,000)	2.15
Balance – May 31, 2008	4,155,592	1.64

The options expire at various times between February 2009 and April 2012.

## Warrants

The Company has the following non-publicly traded warrants outstanding which were granted in conjunction with various private placements.

	<b>Number of Warrants</b>	<b>Weighted Average Price</b>
Balance - August 31, 2007	6,127,930	2.43
Exercised	(9,600)	1.10
Expired	(145,048)	1.81
Balance – November 30, 2007, February 29, 2008 and May 31, 2008	5,973,282	2.45

These warrants expire at various times between August 2008 and March 2009.

## 8. Commitments

In accordance with a private placement completed in March 2007, the company renounced \$9,000,063 of Canadian Exploration Expenditures (“CEE”) on December 31, 2007 resulting in an obligation to spend \$9,000,063 in CEE by December 31, 2008. As at May 31, 2008 \$8,012,913 had been spent pursuant to this obligation leaving a balance of \$987,150 to be spent by December 31, 2008.

## 9. Subsequent events

On May 23, 2008 the Company signed a letter of agreement with Japan Oil, Gas and Metals National Corporation (JOGMEC) which superseded the letter of intent between the Company and JOGMEC that was announced on February 11, 2008.