

Titan Uranium Inc.
(a development stage company)

Unaudited Financial Statements
May 31, 2009 and 2008

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, 2009.

Titan Uranium Inc.
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BALANCE SHEETS

	May 31 2009 (unaudited) \$	August 31 2008 (audited) \$
ASSETS		
Cash and cash equivalents	3,129,974	6,621,833
Accounts receivable	604,178	1,928,013
Prepaid expenses	732,449	404,489
Total current assets	4,466,601	8,954,335
Property and equipment	90,894	146,644
Resource properties [note 6]	25,364,000	24,308,439
Reclamation deposit	35,000	35,000
Total assets	29,956,495	33,444,418
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	315,975	2,153,844
Future income tax liabilities	4,112,000	4,112,000
Share capital [note 8]	57,781,191	57,681,550
Contributed surplus	14,485,945	7,887,481
Warrants	—	6,612,659
Deficit	(46,738,616)	(45,003,116)
Total shareholders' equity	25,528,520	27,178,574
Total liabilities and shareholders' equity	29,956,495	33,444,418

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

	Three Months Ended May 31 2009 \$	Three Months Ended May 31 2008 \$	Nine Months Ended May 31 2009 \$	Nine Months Ended May 31 2008 \$
REVENUE				
Interest income	4,931	104,744	61,719	327,170
EXPENSES				
Administration	407,139	301,884	1,027,395	960,019
Consulting & professional fees	109,520	88,304	386,269	269,380
Corporate development	70,991	182,868	297,441	539,354
Amortization	18,952	22,359	63,736	58,894
Stock-based compensation [note 9]	(2,361)	15,153	22,379	399,119
Total expenses	604,241	610,568	1,797,220	2,226,766
Loss and comprehensive income	(599,310)	(505,824)	(1,735,501)	(1,899,596)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.03)	(0.04)
Weighted average number of shares outstanding - basic and diluted	52,884,263	52,837,849	52,853,491	52,835,992

See accompanying notes

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STATEMENTS OF SHAREHOLDERS' EQUITY

	Nine months ended May 31, 2009 \$	Year ended August 31, 2008 \$
SHARE CAPITAL [NOTE 8]		
Balance, beginning of period	57,681,550	60,094,163
Options exercised	99,641	—
Warrants exercised	—	17,387
Renunciation of flow-through expenditures	—	(2,430,000)
Balance, end of period	57,781,191	57,681,550
WARRANTS		
Balance, beginning of period	6,612,659	7,490,167
Exercise of warrants	—	(6,828)
Expiry of warrants	(6,612,659)	(870,680)
Balance, end of period	—	6,612,659
CONTRIBUTED SURPLUS		
Balance, beginning of period	7,887,481	6,245,981
Stock based compensation	22,379	770,820
Expiry of warrants	6,612,659	870,680
Exercise of options	(36,574)	—
Balance, end of year	14,485,945	7,887,481
DEFICIT		
Balance, beginning of year	(45,003,116)	(11,578,138)
Net loss	(1,735,501)	(33,424,978)
Balance, end of year	(46,738,617)	(45,003,116)

See accompanying notes

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STATEMENTS OF CASH FLOWS

	Three Months Ended May 31 2009 \$	Three Months Ended May 31 2008 \$	Nine Months Ended May 31 2009 \$	Nine Months Ended May 31 2008 \$
OPERATING ACTIVITIES				
Loss for the year	(599,310)	(505,824)	(1,735,501)	(1,899,596)
Adjustment for item not involving cash:				
Amortization	18,952	22,359	63,736	58,894
Stock based compensation	(2,361)	15,153	22,379	399,119
	(582,719)	(468,312)	(1,649,386)	(1,441,583)
Change in non-cash working capital items:				
Accounts receivable	429,553	(906,357)	1,323,835	2,637,323
Prepaid expenses	(166,507)	335	(327,960)	(155,593)
Accounts payable and accrued liabilities	(469,954)	730,113	(1,837,869)	702,475
Cash provided by (used in) operating activities	(789,627)	(644,221)	(2,491,380)	1,742,622
FINANCING ACTIVITIES				
Proceeds from issuance of common shares, net of issuance costs	63,067	—	63,067	10,560
Cash provided by financing activities	63,067	—	63,067	10,560
INVESTING ACTIVITIES				
Investment in resource properties	(471,007)	(2,757,650)	(1,055,561)	(5,996,979)
Purchase of equipment	(1,199)	(35,755)	(7,985)	(86,765)
Cash used in investing activities	(472,206)	(2,793,405)	(1,063,546)	(6,083,744)
Decrease in cash and cash equivalents	(1,198,766)	(3,437,626)	(3,491,859)	(4,330,562)
Cash and cash equivalents, beginning of period	4,328,740	11,853,788	6,621,833	12,746,724
Cash and cash equivalents, end of year	3,129,974	8,416,162	3,129,974	8,416,162

See accompanying notes

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Notes to the Financial Statements
February 28, 2009 (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 except for the changes identified below 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 POLICIES

On September 1, 2008 the Company adopted CICA handbook sections 3862 and 3863 relating to financial instrument 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. The disclosure is made in Note 10 to these interim financial statements.

On September 1, 2008 the Company adopted CICA handbook section 1535 relating to Capital Disclosures. This section requires the Company to disclose objectives, policies and processes for managing capital and whether the Company has complied with externally imposed capital requirements. The disclosure is made in Note 5 to these interim financial statements.

4. NEW ACCOUNTING PRONOUNCEMENTS

In February 2008, the CICA issued handbook section 3064 relating to Goodwill and Intangible Assets. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. This section is effective for years beginning on or after October 1, 2008. The Company has not yet assessed the impact of this section on its financial statements.

5. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that shareholders may benefit from its operations.

The Company manages its capital structure, which consists of the shareholders' equity section of the balance sheet, by changing shareholders' equity in response to exploration results, economic conditions and their effect on the Company's assets. In order to adjust the Company's capital structure, new shares may be issued, assets may be acquired or disposed of and other means of financing may be sought.

In order to maximize the Company's exploration activities, the Company does not pay dividends. The Company's investment policy is to invest its cash in highly rated, highly liquid short-term interest-bearing investments, with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements.

6. RESOURCE PROPERTIES

	Acquisition Costs	Deferred Exploration	Total
	\$	\$	\$
May 31, 2009			
Thelon, Nunavut	120,536	2,873,800	2,994,336
Athabasca, Saskatchewan	11,412,409	10,957,255	22,369,664
	11,532,945	13,831,055	25,364,000
August 31, 2008			
Thelon, Nunavut	86,059	2,756,102	2,842,161
Athabasca, Saskatchewan	11,411,883	10,054,395	21,466,278
	11,497,942	12,810,497	24,308,439

On May 23, 2008 the Company signed an agreement with Japan Oil, Gas and Metals National Corporation (JOGMEC) whereby JOGMEC can acquire an undivided 50% working interest in the Company's Virgin Trend project in the Athabasca basin by funding \$9,000,000 of exploration over three years.

As at May 31, 2009, \$3,675,344 had been spent pursuant to the agreement.

On April 11, 2008 the Company signed an agreement with Vale Exploration Canada, a wholly-owned subsidiary of Companhia Vale do Rio Doce (Vale) whereby Vale can acquire an undivided 60% working interest in the Company's Sand hill project in the Athabasca basin by funding \$12,000,000 of exploration over five years.

As at May 31, 2009, \$2,515,047 had been spent pursuant to the agreement.

On November 12, 2008 the Company signed a second agreement with JOGMEC whereby JOGMEC can acquire an undivided 50% working interest in the Company's Border Block project in the Athabasca basin by funding \$6,000,000 of exploration over four years.

As at May 31, 2009, \$1,498,346 had been spent pursuant to the agreement.

7. 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 amounts are comparable to amounts agreed to by arm's length parties for comparable services.

The Company paid or accrued consulting and directors fees totaling \$75,685 [2008 - \$47,450] to directors and an officer of the Company or companies controlled by directors and an officer of the Company for the period ended May 31, 2009.

8. SHARE CAPITAL

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

[b] Issued and fully paid – common shares:

	Shares #	Amount \$
Balance, August 31, 2008 and February 28, 2009	52,837,850	57,681,550
Exercise of options	143,333	99,641
Balance, May 31, 2009	52,981,183	57,781,191

9. 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 granted no options during the quarter ended May 31, 2009.

Stock-based compensation of (\$2,361) was recorded during the quarter ended May 31, 2009 for the reversal of previously accrued compensation expense related to options that were cancelled before they vested.

The number of options outstanding and their weighted average exercise price at May 31, 2009 are as follows:

	Number of Options	Weighted Average Price
Balance – August 31, 2008 and November 30, 2008	3,898,924	0.77
Expired	(842,499)	0.73
Balance – February 28, 2009	3,056,425	0.78
Exercised	(143,333)	0.44
Cancelled	(300,000)	0.22
Expired	(229,092)	3.05
Balance – May 31 2009	2,384,000	0.65

The options expire at various times between July 2009 and July 2011.

Warrants

The Company had the following warrants outstanding which were granted in conjunction with various private placements and with the acquisition of resource properties. The warrants are not publicly traded.

	Number of Warrants	Weighted Average Price
Balance - August 31, 2008 and November 30, 2008	4,648,375	2.44
Expired	(3,000,000)	2.00
Balance – February 28, 2009	1,648,375	3.25
Expired	(1,648,375)	3.25
Balance – May 31, 2009	—	—

10. FINANCIAL INSTRUMENTS

Financial instruments presentation and disclosure

- 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) Derivatives – Derivatives may be embedded in other financial instruments or within non-financial contracts. Under the new standards, certain embedded derivatives may require separate

recognition at fair value. The Company has not identified any material embedded derivatives which require separate recognition and measurement.

- iv) 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 parties granted credit and manages liquidity risk with its budgeting process. Financial instruments consist of cash on deposit and bankers acceptances with a major financial institution.

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.

A significant portion of the Company's receivables relate to amounts receivable from participants of the Company's exploration option agreements. Management mitigates the credit risk associated with this concentration of receivables by ensuring that amounts receivable are current and by involving partners in the budgeting process.

The carrying amount of the Company's receivables, \$604,178, represents the Company's maximum credit risk exposure.

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. The Company uses a budgeting process to project cash flow and to ensure that sufficient resources are available to meet those cash flow requirements. As at May 31, 2009, the Company had working capital of \$4,150,626. The Company expects that its current capital resources will be sufficient to carry out its exploration plans for the calendar year ending December 31, 2009. The Company will determine its budget and working capital requirements for the calendar year ending December 31, 2010 in December 2009. The Company does not currently operate any producing properties and as such, is dependent upon issuance of new equity to advance its exploration properties. If equity financing is required, failure to obtain financing on a timely basis may cause the Company to postpone exploration plans, reduce or terminate its operations.

11. SUBSEQUENT EVENTS

On May 8, 2009, the Company entered into a business combination agreement with Uranium Power Corp. (UPC) whereby the Company would acquire all of the issued and outstanding shares of UPC (the "Transaction"). The Transaction is subject to regulatory approval and the approval of UPC's shareholders at a meeting of the shareholders to be held on July 23, 2009. The Transaction would be completed via a plan of arrangement whereby the Company would issue 0.5378 shares, subject to adjustment, to acquire each share of UPC. Based on the shares currently issued and outstanding, the Company would issue approximately 52.98 million shares to acquire all of the UPC shares. Approximately 105.96 million shares of the Company would be outstanding upon completion of the Transaction, with current shareholders of the Company owning approximately 50% and current UPC shareholders owning approximately 50%. UPC is a TSX Venture Exchange listed company based in Vancouver, Canada.

The Transaction is expected to close on or about July 31, 2009, if approval is obtained.