

Titan Uranium Inc.
(a development stage company)

Unaudited Consolidated Financial Statements
May 31, 2010 and 2009

Prepared by Management

Titan Uranium Inc.
(a development stage company)

UNAUDITED INTERIM CONSOLIDATED 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 consolidated financial statements for the period ended May 31, 2010.

Titan Uranium Inc.
(a development stage company)

CONSOLIDATED BALANCE SHEETS

	May 31 2010 (unaudited) \$	August 31 2009 (audited) \$
ASSETS		
Cash and cash equivalents	4,189,508	9,704,788
Accounts receivable	141,187	509,060
Marketable securities	242,753	—
Note receivable [note 4]	—	290,797
Prepaid expenses	123,464	250,495
Total current assets	4,696,912	10,755,140
Property and equipment	97,042	132,640
Resource properties [note 6]	35,005,525	30,594,634
Reclamation deposit	2,373,425	1,328,350
Total assets	42,172,904	42,810,764
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	865,640	1,017,970
Current portion of asset retirement obligation [note 7]	209,240	87,000
Total current liabilities	1,074,880	1,104,970
Asset retirement obligation [note 7]	1,004,382	506,527
Derivative liability	585,641	—
Future income tax liabilities	2,360,000	2,360,000
Share capital [note 9]	76,329,984	76,324,484
Contributed surplus	15,063,063	14,485,945
Deficit	(54,245,046)	(51,971,162)
Total shareholders' equity	37,148,001	38,839,267
Total liabilities and shareholders' equity	42,172,904	42,810,764
See accompanying notes		

On behalf of the Board:
"Rahoul Sharan"

Rahoul Sharan, CA
 Director

"Donald Ching"

Donald Ching
 Director

Titan Uranium Inc.
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CONSOLIDATED STATEMENTS OF OPERATION

	Three Months Ended May 31 2010 \$	Three Months Ended May 31 2009 \$	Nine Months Ended May 31 2010 \$	Nine Months Ended May 31 2009 \$
REVENUE				
Interest income	7,572	4,931	124,311	61,719
EXPENSES				
Administration	254,871	407,139	828,866	1,027,395
Consulting & professional fees	98,807	109,520	376,486	386,269
Corporate development	90,763	70,991	399,334	297,441
Unrealized loss on marketable securities	70,400	—	70,400	—
Unrealized loss on derivative Instrument [note 6]	54,354	—	110,095	—
Accretion	25,924	—	75,055	—
Amortization	16,016	18,952	52,013	63,736
Stock-based compensation [note 10]	—	(2,361)	485,981	22,379
Foreign exchange (gain) / loss	(279)	—	81,350	—
Realized gain on disposal of note [note 4]	(81,385)	—	(81,385)	—
Total expenses	529,471	604,241	2,398,195	1,797,220
Loss and comprehensive income	521,899	(599,310)	2,273,884	(1,735,501)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.02)	(0.03)
Weighted average number of shares outstanding - basic and diluted	105,987,021	52,884,263	105,976,490	52,853,491

See accompanying notes

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Nine months ended May 31, 2010 \$	Year ended May 31, 2009 \$
SHARE CAPITAL [NOTE 8]		
Balance, beginning of period	76,324,484	57,681,550
Options exercised	—	99,641
Shares issued for resource property	5,500	—
Balance, end of period	76,329,984	57,781,191
WARRANTS		
Balance, beginning of period	—	6,612,659
Expiry of warrants	—	(6,612,659)
Balance, end of period	—	—
CONTRIBUTED SURPLUS		
Balance, beginning of period	14,485,945	7,887,481
Stock based compensation	577,118	22,379
Expiry of warrants	—	6,612,659
Exercise of options	—	(36,574)
Balance, end of year	15,063,063	14,485,945
DEFICIT		
Balance, beginning of year	(51,971,162)	(45,003,116)
Net loss	(2,273,884)	(1,735,501)
Balance, end of year	(54,245,046)	(46,738,617)

See accompanying notes

Titan Uranium Inc.
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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended May 31 2010 \$	Three Months Ended May 31 2009 \$	Nine Months Ended May 31 2010 \$	Nine Months Ended May 31 2009 \$
OPERATING ACTIVITIES				
Loss for the period	(521,899)	(599,310)	(2,273,884)	(1,735,501)
Adjustment for item not involving cash:				
Foreign exchange	(23,775)	—	(30,540)	—
Gain on disposal of note receivable	(81,385)	—	(81,385)	—
Unrealized loss on derivative liability	54,354	—	110,095	—
Unrealized loss on marketable securities	70,400	—	70,400	—
Amortization	16,016	18,952	52,013	63,736
Accretion	25,924	—	75,055	—
Stock based compensation	—	(2,361)	485,981	22,379
	(460,365)	(582,719)	(1,592,265)	(1,649,386)
Change in non-cash working capital items:				
Accounts receivable	163,123	429,553	367,873	1,323,835
Prepaid expenses	51,385	(166,507)	127,031	(327,960)
Accounts payable and accrued liabilities	417,533	(469,954)	(152,331)	(1,837,869)
Cash provided by (used in) operating activities	171,676	(789,627)	(1,249,692)	(2,491,380)
FINANCING ACTIVITIES				
Proceeds from issuance of common shares, net of issuance costs	—	63,067	—	63,067
Cash provided by financing activities	—	63,067	—	63,067
INVESTING ACTIVITIES				
Proceeds from disposal of note	50,940	—	50,940	—
Investment in resource properties	(1,129,940)	(471,007)	(3,255,038)	(1,055,561)
Reclamation deposits	31,352	—	(1,045,075)	—
Purchase of equipment	(1,702)	(1,199)	(16,415)	(7,985)
Cash used in investing activities	(1,049,350)	(472,206)	(4,265,588)	(1,063,546)
Decrease in cash and cash equivalents	(877,674)	(1,198,766)	(5,515,280)	(3,491,859)
Cash and cash equivalents, beginning of period	5,067,182	4,328,740	9,704,788	6,621,833
Cash and cash equivalents, end of year	4,189,508	3,129,974	4,189,508	3,129,974

See accompanying notes

Titan Uranium Inc.
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Notes to the Consolidated Financial Statements
May 31, 2010 (unaudited)

1. NATURE OF BUSINESS

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

These consolidated 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 existence of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development and the success of future operations.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Uranium Power Corp. (UPC) and Titan Uranium USA Inc. Inter-company accounts and transactions have been eliminated on consolidation.

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. FUTURE ACCOUNTING PRONOUNCEMENTS

Canada’s Accounting Standards Board (AcSB) has ratified a strategic plan calling for the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS), by publically accountable enterprises in Canada. The AcSB has confirmed that IFRS will replace current Canadian GAAP standards for fiscal years starting on or after January 1, 2011. As a result, the Company will be required to prepare its consolidated financial statements in accordance with IFRS for interim and annual periods beginning September 1, 2011. The Company’s financial statements for interim and annual periods ended August 31, 2011 will require restatement.

Although IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. The Company is developing a plan to convert its financial statements to IFRS. Management has not yet quantified the effects of adopting IFRS. The consolidated financial performance and financial position as presented in the Company’s

Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

In January 2009, the CICA issued handbook sections 1582, 1601 and 1602 relating to Business Combinations and section 1600 relating to Consolidated Financial Statements. These sections apply prospectively to business combinations with an acquisition date that is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

4. NOTE RECEIVABLE

The Company issued a note receivable on December 9, 2008 with an initial principal of USD\$250,000 which earned interest at the prime rate of a Canadian Schedule I bank plus 6%. On March 30, 2010 (the settlement date) the Company accepted a combination of cash and securities as repayment of the note. On the settlement date the note had a balance of USD\$277,491 (CDN \$282,708). Repayment of the note consisted of USD\$50,000 (CDN\$50,940) cash, 2,381,626 common shares of Cue Resources Ltd. (Cue) and 2,381,626 common share purchase warrants of Cue exercisable at \$0.15 for a period of two years. The Company valued the Cue common shares based on the market price as quoted on the TSX Venture Exchange on the settlement date and valued the common share purchase warrants using an option pricing model. The proceeds received for repayment of the note resulted in a gain on disposal of CDN\$81,385.

5. MARKETABLE SECURITIES

	May 31, 2010	August 31, 2009
Cue Resource Ltd.		
2,381,626 common shares	\$166,715	—
2,381,626 warrants expiring March 30, 2012	76,038	—
	\$242,753	—

6. RESOURCE PROPERTIES

	Acquisition Costs \$	Deferred Exploration & Pre-development \$	Write-down of resource properties \$	Disposal \$	Total \$
May 31, 2010					
Nunavut	144,776	2,933,736	—	—	3,078,512
Saskatchewan	6,693,968	10,437,805	—	—	17,131,773
Wyoming	12,111,225	1,499,359	—	—	13,610,584
Utah	906,576	278,080	—	—	1,184,656
Arizona	266,350	—	—	(266,350)	—
Colorado	266,350	—	—	(266,350)	—
	20,389,245	15,148,980	—	(532,700)	35,005,525
August 31, 2009					
Nunavut	103,452	2,917,405	—	—	3,020,857
Saskatchewan	11,412,408	11,188,841	(6,491,706)	—	16,109,543
United States	11,444,197	20,037	—	—	11,464,234
	22,960,057	14,126,283	(6,491,706)	—	30,594,634

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 and Knight properties in the Athabasca basin upon the full spending of \$9,000,000 on exploration prior to March 31, 2011.

As at May 31, 2010 JOGMEC had funded \$3,195,344, 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 a 60% working interest in the Company's Sand Hill and Rook II properties in the Athabasca basin upon the full spending of \$12,000,000 on exploration prior to April 11, 2013.

In December, 2009 Vale notified the Company that they will not be continuing the agreement.

On November 12, 2008 the Company signed an agreement with JOGMEC whereby JOGMEC can earn an undivided 50% working interest in the Company's Border Block project which consists of the Maybelle, Gartner and King properties. JOGMEC can earn a 50% working interest upon the full spending of \$6,000,000 prior to March 31, 2012.

As at May, 31 2010 JOGMEC had funded \$3,286,808, pursuant to the agreement.

United States properties

The Company acquired the United States properties as part of the UPC acquisition on July 31, 2009.

The United States properties acquired from UPC were comprised of the following projects and ownership interests:

Utah – Green River North, 50% interest [i]

Utah – Green River South, option to earn an 85% interest [ii]

Arizona - Breccia Pipes, 50% interest [i]

Colorado – Burro Canyon, 50% interest [i]

Wyoming – East Shirley, 100% interest

Wyoming - Sheep Mountain, 50 % interest, subject to royalties ranging from 1% - 10% on the gross proceeds from the sale of mineral ore produced. [i]

[i] On October 1, 2009 the Company acquired the remaining 50% interest in the Sheep Mountain and Green River North properties, and disposed of the Breccia Pipes and Burrow Canyon projects.

The transaction was completed with the Company's Joint Venture partner Uranium One. As a result of the transaction, the Company owns 100% of the Sheep Mountain and Green River North properties. In exchange for the Sheep Mountain and Green River North properties, the Company paid USD \$350,000 to Uranium One and transferred to Uranium One its 50% interest in the Breccia Pipe property and the Burro Canyon property. The Company must also pay to Uranium One an additional USD \$2,000,000 if the month-end spot uranium price reported by Ux Consulting Company exceeds USD \$65 per pound within three years of the closing. The Company must also pay to Uranium One an additional USD \$4,000,000 if the month-end spot uranium price reported by Ux Consulting Company exceeds USD \$85 per pound within three years of the closing date. The Company also assumed 50% of the asset retirement obligation related to Sheep Mountain that was not already recognized and provided an additional USD \$1,100,000 deposit as security for future reclamation obligations.

The USD\$2,000,000 and USD\$4,000,000 payments that are based on the spot uranium price were determined by management to constitute an embedded derivate and were valued at the acquisition date and each subsequent reporting date using an option pricing valuation model. The derivative was valued at \$484,272 (USD\$454,546) on the date of acquisition and subsequently revalued at \$585,641 (USD\$559,779) on May 31, 2010 resulting in an unrealized loss of CDN\$110,095.

The derivative is revalued at each reporting date to reflect its fair value at that point in time with an unrealized gain or loss recognized to reflect the change in fair value.

[ii] The Company acquired the Green River South property in Utah from UPC. The Company has an option to earn up to a 70% working interest in the property by completing the following:

Cash payments of:

- USD\$146,250 by December 31, 2009;
 - USD\$146,250 by December 31, 2010;
- Cumulative exploration spending of:
- USD\$1,023,750 by December 31, 2009;
 - USD\$1,365,000 by December 31, 2010;
- Issuing common shares of the Company in the amount of:
- 25,000 shares by December 31, 2009;
 - 25,000 shares by December 31, 2010.

Subsequent to completing the terms necessary to earn a 70% working interest, the Company has an option to earn an additional 15% working interest for a total working interest of 85% by making an additional USD\$300,000 cash payment and completing additional work on the property totaling USD\$700,000.

7. ASSET RETIREMENT OBLIGATION

The Company has a liability for an asset retirement obligation related to the Sheep Mountain property in Wyoming.

At May 31, 2010 the Company estimated the total undiscounted asset retirement obligation to be \$2,154,881 (USD\$2,059,722) (2009 – Nil). Future cash flows required to satisfy the obligation are estimated to occur between 2010 and 2019. An estimated inflation rate of 3.5% and an estimated cost of capital of 15% were applied to the future cash flow estimates.

	Amount \$
Balance, August 31, 2008	—
Liability recognized on acquisition of UPC	579,885
Accretion	4,198
Effect of change in exchange rate	9,444
Balance, August 31, 2009	593,527
Liability recognized on acquisition of 50% of Sheep Mountain not previously owned	571,491
Accretion	75,055
Effect of change in exchange rate	(26,451)
Less: current portion	(209,240)
Balance, May 31, 2010	1,004,382

The Company estimates its asset retirement obligations based on its understanding of current environmental regulations and related laws in the jurisdictions where it operates. Regulations and laws

are continually changing and are generally expected to become more restrictive. New regulations or interpretations of the law could materially change the Company's asset retirement obligations.

8. RELATED PARTIES

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

A note receivable with a balance of \$282,708 was repaid as described in Note 4. The note was receivable from a company with a director that is an officer of the Company.

Accounts receivable with a balance of \$48,703 is receivable from a joint venture partner with a director and an officer who are directors of the Company.

The Company paid or accrued consulting and director fees totaling \$131,076 [2009 - \$75,685] to directors and officers of the Company or companies controlled by directors and officers of the Company for the quarter ended May 31, 2010.

The above transactions have been recorded at the exchange amounts which is the amount agreed to by the transacting parties. The exchange amount is considered equivalent to the fair value of the service provided.

9. SHARE CAPITAL

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

[b] Issued and fully paid – common shares:

	Shares #	Amount \$
Balance, August 31 and November 30, 2009	105,962,021	76,324,484
Shares issued for resource property	25,000	5,500
Balance, February 28 and May 31, 2010	105,987,021	76,329,984

10. 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.

During the quarter ended May 31, 2010 the Company did not grant options and recorded no stock-based compensation.

The number of options outstanding and their weighted average exercise price at May 31, 2010 are as follows:

	Number of Options	Weighted Average Price
Balance – August 31, 2009	2,054,000	0.69
Granted	3,552,500	0.26
Cancelled	(1,887,333)	0.68
Balance – November 30, 2009 and May 31, 2010	3,719,167	0.29

The options expire at various times between November 2010 and September 2012.

Options outstanding and exercisable at May 31, 2010 had exercise prices and years remaining to expiry as follows:

Number of Options Outstanding	Number of Shares Exercisable	Exercise Price of Options Outstanding	Weighted Average Exercise Price of Options Exercisable	Expiry Date	Remaining Life in years
100,000	100,000	\$1.00		Nov 15/10	0.75
66,667	66,667	0.44		Jul 16/11	1.40
3,552,500	3,552,500	0.265		Sept 7/12	2.55
3,719,167	3,719,167	\$0.29	\$0.29		2.20

11. SEGMENTED INFORMATION

The Company operates one reportable segment, being the exploration and development of uranium resource properties. The Company operates in two geographic segments; Canada and the United States. Assets segmented by geographic area are as follows:

May 31, 2010	Canada \$	United States \$	Total \$
Cash	3,379,376	810,132	4,189,508
Accounts receivable	81,338	59,849	141,187
Marketable securities	242,753	—	242,753
Prepaid expenses	123,464	—	123,464
Property and equipment	96,150	892	97,042
Resource properties	20,210,284	14,795,241	35,005,525
Reclamation deposits	35,686	2,337,739	2,373,425
Total assets	24,169,051	18,003,853	42,172,904

May 31, 2009	Canada \$	United States \$	Total \$
Cash	3,129,974	—	3,129,974
Accounts receivable	604,178	—	604,178
Prepaid expenses	732,449	—	732,449
Property and equipment	90,894	—	90,894
Resource properties	25,364,000	—	25,364,000
Reclamation deposits	35,000	—	35,000
Total assets	29,956,495	—	29,956,495

During the quarter ended May 31, 2010 \$591,261 was spent in the United States on additions to resource properties and \$503,634 was spent in Canada on resource properties additions.

12. FINANCIAL INSTRUMENTS

- i) Financial assets - The Company has designated its cash and cash equivalents and marketable securities as held-for-trading, which are measured at fair value. Accounts receivable and notes 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. Pursuant to the acquisition of properties on October 1, 2009 described in Note 6, the Company must make a payment of USD\$2,000,000 if, within three years, the month end spot uranium price exceeds USD\$65, and a payment of USD\$4,000,000 if the month end spot uranium price exceeds USD\$85. The Company has determined that the payment terms constitute an embedded derivative and have valued the derivative using an option valuation model. The derivative is revalued at each reporting date and the change in value will result in an unrealized gain or loss on the income statement.
- iv) Management of financial risk - The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market 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 with major financial institutions and marketable securities.

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 accounts receivable, \$141,187 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, 2010 the Company had working capital of \$3,622,032. The Company expects that its current capital resources will be sufficient to carry out its exploration plans for the quarter ending November 30, 2010. 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.

Market risk is the risk that the fair value of the Company's financial instruments will significantly fluctuate due to change in market prices. The Company is exposed to market risk as a result of its marketable securities. Changes in the share price of Cue Resource Ltd. will impact the value of the Company's marketable securities and net loss.

- v) Foreign currency risk – The Company's financial instruments are exposed to currency risk as it presently holds assets and liabilities denominated in both Canadian and US currency. The Company does not use derivative instruments to hedge this exposure. Cash flow forecasts are used to estimate the amount and timing of Canadian and US currency that will be needed so that adequate currency is on hand as liabilities become due.

A +/- 1% change in the Canadian dollar versus the U.S. dollar at May 31, 2010 would have an approximate +/- \$26,631 impact on the loss for the period ended May 31, 2010.

13. CAPITAL DISCLOSURE

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 and economic conditions. In order to adjust the capital structure, new shares may be issued, assets may be acquired or disposed of, and spending may be adjusted.

In order to maximize the Company's exploration activities, the Company does not pay dividends. The Company invests its cash in highly liquid short-term interest-bearing investments, with a high credit rating.

The Company is not subject to any externally imposed capital requirements.