

Titan Uranium Inc.
(a development stage company)

Unaudited Consolidated Financial Statements
November 30, 2009 and 2008

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 November 30, 2009.

Titan Uranium Inc.
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CONSOLIDATED BALANCE SHEETS

	Nov 30 2009 (unaudited) \$	Aug 31 2009 (audited) \$
ASSETS		
Cash and cash equivalents	6,298,931	9,704,788
Accounts receivable	396,236	509,060
Note receivable [note 4]	285,762	290,797
Prepaid expenses	190,710	250,495
Total current assets	7,171,639	10,755,140
Property and equipment	121,692	132,640
Resource properties [note 5]	33,076,806	30,594,634
Reclamation deposit	2,444,242	1,328,350
Total assets	42,814,379	42,810,764
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	394,874	1,017,970
Current portion of asset retirement obligation	180,000	87,000
Total current liabilities	574,875	1,104,970
Derivative liability [note 5]	589,567	—
Asset retirement obligation [note 6]	993,067	506,527
Future income tax liabilities	2,360,000	2,360,000
Share capital [note 8]	76,324,484	76,324,484
Contributed surplus	15,063,063	14,485,945
Deficit	(53,090,677)	(51,971,162)
Total shareholders' equity	38,296,870	38,839,267
Total liabilities and shareholders' equity	42,814,379	42,810,764

See accompanying notes

On behalf of the Board:

"Rahoul Sharan"

Rahoul Sharan, CA
Director

"Donald Ching"

Donald Ching
Director

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CONSOLIDATED STATEMENTS OF OPERATION AND DEFICIT

For the three months ended November 30

	2009 (unaudited) \$	2008 (unaudited) \$
REVENUE		
Interest income	102,105	39,858
EXPENSES		
Stock-based compensation [note 9]	485,981	18,755
Administration	249,765	277,486
Corporate development	193,754	92,944
Unrealized loss on derivative instrument	109,753	—
Consulting & professional fees	90,778	107,117
Foreign exchange loss	50,197	—
Accretion	22,480	—
Amortization	18,912	22,707
Total expenses	1,221,620	519,009
Loss and comprehensive income	(1,119,515)	(479,151)
Loss per share – basic and diluted	(0.01)	(0.01)
Weighted average number of common shares outstanding - basic and diluted	105,962,021	52,837,850

See accompanying notes

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Three months ended November 30, 2009 \$	Three months ended November 30, 2008 \$
SHARE CAPITAL [NOTE 8]		
Balance, beginning and end of period	76,324,484	57,681,550
CONTRIBUTED SURPLUS		
Balance, beginning of period	14,485,945	7,887,481
Stock based compensation	577,118	18,755
Balance, end of period	15,063,063	7,906,236
DEFICIT		
Balance, beginning of period	(51,971,162)	(45,003,116)
Net loss	(1,119,515)	(479,151)
Balance, end of period	(53,090,677)	(45,482,267)

See accompanying notes

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CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended November 30

	2009 (unaudited) \$	2008 (unaudited) \$
OPERATING ACTIVITIES		
Loss for the period	(1,119,515)	(479,151)
Adjustment for item not involving cash:		
Unrealized foreign exchange loss	6,894	—
Amortization	18,912	22,707
Accretion	22,480	—
Stock based compensation	485,981	18,755
	(475,495)	(437,689)
Net change in non-cash working capital items:		
Accounts receivable	(112,824)	1,476,006
Prepaid expenses	59,784	91,386
Accounts payable and accrued liabilities	(623,096)	(1,655,686)
Cash provided by (used in) operating activities	(925,982)	(525,983)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net of issuance costs	—	—
Cash provided by financing activities	—	—
INVESTING ACTIVITIES		
Change in note receivable	5,035	—
Investment in resource properties	(1,361,055)	(216,371)
Increase in reclamation deposits	(1,115,892)	—
Purchase of equipment	(7,963)	(3,697)
Cash used in investing activities	(2,479,875)	(220,068)
Decrease in cash and cash equivalents	(3,405,857)	(746,051)
Cash and cash equivalents, beginning of period	9,704,788	6,621,833
Cash and cash equivalents, end of period	6,298,931	5,875,782

See accompanying notes

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Notes to the Consolidated Financial Statements
November 30, 2009 (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 follow the same accounting principles and methods of application as the most recent annual audited consolidated financial statements. These consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated 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 has a note receivable that was issued by on December 9, 2008. The note, with an initial principal of USD \$250,000 bears interest at the prime rate of a Canadian Schedule I bank plus 6%. As at November 30, 2009, the note had not been repaid and a balance of USD \$270,711 (CDN \$285,762) remained outstanding.

5. RESOURCE PROPERTIES

	Acquisition Costs \$	Deferred Exploration \$	Write-down of resource properties \$	Disposal \$	Total \$
November 30, 2009					
Thelon, Nunavut	103,452	2,914,457	—	—	3,017,909
Athabasca, Saskatchewan	6,693,968	9,674,261	—	—	16,368,229
Wyoming	12,114,498	514,312	—	—	12,647,595
Utah	781,802	261,271	—	—	1,043,073
Arizona	266,350	—	—	(266,350)	—
Colorado	266,350	—	—	(266,350)	—
	20,226,420	13,383,086	—	(532,700)	33,076,806
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 November 30, 2009, 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 November 30, 2009, JOGMEC had funded \$2,893,476, 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 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 \$589,567 (USD\$557,563) on November 30, 2009 resulting in an unrealized loss of CDN\$109,753.

The derivative will be 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.

At November 30, 2009 the spot price of uranium had risen to USD\$45.50, resulting in an increase in the fair value of the embedded derivative of CDN\$109,753.

[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.

6. ASSET RETIREMENT OBLIGATION

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

At November 30, 2009, the Company estimated the total undiscounted asset retirement obligation to be \$2,177,950 (USD\$2,059,722) (2008 – 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	588,534
Accretion	22,370
Effect of change in exchange rate	(31,364)
Less: current portion	(180,000)
	<u>993,067</u>

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.

7. 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 amount 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:

A note receivable with a balance of \$285,762 is receivable from a company with two directors that are a director and an officer of the Company.

Accounts receivable with a balance of \$124,561 is receivable from a joint venture partner with two directors in common.

The Company paid or accrued consulting and director fees totaling \$156,168 [2009 - \$45,500] to directors and officers of the Company or companies controlled by directors and officers of the Company for the period ended November 30, 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, 2009 and November 30, 2009	105,962,021	76,324,484

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 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 3,552,500 options to officers, directors, employees and consultants during the period ended November 30, 2009. The options have an exercise price of \$0.265, vested immediately and expire three years after the grant date.

Stock-based compensation of \$485,981 was expensed and \$91,137 was capitalized during the period ended November 30, 2009 for options granted during the period.

The fair value of stock options issued in the period ended November 30, 2009 was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2009	2008
Risk-free interest rate	1.27%	—
Expected life of options	1.62 yrs	—
Annualized volatility	134.7%	—
Dividend rate	Nil	—
Forfeiture	16.36%	—
Fair value	\$0.16	—

The number of options outstanding and their weighted average exercise price at November 30, 2009 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	3,719,167	0.29

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

Options outstanding and exercisable at November 30, 2009 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	1.0
66,667	66,667	0.44		Jul 16/11	1.65
3,552,500	3,552,500	0.265		Sept 7/12	2.8
3,719,167	3,719,167	\$0.29	\$0.29		2.7

10. 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:

November 30, 2009	Canada \$	United States \$	Total \$
Cash	6,293,502	5,429	6,298,931
Accounts receivable	341,298	54,938	396,236
Note receivable	285,762	—	285,762
Prepaid expenses	190,710	—	190,710
Property and equipment	120,442	1,250	121,692
Resource properties	19,386,138	13,690,668	33,076,806
Reclamation deposits	35,686	2,408,556	2,444,242
Total assets	26,653,538	16,160,841	42,814,379
November 30, 2008	Canada \$	United States \$	Total \$
Cash	5,875,782	—	5,875,782
Accounts receivable	452,007	—	452,007
Prepaid expenses	313,103	—	313,103
Property and equipment	127,635	—	127,635
Resource properties	24,524,810	—	24,524,810
Reclamation deposits	35,000	—	35,000
Total assets	31,328,337	—	31,328,337

During the period ended November 30, 2009, \$2,759,134 was spent in the United States on additions to resource properties. \$255,737 was spent in Canada on additions to resource properties during the period ended November 30, 2009.

11. FINANCIAL INSTRUMENTS

- i) Financial assets - The Company has designated its cash and cash equivalents 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 5, 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 the Black-Scholes valuation model. The derivative will be revalued at each reporting date and the change in value resulting in an unrecognized 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 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 with major financial institutions.

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, \$396,236 and notes receivable, \$285,762 represent 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 November 30, 2009, the Company had working capital of \$6,596,764. The Company expects that its current capital resources will be

sufficient to carry out its exploration plans for the year ending August 31, 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.

- 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 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 November 30, 2009 would have an approximate +/- \$17,400 impact on the loss for the period ended November 30, 2009.

12. 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 capital 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.

13. SUBSEQUENT EVENTS

On December 22, 2009, the Company issued 25,000 common shares pursuant to an option agreement on the Green River South property in Utah.