TITANIUM CORPORATION

CREATING VALUE FROM WASTE™

Condensed Interim Financial Statements
(Unaudited)

March 31, 2021 and December 31, 2020

To the Shareholders of
Titanium Corporation Inc.

The condensed interim financial statements of Titanium Corporation Inc. (the "Company") as at and for the three months ended **March 31, 2021** have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

Titanium Corporation Inc.
Statement of Financial Position - Unaudited

(expressed in Canadian dollars)

	March 31, 2021 $	December 31, 2020 $
Assets		
Current assets		
Cash and cash equivalents	**1,704,261**	2,655,894
Goods and services tax receivable	**58,792**	9,913
Prepaid expenses	**75,855**	37,797
	1,838,908	2,703,604
Equipment	**4,995**	5,445
Total assets	**1,843,903**	2,709,049
Liabilities		
Current liabilities		
Trade payables and other accrued liabilities	**570,870**	669,486
Deferred compensation (note 5)	**804,626**	705,251
Total liabilities	**1,375,496**	1,374,737
Shareholders' Equity		
Share capital (note 6)	**75,686,611**	75,686,611
Contributed surplus	**19,193,297**	19,147,030
Deficit	**(94,411,501)**	(93,499,329)
Total shareholders' equity	**468,407**	1,334,312
Total liabilities and shareholders' equity	**1,843,903**	2,709,049

On behalf of the Board:

David C. W. Macdonald	John W. Stevens
Board Chair	Director

The accompanying notes are an integral part of these financial statements.

Titanium Corporation Inc.

Statements of (Loss) and Comprehensive (Loss) - Unaudited

For the three months ended March 31, 2021 and 2020

(expressed in Canadian dollars)

	Three months ended	
	March 31, 2021 $	March 31, 2020 $
Expenses		
General and administrative (note 8)	**372,585**	530,321
Research and development expense (notes 4 and 8)	**540,793**	395,251
Amortization	**449**	369
	913,827	925,941
Other income		
Interest	**(1,655)**	(17,937)
Net (loss) and comprehensive (loss)	**(912,172)**	(908,003)
Basic and diluted (loss) per share (note 7)	**($0.010)**	($0.010)

The accompanying notes are an integral part of these financial statements.

Titanium Corporation Inc.

Statements of Changes in Shareholders' Equity (Deficit) - Unaudited
For the three months ended March 31, 2021 and 2020

(expressed in Canadian dollars)

	Share capital $	Contributed surplus $	Deficit $	Shareholders' equity $
Balance – December 31, 2020	**75,686,611**	**19,147,030**	**(93,499,329)**	**1,334,312**
Comprehensive (loss) for the period	**-**	**-**	**(912,172)**	**(912,572)**
Equity-based compensation	**-**	**46,267**	**-**	**46,267**
Deferred Compensation settled with DSUs	**-**	**-**	**-**	**-**
Balance – March 31, 2021	**75,686,611**	**19,193,297**	**(94,411,501)**	**468,407**
Balance – December 31, 2019	75,686,611	18,742,991	(90,112,359)	4,317,243
Comprehensive (loss) for the period	-	-	(908,003)	(908,003)
Equity-based compensation	-	131,201	-	131,201
Deferred Compensation settled with DSUs	-	81,124	-	81,124
Balance – March 31, 2020	75,686,611	18,955,316	(91,020,362)	3,621,565

The accompanying notes are an integral part of these financial statements.

Titanium Corporation Inc.

Statements of Cash Flows - Unaudited

For the three month periods ended March 31,2021 and 2019

(expressed in Canadian dollars)

	Three months ended	
	March 31, 2021 $	March 31, 2020 $
Cash (used in) provided by		
Operating activities		
Net (loss) for the period	**(912,172)**	(908,003)
Items not affecting cash		
Amortization	**449**	369
Accrued interest income	**-**	(8,477)
Equity-based compensation	**46,267**	131,201
	(865,455)	(784,910)
Net change in non-cash working capital items		
Deferred compensation expense (note 5)	**99,375**	146,750
Goods and services tax receivable	**(48,879)**	(4,680)
Prepaid expenses	**(38,058)**	(43,268)
Trade payables and other accrued liabilities	**(98,616)**	(226,521)
Cash (used in) Operating activities	**(951,633)**	(912,629)
Investing activities	**-**	-
Financing activities	**-**	-
(Decrease) in cash and cash equivalents	**(951,633)**	(912,629)
Cash and cash equivalents – beginning of period	**2,655,894**	3,055,270
Cash and cash equivalents – end of period	**1,704,261**	2,142,641

The accompanying notes are an integral part of these financial statements.

1 Reporting entity and recoverability

Titanium Corporation Inc. (the "Company" or "Titanium") is a public company domiciled in and governed by the laws of Canada. Titanium was formed upon the amalgamation of Titanium Corporation of Canada Limited and NAR Resources Ltd. under the *Business Corporations Act* (Ontario) on July 24, 2001. On March 19, 2009, the Company was continued under the *Canada Business Corporations Act*. The Company does not have any subsidiaries.

The Company's principal business office is 736 8th Avenue, SW, Calgary, Alberta, T2P 1H4 and the Company's registered office is located at Suite 2400, 525 8th Avenue, SW, Calgary, Alberta, T2P 1G1. The Company's common shares are listed on the TSX Venture Exchange under the ticker symbol "TIC".

Titanium's mission is "Creating Value from Waste™" ("CVW™"). The Company has developed innovative CVW™ technologies to recover valuable heavy minerals, bitumen, solvent and water from oil sands waste tailings. The recovery of bitumen, associated solvents and water from froth treatment tailings streams enables important and timely environmental improvements for the oil sands industry. The Company has completed piloting, which culminated several years of progressive research and development ("R&D") of its proprietary technology and is working towards the first commercial implementation of the CVW™ technology at an oil sands site.

The financial statements are prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company is considered to be a development stage enterprise as it has yet to earn any revenues from its planned operations. The Company is devoting substantially all of its efforts toward commercializing its proprietary technology. The recoverability of amounts expended on R&D is dependent on the ability of the Company to complete pre-commercialization activities, commercialization at oil sands sites, and achieve future profitable operations. Until commercial operations are established, the Company will continue to incur losses and is dependent on raising funds through the issuance of shares, loans, government grants and/or attracting partners in order to undertake further development and commercialization of its technology. While the Company has been successful in obtaining the necessary financing to develop the business to this point, there are no assurances that the Company will be successful in these endeavours in the future.

2 Basis of presentation

These financial statements of the Company have been approved by the Board of Directors on May 26, 2021. The financial statements are presented in Canadian dollars, which is the Company's functional currency and follow the same accounting policies and methods of application as the most recent annual audited financial statements.

The condensed interim financial statements of the Company have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and IFRIC interpretations. These financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020. The financial statements have been prepared under the historical cost convention except as detailed in the Company's accounting policies disclosed in note 3 in the annual financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

3 Significant accounting policies

These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as described in note 3 of the most recent audited financial statements for the year ended December 31, 2020.

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results. Management considers the following areas to be those where critical accounting policies affect the significant estimates and judgements used in the preparation of the Company's financial statements.

a) Government Assistance

The recovery of government grants and partner project contributions requires judgement to determine when reasonable assurance exists that the Company has complied with conditions contained in the applicable contribution agreements.

b) Recognition of intangible assets

Determining the commencement of capitalization of development costs requires judgement to determine when conditions exist to capitalize costs related to the development of intangible assets.

4 Government Assistance and Project Cost Recovery

Project Cost Recovery

In December 2020, the Company and Canadian Natural Resources Limited ("Canadian Natural") executed a 2020 Project Coordination Agreement ("PCA") which governed the 2020 engineering phase of the CVW™ Horizon Project (the "2020 Program"). The PCA, effective January 1, 2020, set out the rights and responsibilities for the 2020 Program along with the cost sharing, whereby Titanium and Canadian Natural were responsible for their share of the program costs, at 30% and 70%, respectively, and government grants were shared between the parties on the same ratio. The Company paid $292,000 to Canadian Natural for its 30% share of total program costs for the year ended December 31, 2020. This payment was made under the 2020 PCA agreement in February 2021.

In April 2021, the Company and Canadian Natural signed a 2021 PCA, which governs the engineering phase of the CVW™ Horizon Project, from January 1, 2021 to April 30, 2021 (the "2021 Program"). This phase of the project continues validation and optimization of the overall plant design and updating of the cost estimates for the concentrator plant, tailings thickener and associated utilities, plus the mineral separation plant and transload facility. Costs and grant proceeds will continue to be shared on the basis of the 30% and 70% ratio. At March 31, 2021 the Company estimated Canadian Natural's share of the 2021 Program costs to be $850,745, which was recorded as a recovery of R& D costs. The program concluded on April 30, 2021 and the estimated net amount payable by Canadian Natural was $155,735, which will be offset by their share of government grants received during 2021.

Government Grants

a. On September 28, 2020, the Company entered into another contribution agreement with ERA for the award of $5 million of grant funding for the CVW™ Horizon Project, to further the project into engineering and construction. A portion of the eligible costs incurred by participants in connection with the project will be reimbursed, upon the successful completion of the specified milestones outlined in the agreement. A maximum of $2.0 million is available for the detailed engineering phase, with the balance of $3.0 million available for the procurement and construction phases. Eligible costs related to the project are recognized as R&D expenses when incurred and the eventual recovery will be recognized with the collection of the ERA contribution. In March 2021, the Company received the first ERA payment under this grant, of $800,000 less a 20% holdback, for completion of the first milestone, in the engineering phase of the project. The Company's 30% share of the contribution was approximately $192,000 and was recorded as a recovery of R&D costs for the three months ended March 31, 2021.

b. On January 19, 2021, the Company signed an agreement for $1.96 million with Natural Resources Canada ("NRCan"), for non-repayable funding of eligible expenditures of a work program, for the period April 1, 2020 to March 31, 2021 as part of the detailed engineering phase of the CVW™ Horizon Project. This contribution is under the Government of Canada's Clean Growth Program, which is a new collaborative approach to advance clean technologies toward commercial readiness so that natural resources operations can better reduce their impacts on air, land, and water, while enhancing competitiveness. The Company received the first milestone funding of $392,000 less a 10% holdback from NRCan's Clean Growth Program, in March 2021. The Company's 30% share of the contribution was approximately $105,000 and was recorded as a recovery of R&D costs for the three months ended March 31, 2021.

c. The Company continues to pursue various climate, environment and innovation funding. See subsequent event Note 11.

5 Deferred Compensation

The Company has arrangements with its directors and officers to receive all or part of their cash compensation in the form of either Restricted Share Units ("RSUs") or Deferred Share Units ("DSUs"). During the three-month period ended March 31, 2021, deferred compensation expense of $99,375 (March 31, 2020 $146,750) was recognized. At March 31, 2021, the deferred compensation liability of $804,626 (December 31, 2020 $705,251) represents an accrual for deferred compensation that has been or will be approved and settled in the future through the issuance of RSUs or DSUs.

6 Share Capital

Authorized

Unlimited number of common shares without par value have been authorized.

Issued

	Three months ended March 31, 2021		Year ended December 31, 2020	
	Common shares #	Amount $	Common shares #	Amount $
Opening Balance, beginning of period	88,480,791	75,686,611	88,480,791	75,686,611
Closing Balance, end of period	**88,480,791**	**75,686,611**	88,480,791	75,686,611

Warrants

The Company previously issued 3,044,742 common share purchase warrants exercisable at $1.40 per common share, expiring May 9, 2022 (2,913,242) and May 30, 2022 (131,500). A value of $610,330 was attributed to the warrants based on the Black-Scholes pricing model and was recorded to contributed surplus on the statement of financial position. If the warrants are exercised before expiry, the fair value will be reclassified as share capital.

Equity-based compensation

The Company has equity plans for its directors, officers, employees and consultants to encourage ownership of common shares and align with the longer-term interest of Company shareholders. The equity plans are designed to advance the Company's interests by providing additional incentives for plan participants and to retain and attract valued directors, officers, employees and consultants. The Company grants equity-based awards at the discretion of the Board of Directors. The associated equity-based compensation expenses are recognized as components of general and administrative or research and development expenses. The Company adopted "rolling" equity-based plans that include stock options, DSUs and RSUs. The number of common shares issuable under all such plans at any time is limited to 10% (rolling) of the issued and outstanding common shares of the Company in the aggregate. The plans are subject to annual approval by the Company's shareholders.

Equity awards outstanding and available pool are as follows:

	March 31, 2021 #	December 31, 2020 #
Equity Award Pool (10% of common shares outstanding)	8,848,079	8,848,079
Less Awards Granted:		
Stock Options	(3,205,000)	(4,755,000)
DSUs	(1,769,616)	(1,769,616)
RSUs	(1,639,520)	(1,639,520)
Available Pool	2,233,943	683,943

Stock Options

Once a stock option is granted, the compensation costs for options granted is based on the estimated fair value of the options at the time of grant. The cost is recognized as a component of general and administrative or research and development expenses over the vesting periods of the options with a corresponding increase to contributed surplus within shareholders' equity. Upon exercise of the stock option, both the consideration received and the fair value of the option are recognized as share capital.

The Company's stock option activity is as follows:

	Three months ended March 31, 2021		Year ended December 31, 2020	
	Number of common stock options #	Weighted average exercise price $	Number of common stock options #	Weighted average exercise price $
Outstanding, beginning of period	4,755,000	$ 0.73	4,755,000	$ 0.73
Granted	-	-	-	-
Options expired	(1,550,000)	$0.41	-	-
Outstanding, end of period	3,205,000	$ 0.89	4,755,000	$ 0.73
Options exercisable	2,243,333	$0.96	3,759,999	$ 0.73

The following table summarizes the options outstanding at March 31, 2021:

Range of exercise price	Number of common shares #	Weighted average remaining contractual life years	Weighted average exercise price $	Number of options exercisable #	Weighted average exercise price $
0.50 – 0.99	2,005,000	2.57	$0.75	1,043,333	$0.76
1.00 – 1.50	1,200,000	1.16	$1.12	1,200,000	$1.12
	3,205,000	2.05	$0.89	2,243,333	$0.96

Stock-based compensation expense is accounted for in the statement of (loss) and comprehensive (loss) over the vesting period of the options, as a non-cash component of research and development and/or general and administrative expense (note 8) and the related credit is recorded in contributed surplus.

The weighted average assumptions used in the Black-Scholes pricing model for the fair value of stock option grants are not applicable, as no options were issued for the periods ended March 31, 2021 or December 31, 2020.

Deferred Stock Units

The Company's uses the DSU plan for long-term incentives, as part of director compensation, for non-executive directors. DSU awards vest immediately upon grant and are settled with the issuance of one common share for one DSU when a director's service ceases. The compensation expense for DSUs awarded to non-executive directors is based on the fair value at the time the award is granted. The fair value means, at any date, the higher of (i) the weighted average price per share at which the common shares have traded on the TSXV during the last five (5) trading days prior to the relevant date and (ii) the closing price of the common shares on the date prior to the relevant date. The expense is recognized as a component of general and administration expense with a corresponding increase to contributed surplus within shareholders' equity. Upon redemption, the fair value of the award is reclassified from contributed surplus to share capital.

The DSU activity is as follows:

	Three months ended March 31, 2021		Year ended December 31, 2020	
	Number of DSUs #	Weighted average share price at time of grant $	Number of DSUs #	Weighted average share price at time of grant $
Outstanding, beginning of period	1,769,616	$0.75	1,659,989	$0.75
Granted	-	-	109,627	$0.74
Outstanding, end of period	1,769,616	$0.75	1,769,616	$0.75

Restricted Stock Units

The Company's uses the RSU plan for long-term incentives, as a component of compensation, for officers and other key employees. The RSU plan provides participants with the opportunity to acquire RSUs in order to participate in the long-term success of the Company. The vesting schedule for RSU awards is specified by the Board of Directors on the grant date. Once the award is vested, the RSU can be settled, at the option of the holder, with the issuance of one common share in exchange for one RSU and a nominal cash payment. The compensation expense for RSUs awarded is based on the fair value of the award at the time of grant and amortized over the specified vesting period. The fair value means, at any date, the higher of (i) the weighted average price per share at which the common shares have traded on the TSXV during the last five (5) trading days prior to the relevant date and (ii) the closing price of the common shares on the date prior to the relevant date. The cost is recognized as a component of general and administration and/or research and development expense with a corresponding increase to contributed surplus, within shareholders' equity. Upon redemption, the fair value of the award is reclassified from contributed surplus to share capital.

The RSU activity is as follows:

	Three months ended March 31, 2021			Year ended December 31, 2020		
	Number of RSUs #	Exercise price $	Weighted Average share price at time of grant $	Number of RSUs #	Exercise price $	Weighted Average share price at time of grant $
Outstanding, beginning of period	1,639,520	$0.0001	$0.75	1,639,520	$0.0001	$0.75
Granted	-	-	-	-	-	-
Outstanding, end of period	1,639,520	$0.0001	$0.75	1,639,520	$0.0001	$0.75

7 Basic and diluted (loss) per share

	Three months ended	
	March 31, 2021 $	March 31, 2020 $
Net (loss) and comprehensive (loss)	(912,172)	(918,722)
Weighted average number of common shares for basic (loss) per share	88,480,791	88,480,791
Weighted average number of common shares for diluted (loss) per share	88,480,791	88,480,791
Basic (loss) per share	($0.01)	($0.01)
Fully diluted (loss) per share	($0.01)	($0.01)

Weighted average number of common shares outstanding
As the Company incurred a loss for the three months ended March 31, 2021 and March 31, 2020, the impact of potentially issuable common shares upon the exercise of options and common share purchase warrants would be anti-dilutive, therefore basic and diluted loss per share are the same.

8 Expenses by nature

	Three months ended	
	March 31, 2021 $	March 31, 2020 $
General and administrative expenses		
Compensation and benefits	150,971	187,266
Directors' fees – deferred compensation (note 5)	74,375	81,875
Equity-based compensation (note 6)	30,117	83,066
Consulting and professional fees	59,657	78,411
Deferred compensation expense (note 5)	12,500	43,625
Rent, insurance and office	33,649	32,005
Investor relations and regulatory	11,113	17,182
Travel	203	6,891
	372,585	530,321
Research and development expenses		
Projects, rent and other	1,495,525	150,227
Compensation and benefits	165,223	175,639
Equity-based compensation (note 6)	16,150	48,135
Deferred compensation expense (note 5)	12,500	21,250
	1,689,398	395,251
Recovery of project costs (note 4)	(1,148,605)	-
R&D costs (recovery), net	540,792	395,251

9 Capital management

The Company considers its shareholders' equity as its capital, which at March 31, 2021 was $469,008 (December 31, 2020 –$1,334,312). The Company does not have any bank debt or externally imposed capital requirements. The Company's capital management objectives are to manage its cash and cash equivalents prudently; to minimize the expenditures on general and administrative costs to ensure funds are available to continue to advance the commercialization of CVW™ projects; and to access available government funding for research and development and commercialization. Management reviews its capital management approach on an ongoing basis and believes that its current approach, given the relative size and stage of the Company, is appropriate.

10 Subsequent events

In April 2021, the Company and Canadian Natural signed a 2021 Project Coordination Agreement ("2021 PCA") which governs the January 1, 2021 to April 30, 2021 engineering phase of the CVW™ Horizon Project (the "2021 Program"). The 2021 PCA is effective January 1, 2021 and sets out the rights and responsibilities of the parties. Under the 2021 PCA, the 2021 Program includes completion of validation and optimization of the overall plant design and the updating of the capital and operating cost estimates for the concentrator plant, tailings thickener and associated utilities. The 2021 Program also includes the engineering redesign and updating of the capital and operating cost estimates for the mineral separation plant, associated utilities and the minerals product transload facility. The PCA provides that Canadian Natural and Titanium shall be responsible for 70% and 30%, respectively, of the total cost of the 2021 Program and the government grant proceeds related to the 2021 Program shall be shared between the parties on the same ratio. The PCA provides that ownership of the 2021 Program and any intellectual property rights developed during the program shall be jointly owned pro rata in accordance with each party's contribution. The PCA also sets out the management structure, responsibilities, administration and certain other customary terms and conditions for the conduct of the 2021 Program.

In April 2021, the Company signed a $10 million Project Funding Agreement with Sustainable Development Technology Canada for engineering of the CVW™ Horizon Project. The effective date for the SDTC funding contribution was December 1, 2020. Advances of the funding contribution for eligible costs are paid in advance of each milestone. With the completion of each milestone, the Company is required to complete the required reports as the project advances. SDTC will retain a 10% holdback from each advance until the project is completed. Titanium received the first milestone advance payment of $733,738 ($815,264 less 10% holdback), in April 2021. Further, in May 2021, the Company filed an ERA funding submission for $160,000 ($200,000 less 20% holdback) for the engineering project work completed in first quarter. In accordance with the Project Coordination Agreements with Canadian Natural, funding contributions are shared 30% and 70% by the Company and Canadian Natural and netted against actual costs with the same ratio.