



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTH PERIODS ENDED MAY 31, 2016**

Titanium Corporation Inc. ("Titanium" or the "Company") has prepared the following management's discussion and analysis ("MD&A") to provide information to assist in understanding the financial results for the three month period ended May 31, 2016. This MD&A should be read in conjunction with Titanium's unaudited condensed financial statements as at and for the three and nine months ended May 31, 2016 (collectively, the "Financial Statements"). This MD&A is dated as at and based on information available to management as of July 21, 2016. The Company is a development stage company whose common shares are listed on the TSX Venture Exchange under the symbol "TIC".

The above referenced material is available on Titanium's website at www.titaniumcorporation.com or it can be found, along with additional information about Titanium, on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The Financial Statements and this MD&A have been prepared in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Chartered Professional Accountants of Canada ("CPA Handbook") which incorporates International Financial Reporting Standards ("IFRS"). All amounts included in this MD&A are in Canadian dollars, unless otherwise specified.

This MD&A contains forward-looking statements and information that reflects the current expectations of management about the future results, performance, achievements, prospects or opportunities for Titanium. Forward-looking information is provided in this document in the discussion of Titanium's research and development plans under the heading "Titanium's Business" and Titanium's business plans for fiscal 2016 under the headings "Update" and "Next Steps". These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "believe", "project", "should" or "continue" or the negative thereof or similar variations.

Forward-looking information is presented in this MD&A for the purpose of assisting investors and others in understanding certain key elements of our financial results and business plan, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Forward-looking information, by its very nature, is subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking information and

that our business outlook, objectives, plans and strategic priorities may not be achieved. In particular, the forward-looking information contained in this MD&A is based (in whole or in part) on the results of our research, pilot programs, studies, and commercialization efforts described in this MD&A under the heading “Titanium’s Business”. The Company has not commercially demonstrated its technologies and there can be no assurance that such research, pilot programs, and studies will prove to be accurate, nor that such commercialization efforts will be successful, so actual results and future events could differ materially from those expected or estimated in such forward-looking statements. As a result, we cannot guarantee that any forward-looking information will materialize and we caution you against relying on any of this forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

Additional information on these and other factors are disclosed elsewhere in this MD&A, including under the heading “Discussion of Risks”, and in other reports filed with the securities regulatory authorities in Canada from time to time and available on SEDAR (sedar.com).

The forward-looking information contained in this MD&A describes our expectations as of July 21, 2016 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking information contained in this MD&A, whether as a result of new information, future events or otherwise.

Titanium’s Business

The Company has developed innovative CVW™ technology that recovers bitumen, solvents, valuable heavy minerals and water from oil sands froth treatment tailings. The Company expects that the recovery of bitumen, associated solvents and water will result in important and timely environmental improvements for the oil sands industry. In fiscal 2011, the Company completed the first phase of a large scale demonstration pilot which culminated several years of progressive R&D of its proprietary technologies. In fiscal 2013, the second phase of piloting provided further confirmation, at higher testing volumes, of the performance of the Company’s technology. The 2013 pilot program also produced a bulk sample of heavy mineral concentrates (“HMC”) for minerals process testing in Australia which was completed in 2014. The Company’s R&D programs have received strong support from both the Alberta and Federal governments which have provided over \$11 million of grant funding and cash tax credits. Canadian Oil Sands Innovation Alliance (“COSIA”) prioritized the Company’s technology in its 2012 Tailings Technology Roadmap and the Company joined COSIA as an Associate Member. In 2015, The Canadian Council of Academies Expert Report to the Government of Canada “Technological Prospects for Reducing the Environmental Footprint of Canadian Oils Sands” recommended that froth treatment tailings be kept out of tailings ponds and treated separately to reduce fugitive methane and VOC emissions, citing

the Company's technology as having been developed to recover bitumen, solvents and heavy minerals from these tailings.

The Company is working with the mining sector of Canada's oil sands industry making its technology commercially available with a view to developing commercial projects. This industry surface mines deposits in northern Alberta's Athabasca Oil Sands region to extract bitumen (heavy oil trapped in the sands) for local upgrading into synthetic crude oil or pipelining to refineries. Heavy minerals that naturally occur in these oil sands deposits are concentrated in tailings during the secondary bitumen extraction step referred to as 'froth treatment'. Oil sands producers currently use either a naphtha or paraffinic based solvent to process bitumen at the froth treatment stage. These solvent-based processes result in the loss of bitumen, solvents and heavy minerals in froth treatment tailings streams which are currently deposited in tailings ponds. The combination of bitumen and solvent losses to tailings ponds results in substantial volatile organic compound emissions and GHG emissions from the ponds.

Five large oil sands mining sites are currently operated by Syncrude Canada, Suncor Energy Inc., Canadian Natural Resources Limited ("CNRL"), Albian Sands (Shell) and Imperial Oil Kearn. Expansion projects are underway at CNRL and Imperial Oil Kearn and Suncor is proceeding with the Fort Hills oil sands mining project. These current, developing sites and forecast expansions will significantly increase Canada's oil sands mining production in the years ahead. The growth of the oil sands mining industry means that increased volumes of bitumen, solvents and heavy minerals will be lost in froth treatment tailings until new technology is adopted to recover this lost value. Growth also means that GHG and VOC emissions will continue to rise.

Over a four year period the Company's scientists, together with research, engineering and Government partners conducted highly disciplined, phased research programs as follows:

- Phase I - initial laboratory scale work: the objective was to identify the most prospective laboratory-based solutions;
- Phase II - continuous bench scale testing: the objective was to provide scaling data for piloting; and
- Phase III - integrated pilot testing: the objective was to demonstrate the operation of the technology in an integrated continuous process.

The following summarizes the successful execution of the Company's research programs:

The Company completed Phases I and II, successfully executing a two year research program endorsed by the Alberta Government and supported by a \$3.5 million Alberta Energy Innovation Fund ("AEIF") grant received in

March 2008. The key achievements of the program were the development of technologies to remove bitumen from heavy minerals and recover bitumen, solvents and water from froth treatment tailings. As a condition of the grant, a Government Advisory Committee to the Company was formed, comprised of representatives from the Energy and Environment Ministries, the Energy Resources Conservation Board, Alberta Innovates and the AEIF grant program was extended to include partial funding of the Company's demonstration pilot program. The Company has completed all programs associated with the AEIF grant and provided final reports to the Alberta Government.

The success of the R&D program resulted in the award of a \$4.9 million Federal Government grant from Sustainable Development Technology Canada ("SDTC") in September 2009. The SDTC grant was utilized by the Company to fund one-third of the integrated demonstration pilot program. The Company engaged SNC-Lavalin as its engineering partner for pilot and full scale commercial engineering. A consortium comprised of the three naphtha based oil sands producers and Government (Federal and Alberta) was formed to facilitate the pilot. The integrated demonstration pilot was engineered and operated in two phases over a four year period and decommissioned in May 2013. Tailings from the three naphtha based oil sands operators were extensively tested during the program.

From June 2010 through May 2013, the integrated demonstration pilot (Phase III) was operated at CanmetENERGY Natural Resources Canada's Devon, Alberta pilot facility. This facility is the major site for the testing of oil sands froth treatment technologies by the oil sands industry. Over 50,000 independent sample analyses were conducted by Maxxam Analytics during the two phase pilot program. The Company completed demonstration piloting for the three naphtha based oil sands operators achieving excellent results: overall bitumen recoveries of up to 82% and solvent recoveries of 75%, the top end of targeted ranges; removal of bitumen from HMC; and effective thickening of tailings and recovery of water for recycling. The Company also conducted pilot testing of paraffinic froth treatment tailings for two other oil sands firms, completing four weeks of piloting at a third party site, achieving bitumen recoveries of 85%.

Following the completion of the demonstration pilot, the Company provided detailed technical reports and reviews to the oil sands and Government participants. The Company met with the oil sands participants to review results and provide economic business case projections and proposals. The Company has also developed relationships with potential partners that could bring operational, marketing and financial resources to commercial ventures. In parallel, the Company conducted minerals separation testing programs, utilizing cleaned HMC to produce final zircon products. The minerals program continued through 2014, leading to an optimized flow-sheet configuration and customer tested final products derived from pilot testing. By the end of fiscal 2014, the

Company had successfully completed R&D and extensive demonstration piloting for the oil sands industry and completed an extensive minerals process testing program in Australia.

The Company's technology has been developed to meet the current and future needs of all the major oil sands operators related to froth treatment tailings recovery and remediation. In addition to the anticipated benefits of emissions reductions, the Company's technology affords a number of other opportunities to reduce the environmental footprint of mining oil sands operations. The Company commissioned a number of studies to support its view of the anticipated benefits of reducing emissions and environmental footprint of mining oil sands operations through deployment of the CVW™ process and improvements in tailings thickenings after the CVW™ process.

Based on the results of the Company's research programs and studies described herein, following processing by the Company's technology, tailings thicken more effectively in subsequent thickening applications toward meeting Government of Alberta regulation requiring reductions in the volume of tailings. The removal of bitumen and solvents could also enable the direct reuse of hot froth treatment tailings water in bitumen recovery and other services, reducing energy costs and river water usage and GHGs related to reheating cold pond water used in the bitumen extraction process.

Based on our research, pilot programs and studies, key economic drivers that support the adoption of Titanium's technology include: the commodity value and significantly reduced costs for recovery of bitumen and solvents currently lost to tailings ponds; the value of recovered zircon and titanium products; the value of emissions reductions under current and future regulatory regimes; and energy cost reductions due to hot process water reuse and cost reductions related to enhanced tailings remediation. We believe that, with a heightened sensitivity to operating costs, enhanced production and reducing environmental impacts from oil sands operators, commitments by the provincial and federal governments to reduce carbon emissions and increased monitoring of oil sands emissions, there is greater desire to implement solutions to address these concerns. Potential economic returns, incremental resource recovery, development of a new minerals industry and reduction of environmental impacts, we believe, favor adoption of our technology. Refer to the material risks, uncertainties and other factors which may affect the Company which are described in more detail in this MD&A under the heading "Discussion of Risks".

Update

In recent months, the Alberta and Federal Governments have announced a series of programs and measures to address climate change, provide stimulus for the Alberta and Canadian economies and foster economic

diversification. The announced programs are described in more detail below. The Company believes its Creating Value from Waste™ technology offers the opportunity to significantly reduce oil sands emissions, increase resource revenues and reduce the industry's cost structure. The Company's proposed minerals projects also represent a near term opportunity for value added economic diversification.

However, the oil sands industry has been facing very challenging economic and regulatory environments and these factors have been impacting proposed projects for adoption of new technologies including the Company's. In response to declining commodity prices for crude oil and bitumen for a protracted period now approaching two years, oil sands operators have been aggressively managing their capital spending, including deferring evaluations and sanctioning of new projects and restricting capital spending to sustaining capital expenditures and existing projects. At the same time, new environmental measures and regulations which are still under development are making it difficult for oil sands operators to predict the potential operational and financial impacts on the industry.

The oil sands industry and the Fort McMurray region suffered additional economic losses in recent months. In May 2016, devastating wild fires caused the evacuation of over 90,000 people from the Fort McMurray region and the shut-down of a number of oil sands mining and other operations, curtailing over 1 million barrels of oil sands production. In July, residents and workers have returned to the region and production operations have resumed.

In light of the industry's economic and regulatory challenges, the Company's strategy to achieve commercial projects includes:

- Working with governments to qualify potential projects for funding programs aimed at climate change and economic diversification as these new programs are implemented;
- Enhancing the potential benefits from the Company's technology and projects including potential recovery of rare earth minerals and recovery of bitumen from legacy pond tailings;
- Expanding the integration of the CVW™ technology with other tailings remediation processes to avoid deposit of froth treatment tailings in tailings ponds;
- Updating engineering cost estimates to incorporate cost efficiencies in areas such as labour and materials;

The Company's progress during the past nine months toward the adoption and commercialization of its CVW™ sustainable technology includes the following highlights:

- The Company and its Creating Value from Waste™ CVW™ technology have continued to gain wide recognition, recently receiving the 2016 Award for Environment Innovation at the Global Petroleum Show in June 2016. The Environmental Innovation Award recognizes technological developments that

minimize or eliminate the environmental footprint of the oil and gas industry. The annual Global Petroleum Show brings together leading oil and gas companies, business partners and industry analysts from over 84 countries. The Global Petroleum Show's international awards recognize leaders who drive change and evolution in the energy industry through technology, corporate social responsibility and excellence.

Alberta's Minister of Energy, The Honourable Margaret McCuaig-Boyd commented, "I applaud Titanium Corporation for developing a made-in-Alberta technology that supports responsible development. The success of Creating Value from Waste™ technology demonstrates the innovative and entrepreneurial spirit that will make sure Alberta remains a global energy leader, one that will continue to grow, adapt and generate prosperity for generations to come."

The Company was nominated for this prestigious award by Sustainable Development Technology Canada.

- On June 23, 2016, the Company announced the award of two patents covering key aspects of its Creating Value from Waste™ CVW™ technologies. The Canadian Intellectual Property Office issued Canadian Patent 2,839,509 ("Methods for Separating a Feed Material Derived from a Process for Recovering Bitumen from Oil Sands") and the United States Patent and Trademark Office issued U.S. Patent 9,314,713 ("Apparatus and Method for Recovering a Hydrocarbon Diluent from Tailings"). These issuances bring to 13 the total number of patents held by the Company. Titanium's patent portfolio provides intellectual property protection across the Company's entire technology value chain, designed to efficiently recover valuable hydrocarbons and minerals from oil sands froth treatment tailings and deliver economic and environmental benefits.

Canadian Patent 2,839,509 protects innovations in solvent extraction technologies to recover bitumen from froth treatment tailings through measured control of immiscible phases in counter-current decantation circuits. Enhanced control enables a higher quality diluted bitumen product, minimizes bitumen losses while improving reliability through flexible handling of interphase material that is considered problematic in the oil sands industry. United States Patent 9,314,713 describes a novel and advanced process to recover 'lighter' hydrocarbons, such as solvent, diluent or naphtha, from process waste streams, including oil sands tailings. The technology's recovery efficiency lies in optimizing the process kinetics and exploiting the vapour liquid equilibrium of the tailings to provide significantly enhanced performance compared to technologies currently employed.

- The Company has continued to enhance its value proposition of both environmental and economic benefits. Construction costs in the oil sands sector and region have declined in recent years compared with earlier high cost inflation periods and the results of a recent engineering study have confirmed that

the earlier capital cost estimates for full scale facilities for the Company's CVW™ technology have declined in the range of 10%, primarily related to the cost of labor. The Company engaged its independent 3rd party engineering firm to conduct a Feasibility-Cost Savings Study, updating earlier Class IV cost estimates prepared for the Company during the period 2010-2013. The purpose of the study was to understand and realize potential costs savings that reflect current economics and labor cost opportunities. Capital costs for implementing the Company's technology and facilities will vary depending on the size and complexity of the various oil sands operations and other factors.

- The Company is developing additional value added applications of its technology including a testing program for the recovery of bitumen from legacy tailing pond tailings and analysis of the recovery of rare earth minerals and other elements from froth treatment tailings. A new project is under way in collaboration with industry and university researchers to test the effectiveness of the Company's technology in the removal and recovery of bitumen from legacy pond tailings. The remediation of tailings ponds is impaired by the presence of bitumen that has been accumulating in tailings ponds over time. Removing pond bitumen from legacy tailings as they are removed from ponds has the potential to improve remediation efficiency and reduce the costs of remediation.
- On July 14, 2016 the Alberta Energy Regulator (AER) announced new requirements that target oil sands tailings ponds requiring performance reporting and ensuring progressive reclamation. The announcement described the newly issued Directive 085: Fluid Tailings Management for Oil Sands Mining Projects as a phased approach which supports the Government of Alberta's Tailings Management Framework. AER stated the new rules focus on outcomes and industry accountability to address environmental effects of tailings and management of new and existing tailings through progressive reclamation. The approach considers the net environmental effect of tailings management, considering consequences to air, land use, water and the ecosystem. Formal sub-objectives in the directive include minimizing the effect the deposit has on the surrounding environment and ensuring that it will not compromise the ability to reclaim to a locally common, diverse and self sustaining ecosystem. Sub-objective examples included design features that control water movement such as drainage control systems or management of risks associated with deposit characteristics such as treated froth fluid fine tailings, acidification, specific additives and gas formation. A second phase of the directive, which will be developed once applications are submitted by industry, will ensure strict surveillance and compliance requirements.
- In July, the Alberta Government also announced it is establishing an Oil Sands Advisory Group (OSAG) composed of members from industry, environmental organizations, the Indigenous and non-Indigenous communities to advise government on the oil-sands aspects of its Climate Leadership Plan and ensure that its initiatives are effective and widely supported. The OSAG will report to government with advice on

three important areas: implementing the legislated annual GHG emission limit of 100 megatonnes; best investments in innovation to reduce GHG emissions intensity in oil sands production; and developing durable structures and processes to address local and regional environmental issues (i.e., air, land, water, biodiversity, cumulative effects).

- On October 1, 2015, the Company entered into agreements with Syncrude Canada (“Syncrude”) which provide a framework for future bitumen, solvent and minerals recovery projects on Syncrude sites. Under the agreements, Titanium agreed to transfer a 50% interest in one of the Company’s oil recovery patents for royalty-free use by Syncrude at Syncrude sites. The Company has full use of the patent at all other oil sands operator sites without involvement by Syncrude. Syncrude granted the Company a first right to propose minerals recovery projects at Syncrude sites under an agreement which sets out the timeframes and other terms.
- On October 9, 2015, the Company entered into loan agreements with Mossco Capital Inc., an affiliated Canadian resident corporation controlled by Moss Kadey and with David Macdonald, two of its independent directors. The loan facilities, up to \$1.5 million, are repayable in full on October 9, 2017. Interest accrues at the rate of 12% per annum from the date of advance, standby fees at the rate of 3% per annum on any undrawn balance (both payable monthly) and drawdown fees of 2% at the time of each advance of \$0.5 million. The loans are secured by a security interest over all of the Company’s present and after acquired personal property and a floating charge on all of its real property. In connection with the loans, Titanium issued 750,000 non-transferable common share purchase warrants to the Lenders which were allocated proportionally on the basis of their committed amounts. Each warrant entitles the holder to acquire one common share of Titanium at a price of \$1.35 per Common Share prior to October 9, 2017. The warrants, and underlying common shares, are subject to a four-month hold period from the date of issuance, which expired on February 9, 2016. As at May 31, 2016, the Company had an outstanding loan balance of \$0.5 million. On June 29, 2016, subsequent to the current quarter end, the Company received its second advance of \$0.5 million. The outstanding loan balance of \$1.0 million leaves a remaining facility of \$0.5 million for future cash requirements.
- On October 22, 2015, December 8, 2015, February 29, 2016 and May 31, 2016 the Company issued in aggregate 1,185,135 RSUs and DSUs under shareholder approved plans to management and directors of the Company in place of \$1.0 million of cash compensation and directors fees.

New Government Climate Change Initiatives and Funding

In recent months, the Company has been conducting an active government relations program, with the assistance of third party consultants, to communicate the value and benefits of the Company's technology in the areas of climate change, the environment and contributions to economic growth, diversification and job creation.

The Company has been meeting with relevant Federal and Alberta Ministries to discuss the opportunities for the Company's proposed technology projects and to assess a number of emerging new funding programs which are described below.

The Alberta and Federal Governments have announced a number of initiatives and measures recently that include a focus on funding GHG emission reductions and reducing methane emissions in the oil and gas industry including oil sands. Cutting methane emissions is one of the most effective ways to quickly and significantly reduce greenhouse gas (GHG) emissions. Different GHGs persist in the atmosphere for varying lengths of time and have different warming effects. Methane has a global warming effect of at least 25 times that of CO₂ on a 100 year basis and at least 72 times on a 20 year basis. Governments are establishing specific programs to fund projects and technologies that reduce GHGs including methane and the Company will apply to these programs as they become available. The following are additional details about recent government policy announcements which are relevant to the Company's proposed technology projects:

- The April 2016 Alberta budget announced a number of measures that support Alberta's Climate Leadership Plan to reduce GHG emissions as well as foster innovation and the economic diversification of Alberta's economy. Among these measures is significantly increased funding to the Climate Change Emissions Management Corporation (CCEMC) which will result from increased Specified Gas Emitters Regulation (SGER) compliance costs. This results from an increase in the price of carbon in Alberta from the current \$15 per tonne to \$20 per tonne on January 1, 2017 and to \$30 per tonne on January 1, 2018 and more stringent emission reduction targets. CCEMC funding is forecast in the budget to increase from \$101 million in 2016/17 to \$146 million in 2017/18 to \$917 million in 2018/19. The CCEMC mandate is to reinvest the funding in projects that help Alberta reduce greenhouse gas emissions and adapt to climate change.
- In its March 2016 budget, the Federal Government announced it will create a Low Carbon Economy Trust Fund and provide \$2 billion in funding. The Fund will support actions that materially reduce greenhouse gas emissions, are incremental to current plans and achieve significant reductions within the period of Canada's nationally determined emissions reductions target. Resources will be allocated towards those projects that yield the greatest absolute greenhouse gas reductions for the lowest cost per tonne. In addition, the Federal Government intends to invest \$1 billion directly into clean technology in the forestry, mining, energy, fishing and agricultural sectors. The Company's technology is designed to

recover hydrocarbons (bitumen and solvents) from oil sands froth treatment tailings streams, thereby preventing methanogenesis and reducing methane emissions from tailings ponds. The Company's technology provides further GHG reductions (from heat recovery, increased bitumen production and enhanced tailings management), that can significantly lower the GHG emissions intensity of the mining oil sands sector.

- In March, Canada and the US signed an agreement to cut methane emissions by 40-45 percent below 2012 levels by 2025 in the oil and gas sector. Environment Canada announced it plans to regulate methane emissions from new and existing oil and gas sources. In addition, on June 29, 2016 at the Three Amigos Summit in Ottawa, Canada, Mexico and the US reached a North American Agreement on methane reduction to cut methane emissions by 40-45 percent below 2012 levels by 2025 in the oil and gas sector.
- On November 22, 2015, the Alberta Government announced its Climate Leadership Plan to implement a greenhouse gas emissions reduction strategy which includes: an Alberta economy-wide price on greenhouse gas (GHG) emissions of \$30/tonne; an output-based allocation of emissions permits to oil sands operators reflecting top-quartile emissions performance (compared to each facility's historic emissions-intensity today); the phasing out of coal-fired electricity generation by 2030 to be replaced by electricity generation from renewables and natural gas; a forward looking cap of 100 megatonnes (Mt)/year on GHG emissions from the oil sands sector with the intent of promoting innovation to achieve intensity reductions as growth continues; and a methane reduction strategy focused on the oil and gas industry to reduce emissions by 45% or 12Mt/year from existing levels. The Climate Leadership Report to the Minister indicates that the output-based allocation at top-quartile performance with a carbon price of \$30 per tonne would approximately double aggregate compliance costs for oil sands producers in 2018 compared to the system in place today. Moreover, the increase will not be evenly distributed as the performance based system will see a redistribution of compliance costs towards the higher emissions-intensive facilities. The Company believes that this plan provides strong incentives for innovation and deployment of cleaner technologies in the oil sands, including the Company's CVW™ technology. The environmental benefits from implementation of the Company's technology include a significant reduction of methane emissions associated with froth treatment tailings and other GHG emission reductions

The Company is continuing efficiency programs to reduce expenses, conserve cash and evaluate funding options to ensure adequate capital resources are available during commercialization. The Company's executive officers are receiving a significant portion of their compensation in RSUs and all directors have elected to receive their annual retainers and meeting fees in DSUs to both conserve cash and further align themselves with shareholder interests.

Next Steps

Implementing Titanium's technology would see concentrator facilities built at oil sands sites which integrate with existing oil sands operations. Separate minerals separation facilities would be constructed and process heavy mineral concentrates ("HMC") into final minerals products. The facilities may be jointly owned and operated along with oil sands operators or strategic partners. The Company has advanced proposals and flexible business models whereby customers may elect to license technology and build certain of the facilities or elect to have the Company, together with partners, build and operate these facilities.

The following are key steps in advancing commercialization of the Company's technologies:

- Accessing government funding programs as they become available to assist with new environmental technology projects which the Company is pursuing.
- One or more oil sands operators complete their internal due diligence and review of proposals and agree to proceed.
- The Company and the oil sands operator(s) negotiate the business model, commercial terms and conditions.
- The Alberta government finalizes the fiscal structure, including the royalty regime, which will apply to this new form of resource recovery.
- The Company finalizes partnering, joint venture and financing arrangements which may include funding from government programs.
- The proponents of the first project begin front-end engineering and design ("FEED") for bitumen and solvent recovery and heavy minerals processing facilities followed by engineering, procurement and construction ("EPC").
- The EPC period is estimated at approximately 30 months, after which facilities would be commissioned and commercial production commenced.

There is wide acceptance that innovation and new technology are the principal solutions for the reduction of both environmental impacts and operating costs in Canada's oil sands industry. Through a disciplined research and development ("R&D") approach and with cooperation from industry and government, the Company believes that it has successfully developed unique technology solutions for froth treatment tailings that offer significant improvements to both environmental and economic challenges. We are confident that this value proposition favors adoption of our technology.

Financial Information & Analysis

Summary of Selected Quarterly Results

The following table summarizes the financial data of the Company for the most recently completed eight quarters prepared under IFRS (Canadian dollars in millions except per share data):

	Q3 May 31, 2016	Q2 Feb 29, 2016	Q1 Nov 30, 2015	Q4 Aug 31, 2015
STATEMENT OF LOSS				
Net Loss	\$ 0.8	\$ 0.8	\$ 0.6	\$ 0.7
Basic and Diluted Loss per Share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
	Q3 May 31, 2015	Q2 Feb 28, 2015	Q1 Nov 30, 2014	Q4 Aug 31, 2014
STATEMENT OF LOSS				
Net Loss	\$ 0.5	\$ 0.8	\$ 0.5	\$ 0.5
Basic and Diluted Loss per Share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01

The Company is in the development stage and has yet to earn any revenues. Until commercial arrangements are made with an oil sands operator, investments made and facilities are built and operating, the Company expects to incur losses. Quarterly losses are comprised of R&D and general and administrative (“G&A”) expenditures. Changes in quarterly losses are dependent on the level of commercialization and R&D activity that the Company has underway at any time.

The following summarizes the Company’s financial results for the three and nine month periods ended May 31, 2016 compared to the three and nine month periods ended May 31, 2015:

- Net loss of \$0.8 million for the three month period ended May 31, 2016 was higher by \$0.3 million compared to the three month period ended May 31, 2015 due to amortization of financing costs associated with the loan facility (\$0.1 million) and stock based compensation expense (\$0.2 million) recognized in the current quarter. While cash G&A costs were reduced by \$0.1 million due to cost rationalization programs, this reduction was offset by an increase in amortization of deferred finance costs, the amortization of fair value associated with warrants issued in connection with the loan facility and non-cash stock option expense for stock options issued in the second quarter of 2016. Net loss of \$0.8 million in the current quarter included G&A expense of \$0.5 million and R&D of \$0.2 million compared with \$0.3 million of G&A and \$0.2 million of R&D expenses for the three month period ended May 31, 2015. G&A expense was higher due to \$0.1 million of stock based compensation expense recognized in the current quarter while R& D expense was consistent with the same three month period in the comparative period. For the nine months ended May 31, 2016, net loss of \$2.2 million was higher by \$0.4 million compared to a loss of \$1.8 million for the nine month period ended

May 31, 2015. The increased loss relates to amortization of costs associated with the loan facility, amortization of the fair value of the warrants and non cash stock based compensation expense recognized on the grant of stock options on February 17, 2016. For a development stage company, the net loss was in line with expectations.

- Overall G&A expenses were higher by \$0.1 million for the three and nine month periods ended May 31, 2016 compared with corresponding periods in 2015. Cash G&A costs were lower by \$0.1 million and \$0.3 million respectively, for the three and nine month periods ended May 31, 2016 compared with corresponding periods in 2015. With the substitution of equity in lieu of cash compensation, for the three month period ended May 31, 2016, non cash deferred compensation was higher by \$0.1 million with directors electing to take 100% of their fees and management 20% of salary in the form of equity which included a 25% equity compensation bonus. With uncertainty related to the timing of a first commercial project, the Company has diligently reduced cash expenses to preserve cash where possible.
- The Company had \$0.6 million in cash at May 31, 2016 as compared to \$0.9 million at August 31, 2015. The reduction of \$0.3 million over the nine month period ended May 31, 2016 relates to general overhead costs and R&D expenses which was offset through the draw down of its loan facility (\$0.5 million) and proceeds (\$0.5 million) received from the exercise of 700,000 stock options. All of the cash balances are liquid and are held in interest bearing cash accounts with major Canadian chartered banks. The Company secured a \$1.5 million credit facility during the first quarter to provide additional resources to commercialize its technology. On February 26, 2016 \$0.5 million of the loan facility was advanced to the Company leaving a remaining available facility of \$1.0 million at May 31, 2016. On June 29, 2016, subsequent to the current quarter, a further advance of \$0.5 million was made increasing the Company's cash position to \$0.9 million. The total outstanding loan balance is \$1.0 million as of July 21, 2016 with the remaining undrawn facility of \$0.5 million. For the nine month period ended May 31, 2016, \$1.0 million of compensation for Management and Directors was settled through the issuance of 1,185,135 DSUs and RSUs further strengthening the Company's balance sheet.

Research and Development Expenditures

Below is a summary of the R&D expenditures by major category (\$ thousands):

	Three months ended			Nine months ended		
	May 31, 2016	May 31, 2015	Increase (decrease)	May 31, 2016	May 31, 2015	Increase (decrease)
Compensation and benefits	\$ 59	\$ 74	\$ (15)	\$ 260	\$ 224	\$ 36
Deferred Compensation	64	65	(1)	99	145	(46)
Pilot plant, rent and other	30	33	(3)	92	111	(19)
Stock-based compensation	48	-	48	56	3	53
	\$ 201	\$ 172	\$ 29	\$ 507	\$ 483	\$ 24

- R&D spending in the current quarter consisted of compensation for technical staff, rent, testing expenses, equipment storage fees, and patent filing and maintenance fees.
- For the three and nine month periods ended May 31, 2016, R&D spending was \$0.2 million and \$0.5 million respectively consistent with corresponding periods in 2015. With all of the testing and piloting complete and the focus on commercialization of the CVW™ technology, R&D expenses in future quarters will continue to be very modest.

General and Administrative Expenditures

The following table provides details of G&A expenditures for the periods noted (\$ thousands):

	Three months ended			Nine months ended		
	May 31, 2016	May 31, 2015	Increase (decrease)	May 31, 2016	May 31, 2015	Increase (decrease)
Compensation and benefits	\$ 76	\$ 140	\$ (64)	381	446	(65)
Deferred compensation	187	96	91	444	183	261
Consulting and professional fees	50	65	(15)	222	354	(132)
Directors fees	-	-	-	-	94	(94)
Travel	9	7	2	37	53	(16)
Rent, insurance and office	27	25	2	75	77	(2)
Investor relations and regulatory	7	11	(4)	84	98	(14)
Stock-based compensation	132	-	132	155	24	131
	\$ 488	\$ 344	\$ 144	\$ 1,398	\$ 1,329	\$ 69

The Company has reduced costs where possible to focus its resources on commercialization. Cash compensation for both management and directors was lower for the three and nine month periods ended May 31, 2016 than the corresponding periods as a result of the implementation of the equity for cash compensation plans initiated in the prior fiscal year. These cash reductions were offset by an increase in deferred compensation with the election by

all the directors to take 100% of their fees for the quarter in the form of DSUs and certain management receiving 20% of their salaries in the form of RSUs. These amounts were settled with the issuance of DSUs and RSUs on May 31, 2016. Consulting and professional fees were also reduced in the three and nine month periods ended May 31, 2016 as the agreements with Syncrude were completed and announced in the first quarter of fiscal 2016. Overall, cash G&A expenses were lower by \$ 0.1 million and \$0.3 million respectively, for the three and nine month periods ended May 31, 2016 as compared to the corresponding periods in fiscal 2015.

Other Operating Expenses

The following table provides details of other operating expenses for the periods noted (\$ thousands):

	Three months ended			Nine months ended		
	May 31, 2016	May 31, 2015	Increase (decrease)	May 31, 2016	May 31, 2015	Increase (decrease)
Amortization of deferred finance costs	\$ 77	\$ -	\$ 79	\$ 197	\$ -	\$ 197
Amortization of fixed assets	1	2	(1)	3	5	(2)
Standby fees	8	-	8	25	-	25
Draw down fees	-	-	-	10	-	10
Interest expense	15	-	15	16	-	16
	\$ 101	\$ 2	\$ 99	\$ 251	\$ 5	\$ 246

In connection with the loan facilities described herein (see "Related Party Transactions" in this MD&A) the Lenders were issued 750,000 non-transferable common share purchase warrants which were allocated proportionally to the Lenders on the basis of their committed amounts. Each warrant entitles the holder to acquire one common share of Titanium at a price of \$1.35 per common share prior to October 9, 2017. A value of \$550,472 has been attributed to the warrants issued in connection with the loan facilities based on the Black-Scholes pricing model and has been recorded as deferred financing costs and a credit to contributed surplus on the statement of financial position. The fair value of the warrants has been deferred and is being amortized on a straight line basis over the term of the loan facilities (2 years).

Liquidity, Capital Resources and Going Concern

The Company had \$0.6 million in cash at May 31, 2016 compared with \$0.9 million at August 31, 2015. The reduction of \$0.3 million over the nine month period ended May 31, 2016 relates to general overhead costs associate with a publicly traded company and R&D expenses, offset by funds received from the loan facility (\$0.5 million) and proceeds (\$0.5 million) received from the exercise of 700,000 stock options. As at July 21, 2016, \$1.0 million of principal amount of the Loans are outstanding, and based on the Company's current cash flow forecast, it is expected that the Loans will be fully drawn by October 2016.

Company's cash balance consists of interest bearing cash accounts held at Schedule I Canadian chartered banks. To ensure the Company's ability to pursue commercialization of its technology, loan facilities were arranged with two of its independent directors pursuant to which the lenders agreed to lend to Titanium the aggregate principal amount of up to \$1.5 million (see "Related Party Transactions" in this MD&A). 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 commercialization at oil sands sites and achieve future profitable operations. The Company is dependent on raising funds through the issuance of securities, government grants and/or attracting partners in order to undertake commercialization of its technology. These circumstances could cast a significant doubt on the appropriateness of the use of accounting principles applicable to a going concern. 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 the future in these endeavors.

The financial statements are prepared using generally accepted accounting principles that are applicable to a going concern. An inability to raise additional financing or to achieve commercial operations will impact the future assessment of the Company as a going concern. If the going concern assumption was not appropriate for these financial statements, the reported income and expenses and the statement of financial position would require the necessary adjustments to the carrying values of assets and liabilities, which could be material.

The R&D and demonstration piloting phases of project development are complete. Any additional R&D and/or engineering projects will be pursued in conjunction with a financing or grant and/or partner funding. The Company is continuing to evaluate longer term funding options to ensure adequate capital resources through the commercialization period. Options available to the Company to fund its future cash requirements include, but are not limited to, new or additional government grants and/or issuances of securities and/or some form of partnership or joint venture; however, as noted above, the Company may not be successful in these endeavors. See "Discussion of Risks" in this MD&A.

The following is a summary of the cash flows for the periods noted:

- Cash used in operating activities for the three and nine month periods ended May 31, 2016 was \$0.3 million and \$1.3 million respectively which was lower by \$0.1 million compared with \$0.4 million and \$1.4 million the three and nine month periods ended May 31, 2015 consisting of G&A and corporate overheads and to a lesser extent R&D.
 - Cash provided by financing activities for the three and nine month periods ended May 31, 2016 was nil and \$1.0 million respectively, compared to nil for the comparable periods ended May 31, 2015. Cash provided by financing activities in the current fiscal year comprised of \$0.5 million from proceeds received from the
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advance under the loan facilities and \$0.5 million on the proceeds received from the exercise of 700,000 stock options.

Financial Instruments and Financial Risk Factors

The Company has, for accounting purposes, designated its cash and cash equivalents, goods and services tax receivable, as loans and receivables. Trade and other payables, accrued liabilities and loans are classified for accounting purposes as other financial liabilities. The Company estimates that both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent because of the short-term nature of the assets. This discussion on risks is not all-inclusive and other factors may currently, or in the future, affect the Company and should also be read in conjunction with the other risks described under the heading "Discussion of Risks" in this MD&A.

Financial risk

The Company's activities expose it to a variety of financial, credit, liquidity and market risks, including interest rate and foreign exchange rate risks.

Financial risk management is carried out by the Company's management team with guidance from the Audit Committee and the Board of Directors of the Company. The Board of Directors of the Company also provides guidance for enterprise risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents are held with Schedule I Canadian Chartered banks which are reviewed by management. Management believes that the credit risk concentration with respect to financial instruments is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2016, the Company had aggregate cash and cash equivalents of \$0.6 million (\$0.9 million, August 31, 2015) and an available loan facility of \$1.0 million to settle current liabilities of \$0.2 million (\$0.3 million, August 31, 2015). Most of the Company's liabilities have contractual terms of 30 days or less with the remainder due within one year.

On October 9, 2015 the Company entered into loan agreements (the “Loan Agreements”) with Mossco Capital Inc., an affiliated Canadian resident corporation controlled by Moss Kadey and with David Macdonald, two of its independent directors (together, the “Lenders”) pursuant to which the Lenders agreed to lend to the Company the aggregate principal amount of up to \$1.5 million (collectively, the “Loans”). The Loans, are repayable in full by Titanium to the Lenders on October 9, 2017. Titanium may permanently repay all or part of the Loans at any time without notice or penalty. A wholly-owned holding company of Mr. Kadey agreed to advance up to \$1.0 million and Mr. Macdonald agreed to advance up to \$0.5 million. The proceeds from the Loans are to be used for general corporate purposes as approved by the Company’s Board of Directors in its annual budget. Interest accrues on the Loans at the rate of 12% per annum from the date of advance, standby fees at the rate of 3% per annum on any undrawn balances of the Loans (both payable monthly), and drawdown fees of 2.0% at the time of each advance of \$0.5 million. Titanium’s obligations in respect of the Loans are secured by a general security agreement granted by Titanium to each Lender under which Titanium has granted security interests over all of its present and after-acquired personal property and a floating charge over all of its real property. Titanium and the Lenders have also entered into an intercreditor agreement to confirm the *pari passu* ranking of the Loans and security, including the right to payment, priority of security and realization in respect of security. In connection with the loans, Titanium issued 750,000 non-transferable common share purchase warrants to the Lenders which were allocated proportionally on the basis of their committed amounts. Each warrant entitles the holder to acquire one common share of Titanium at a price of \$1.35 per Common Share prior to October 9, 2017. The warrants, and underlying common shares, are subject to a four-month hold period from the date of issuance, which expired on February 9, 2016.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) *Interest rate risk*

The Company’s current policy is to invest excess cash in interest bearing cash accounts, bankers' acceptances and guaranteed investment certificates issued by Schedule I Canadian banks. The Company periodically monitors its investments and the creditworthiness of the banks it holds investments in.

b) *Foreign currency risk*

The Company’s reporting and functional currency is the Canadian dollar and most purchases are transacted in Canadian dollars. Some research and development expenses are denominated in US dollars and to a lesser extent,

Australian dollars. The Company does not hold any significant balances in foreign currencies to give rise to exposure to foreign exchange risk. Any impact from fluctuations in foreign exchange rates would be minimal and therefore the Company does not hedge its foreign exchange risk.

The Company manages the risks relating to the financial instruments by holding cash in interest bearing cash accounts at Schedule I Canadian chartered banks. The income statement includes interest income associated with the Company's financial instruments.

Discussion of Risks

An investment in our common shares is risky. Investors should carefully consider the risk factors set out below and consider all other information contained herein and in our other public filings before making an investment decision. The risks and uncertainties described below and elsewhere in this MD&A are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is not currently aware of or that management of the Company currently deems immaterial, may also adversely affect the Company's economics, operating results, financial condition, prospects for commercialization and the profitability of commercial projects.

We expect to continue incurring losses and consuming cash for several years and will likely need to raise additional capital, the availability of which cannot be assured.

We expect to incur continued losses until we can produce sufficient revenues to cover our costs. If we are unable to successfully implement our business plan, our cash requirements may increase and we may find it difficult to raise additional funding. We expect our cash reserves will be reduced due to future operating losses, and we cannot provide certainty as to how long our cash reserves will last or whether we will be able to access additional capital when necessary.

We may experience limited or no access to equity or debt financing and our current creditors could realize upon all the assets of the Company to the extent the loans are advanced and we are in default.

The Company is a party to the Loan Agreements with the Lenders pursuant to which the Lenders agreed to lend to the Company the aggregate principal amount of up to \$1.5 million. As at April 28, 2016, \$0.5 million of principal amount of the Loans are outstanding, and based on the Company's current cash flow forecast, it is expected that the Loans will be fully drawn by October, 2016. The Loans are repayable in full by Titanium to the Lenders on October 9, 2017. The Company's obligations under the Loan Agreements are secured by a security interest over all of the Company's present and after acquired personal property, including our intellectual property rights comprising the CVWTM process, and a floating charge on all of its real property.

The Loan Agreements contain covenants that restrict, among other things, our ability to incur additional debt, dispose of assets and pay distributions to our shareholders. In the event that we do not comply with these covenants, our access to capital could be restricted or repayment of the Loans could be required. Events beyond our control may contribute to our failure to comply with such covenants. There is no assurance that alternative debt or equity financing will be available, or if available, will be available on terms that we consider acceptable. If we are unable to repay amounts owing under the Loans or comply with certain other covenants under Loan Agreements, the Lenders could accelerate the Loans and proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of our indebtedness under the Loan Agreements may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions.

A market for our CVW™ process may never develop or may take longer to develop than we anticipate.

Our CVW™ process represents an emerging market opportunity, and we do not know whether oil sands operators will adopt our CVW™ process in their operations. For reasons discussed in more detail below, the development of a market for our CVW™ process is subject to a high level of uncertainty and risk and may be affected by many factors, some of which are beyond our control, including the emergence of newer, more competitive technologies and processes, the cost of building and operating facilities to run our CVW™ process, regulatory requirements, the final fiscal structure applicable to our CVW™ process, the perception of oil sands producers of the viability and necessity of our CVW™ process, and the financial capacity and willingness of oil sands producers to commit capital in the current low oil price environment.

If a market for our CVW™ process fails to develop, or develops more slowly than we anticipate, we may never achieve profitability.

Crude oil and bitumen price fluctuations are beyond our control and may affect the ability and willingness of oil sands producers to evaluate our CVW™ process or enter into commercial projects with us.

Crude oil and bitumen price fluctuations are beyond our control and may have a material adverse effect the willingness of oil sands producers to evaluate whether to adopt and integrate our CVW™ process in existing or new oil sands projects and on the economics, operating results, financial condition and profitability of any commercial projects involving our CVW™ process.

The financial condition, operating results and future growth of oil sands producers are substantially dependent on prevailing and expected prices of oil and bitumen. Prices for oil are subject to large fluctuations in response to changes in the supply of and demand for oil, market uncertainty and a variety of additional factors, including

access to markets and sufficient transportation capacity, all of which are beyond the control of oil sands producers.

Oil prices are expected to remain volatile and may continue to decline in the near future as a result of global excess supply due to the increased growth of shale oil production in the United States, the decline in global demand for exported crude oil commodities, and the Organization of the Petroleum Exporting Countries' ("OPEC") decisions pertaining to the oil production of OPEC member countries, among other factors.

In response to steeply declining commodity prices for crude oil and bitumen, oil sands operators are aggressively managing their capital spending, including deferring evaluations and sanctioning of new projects. We expect this trend to continue. A prolonged period of low crude oil and bitumen prices could result in certain oil sands producers continuing to reduce or eliminate their spending on new capital intensive projects (as opposed to sustaining capital expenditures or existing projects) which will likely have a material adverse affect on the timing and willingness of oil sands producers to adopt and integrate our CVWTM process into their existing and future oil sands operations.

The breadth and complexity of changes to Canadian federal and provincial environmental laws make it difficult for oil sands producers to predict the potential financial impacts of these changes on oil sands producers and their operations which may affect the timing and willingness of oil sands producers to evaluate our CVWTM process or enter into commercial projects with us.

A number of statutes, regulations and frameworks are under development or have been issued by various Canadian federal and provincial regulators that affect oil sands developments, including changes relating to such issues as tailings management, water use, air emissions and land use. The breadth and complexity of these changes and proposed changes make it difficult for oil sands producers to predict the potential financial impacts of these changes on them and their operations. Because it is not currently possible to predict the nature of any future requirements or the impact on oil sands producers and their business, financial condition, results of operations and cash flow, oil sands producers may be unwilling to evaluate our CVWTM process or enter into commercial projects with us until these uncertainties and risk are better understood.

Our potential customer base is concentrated and we are subject to risks from those customers' internal research and development of competing tailings management strategies.

Based on the current stage of our CVWTM process, our potential customer base is limited to the mining sector of Canada's oil sands industry consisting of Syncrude Canada, Suncor Energy Inc., Canadian Natural Resources Limited, Albian Sands (Shell) and Imperial Oil Kearn, each of whom may prefer other methods of dealing with froth treatment tailings that do not include our CVWTM process.

As our CVW™ process has the potential to replace existing methods of dealing with froth treatment tailings, competition for our process will come from current oil sands producers, from improvements to current methods of dealing with froth treatment tailings and from new alternative methods of dealing with froth treatment tailings.

Additionally, oil sands producers are working on developing alternative methods of dealing with froth treatment tailings, such as thickening and dewatering methods which could meet current regulatory requirements. The industry may elect to use such methods or develop others as alternatives to adopting the Company's technology.

Other companies, research facilities and universities are actively engaged in the research and development of processes for dealing with froth treatment tailings. Each of these organizations has the potential to develop competing processes that would diminish the competitiveness of our CVW™ process. These organizations, including the oil sands producers themselves, have substantial financial resources, research and development capabilities, and other resources, which give them significant competitive advantages over us.

We may not be able to successfully execute our business plan.

The execution of our business plan poses many challenges and is based on a number of assumptions. We may not be able to successfully execute our business plan. In addition, we cannot guarantee that we will be able to leverage our relationships with oil sands producers for the implementation and development of our CVW™ process. If we experience significant cost overruns on our programs, or if our business plan is more costly than we anticipate, certain research and development activities may be delayed or eliminated, resulting in changes or delays to our commercialization plans, or we may be compelled to secure additional funding (which may or may not be available) to execute our business plan. We cannot predict with certainty our future revenues or results from our operations. If the assumptions on which our revenue or expenditure forecasts are based change, the benefits of our business plan may change as well. In addition, we may consider expanding our business beyond what is currently contemplated in our business plan. Depending on the financing requirements of a potential acquisition or new process opportunity, we may be required to raise additional capital through the issuance of equity or debt. If we are unable to raise additional capital on acceptable terms, we may be unable to pursue a potential acquisition or new process opportunity.

We are dependent upon oil sands producers to adopt and integrate our CVW™ process in their oil sands operations.

Our success depends on the willingness and capacity of oil sands producers to adopt and integrate our CVW™ process into their own oil sands operations. For oil sands producers to adopt and implement our CVW™ process, we will have to negotiate commercial terms for the implementation of these technologies. This will require the interest and cooperation of the oil sands operators. The cost and complexity of integrating our CVW™ process is

uncertain and will vary depending on the site and the objectives of each oil sands operator. We can offer no guarantee we will be able to conclude such commercial negotiations on reasonable terms or at all.

Furthermore, any integration, design, construction or operational problems encountered by oil sands producers associated with adopting and integrating our CVW™ process could adversely affect the market opportunity for our CVW™ process and our financial results.

We cannot guarantee that we will be able to develop a commercially scaled version of our CVW™ process on the timetable we anticipate, or at all. We may encounter problems and delays in the commercialization of the CVW™ process for a number of reasons, many of which are beyond our control.

The CVW™ process has not been commercially demonstrated and process recoveries on a commercial level are uncertain.

To date, we have focused primarily on R&D. The CVW™ process is a new process and consequently we have no experience operating on a large-scale commercial basis. As such, the recovery of bitumen, heavy minerals, solvent and water in commercial projects and the environmental impacts of using the CVW™ process involves uncertainty. There can be no assurance that the Company's CVW™ process will recover bitumen, heavy minerals, solvent and water at the expected levels, with the expected operating costs or on the expected schedule. In addition, there is inherent variability and uncertainty regarding the composition of the feed tailings that may be processed by the CVW™ process from different oil sands sites in commercial projects and over time from the same site, which could impact realized recovery rates, product volumes, revenues and operating costs significantly.

More specifically, there is uncertainty relating to the volumes of bitumen, heavy minerals, solvent and water that may be recovered from froth treatment tailings using the CVW™ process due to uncertainties in froth tailings composition and process recovery rates. While there have been many Athabasca basin studies that have assessed the composition of oil sands ores, as well as extensive sampling conducted by the Company and some of its potential oil sands commercialization partners on live froth treatment tailings at various oil sands sites, there remains uncertainty about the levels of bitumen, solvent and heavy minerals, and the composition of such heavy minerals, in any froth treatment tailings streams that may be used in a commercial project. These could vary substantially and adversely from the levels and composition expected by the Company. As such, actual production, and the net revenues and cash flows to be derived therefrom, may vary from time to time, and over the life of a commercial project from expected levels, and such variations may be material.

We have no experience operating our CVW™ process on a commercial basis and there are uncertainties involved with commercial project execution.

The execution of commercial projects, once negotiated, involves risks associated with the planning, engineering, cost, construction, integration, commissioning and start-up of new CVW™ facilities with existing or new oil sands operations. Risks include: failures in the specification, design or technology selection; building the project in the approved time and at the agreed cost; and meeting agreed performance targets, including operating costs, efficiency, recoveries and maintenance costs. Actual results in the execution of commercial projects could materially and adversely vary from expected outcomes. Many factors can affect key outcomes, including general economic, business and market conditions, the availability and cost of qualified personnel, key materials and equipment, the complexity of managing multiple suppliers and contractors, the complexity of building within existing operating sites, weather conditions, changing government regulations, approval requirements, permits and public expectations.

Capital cost overruns or delays in achieving commercial implementation could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow. Moreover, commercial implementation will require substantial capital and we do not know whether we will be able to secure sufficient funding on terms acceptable to us or at all. Our failure to complete commercial implementation or financing could have a material adverse effect on our business and financial results.

We are dependent on oil sands operators for froth treatment tailings volumes.

There are numerous uncertainties involved with estimating the quantities of froth treatment tailings that may be available for processing in future commercial projects using the CVW™ process. The quantity of froth treatment tailings available will depend on a number of factors, including the overall volumes of oil sands ore mined and processed by oil sands operators, their extraction and froth treatment efficiency, and the amount and timing of any operational downtime due to planned or unplanned slowdowns, shutdowns or other restrictions on production. The availability of froth treatment tailings for processing will depend on oil sands operators' froth tailings volumes, over which the Company has no control.

Heavy minerals price fluctuations are beyond our control and may have a material adverse effect on our business, operating results, financial condition and profitability.

The ability of the Company to develop, finance and operate minerals facilities in the future will be significantly affected by the price of zircon, and potentially titanium, in the world market. In particular, zircon prices have fluctuated widely since 2009 and are affected by numerous factors beyond the Company's control such as global and regional supply and demand (particularly from China), global or regional political, economic or financial conditions, the cost of substitutes, interest rates, inflation or deflation, and fluctuations in the value of the United States dollar and foreign currencies. There is a high degree of uncertainty regarding the future price of zircon and

other minerals that could have an adverse effect on the Company's ability to develop, finance and operate minerals facilities.

The Chinese market has become a significant source of global demand for commodities, including zircon and other minerals. Chinese demand has been a major driver in global commodities markets for a number of years. A slowing in China's economic growth could result in lower prices and demand for the products from our CVWTM process, which would have a negative impact on the Company. We could also experience these negative effects if demand from China slowed for other reasons, such as increased self-sufficiency or certain thrifting initiatives by customers.

Future mineral price declines could adversely affect our continued development of, and eventual commercial production from, our CVWTM process. These declines could impair the economic feasibility to develop, finance and operate minerals facilities. Depending on the price of and demand for zircon and other minerals, the Company may not be able to proceed with the development of minerals facilities. Additionally, continuing to commercially develop our CVWTM process may not be feasible. Even if the continued commercial development of our CVWTM process is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays and interrupt operations until the reassessment can be completed.

Potential fluctuations in our financial and business results make forecasting difficult and may restrict our access to funding for our commercialization plan.

We expect our revenues and operating results to vary significantly from quarter to quarter. As a result, quarter-to-quarter comparisons of our revenues and operating results may not be meaningful. Due to the stage of development of our business, it is difficult to predict our future revenues or results of operations accurately. We are also subject to normal market and financial risks such as credit risks, foreign currency risks and fluctuations in commodity prices. As a result, it is possible that in one or more future quarters, our operating results may fall below the expectations of investors and securities analysts. Not meeting investor and security analyst expectations may materially and adversely impact the trading price of our common shares and restrict our ability to secure required funding to pursue our commercialization plans.

The royalty regime in Alberta and other fiscal incentives may not encourage oil sands operators to enter into commercialization agreements and could significantly reduce the value of the Company's CVWTM process and technologies.

The prospects for commercializing the CVWTM process, and the Company's operating cash flow from commercial projects, will be affected by the applicable royalty regime, any future changes to the royalty regime by the Government of Alberta and any Alberta or Federal fiscal incentives. The Province of Alberta receives royalties

linked to price and production levels on the production of natural resources from lands in which it owns the mineral rights, including lands with new and existing oil sands projects.

The Government of Alberta may not implement a fiscal regime for minerals and bitumen from oil sands tailings that incentivizes oil sands operators to enter commercialization agreements. Further, the Government of Alberta may implement a regime that adversely affects the results of operations, financial condition or prospects of the Company or its oil sands partners. In addition, the Company may not be successful in obtaining Alberta or Federal fiscal incentives as part of the commercialization process.

Exchange rate fluctuations are beyond our control and may have a material adverse effect on our business, operating results, financial condition and profitability.

Our revenues will be affected by fluctuations in the exchange rate between the Canadian dollar and the United States dollar. Once a commercial deal is arranged, we would expect to generate a significant portion of our revenues in United States dollars while a significant portion of our operating expenses, cost of revenues and capital expenditures are in Canadian dollars. As a result, any decrease in the value of the United States dollar relative to the Canadian dollar reduces the amount of Canadian dollar revenues we realize on sales, without a corresponding decrease in expenses. Exchange rate fluctuations are beyond our control, and the United States dollar may depreciate against the Canadian dollar in the future, which would result in lower revenues and margins. In order to reduce the potential negative effect of a weakening United States dollar, we may enter into various hedging programs. However, if the Canadian dollar increases in value, it will negatively affect our financial results.

We depend on our intellectual property and our failure to protect that intellectual property could adversely affect our future growth and success.

Our success depends in part on our ability to protect our intellectual property rights. We rely on patent, trade secret, trademark and copyright laws to protect our intellectual property. However, our patent position remains subject to complex factual and legal issues, which may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there is no assurance that effective patent, trade secret, trademark and copyright protection will always be available for our intellectual property rights, both in Canada and other countries.

We also seek to protect our proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with our strategic partners and employees. We can provide no assurance that these agreements will not be breached, that we will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

We may be involved in intellectual property legal proceedings that causes us to incur significant expenses or prevents us from selling the CVWTM process.

We may become subject to legal proceedings in which it is alleged that we have infringed the intellectual property rights of others or commence legal proceedings against others who we believe are infringing upon our rights. Our involvement in intellectual property litigation could result in significant expense to us, adversely affecting the development of sales of the challenged process or intellectual property and diverting the efforts of our technical and management personnel, whether or not such litigation is resolved in our favour. In the event of an adverse outcome as a defendant in any such litigation, we may, among other things, be required to: (a) pay substantial damages; cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (b) expend significant resources to develop or acquire non-infringing intellectual property; (c) discontinue processes incorporating infringing technology; or (d) obtain licenses to the infringing intellectual property.

We may not be successful in such development or acquisition or such licenses may not be available on reasonable terms. Any such development, acquisition or license could require the expenditure of substantial time and other resources and could have a material adverse effect on our business and financial results.

There are operational hazards involved in the CVWTM process.

CVWTM projects will involve the typical risks associated with recovering, transporting and processing hydrocarbons, including fires, explosions, gaseous leaks, migration of harmful substances and spills. A casualty occurrence might result in the loss of life and equipment, as well as injury, property damage or the interruption of the operations of a commercial project. The Company may not carry adequate insurance with respect to all potential casualties, damages, losses and disruptions. Losses and liabilities arising from uninsured or under-insured events could have a material adverse effect on the Company's results of operations, financial condition and prospects.

We could lose or fail to attract the personnel necessary to run our business.

Our success depends in large part on our ability to attract and retain key management, engineering, scientific and operating personnel. As we develop additional capabilities and expand the scope of our operations, we will require more skilled personnel. Recruiting personnel for the oil sands and waste remediation industry is often highly competitive. We may not be able to continue to attract and retain qualified executive, managerial, technical and operational personnel needed for our business. Our failure to attract or retain qualified personnel could have a material adverse effect on our business.

Related Party Transactions

As described herein, the Company entered into the Loan Agreements on October 9, 2015, with the Lenders pursuant to which the Lenders agreed to lend to the Company the aggregate principal amount of up to \$1.5 million. The Loans, when drawn, are repayable in full by Titanium to the Lenders on October 9, 2017. Titanium may permanently repay all or part of the Loans at any time without notice or penalty. A wholly-owned holding company of Mr. Kadey agreed to advance up to \$1.0 million and Mr. Macdonald agreed to advance up to \$0.5 million. The proceeds from the Loans are to be used for general corporate purposes as approved by the Company's Board of Directors in its annual budget. Interest accrues on the Loans at the rate of 12% per annum from the date of advance, standby fees at the rate of 3% per annum on any undrawn balances of the Loans (both payable monthly), and drawdown fees of 2.0% at the time of each advance of \$0.5 million. Titanium's obligations in respect of the Loans are secured by a general security agreement granted by Titanium to each Lender under which Titanium has granted security interests over all of its present and after-acquired personal property and a floating charge over all of its real property. Titanium and the Lenders have also entered into an inter-creditor agreement to confirm the *pari passu* ranking of the Loans and security, including the right to payment, priority of security and realization in respect of security. In connection with the Loans, Titanium issued 750,000 non-transferable common share purchase warrants to the Lenders which were allocated proportionally on the basis of their committed amounts. Each warrant entitles the holder to acquire one common share of Titanium at a price of \$1.35 per Common Share prior to October 9, 2017. The warrants, and underlying common shares, were subject to a four-month hold period from the date of issuance, which expired on February 9, 2016.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

New standards and amendments issued but not yet adopted

Certain new standards, amendments to standards and interpretations are not yet effective for the current reporting period, and therefore have not been applied in preparing the financial statements.

The Company has reviewed the new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company and will become effective beginning on or after September 1, 2016:

IFRS 9 - "Financial Instruments" This amendment replaces the current standard IFRS 39 "Financial Instruments: Recognition and Measurement", replacing the current classification and measurement criteria for financial assets

and liabilities with only two classifications categories: amortized cost and fair value. The amendment is effective January 1, 2018.

IFRS 15 – “Revenue from Contracts with Customers”. This amendment replaces the existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. The amendment is effective January 1, 2018, with early adoption permitted.

IFRS 16 – “Leases” - has been issued as a new standard on leases and will supersede IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of adopting these standards on its financial statements.

Other Information

Outstanding Share Data - as at July 21, 2016:

Number of common shares issued and outstanding: 65,332,812

Number of common share awards granted and outstanding: 4,215,367

Compliance

Mr. Neil Dawson, of Australia, and a registered member of AusIMM is the independent consultant who acts as the Qualified Person for the Company on the *CVW*TM project.