



Condensed Interim Financial Statements  
(Unaudited)

**June 30, 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 **June 30, 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

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(expressed in Canadian dollars)

	June 30, 2021 \$	December 31, 2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,570,650	2,655,894
Goods and services tax receivable	24,161	9,913
Prepaid expenses	56,702	37,797
	<u>1,651,513</u>	<u>2,703,604</u>
<b>Equipment</b>	<u>4,545</u>	<u>5,445</u>
<b>Total assets</b>	<u>1,656,058</u>	<u>2,709,049</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables and accrued liabilities	942,931	669,486
Deferred compensation (note 6)	932,376	705,251
<b>Total liabilities</b>	<u>1,875,307</u>	<u>1,374,737</u>
<b>Shareholders' Equity</b>		
<b>Share capital (note 7)</b>	75,686,611	75,686,611
<b>Contributed surplus (note 7)</b>	19,224,001	19,147,030
<b>Deficit (note 3)</b>	<u>(95,129,861)</u>	<u>(93,499,329)</u>
<b>Total shareholders' equity (deficit) (Note 10)</b>	<u>(219,249)</u>	<u>1,334,312</u>
<b>Total liabilities and shareholders' equity</b>	<u>1,656,058</u>	<u>2,709,049</u>

**Going Concern (Note 3)**

On behalf of the Board:

David C. W. Macdonald  
Board Chair

John W. Stevens  
Director

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

# Titanium Corporation Inc.

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

For the three and six month periods ended June 30, 2021 and 2020

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(expressed in Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Expenses and losses</b>				
General and administrative ( <i>note 9</i> )	667,805	417,053	1,040,390	947,373
Research and development expense ( <i>note 5 and 9</i> )	51,969	327,461	592,762	722,712
Amortization	450	369	899	738
	<b>720,224</b>	744,883	<b>1,634,051</b>	1,670,823
<b>Other income</b>				
Interest	(1,863)	(10,356)	(3,518)	(28,293)
<b>Net loss and comprehensive loss</b>	<b>(718,361)</b>	(734,527)	<b>(1,630,533)</b>	(1,642,530)
<b>Basic and diluted loss per share (<i>note 8</i>)</b>	<b>(\$0.01)</b>	(\$0.01)	<b>(\$0.02)</b>	(\$0.02)

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

# Titanium Corporation Inc.

## Statements of Changes in Shareholders' Equity (Deficit) - Unaudited

For the six month period ended June 30, 2021 and 2020

(expressed in Canadian dollars)

	Share capital \$	Contributed surplus \$	Deficit \$	Shareholders' equity \$
<b>Balance – December 31, 2020</b>	75,686,611	19,147,030	(93,499,329)	1,334,312
Comprehensive (loss) for the period	-	-	(1,630,532)	(1,630,532)
Equity-based compensation	-	76,971	-	76,971
Deferred Compensation settled with DSUs	-	-	-	-
<b>Balance – June 30, 2021</b>	<b>75,686,611</b>	<b>19,224,001</b>	<b>(95,129,861)</b>	<b>(219,249)</b>
	Share capital \$	Contributed surplus \$	Deficit \$	Shareholders' equity \$
<b>Balance – December 31, 2019</b>	75,686,611	18,742,991	(90,112,359)	4,317,243
Comprehensive income for the period	-	-	(1,642,530)	(1,642,530)
Equity-based compensation	-	218,249	-	218,249
Deferred Compensation settled with RSUs or DSUs	-	81,124	-	81,124
<b>Balance – June 30, 2020</b>	<b>75,686,611</b>	<b>19,042,464</b>	<b>(91,754,889)</b>	<b>2,974,186</b>

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

# Titanium Corporation Inc.

## Statements of Cash Flows - Unaudited

For the three and six month periods ended June 30, 2021 and 2020

(expressed in Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Cash (used in) provided by</b>				
<b>Operating activities</b>				
Net loss for the period	(718,361)	(734,527)	(1,630,533)	(1,642,530)
Items not affecting cash				
Amortization	450	369	899	738
Accrued interest income	-	(23,945)	-	(32,422)
Equity-based compensation (note 7)	30,705	87,148	76,971	218,349
	(687,206)	(670,955)	(1,585,083)	(1,455,865)
Net change in non-cash working capital items				
Deferred compensation expense (note 6)	127,750	101,375	227,125	248,125
Goods and services tax receivable	34,631	5,330	(14,247)	650
Prepaid expenses	19,153	15,562	(18,905)	(27,706)
Trade payables and accrued liabilities	372,061	(28,027)	273,445	(254,548)
Cash (used in) Operating activities	(133,611)	(576,715)	(1,085,244)	(1,489,344)
<b>Investing activities</b>	-	-	-	-
<b>Financing activities</b>	-	-	-	-
<b>Decrease in cash and cash equivalents</b>	(133,611)	(576,715)	(1,085,244)	(1,489,344)
<b>Cash and cash equivalents – beginning of period</b>	1,704,261	2,142,641	2,655,894	3,055,270
<b>Cash and cash equivalents – end of period</b>	1,570,650	1,565,926	1,570,650	1,565,926

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

# Titanium Corporation Inc.

## Notes to Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2021 and 2020

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### Note 1. Nature of operations

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 Suite 800, 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 recovery of minerals, including zircon and titanium, represents a new, diversified export industry for Alberta, recovering high quality commodities that are currently lost to tailings ponds. The Company 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 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.

### Note 2. Basis of presentation

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.

These financial statements of the Company have been approved by the Board of Directors on August 25, 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 4.

# **Titanium Corporation Inc.**

## **Notes to Condensed Interim Financial Statements**

For the three and six month periods ended June 30, 2021 and 2020

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### **Note 3. Going concern**

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

For the period ended June 30, 2021, the Company reported a loss of \$1,630,533 and an accumulated deficit of \$95 million at that date. In addition to its ongoing working capital requirements, the Company must secure sufficient funding for commercialization of its technology. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In response, the Company is reviewing all funding opportunities including available government assistance, or the issue of new equity or debt instruments. 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. Although the Company had previously received government grants and currently has in place or is expected to sign funding agreements for additional government grants, there is no certainty that the grants will fund future expenses, that the grant agreements will be signed or that grant funding will be received. Although uncertainty exists, these financial statements have been prepared on a going concern basis.

The Company's ability to continue as a going concern is dependent upon its ability to fund its research and development programs, manage its ongoing expenses, retain its patent rights and generate positive cash flows from operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

### **Note 4. 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. Actual results may be substantially different. 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.



# Titanium Corporation Inc.

## Notes to Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2021 and 2020

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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. Also see Notes 5 and 11.

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.

c) Going concern

Management makes an ongoing assessment of the Company's ability to continue as a going concern at each financial reporting date. Management considers financial, operating and other events or conditions that, individually or collectively, could impact going concern. Judgement is applied in assessing the liquidity, expenses, likelihood of government assistance, options for financing and project continuation, all of which have an impact on the use of the going concern assumption.

### **IFRS Standards Issued Not Yet Effective and Amendments**

There are no standards that have been issued, but not yet effective, that the Corporation anticipates having a material effect on the consolidated financial statements once adopted.

## **Note 5. Government Assistance**

### **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.

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 continue to be shared on the basis of the 30% and 70% ratio under the 2021 PCA.

### **Government Grants**

a. On September 28, 2020, the Company entered into another contribution agreement with Emissions Reduction Alberta ("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

# Titanium Corporation Inc.

## Notes to Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2021 and 2020

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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. In June 2021, the Company received the second ERA payment of \$160,000 (\$200,000 less 20% holdback). In alignment to the PCA agreements with Canadian Natural, the Company's 30% share of the contribution is recorded as a recovery of R&D costs and the balance netted with any amounts owing or payable to Canadian Natural.

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. In March 2021, the Company received the first milestone funding from NRCan's Clean Growth Program of \$353,000 (\$392,000 less 10% holdback). The Company's 30% share of the contribution was approximately \$106,000 and was recorded as a recovery of R&D costs for the three months ended March 31, 2021. Also see Note 11.

c. On March 31, 2021, the Company signed a \$10 million Project Funding Agreement with Sustainable Development Technology Canada ("SDTC") 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.

d. The Company continues to pursue various government climate, environment and innovation funding programs.

### Note 6. 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 Deferred Share Units ("DSUs") or Restricted Share Units ("RSUs"). For the three month and six months ended June 30, 2021, deferred compensation expense of \$127,750 and \$227,125 (June 30, 2020 - \$101,375 and \$167,001) was recognized.

At June 30, 2021, the deferred compensation liability of \$932,376 (December 31, 2020 - \$705,251) represents an accrual for deferred compensation that has been approved and may be settled in the future through the issuance of RSUs or DSUs.

# Titanium Corporation Inc.

## Notes to Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2021 and 2020

### Note 7. Share capital

#### Authorized

Unlimited number of common shares without par value have been authorized. Details of share capital balances are as follows:

	<b>Six months ended June 30, 2020</b>		<b>Year Ended December 31, 2020</b>	
	<b>Common shares #</b>	<b>Amount \$</b>	<b>Common shares #</b>	<b>Amount \$</b>
Outstanding, beginning of period	88,480,791	75,686,611	88,480,791	75,686,611
Outstanding, 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:

	<b>June 30, 2021 #</b>	<b>December 31, 2020 #</b>
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	<u>2,233,943</u>	<u>683,943</u>

# Titanium Corporation Inc.

## Notes to Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2021 and 2020

### 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:

	<b>Six months ended June 30, 2021</b>		<b>Year ended December 31, 2020</b>	
	<b>Number of common stock options #</b>	<b>Weighted average exercise price \$</b>	<b>Number of common stock options #</b>	<b>Weighted average exercise price \$</b>
Outstanding, beginning of period	4,755,000	\$ 0.73	4,755,000	\$ 0.73
Options expired	(1,550,000)	\$0.41	-	-
Outstanding, end of period	<u>3,205,000</u>	<u>\$ 0.89</u>	<u>4,755,000</u>	<u>\$ 0.73</u>
Options exercisable	<u>2,886,665</u>	<u>\$0.91</u>	<u>3,759,999</u>	<u>\$ 0.73</u>

The following table summarizes the options outstanding at June 30, 2021:

	<b>Outstanding</b>			<b>Exercisable</b>	
<b>Range of exercise price</b>	<b>Number of common shares #</b>	<b>Weighted average remaining contractual life years</b>	<b>Weighted average exercise price \$</b>	<b>Number of options exercisable #</b>	<b>Weighted average exercise price \$</b>
0.50 – 0.99	2,005,000	2.33	\$0.75	1,686,665	\$0.76
1.00 – 1.50	1,200,000	0.91	\$1.12	1,200,000	\$1.12
	<u>3,205,000</u>	<u>1.80</u>	<u>\$0.89</u>	<u>2,886,665</u>	<u>\$0.91</u>

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 9) 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 June 30, 2021 or December 31, 2020.

# Titanium Corporation Inc.

## Notes to Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2021 and 2020

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### 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:

	<u>Six months ended June 30, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Number of DSUs #</u>	<u>Weighted average share price at time of grant \$</u>	<u>Number of DSUs #</u>	<u>Weighted average share price at time of grant \$</u>
Outstanding, beginning of period	1,769,616	\$0.75	1,659,989	\$0.75
Granted	-	-	109,627	\$0.74
Outstanding, end of period	<u>1,769,616</u>	<u>\$0.75</u>	<u>1,769,616</u>	<u>\$0.75</u>

### 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.

# Titanium Corporation Inc.

## Notes to Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2021 and 2020

The RSU activity is as follows:

	<u>Six months ended June 30, 2021</u>			<u>Year ended December 31, 2020</u>		
	<u>Number of RSUs</u>	<u>Exercise price</u>	<u>Weighted Average share price at time of grant</u>	<u>Number of RSUs</u>	<u>Exercise price</u>	<u>Weighted Average share price at time of grant</u>
	<u>#</u>	<u>\$</u>	<u>\$</u>	<u>#</u>	<u>\$</u>	<u>\$</u>
Outstanding, beginning of period	1,639,520	\$0.0001	\$0.75	1,639,520	\$0.0001	\$0.75
Granted	-	-	-	-	-	-
Outstanding, end of period	<u>1,639,520</u>	<u>\$0.0001</u>	<u>\$0.75</u>	<u>1,639,520</u>	<u>\$0.0001</u>	<u>\$0.75</u>

### Note 8. Basic and diluted (loss) per share

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net loss and comprehensive loss	(718,361)	(734,527)	(1,630,533)	(1,642,530)
Weighted average number of common shares for basic loss per share	88,480,791	88,480,791	88,480,791	88,480,791
Weighted average number of common shares for diluted loss per share <sup>1</sup>	<u>88,480,791</u>	<u>88,480,791</u>	<u>88,480,791</u>	<u>88,480,791</u>
Basic loss per share	<u>(\$0.01)</u>	<u>(\$0.01)</u>	<u>(\$0.02)</u>	<u>(\$0.02)</u>
Fully diluted loss per share	<u>(\$0.01)</u>	<u>(\$0.01)</u>	<u>(\$0.02)</u>	<u>(\$0.02)</u>

<sup>1</sup>A total 3,205,000 stock options are excluded from the per share calculations as they are anti-dilutive at June 30, 2021 and 2020.

#### Weighted average number of common shares outstanding

As the Company incurred a loss for the three and six months ended June 30, 2021 and 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.

# Titanium Corporation Inc.

## Notes to Condensed Interim Financial Statements

For the three and six month periods ended June 30, 2021 and 2020

### Note 9. Expenses by nature

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>General and administrative expenses</b>				
Compensation and benefits	204,701	115,302	355,672	302,568
Directors' fees – deferred compensation (note 6)	102,750	101,375	177,125	183,250
Equity-based compensation (note 8)	18,334	54,054	48,451	137,118
Consulting and professional fees	209,111	65,728	268,768	144,139
Deferred compensation expense (note 6)	12,500	-	25,000	43,625
Investor relations and regulatory	80,804	47,842	91,917	65,024
Rent, insurance and office	39,604	32,755	73,455	64,760
Travel	-	-	-	6,890
	<u>667,805</u>	<u>417,053</u>	<u>1,040,389</u>	<u>947,373</u>
<b>Research and development expenses</b>				
Project costs	91,148	180,567	1,586,673	330,794
Compensation and benefits	184,393	113,797	349,616	289,436
Equity-based compensation (note 8)	12,370	33,097	28,521	81,232
Deferred compensation expense (note 6)	12,500	-	25,000	21,250
	<u>300,411</u>	<u>327,461</u>	<u>1,989,809</u>	<u>722,712</u>
Recovery of project costs (note 5)	<u>(248,422)</u>	<u>-</u>	<u>(1,397,047)</u>	<u>-</u>
R&D cost (recovery), net	<u>51,969</u>	<u>327,461</u>	<u>592,762</u>	<u>722,712</u>

### Note 10. Capital management

The Company considers its shareholders' equity as its capital, which at June 30, 2021 was a deficit of \$219,249 (December 31, 2020 –surplus \$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.

# **Titanium Corporation Inc.**

## **Notes to Condensed Interim Financial Statements**

For the three and six month periods ended June 30, 2021 and 2020

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### **Note 11. Subsequent events**

On August 5, 2021, the Company received a non-repayable payment of \$1.34 million (\$1.49 million less a 10% holdback) from NRCan's Clean Growth Program, under a Non-Repayable Contribution Agreement ("the Agreement") for \$1.96 million of funding toward the CVW™ Horizon Project, announced on January 19, 2021 (see Note 5b). The Agreement has provided funding toward the eligible expenditures of an engineering work program for the period from April 1, 2020 to March 31, 2021. The work program included validation engineering for the CVW™ Horizon Project facilities including the concentrator plant, minerals plant and transload facility and associated Class 3 engineering capital cost estimates. The payment is for the period from January 1, 2021 to March 31, 2021.