

TITUS CAPITAL CORP.
(A Capital Pool Company)

Condensed Interim Financial Statements

Three months ended August 31, 2011

Expressed in Canadian Dollars

(unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

TITUS CAPITAL CORP.
(A Capital Pool Company)
Condensed interim statements of financial position

	Notes	August 31, 2011	May 31, 2011	June 1, 2010
ASSETS				
Current assets				
Cash and cash equivalents		\$ 1,606,962	\$ 1,621,194	\$ 109,580
Taxes recoverable		8,282	7,382	-
TOTAL ASSETS		\$ 1,615,244	\$ 1,628,576	\$ 109,580
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 3,000	\$ 12,331	\$ 5,000
SHAREHOLDERS' EQUITY				
Share capital	4	1,667,386	1,667,386	140,000
Share based reserve	4	35,329	35,329	(20,000)
Deficit		(90,471)	(86,470)	(15,420)
TOTAL EQUITY		1,793,186	1,616,245	104,580
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,615,244	\$ 1,628,576	\$ 109,580

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issue on November 30, 2011

Approval on behalf of the Board of Directors:

"Anita Algje"

Director

"Reza Mohammed"

Director

TITUS CAPITAL CORP.

(A Capital Pool Company)

Condensed interim statements of loss and comprehensive loss

	Notes	Three month periods ended	
		August 31, 2011	August, 2010
Expenses			
Bank Charges		\$ 48	\$ 48
Office and administration		8,153	8,953
Professional fees		-	10,750
Stock-based compensation	4	-	5,946
Transfer agent and filing fees		-	11,063
Loss before other item		(8,201)	39,760
Other Item			
Interest Income		4,200	-
Net and comprehensive loss		\$ (4,001)	\$ (39,760)
Loss per share – basic and diluted		\$ (0.00)	\$(0.01)

The accompanying notes are an integral part of these financial statements

TITUS CAPITAL CORP.
(A Capital Pool Company)
Condensed interim statements of equity (deficit)

	Notes	Share capital		Subscriptions receivable	Reserve		Total
		Number of shares	Amount		Share-based payment reserve	Deficit	
Restated balance at June 1, 2010		2,800,000	\$ 140,000	\$ (20,000)	\$ -	\$ (15,420)	\$ 104,580
Subscriptions received		-	-	20,000	-	-	20,000
Stock based compensation		-	-	-	5,946	-	5,946
Loss and comprehensive loss		-	-	-	-	(39,760)	(39,760)
Restated balance at August 31, 2010		2,800,000	\$ 140,000	\$ -	\$ 5,946	\$ (55,180)	\$ 90,766
Restated balance at May 31, 2011		12,725,000	\$ 1,667,386	\$ -	\$ 35,329	\$ (86,470)	\$ (86,470)
Loss and comprehensive loss		-	-	-	-	(4,001)	(4,001)
Restated balance at August 31, 2011		12,725,000	\$ 1,667,386	\$ -	\$ 35,329	\$(90,471)	\$ (90,471)

The accompanying notes are an integral part of these financial statements

TITUS CAPITAL CORP.
(A Capital Pool Company)
Condensed interim statements of cash flows

	Three month periods ended	
	August 31, 2011	August 31, 2010
Operating activities		
Net loss	\$ (4,001)	\$ (39,760)
Adjustments for non-cash items:		
Stock based compensation	-	5,946
Changes in non-cash working capital items:		
Taxes recoverable	900	(1,803)
Accounts payable and accrued liabilities	(9,331)	4,000
Net cash flows from operating activities	(12,432)	(31,617)
Financing Activities		
Subscriptions received	-	20,000
Decrease in cash and cash equivalents	(12,432)	(11,617)
Cash and cash equivalents, beginning	1,621,194	109,580
Cash and cash equivalents, ending	\$ 1,606,962	\$ 97,963

Cash and cash equivalents consist of:

Cash	\$ 402,762	\$ 97,963
Guaranteed investment certificates	\$1,204,200	\$ -

The accompanying notes are an integral part of these financial statements

Titus Capital Corp.

(A Capital Pool Company)

Condensed interim notes to Financial statements

For the three month periods ended August 31, 2011 and 2010

1. INCORPORATION AND CONTINUANCE OF OPERATIONS:

Titus Capital Corp. (the “Company”) was incorporated under the British Columbia Business Corporations Act on February 17, 2010 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”).

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that up to 30% of the gross proceeds or \$210,000, whichever is less, may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction (“QT”) by the Company as defined under the policies of the Exchange.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at August 31, 2011 the Company had not completed its QT and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon its ability to complete a QT and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations.

2. BASIS OF PRESENTATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)***Statement of compliance***

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting and as they are part of the Company’s first IFRS annual reporting period, IFRS 1 - First Time Adoption of International Financial Reporting Standards (“IFRS 1”) has been applied using the accounting policies the Company expects to adopt in its financial statements for the year ended May 31, 2012. Note 8 discloses the impact of the transition to IFRS on the Company’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company’s financial statements for the year ended May 31, 2011.

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and current as of December 2, 2011, the date the Audit Committee approved the statements on behalf of the Board of Directors. These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s Canadian GAAP annual financial statements for the year ended May 31, 2011.

Basis of measurement

These unaudited condensed interim financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Titus Capital Corp.

(A Capital Pool Company)

Condensed interim notes to Financial statements

For the three month periods ended August 31, 2011 and 2010

2. BASIS OF PRESENTATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (continued)***Significant accounting judgments and estimates***

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the inputs used in accounting for share-based compensation expense in the statements of loss and comprehensive loss.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Financial instruments

Financial instruments are classified into one of the following categories: fair-value-through-profit-and-loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. Financial instruments are measured in the statement of financial position at fair value, except for loans and receivables, held-to-maturity investments, and other financial liabilities, which are measured at amortized cost. Subsequent measurement of financial instruments measured at fair value is dependent upon initial classification as follows: (1) fair-value-through-profit-and-loss financial assets are measured at fair value with changes in fair value recognized in net loss; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recognized in other comprehensive income until the instrument is derecognized or impaired.

The Company's financial instruments consist of cash, taxes recoverable and accounts payable. Cash and taxes recoverable are classified as loans and receivables. Accounts payable is classified as other financial liabilities. Refer to Note 6 for additional disclosure.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity.

Titus Capital Corp.

(A Capital Pool Company)

Condensed interim notes to Financial statements

For the three month periods ended August 31, 2011 and 2010

2. BASIS OF PRESENTATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (continued)***Cash and cash equivalents***

Cash and cash equivalents include deposits and guaranteed investment certificates held with banks that are available on demand.

Recent accounting standards not yet effective

The International Accounting Standards Board (“IASB”) intends to replace IAS 39 -*Financial Instruments: Recognition and Measurement* (“IAS 39”) in its entirety with IFRS 9- *Financial Instruments* (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, IFRS 9 (2009) and IFRS 9 (2010) were issued, respectively, which address the classification and measurement of financial assets and financial liabilities. IFRS 9 (2009) requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 (2010) requires that financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 (2009) and IFRS 9 (2010) are effective for the Company on June 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. The Company does not expect a significant impact upon implementation of the standard.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10 - *Consolidated Financial Statements*, IFRS 11 -*Joint Arrangements*, IFRS 12 -*Disclosure of Interests in Other Entities*, IAS 27 -*Separate Financial Statements (2011)*, IFRS 13 -*Fair Value Measurement* and amended IAS 28 - *Investments in Associates and Joint Ventures (2011)*. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

3. SHARE CAPITAL**(a) Authorized:**

Unlimited number of voting common shares without nominal or par value.

(b) Issued common shares:

	Number of Shares	Amount \$
Balance on inception	-	-
Issued for cash by private placement	2,800,000	140,000
Balance, May 31, 2010	2,800,000	140,000
Issued for cash in initial public offering	2,500,000	180,655
Issued for cash by private placement	7,425,000	1,346,731
Balance, May 31, 2011 and August 31, 2011	12,725,000	1,667,386

(c) Shares held in escrow:

Under the requirements of the Exchange, 2,800,000 common shares are held in escrow and will be released in stages over a period of three years from the date of acceptance by the Exchange of the Company’s QT.

(d) Warrants

As at May 31, 2011, 695,200 warrants are outstanding with a weighted average life and weighted average exercise price of 1.54 years and \$0.16, respectively.

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4. SHARE CAPITAL (continued)**(e) Stock Options:**

The Company has established a stock option plan for its directors, officers and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

During the year ended May 31, 2011, the Company granted a total of 200,000 options to the directors and officers of the Company. The options are exercisable at a price of \$0.15 per share for a period of five years following the date of issue. The fair value of these options at the date of grants was \$5,926 and was estimated using the Black-Scholes options pricing model with the following weighted average assumptions: expected life of five years, risk-free interest rate of 2.68%; expected dividend yield of 0% and an expected volatility of 100%.

The weighted average life and weighted average exercise price of the options are 3.76 years and \$0.15, respectively.

5. RELATED PARTY TRANSACTIONS

During the period ended August 31, 2011 the Company paid or accrued fees for office services of \$7,500 (2010 - \$NIL) to a company owned by a director.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Unless otherwise stated, all amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

6. FINANCIAL INSTRUMENTS***Fair Value Measurement***

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

All of the Company's financial instruments that are held at fair value are categorized as Level 1. Taxes recoverable and accounts payable are held at carrying value which approximates fair value due to the short-term nature of these instruments.

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6. FINANCIAL INSTRUMENTS(continued)***Financial Instrument Risk Exposure***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and guaranteed investment certificates. The Company reduces its credit risk by maintaining its bank accounts and guaranteed investment certificates at a large international financial institution. The maximum exposure to credit risk is equal to the fair value or carrying value of the Company's financial assets.

Liquidity Risk

The Company's cash is invested in business accounts and is available on demand. The Company's guaranteed investment certificates are redeemable on demand. Management has concluded that the Company has adequate financial resources to settle obligations as at August 31, 2011.

Market Risk

The only significant market risk to which the Company is exposed is interest rate risk. The Company's cash earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates as a result of the short-term nature of these instruments. The Company's future earned interest is exposed to short-term rates.

7. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

8. FIRST TIME ADOPTION OF IFRS

In 2010, the CICA Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these unaudited condensed interim financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. The effect of the Company's transition to IFRS is summarized as follows:

(a) Transition elections

The Company has applied the following transition exceptions and exemptions to full retrospective application of IFRS:

i. *Business combinations*

IFRS 1 provides the option for a first time adopter to elect not to apply IFRS 3 - *Business Combinations* ("IFRS 3") to past business combinations that occurred before June 1, 2010 ("Transition Date"). The retrospective basis would require the restatement of prior acquisitions that meet the definition of a business combination under IFRS 3. The Company elected to adopt IFRS 3 effective June 1, 2010, and there are no adjustments required on the transition date.

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8. FIRST TIME ADOPTION OF IFRS(continued)

(a) Transition elections

ii. *Share-based payments*

IFRS 1 permits the application of IFRS 2 - *Share-based Payments* ("IFRS 2"), to equity instruments granted on or before November 7, 2002, that had not vested by the Transition Date. The Company elected to apply IFRS 2 to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. There were no unvested options as at the Transition Date; therefore, there is no adjustment required.

iii. *Estimates*

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of July 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

(b) Reconciliation of assets, liabilities, equity, comprehensive income and cash flows of the Company from those reported under Canadian GAAP to IFRS

There are no material differences between the statements of financial position, equity, total comprehensive loss and cash flows presented under IFRS and Canadian GAAP as at June 1, 2010, for the three months ended and as at August 31 2010 and the year ended May 31 2011 except for the following:

- under IFRS deferred costs do not meet the definition of an asset and therefore would be expensed in the period ended June 1, 2010; therefore, the June 1, 2010 balance sheet is adjusted.

	Jun 1, 2010 – Canadian GAAP	Adjustments	June 1, 2010 - IFRS
ASSETS			
Current assets			
Cash and cash equivalents	\$ 109,580	\$ -	\$ 109,580
Deferred costs	10,000	(10,000)	-
TOTAL ASSETS	\$ 119,580	\$ (10,000)	\$ 109,580
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 5,000	\$ -	\$ 5,000
SHAREHOLDERS' EQUITY			
Share capital	140,000	-	140,000
Share based reserve	(20,000)	-	(20,000)
Deficit	(5,420)	(10,000)	(15,420)
TOTAL EQUITY	114,580	(10,000)	104,580
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 119,580	\$ (10,000)	\$ 109,580