

TITUS CAPITAL CORP.
(A Capital Pool Company)

Financial Statements

May 31, 2012

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Titus Capital Corp.:

We have audited the accompanying financial statements of Titus Capital Corp. which comprise the statements of financial position as at May 31, 2012, May 31, 2011 and June 1, 2010, and the statements of comprehensive loss, changes in equity and cash flows for the years ended May 31, 2012 and May 31, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Titus Capital Corp. as at May 31, 2012, May 31, 2011 and June 1, 2010, and its financial performance and its cash flows for the years ended May 31, 2012 and May 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may give rise to significant doubt about the entity's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
September 12, 2012

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

TITUS CAPITAL CORP.
(A Capital Pool Company)
Statements of financial position
(Expressed in Canadian dollars)

	Notes	May 31, 2012	May 31, 2011 (Note 9)	June 1, 2010 (Note 9)
ASSETS				
Current assets				
Cash and cash equivalents	3	\$ 1,565,298	\$ 1,621,194	\$ 109,580
Taxes recoverable		-	7,382	-
Prepaid expense		-	-	10,000
TOTAL ASSETS		\$ 1,565,298	\$ 1,628,576	\$ 119,580
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities		\$ 8,000	\$ 12,331	\$ 5,000
TOTAL LIABILITIES		8,000	12,331	5,000
EQUITY				
Share capital	4	1,687,386	1,687,386	140,000
Share subscription receivable		-	-	(20,000)
Share-based payment reserve	4	35,329	35,329	-
Deficit		(165,417)	(106,470)	(5,420)
TOTAL EQUITY		1,557,298	1,616,245	114,580
TOTAL LIABILITIES AND EQUITY		\$ 1,565,298	\$ 1,628,576	\$ 119,580

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issue September 5, 2012

Approval on behalf of the Board of Directors:

"Anita Algie"

Director

"Reza Mohammed"

Director

The accompanying notes are an integral part of these financial statements

TITUS CAPITAL CORP.
(A Capital Pool Company)
Statements of comprehensive loss
(Expressed in Canadian dollars)

	Notes	Year ended	
		May 31 2012	May 31 2011 (Note 9)
Expenses			
Bank Charges		\$ 121	\$ 306
Consulting		3,750	20,000
Filing fees		15,995	29,743
Office and administration	5	45,715	26,980
Professional fees		10,058	18,075
Stock-based compensation	4	-	5,946
		(75,639)	(101,050)
Other Item			
Interest Income		16,692	-
Net and comprehensive loss		\$ (58,947)	\$ (101,050)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.06)
Weighted average number of common shares outstanding			
– Basic and Diluted		9,925,000	1,639,932

The accompanying notes are an integral part of these financial statements

TITUS CAPITAL CORP.
(A Capital Pool Company)
Statement of changes in equity
(Expressed in Canadian dollars)

	Notes	Share capital		Subscriptions receivable	Share-based payment reserve	Deficit	Total
		Number of shares	Amount				
Balance at June 1, 2010	9	2,800,000	\$ 140,000	\$ (20,000)	\$ -	\$ (5,420)	\$ 114,580
Subscriptions received		-	-	20,000	-	-	20,000
Shares issued for IPO	4	2,500,000	200,655	-	13,255	-	213,910
Shares issued for private placement	4	7,425,000	1,346,731	-	16,128	-	1,362,859
Stock-based compensation	4	-	-	-	5,946	-	5,946
Net loss and comprehensive loss		-	-	-	-	(101,050)	(101,050)
Balance at May 31, 2011	9	12,725,000	\$ 1,687,386	\$ -	\$ 35,329	\$ (106,470)	\$ 1,616,245
Balance at June 1, 2011		12,725,000	\$ 1,687,386	\$ -	\$ 35,329	\$ (106,470)	\$ 1,616,245
Net loss and comprehensive loss		-	-	-	-	(58,947)	(58,947)
Balance at May 31, 2012		12,725,000	\$ 1,687,386	\$ -	\$ 35,329	\$ (165,417)	\$ 1,557,298

The accompanying notes are an integral part of these financial statements

TITUS CAPITAL CORP.
(A Capital Pool Company)
Statements of cash flows
(Expressed in Canadian dollars)

	Year ended	
	May 31, 2012	May 31, 2011 (Note 9)
Operating activities		
Net loss	\$ (58,947)	\$ (101,050)
Adjustments for non-cash items:		
Stock-based compensation	-	5,946
Changes in non-cash working capital items:		
Taxes recoverable	7,382	(7,382)
Trade payables and accrued liabilities	(4,331)	7,331
Net cash flows used in operating activities	(55,896)	(95,155)
Financing Activities		
Proceeds from share issuance, net of costs	-	1,606,769
Net cash flows provided by financing activities	-	1,606,769
Change in cash and cash equivalents	(55,896)	1,511,614
Cash and cash equivalents, beginning	1,621,194	109,580
Cash and cash equivalents, ending	\$ 1,565,298	\$ 1,621,194

The accompanying notes are an integral part of these financial statements

1. NATURE 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 Company's head office, principal address and registered and records office is 313-515 West Pender Street, Vancouver, BC, V6B 6H5.

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 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 May 31, 2012 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. These conditions indicate the existence of a material uncertainty that may give rise to significant doubt about the entity's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance and conversion to International Financial Reporting Standards

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

These are the Company's first set of annual financial statements prepared in accordance with IFRS. The preparation of these financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian Generally Accepted Accounting Principles ("GAAP"). The accounting policies set out below have been applied consistently to all periods presented in these financial statements. They also have been applied in preparing an opening IFRS statement of financial position at June 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1). The disclosures concerning the transition from pre-changeover Canadian GAAP to IFRS are provided in Note 9.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments and share-based payments and other equity-based payments, and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash and financial instruments with an assigned maturity date of 90 days or less.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. 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 fair value of options is determined using a Black-Scholes option pricing model which incorporates all market vesting conditions. The number of shares and 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.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Financial instruments (continued)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company has classified its cash and cash equivalents as fair value through profit and loss. The Company's trade payables are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and Level 3 – Inputs that are not based on observable market data.

Cash and cash equivalents are classified as a level 1 input. The Company does not have any derivative financial assets and liabilities.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Income taxes (continued)

Deferred income tax:

Deferred income tax is provided using the asset and liability method whereby temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

STANDARDS ISSUED BUT NOT YET APPLIED

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after June 1, 2012 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

- a) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
- b) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12);
- c) IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13);
- d) IFRS 12 Disclosure of Interests in Other Entities (New; to replace disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31);
- e) IFRS 13 Fair Value Measurement (New; to replace fair value measurement guidance in other IFRSs);
- f) IAS 1 Presentation of Financial Statements,
- g) IAS 19 Employee Benefits (Amended in 2011);
- h) IAS 27 Separate Financial Statements (Amended in 2011);
- i) IAS 28 Investments in Associates and Joint Ventures (Amended in 2011); and
- j) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New).

3. CASH AND CASH EQUIVALENTS

	May 31, 2012	May 31, 2011	June 1, 2010
Cash	\$ 1,565,298	\$ 421,194	\$ 109,580
Guaranteed Investment Certificate ("GIC")	-	1,200,000	-
	\$ 1,565,298	\$ 1,621,194	\$ 109,580

The effective interest rate of the Company's GIC as at May 31, 2011 was prime minus 1.80%.

4. SHARE CAPITAL

Authorized share capital

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

Issued common shares

On November 30, 2010, the Company closed its initial public offering ("IPO") and issued 2,500,000 common shares for gross proceeds of \$250,000. In connection with this private placement, the Company paid share issue costs of \$36,090 including a cash commission of \$25,000 and granted 250,000 warrants. Each warrant is exercisable into one common share of the Company at a price of \$0.10 per common share for a period of two years following the date the common shares were listed on the Exchange, which was December 8, 2010. The warrants have an estimated fair value of \$13,255. The fair value was estimated using the Black-Scholes options pricing model with the following average assumptions: expected life of two years, risk-free interest rate of 2.68%, expected dividend yield of 0% and an expected volatility of 100%.

On May 13, 2011, the Company closed a private placement and issued 7,425,000 common shares at a price of \$0.20 per share for aggregate gross proceeds of \$1,485,000. In connection with this private placement, the Company paid share issue costs of \$122,141 including a cash commission of \$88,600 and granted 445,200 warrants. At May 31, 2010 the Company had paid \$10,000 with respect to these costs. Each warrant is exercisable into one common share of the Company at a price of \$0.20 for a period of two years. The warrants have an estimated fair value of \$16,128. The fair value estimated using the Black-Scholes options pricing model with the following average assumptions: expected life of two years, risk-free interest rate of 2.60%, expected dividend yield of 0% and an expected volatility of 100%.

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.

Warrants

As at May 31, 2012, 695,200 warrants are outstanding with a weighted average life and weighted average exercise price of 0.79 years and \$0.16, respectively.

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.

4. SHARE CAPITAL (continued)

Stock options (continued)

The fair value of these options at the date of grants was \$5,946 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%.

At May 31, 2012, the weighted average life and weighted average exercise price of the options are 3.51 years and \$0.15, respectively. At May 31, 2012, all of these options were exercisable.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

5. RELATED PARTY TRANSACTIONS

During the period ended February 29, 2012, the Company paid or accrued fees for office services of \$30,000 (2011 - \$22,500) to a company controlled by a director.

At May 31, 2012, \$Nil (2011 - \$2,800, 2010 - \$Nil) is owing to this company and included in trade payables and accrued liabilities.

6. FINANCIAL RISK

Fair value

As at May 31, 2012, the Company's financial instruments consisted of cash and cash equivalents and trade payables. The fair values of cash, and trade and other payables approximate their carrying values because of their current nature.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk on its taxes recoverable is minimal since it is recoverable from the Canadian government.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances at variable rates. The risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is

sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.

7. MANAGEMENT OF CAPITAL

The Company manages its capital structure, consists of working and share capital, and makes adjustments to it depending on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the year ended May 31, 2012.

8. INCOME TAX

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2012	2011
Loss for the year	\$ (58,947)	\$ (101,050)
Statutory tax rate	25.88%	27.50%
Expected income tax recovery	\$ (15,253)	\$ (27,789)
Permanent differences	-	(47,379)
Change in valuation allowance	14,737	68,334
Impact of tax rate change	516	6,834
Deferred income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	2012	2011
Loss carry-forwards	\$ 58,941	\$ 35,293
Share issuance costs	26,735	35,646
	85,676	70,939
Valuation allowance	(85,676)	(70,939)
Net deferred income tax asset	\$ -	\$ -

Management has determined that the realization of the potential income tax benefits related to the non-capital losses and other tax pools is uncertain at this time, and cannot be viewed as more likely than not. Accordingly, the Company has recorded a valuation allowance for the potential deferred income tax asset. As at May 31, 2012, the Company has non-capital losses of approximately \$236,000 that may be applied against deferred income for Canadian income tax purposes which commence expiring in 2031.

9. TRANSITION TO IFRS

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first annual financial statements of the Company reported under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", June 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP, have been restated in accordance with IFRS.

Estimates

IFRS 1 requires that estimates made in accordance with IFRS at the date of transition and other comparative periods shall be consistent with estimates made for the same date in accordance with Canadian GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of June 1, 2010 and May 31, 2011 are consistent with its Canadian GAAP estimates for the same dates.

Exemptions applied

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

- The Company has elected not to apply IFRS 2 "Share-based payment" to awards that vested prior to June 1, 2010, which have been accounted for in accordance with Canadian GAAP.

Titus Capital Corp.
(A Capital Pool Company)
Notes to Financial statements
May 31, 2012
(Expressed in Canadian dollars)

9. TRANSITION TO IFRS (continued)

Reconciliation of the Statements of Financial Position

	As at May 31, 2011			As at June 1, 2010		
	Canadian GAAP	Effect of transition	IFRS	Canadian GAAP	Effect of transition	IFRS
ASSETS						
Current assets						
Cash and cash equivalents	\$ 1,621,194	-	\$ 1,621,194	\$ 109,580	-	\$ 109,580
Taxes recoverable	7,382	-	7,382	-	-	-
Prepaid expense	-	-	-	10,000	-	10,000
TOTAL ASSETS	\$ 1,628,576	\$ -	\$ 1,628,576	\$ 119,580	\$ -	\$ 119,580
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ 12,331	\$ -	\$ 12,331	\$ 5,000	\$ -	\$ 5,000
TOTAL LIABILITIES	12,331	-	12,331	5,000	-	5,000
EQUITY						
Share capital	1,667,386	20,000	1,687,386	140,000	-	140,000
Share subscription receivable	-	-	-	(20,000)	-	(20,000)
Contributed surplus	35,329	(35,329)	-	-	-	-
Share-based payment	-	35,329	35,329	-	-	-
Deficit	(86,470)	(20,000)	(106,470)	(5,420)	-	(5,420)
TOTAL EQUITY	1,616,245	-	1,616,245	114,580	-	114,580
TOTAL LIABILITIES AND EQUITY	\$ 1,628,576	\$ -	\$ 1,628,576	\$ 119,580	\$ -	\$ 119,580

9. TRANSITION TO IFRS (continued)

Reconciliation of Comprehensive Loss for the Year Ended May 31, 2011

	Canadian GAAP	Effect of Transition	IFRS
Expenses			
Bank charges	\$ 306	\$ -	\$ 306
Consulting	15,000	5,000	20,000
Office and administration	26,980	-	26,980
Professional fees	18,075	-	18,075
Stock based compensation	5,946	-	5,946
Filing fees	14,743	15,000	29,743
Net and comprehensive loss	\$ 81,050	\$ 20,000	\$ 101,050
Loss per share – Basic and diluted	\$ (0.05)	\$ (0.01)	\$ (0.06)

Notes to reconciliations

Reserves

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have been reclassified to share based payment reserve. The share-based payment reserve records the fair value of options and warrants recorded in accordance with IFRS 2 until such time that the stock options or warrants are exercised at which time the corresponding amount will be transferred to share capital.

Share issue costs

Under Canadian GAAP, expenditures that were incurred in connection with the Company's IPO were considered share issue costs and recorded as a charge to share capital. Under IFRS, costs that relate to the listing of the Company's existing shares are expensed in the period incurred. Accordingly, \$5,000 and \$15,000 of costs incurred during the year ended May 31, 2011 were reclassified as consulting expense and filing fees respectively.

Cash flow statement

As a result of adjustments made on the conversion to IFRS, cash flows used in operating activities for the year ended May 31, 2011 increased by \$20,000 with a corresponding increase from financing activity of \$20,000.