TITUS CAPITAL CORP.

CONCERNING
THE ACQUISITION OF
THE PREVAIL PROPERTY
BY
TITUS CAPITAL CORP.

December 6, 2012

NEITHER THE TSX VENTURE EXCHANGE INC. (THE "**EXCHANGE**") NOR ANY SECURITIES REGULATORY AUTHORITY HAS IN ANY WAY PASSED UPON THE MERITS OF THE QUALIFYING TRANSACTION DESCRIBED IN THIS FILING STATEMENT.

TABLE OF CONTENTS

GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations used frequently throughout this Filing Statement and Schedules thereto.

"**Acquisition**" means the Acquisition of the Prevail Property by Titus Capital Corp. as contemplated by this filing statement, pursuant to which a cash payment of $750,000 made to the Vendor in consideration for a 30% interest in the Prevail Property oil and gas leases in the Buzzard Area of Saskatchewan collectively known as the "Prevail Property" as per the Farm-in Agreement dated October 15, 2012.

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:
(a) one of them is the subsidiary of the other; or
(b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:
(a) voting securities of the company are being held, other than by way of security only, by or for the benefit of that Person; and
(b) the voting securities, if voted, entitle the person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:
(a) a company controlled by that Person; or
(b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Aggregate Pro Group**" means all Persons who are members of any Pro Group whether or not the Member is involved in the contractual relationship with the company to provide financing, sponsorship and other advisory services.

"**Agreement in Principle**" means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

(a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
(b) identifies the parties to the Qualifying Transaction;
(c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
(d) identifies the conditions to any further formal agreements to complete the transaction; and in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non Arm's Length Parties to the CPC or the Non Arm's Length Parties to the Qualifying Transaction.
In this case, specifically referring to the farm-in agreement entered into between Titus Capital Corp. and the Vendoron October 15, 2012.

“**Arm’s Length Transaction**” means a transaction which is not a Related Party Transaction.

“**Associate**” when used to indicate a relationship with a Person or company, means;

(a) an issuer of which the Person or company beneficially owns or controls, directly or indirectly, voting securities entitling him or her to more than 10% of the voting rights attached to all outstanding securities of the issuer;
(b) any partner of the Person or company;
(c) any trust or estate in which the Person or company has a substantial beneficial interest or in respect of which the Person or company serves as trustee or in similar capacity; and
(d) in the case of a Person who is an individual
    (i) that Person’s spouse or child, or
    (ii) any relative of that Person or of his spouse who has the same residence as that Person; but where the Exchange is to determine whether two Persons shall, or shall not, be deemed to be associates with respect to a member firm, member company or holding company of a member Company, such determination shall be determinative of their relationships in the application of Rule D of the TSX Venture Exchange Rule Book with respect to that member firm, member Company or holding Company.

“**Available Funds**” means the estimated working capital (total current assets less total current liabilities) of Titus and the amounts and sources of other funds that will be available to the resulting Issuer (including the working capital of the Subsidiaries) prior to or concurrently with the completion of the proposed Acquisition.

“**BC Act**” means the Company Act (British Columbia).

“**CPC**” means a company:

(a) that has been incorporated or organized in a jurisdiction in Canada;
(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
(c) in regard to which the Final Exchange Bulletin has not yet been issued.

“**Canada Business Corporation Act**” means the Canada Business Corporations Act R.S.C, 1985 C..-44.

“**Change of Control**” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

(a) any one Person hold a sufficient number of the Voting Shares of the Issuer or Resulting Issuer, or
(b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding hold in total a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer; Where such Person or combinations of persons did not previously hold a sufficient number of Voting Shares to affect materially the control of the Issuer or Resulting Issuer. In the absence of evidence to the contrary, any Person or combination of persons acting in convert by virtue of an agreement, arrangement, commitment or understanding, hold more than 20% of the Voting Shares of the Issuer or Resulting Issuer is deemed to materially affect the control of the Issuer or Resulting Issuer.

"**Common Shares**" means the common shares in the capital of the Company as presently constituted.

"**Company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange.

"**Control Person**" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does materially affect the control of the Issuer.

"**Corporation**" means Titus Capital Corp.

"**Escrow Shares**" means the Titus Shares subject to the terms of the Escrow Agreement dated June 1, 2010.

"**Exchange**" means the TSX Venture Exchange Inc.

"**Final Exchange Bulletin**" means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transactions.

"**Force Majeure**" means any event beyond a party's reasonable control including laws which prohibit a party's ability to comply with its obligations; action or inaction of civil or military authority; mining casualty; damage to or destruction of mine, plant or facility; fire; explosion; flood; insurrection; riot; labour disputes; and acts of God, but does not include a party's inability to make any payments required under an Agreement.

"**Insider**" if used in relation with an Issuer, means:

- (a) a director or senior officer of an Issuer;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all the outstanding voting shares of the Issuer; or
- (d) the Issuer itself if it hold any of its own securities.

"Leases" means all oil and natural gas rights constituting the Prevail Leases.

"**Majority of the Minority Approval**" means the approval of a Non Arms' Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non Arms' Length Parties to the CPC;
- (b) Non Arms' Length Parties to the Qualifying Transaction; and
- (c) In the case of a Related Party Transaction:
  - (i) if the CPC holds its own shares, the CPC, and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction at a properly constituted meeting of the common shareholders of the CPC.

“**Member**” means a Person who has executed the Members’ Agreement, as amended from time to time, and is accepted as and becomes a Member of the Exchange under the Exchange requirements.

“**Members’ Agreement**” means the members’ agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a Member of the Exchange under the Exchange requirements.

“**Non Arms’ Length Party”** means in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

“**Non Arms’ Length Parties to the Qualifying Transaction”** means the Vendor, any Target Company and includes, in relation to Significant Assets or Target Company, the Non Arms’ Length Parties of the Vendor, the Non Arms’ Length Parties of any Target Company and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“**Non Arms’ Length Qualifying Transaction**” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates control the CPC and the Significant Assets which are the subject of the proposed Qualifying Transaction.

“**Offering**” means prior to the proposed Acquisition, the offering by Titus to the public of 2,500,000 Titus Shares at a price of $0.10 per share.

“**Option Period**” means the period of time from the execution of the Agreement to the exercise or termination of the Option in accordance with the terms and conditions of the Agreement.

“**Person**” means a company or an individual.

“**Principal**” means:

(a) a person or company who acted as a promoter of the Issuer within two years or their respective Associates or Affiliates, before the initial public offering (“IPO”) prospectus or Exchange Bulletin confirming final acceptance of a transaction (“Final Exchange Bulletin”);

(b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for the IPO transactions;

(d) a 10% holder – a person or company that:

  (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and

  (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding. A company, trust, partnership or other entity more than 50% held by one or more principals will be treated as a principal. (In calculating this percentage, include securities of the entity that may be issued to the principals under outstanding convertible securities in both the principals' securities of the entity and the total securities of the entity outstanding). Any securities of the Issuer that this entity holds will be subject to escrow requirements. A principal's spouse and their relatives that live at the same address as the principal will also be treated as principals and any securities of the Issuer they hold will be subject to escrow requirements.

"**Private Placement** means prior to the proposed Acquisition, the offering by Titus to the public of 7,425,000 Titus Shares at a price of $0.20 per share closed on May 13, 2011.

"**Pro Group**" means:

(a) Subject to subparagraphs (b), (c) and (d) "Pro Group" shall include, either individual or as a group:
   - (i) the Member;
   - (ii) employees of the Member;
   - (iii) partners, officers and directors of the Member;
   - (iv) Affiliates of the Member; and
   - (v) Associates of any parties referred to in subparagraphs (i) through (iv) above;

(b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arms' length to the Member;

(c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length of the Member; and

(d) The Member may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Member determines that:
   - (i) the Person is an Affiliate or Associate of the Member acting at arms' length of the Member;
   - (ii) the Associate or Affiliate has a separate corporate and reporting structure;
   - (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
   - (iv) the Member maintains a list of such excluded Persons.

"**Professional Person**" means a Person whose profession gives authority to a statement made by the Person in the Person's professional capacity and includes a barrister and solicitor, a public accountant, an appraiser, an auditor, an engineer and a geologist.

"**Policy**" means policies of the Exchange Corporate Finance Manual.

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

"**Related Party Transaction**" has the meaning ascribed to that term under Appendix 5B-OSC Rule 61-501, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arms Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

"**Responsible Solicitor**" means the solicitor who is primarily responsible for the preparation of or for providing advice to the Company or Agent with respect to the contents of the prospectus.

"Resulting Issuer" means the Issuer that was formerly a CPC, that exists upon issuance of the Final Exchange Bulletin.

"**Securities Laws**" means the securities legislation, regulations, rules, policies, notices, instruments and blanket orders in force from time to time in the Provinces of Alberta, British Columbia and Quebec.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of public companies and investment funds across Canada.

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange.

"**Sponsor**" has the meaning specified in Exchange Policy 2.2-Sponsorship and Sponsorship Requirements.

"**Target Assets**" means the assets, business, property or interest herein, being purchased, optioned or otherwise acquired in connection with the Acquisition.

"**Target Company**" means a company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

"**Titus**" means Titus Capital Corp.

"**Titus Prospectus**" means the prospectus for Titus dated November 5, 2010.

"**Titus Related Parties**" means the promoters, officers, directors and other Insiders of Titus and Associates or Affiliates of any such persons.

"**Titus Shares**" means the common shares in the share capital of Titus.

"**Titus Shareholders**" means a holder of common shares of the issued and outstanding share capital of Titus.

"**Trust Company**" means Equity Financial Trust Company.

"**TSX**" means the Toronto Stock Exchange.

"**Value Security Escrow Agreement**" means the Escrow Agreement pursuant to Form 5D of the Exchange to which the Titus Shares held by the Principals will be subject.

"**Vendors**" means one or all of the beneficial owners of the Significant Assets (other than a Target Company).

SUMMARY OF FILING STATEMENT

"The following is a summary of information relating to the Issuer, Significant Assets and Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this filing statement."

THE ISSUER

Titus Capital Corp. was incorporated under the British Columbia Corporations Act on February 17, 2010.

The head office and registered office of Titus is located at Suite 313-515 West Pender Street, Vancouver, British Columbia, V6B 6H5. Titus does not have any subsidiaries.

ACQUISITION

Agreement in Principle

The Prevail Property Development Agreement between Term Oil Ltd. ("Term Oil" or the "Owner") and Titus Capital Corp. is dated for reference the 15th day of October 2012. The agreement is subject notably to the conditions outlined by the Exchange.

The Owner will hereby grant Titus an exclusive and irrevocable interest ownership (the "Ownership Interest") to acquire up to an undivided thirty percent (30%) interest in core oil and gas properties located in the province of Saskatchewan (the "Prevail Property").

Titus Capital Corp. will earn this option by making the following payments to the Owner:

i) $750,000 cash consideration to be expended as follows;

   (a) Completing re-activation "work-over" of three (3) currently shut-in wells, on or before June 1, 2013; and
   (b) Drill, complete and equip one (1) infill well at a location agreeable to TERM and TITUS, on or before June 1, 2013.

Following the Qualifying Transaction, there will be an aggregate of approximately 12,725,000 Titus shares issued, 200,000 incentive stock options to acquire Titus shares and a maximum of 695,200 broker warrants to acquire Titus shares. In addition, the Company would have a maximum of NIL share purchase warrants. The current shareholders of Titus will hold approximately 100% of the issued and outstanding Titus shares. There will no be new shareholders. As a result of the lack of completion of a Private Placement in conjunction with the Qualifying Transaction, no shares of Titus Capital Corp. will be issues in conjunction with the Acquisition. Term Oil will hold 0.00% of the issued and outstanding Titus shares.

The Target Acquisition

The Prevail Property is a prospective core oil and natural gas property in Saskatchewan covering 2,280 acres of land containing 8 producing wells plus a number of shut-in and/or suspended wells. Production is subject to either Crown or freehold royalties, and in one case, a gross overriding royalty. Total gross remaining proved developed producing heavy oil reserves of 80 MSTB have been estimated for the

Lloydminster zone based on decline analysis of their past production performance. Additional probable reserves of 117 MSTB have been estimated for the same Lloydminster zone based on analogy to the producing wells.

Conditions Precedent to the Acquisition

The conditions to be satisfied or completed prior to the completion of the Qualifying Transaction are the following:

(i) the completion of a due diligence review of the Leases by Titus;
(ii) the receipt of all necessary consents and approvals;
(iii) the receipt of all requisite regulatory approvals from the TSXV and the securities regulatory authorities with respect to the Qualifying Transaction;
(iv) the confirmation that no adverse material change in the business, affairs, financial conditions or operations of Titus will have occurred between the date of the Agreement in Principle and the Closing Date;
(v) Titus will have a maximum of 12,725,000 Shares issued and outstanding on a fully-diluted basis prior to the Closing Date;
(vi) Titus will have net assets of a minimum of $750,000 held in escrow with the designated trustee; and
(vii) All directors and officers of Titus holding office as of the date of the Agreement in Principle will remain as such subsequent to the completion of the Qualifying Transaction.

Interests of Insiders, Promoters or Control Persons of the Issuer

After completion of the Acquisition, Titus may provide remuneration to its directors and officers if the directors all consent to do so. No payment other than the Policy 2.4 permitted reimbursements, will be made by Titus or any party on behalf of Titus, until after the completion of the Acquisition, if the payment relates to services rendered or obligations incurred in connection with the Acquisition.

The insiders are Reza Mohammed (700,000 – 5.5%), Gilbert Schneider (700,000 – 5.5%), Anita Algie (400,000 – 3.1%) and Peter Born (200,000 – 1.6%). After giving effect to the Acquisition, the above-mentioned insiders will hold, directly or indirectly, 700,000 (5.5%), 700,000 (5.5%), 400,000 (3.1%), and 200,000 (1.6%) respectively.

Arm's Length Transaction

The Transaction constitutes an Arm's Length Qualifying Transaction. The parties to the Acquisition are not related to one another.

Available Funds

Upon completion of the Acquisition, the funds available to the Resulting Issuer will be allocated as follows;

Source	Available Funds ($)
Working Capital of Titus as of December 1, 2012	**$1,540,000**
Estimated Fees up to Completion of the Acquisition	**$80,000**
Funds Available	**$1,460,000**

Principal Use of the Funds

The Resulting Issuer intends to use the Available Funds for the following purposes;

Proposed Use	Available Funds($)
General and Administrative Expenses	**$210,000**
General Working Capital	**$500,000**
Earn-in Obligation	**$750,000**
Total:	**$1,460,000**

Pending the utilization of the net proceeds of the available funds, the Resulting Issuer intends to invest the funds in short term, interest bearing instruments.

The Resulting Issuer intends to use the Available Funds as indicated above, on the Acquisition is completed. However, it is possible that, for valid reasons, the Available Funds will be reallocated in order to allow the Resulting Issuer to reach its goals.

Funds received as a result of the exercise of warrants to subscribe for shares of the Resulting Issuer will be allocated to the Resulting Issuer's working capital.

Selected Information of the Consolidated Pro Forma Balance Sheet as at August 31, 2012

The following table contains certain financial information regarding the Resulting Issuer once the Acquisition has occurred. This table should be read in conjunction with the unaudited pro forma consolidated balance sheet of the Resulting Issuer included in this Filing Statement as Schedule "C".

	Consolidated Pro Forma(1) (Unaudited – see report on compilation) ($)
As of August 31, 2012	
Cash	**798,023**
Accounts Receivable	**-**
GST Recoverable	**1,349**
Total of the Short Term Assets	**799,372**
Mineral Properties	**750,000**
Total Assets	**1,549,372**
Accounts Payable and Accrued Liabilities	**8,000**
Total Liabilities	**8,000**
Share Capital	**1,687,386**
Contributed Surplus	**35,329**
Deficit	**(181,342)**
Total of Shareholders' Equity	**1,541,372**
Total of Liabilities and Shareholders' Equity	**1,549,372**

Note: (1) see the notes to the consolidated pro forma balance sheet included in Schedule "C" for assumptions and adjustments.

Listing of the Shares of the Issuer on the Exchange

The issued and outstanding Titus Shares have been listed on the Exchange since December 7, 2010 under the trading symbol "TIS.P". None of the Titus Shares have been traded on the Exchange since the Titus Shares were halted on October 24, 2012. On the day preceding the halt, the market price of the Titus shares was $0.18 Canadian. Titus has filed an application to the Exchange for the listing of Titus Shares to be issued in connection with the Acquisition. Titus does not plan to begin trading of the Titus Shares prior to the approval and completion of the Acquisition.

Interest of the Experts

Titus has retained the services of Chapman Petroleum Engineering Ltd. (an independent firm employing Engineers and Geologists) in order to prepare a NI 51-101 compliant technical report on the Prevail Property in respect of the Acquisition. C. W. Chapman; P. Eng. and MiroStromar; M.Sc., P.Eng.are not related or associated in any way to Titus or Term Oil under applicable Securities Laws. However, Chapman Petroleum Engineering Ltd. has received a fee for the production of its technical report. See "Part IV-Experts".

RISK FACTORS

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our long-term commercial success depends on our ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves we may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in our reserves will depend not only on our ability to explore and develop any properties we may have from time to time, but also on our ability to select and acquire suitable producing properties or prospects. No assurance can be given that we will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, our management may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that we will discover or acquire further commercial quantities of oil and natural gas.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees. Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, we may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to us.

In accordance with industry practice, we are not fully insured against all of these risks, nor are all such risks insurable. Although we maintain liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event we could incur significant costs.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on our business, financial condition, results of operations and prospects.

There are certain factors affecting the production and sale of oil and natural gas that could result in decreases in profitability including: (i) expiration or termination of leases, permits or licences, or sales price redeterminations or suspension of deliveries; (ii) future litigation; (iii) the timing and amount of insurance recoveries; (iv) work stoppages or other labour difficulties; (v) worker vacation schedules and related maintenance activities; and (vi) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair, fires, and other geological conditions can have a significant impact on operating results.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices.

These conditions worsened in 2008 and continued in 2009, causing a loss of confidence in global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Although economic conditions improved towards the latter portion of 2009 and in 2010, as anticipated, the recovery from the recession has been slow in various jurisdictions including in Europe and the United States and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to impact commodity prices and to result in high volatility in the stock market.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by us is and will continue to be affected by numerous factors beyond our control. Our ability to market our oil and natural gas may depend upon our ability to acquire space on pipelines that deliver natural gas to commercial markets. We may also be affected by deliverability uncertainties related to the proximity of our reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas prices may be volatile and subject to fluctuation. Any material decline in prices could result in a reduction of our net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of our reserves. We might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in our expected net production revenue and a reduction in our oil and gas acquisition, development and exploration activities. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond our control. These factors include economic conditions, in the United States and Canada, the actions of OPEC, governmental regulation, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on our carrying value of our reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on our business, financial condition, results of operations and prospects.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing credit and liquidity concerns. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

We make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as our ability to realize the anticipated growth opportunities and synergies from combining our business and operations with those of the acquired business. The integration of an acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that we can focus our efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain or our non-core assets, if disposed of, could be expected to realize less than their carrying value on our financial statements.

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquirer, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond our control. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat our title to certain assets or that environmental defects, liabilities or deficiencies do
not exist or are greater than anticipated.

Competition

The petroleum industry is competitive in all its phases. We compete with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Our competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than ours. Our ability to increase our reserves in the future will depend not only on our ability to explore and develop our present properties, but also on our ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase our costs, any of which may have a material adverse effect on our business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, we will require licenses from various governmental authorities. There can be no assurance that we will be able to obtain all of the licenses and permits that may be required to conduct operations that we may wish to undertake.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require us to incur costs to remedy such discharge. Although we believe that we are in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on our business, financial condition, results of operations and prospects.

Climate Change

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so called "greenhouse gases". There has been much public debate with respect to Canada's ability to meet these targets and the Government's strategy or alternative strategies with respect to climate change and the control of greenhouse gases. We may also be required comply with the regulatory scheme for greenhouse gas emissions ultimately adopted by the federal government, which is now expected to be modified to ensure consistency with the regulatory scheme for greenhouse gas emissions adopted by the United States. The direct or indirect costs of these regulations may have a material adverse effect on our business, financial condition, results of operations and prospects. The future implementation or modification of greenhouse gases regulations, whether to meet the limits required by the Kyoto Protocol, the Copenhagen Accord or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including ours. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on us and our operations and financial condition.

Variations in Foreign Exchange Rates and Interest Rates

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has increased materially in value against the United States dollar. Material increases in the value of the Canadian dollar negatively impact our production revenues. Future Canadian/United States exchange rates could accordingly impact the future value of our reserves as determined by independent evaluators To the extent that we engage in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which we may contract. An increase in interest rates could result in a significant increase in the amount we pay to service debt, which could negatively impact the market price of our securities.

Hedging

From time to time we may enter into agreements to receive fixed prices on our oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, we will not benefit from such increases and we may nevertheless be obligated to pay royalties on such higher prices, even though not received by us, after giving effect to such agreements. Similarly, from time to time we may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, we will not benefit from the fluctuating exchange rate.

Management of Growth

We may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Our potential inability to deal with this growth may have a material adverse effect on our business, financial condition, results of operations and prospects.

Operational Dependence

We do not operate all of our properties and facilities. Therefore, our results of operations may be adversely affected by pipeline interruptions and apportionments and the actions or inactions of third party operators, any of which could cause delays and additional expenses in receiving our revenues, which could in turn adversely affect our business, financial condition, results of operations and prospects. Continuing production from a property, and to some extent the marketing of production therefrom, largely depend upon the ability of the operator of the property or related facilities and the uninterrupted access to pipelines.

Operating costs on most properties have increased over recent years. To the extent the operator fails to perform these functions properly or pipeline access is restricted, revenues will be reduced. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. Our return on assets operated by others therefore depends upon a number of factors that may be outside of our control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Third Party Credit Risk

We may be exposed to third party credit risk through our contractual arrangements with our current or future joint venture partners, marketers of our petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations, such failures may have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in our ongoing capital program, potentially delaying the program and the results of such program until we find a suitable alternative partner.

Substantial Capital Requirements

We anticipate making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If our revenues or reserves decline, we may not have access to the capital necessary to undertake or complete future drilling programs. In addition, uncertain levels of near term industry activity coupled with the present global credit crisis exposes us to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to us. Our inability to access sufficient capital for our operations could have a material adverse effect on our business financial condition, results of operations and prospects.

Additional Funding Requirements

Our cash flow from our production and reserves may not be sufficient to fund our ongoing activities at all times. From time to time, we may require additional financing in order to carry out our oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause us to forfeit our interest in certain properties, miss certain acquisition opportunities and reduce or terminate our operations. If our revenues from our reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect our ability to expend the necessary capital to replace our reserves or to maintain our production. If our cash flow from operations is not sufficient to satisfy our capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on terms acceptable to us. Continued uncertainty in domestic and international credit markets could materially affect our ability to access sufficient capital for our capital expenditures and acquisitions, and as a result, may have a material adverse effect on our ability to execute our business strategy and on our business, financial condition, results of operations and prospects.

Issuance of Debt

From time to time we may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase our debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, we may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither our articles nor by-laws limit the amount of indebtedness that we may incur.

The level of our indebtedness from time to time could impair our ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Reliance on Key Personnel

Our success depends in large measure on our certain key personnel. The loss of the services of such key personnel may have a material adverse effect on our business, financial condition, results of operations and prospects. The contributions of the existing management team to our immediate and near term operations are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that we will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of our management.

Availability of Drilling and Completion Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and completion and the related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. The substantial increase in horizontal drilling and the use of multi-stage fracturing equipment has placed increased demands on this specialized equipment. Demand for such limited equipment or access restrictions may affect the availability of such equipment to us and may delay exploration and development activities.

Title to Assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat our claim which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated future cash flow information set forth in this listing application and incorporated by reference herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. Our actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, our independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from our oil and gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities we intend to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and has not been updated and thus does not reflect changes in our reserves since that date.

Insurance

Our involvement in the exploration for and development of oil and natural gas properties may subject us to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although we maintain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, we may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce our available funds. The occurrence of a significant event that we are not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on our business, financial condition, results of operations and prospects.

Adoption of International Financial Reporting Standards

The requirement for us to implement IFRS to replace Canadian generally accepted accounting principles effective January 1, 2011 may materially affect our financial results as reported in our financial statements. We transitioned to IFRS and have reported our financial results for the past quarters in compliance with Canadian GAAP, but at this time we are unable to quantify the impact IFRS will have on our financial statements.

Project Risks

We manage a variety of small and large projects in the conduct of our business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. Our ability to execute projects and market oil and natural gas depends upon numerous factors beyond our control, including:

1. the availability of processing capacity;

- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, we could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that we produce.

Geo-Political Risks

The marketability and price of oil and natural gas that we may acquire or discover is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising in the Middle East and other areas of the world have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of our net production revenue.

In addition, our oil and natural gas properties, wells and facilities could be subject to a terrorist attack. If any of our properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on our business, financial condition, results of operations and prospects. We will not have insurance to protect against the risk from terrorism.

Dilution

We may make future acquisitions or enter into financings or other transactions involving the issuance of our securities which may be dilutive.

Expiration of Licences and Leases

Our properties are held in the form of licences and leases and working interests in licences and leases. If we or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of our licences or leases or the working interests relating to a licence or lease may have a material adverse effect on our business, financial condition, results of operations and prospects.

Dividends

We have not paid any dividends on our outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of our operations and financial condition, the need for funds to finance ongoing operations and other considerations as our
Board of Directors considers relevant.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to portions of western Canada. We are not aware that any claims have been made in respect of our properties and assets; however, if a claim arose and was successful such claim may have a material adverse effect on our business, financial condition, results of operations and prospects.

Seasonality

The level of activity in the North American oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for our goods and services.

Conflicts of Interest

Certain of our directors are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions.
Conflicts, if any, will be subject to the procedures and remedies of the BCBCA.

No Market or History of Operations

The Company does not have a history of operations, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future. There is no market for the Common Shares and there can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell the Common Shares.

Directors' and Officers' Involvement in Other Projects

The directors and officers of the Company will only devote a small portion of their time to the business and the affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

Requirement for Additional Financing

The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part buy the issuance of additional securities by the Company and this may result in further dilution to investors, which may be significant and which may also result in a change of control of the Company. Subject to prior Exchange approval, the Company may be permitted to loan or advance up to an aggregate of $250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Company will be able to recover that loan.

An Attempt at Creating Revenue through Issuance of Securities is not a Guaranteed Success

Should the Company elect to raise cash by issuance of securities, either privately or publicly, there can be no assurance that our efforts to raise such funding will be successful, or achieved on terms favourable for us or our existing shareholders. The issuance of additional securities by the Issuer will result in further dilution to investors, which dilution may be significant and which may result in a chance of control positions.

Non-acceptance by the Exchange

Completion of the Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and in the case of a Non Arms' Length Qualifying Transaction, Majority of Minority Approval.

Trading Halt

Upon public announcement of a proposed Qualifying Transaction, trading in Common Shares of the Company will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Company will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits if the transaction or the likelihood of the Company completing the Qualifying Transaction. Trading of the Common Shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

Possible Trading Suspension or Delisting

The Exchange will generally suspend trading of the Common Shares or delist the Company in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing.

Merits of the Proposed Qualifying Transaction

Neither the Exchange, nor any securities regulatory authority, passes upon the merits of the proposed Qualifying Transaction.

Some of our Directors and Officers Have Conflicts of Interest as a Result of Their Involvement with other Natural Resource Companies

Certain of the directors and officers of the Issuer may, from time to time, be directors, officers, contractors and/or employees of other companies engaged in natural resource exploration and development. To the extent that such other companies may participate in ventures in which the Issuer may participate, the directors of the Issuer may have a conflict of interest in negotiating and concluding terms of such participation. In the event that such a conflict of interest arises at a meeting of the directors of the Issuer, a director who has a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Issuer will establish a special committee of independent directors to review a matter in which several directors, or management may have a conflict. In accordance with the laws of the Province of British Columbia, the directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer. In determining whether or not the Issuer will participate in a particular program, the directors will primarily consider the potential benefits to the Issuer, the degree of risk to which the Issuer may be exposed and its financial position at the time. Other than as indicated, the Issuer has no other procedures or mechanisms to deal with conflicts of interest.

Dilution through Employee/Director/Consultant Options

Because the success of the Company is highly dependent upon its respective employees, the Company has granted to some or all of its key employees, directors and consultants, options to purchase common shares as non-cash incentives. To the extent that significant numbers of such options may be granted and exercised, the interests of the other stockholders of the Company may be diluted causing possible loss of investment value.

The Company's Future Performance is Dependent on Key Personnel. The Loss of the Services of any of the Company's Executives of Board of Directors could have a Material Adverse Effect on the Company Business

The Company's performance is substantially dependent on the performance and continued efforts of the Company's executives and its Board of Directors. The loss of the services of any of the Company's executives or Board of Directors could have a materially adverse effect on the Company business, results of operations and financial condition. The Company currently does not carry any key person insurance on any of the board of directors.

As a result of these factors, this Offering is suitable only to investors who are willing to rely solely on the management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

NOTE ON FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to Titus, Term Oil or the Resulting Issuer, or their respective management, are intended to identify forward-looking statements. Such statements reflect the statement maker's current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Titus, Term Oil and the Resulting Issuer and their respective management do not intend, and do not assume any obligation to update these forward-looking statements.

PART 1
INFORMATION CONCERNING THE ISSUER

CORPORATE STRUCTURE

NAME AND INCORPORATION

Titus Capital Corp. was incorporated under the British Columbia Business Corporations Act on February 17, 2010. Since the date of its formation, there have been no amendments to the articles or any other constating or establishing documents of the Issuer.

The head and registered office is located at Suite 313-515 West PenderStreet, Vancouver, British Columbia, V6B 6H5. Titus does not have any subsidiaries.

The share capital of Titus consists in an unlimited number of Titus Shares without nominal or par value, of which, before the completion of the Acquisition (i) 12,725,000 Titus Shares are issued and outstanding; (ii) 10% of the issued and outstanding Titus Shares from time to time are reserved under an incentive stock option plan of Titus (200,000 reserved for issuance) and (iii) 695,200 Titus Shares are reserved for issuance upon exercise of an option granted to the Agent.

GENERAL DEVELOPMENT OF THE BUSINESS

HISTORY

Titus Capital Corp. is a CPC pursuant to Policy 2.4 and its shares, listed under the symbol "TIS.P", traded on the Exchange from December 7, 2010 until October 14, 2012. On October 14, 2012, Titus requested that the Exchange halt the trading of its common shares until the closing of the Acquisition in order to facilitate the Acquisition. Since its incorporation, Titus has been investigating business opportunities with a view to completing a Qualifying Transaction. Upon completion of the Acquisition, the common shares of Titus will commence trading on the Exchange and the Resulting Issuer will thereafter be classified as a Tier 2 company in the category of junior oil and gas issuers. See "Acquisition" for a description of the Qualifying Transaction as well as "Part II – Information Concerning the Prevail Property" for a description of the current status of the Prevail Property. The oil and gas exploration of the Prevail Property will become the business of the Resulting Issuer upon completion of the Acquisition.

Proposed Operations until the Completion of the Acquisition

To date, Titus has not conducted operations of any kind. Titus proposed to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Titus intended to pursue a Qualifying Transaction in the oil and gas sector.

Until completion of the Acquisition, Titus will not carry on any business other than the identification and evaluation of Term Oil and the Prevail Property with a view to completing the Acquisition. Subject to Exchange approval, this may include the raising of additional funds in order to complete the Acquisition. The funds raised will be used only for the identification and evaluation of potential Qualifying Transactions and not towards any deposit, loan or direct investment in a potential acquisition.

Titus has completed the process of identifying potential acquisitions with the view to completing the Acquisition, thus Titus has entered into the Prevail Property Development Agreement with regards to the Acquisition.

FINANCING

The Company will not be proceeding with a financing in conjunction with this Transaction.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

INFORMATION FROM INCEPTION

Since its incorporation, Titus has spent approximately $325,000 for legal fees, monthly fees for Equity Financial Trust Company, valuation costs, investigation costs, Agents' fees, disbursements and other expenses of similar nature in respect of its initial public offering and listing, private placement, and identifying companies and/or assets that could be a Qualifying Transaction, including the remuneration paid to the Agent. Titus plans to spend approximately an additional $80,000 to complete the Acquisition.

	31Aug 12	31May 12	29Feb 12	30Nov 11	31Aug 11	31May 11	28Feb 11	30Nov 10
Interest Income	-	$7,592	$3,500	$1,400	$4,200	-	-	-
Operating Costs	$(15,925)	$(48,935)	$(11,353)	$(7,150)	$(8,201)	$(12,027)	$(22,515)	$(46,508)
Net Loss	$(15,925)	$(41,343)	$(7,853)	$(5,750)	$(4,001)	$(12,027)	$(22,515)	$(46,508)
Total Assets	$1,549,372	$1,565,298	$1,585,606	$1,602,389	$1,615,244	$1,628,576	$258,404	$282,401
Total Liabilities	$(8,000)	$(8,000)	$(NIL)	$(NIL)	$(3,000)	$(12,331)	$(6,482)	-
Working Capital	$1,541,372	$1,557,298	$(1,585,606)	$1,602,389	$1,612,244	$1,616,245	$251,992	$282,401

MANAGEMENT'S DISCUSSION AND ANALYSIS

Titus has, in order to complete the Acquisition, incurred fees as well as expenses relating to: (i) the filing of various requests with the regulatory authorities, (ii) its transfer agent; and (iii) registrar and operating costs. On October 15, 2012, Titus entered into the Agreement in Principle with Term Oil in respect of the completion of the Acquisition. As at December 1, 2012, Titus had spent an estimated amount of $325,000 for the identification and analysis of the Acquisition in addition to financings. Titus is currently completing the Acquisition with Term Oil. As at December 1, 2012, Titus had a working capital surplus of $1,540,000.

The board of directors of Titus expects to complete the Acquisition with Term Oil, the Resulting Issuer will then become a listed company on the Exchange. If the Acquisition is not completed with Term Oil, Titus believes that it has the financial capacity necessary to complete another Qualifying Transaction having as at December 1, 2012 approximately $1,540,000 in working capital. However, Titus is confident it will be able to complete the Acquisition with Term Oil.

DESCRIPTION OF SECURITIES

Titus is authorized to issue an unlimited amount of common shares without nominal or par value. There are no special rights or restrictions attached to any of the shares. Each and every shareholder entitled to vote has one vote in respect of each common share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy. There are no provisions for rights upon dissolution or winding-up in the Company's articles.

STOCK OPTION PLAN

Titus has adopted a stock option plan (the "Stock Option Plan"), which provides that the board of directors of Titus may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to Titus, non-transferable options to purchase Titus Shares, provided that the number of Titus Shares reserved for issuance would not exceed 10% of the Titus Shares to be outstanding at the closing of the Offering. Such options will be exercisable for a period of up to 5 years from the date of grant. In connection with the foregoing, the number of Titus Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Titus shares and the number of Titus Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Titus Shares. Options may be exercised no later than 90 days following the cessation of the optionee's position with Titus, provided that if the cessation of office, directorship or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Titus Shares acquired pursuant to exercise of options prior to completion of the Acquisition, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

The Company has entered into stock option agreements granting the Incentive Stock Options according to the following terms:

	Number of Common Shares Under Option	**Exercise Price**	**Expiry Date**
Reza Mohammed President, CEO and Director	70,000[(1)]	$0.15	**Five years from the date of listing of the Common Shares (December 7/2015)**
Gilbert Schneider Director	70,000[(1)]	$0.15	**Five years from the date of listing of the Common Shares (December 7/2015)**
Anita Algie Director and CFO	40,000[(1)]	$0.15	**Five years from the date of listing of the Common Shares (December 7/2015)**
Peter Born Director	20,000[(1)]	$0.15	**Five years from the date of listing of the Common Shares (December 7/2015)**
Total:	**200,000**		

Note: (1) These options may not be exercised until the completion of this Offering. In addition, in accordance with Exchange policies, all Common Shares acquired on exercise of stock options prior to completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrowed Securities”.

The Incentive Stock Options to purchase, in the aggregate, 200,000 Common Shares granted to directors and officers of the Company are qualified for distribution under this prospectus.

PRIOR SALES

	Number of Common Shares	Issue Price per Share	Aggregate Issue Price	Nature of Consideration Received
February 17, 2010	700,000(1)	$0.05	$35,000	Cash
June 1, 2010	2,100,000(1)	$0.05	$105,000	Cash
November 30, 2010	2,500,000(2)	$0.10	$250,000	Cash
May 13, 2011	7,425,000(3)	$0.20	$1,485,000	Cash

Notes: (1) These Titus Shares are subject to escrow restrictions. See Part III “Escrowed Securities”.
(2) Issued in connection with the initial public offering of Titus as a CPC.
(3) Issued in connection with a private placement completed prior to the Qualifying Transaction.

STOCK EXCHANGE PRICE

The Titus Shares are listed on the Exchange under the symbol “TIS.P”. The Titus Shares are not currently trading. It is expected that the trading in the Titus Shares will start following the completion of the Acquisition.

The following is a summary table of monthly closes for the trading of the Titus Shares prior to the halting of the shares by the Exchange.

Date	Open	High	Low	Close	Change	Volume	Trades
December 7, 2010	0.1	0.1	0.1	0.1	0	0	0
December 31, 2010	0.1	0.1	0.1	0.1	0	0	0
January 31, 2011	0.1	0.1	0.1	0.1	0	0	0
February 28, 2011	0.1	0.1	0.1	0.1	0	0	0
March 31, 2011	0.1	0.1	0.1	0.1	0	0	0
April 29, 2011	0.1	0.1	0.1	0.1	0	0	0
May 31, 2011	0.1	0.1	0.1	0.1	0	0	0
June 30, 2011	0.1	0.1	0.1	0.1	0	0	0
July 6, 2011	0.11	0.11	0.11	0.11	0	1,000	1
July 29, 2011	0.11	0.11	0.11	0.11	0	0	0
August 31, 2011	0.11	0.11	0.11	0.11	0	0	0
September 30, 2011	0.11	0.11	0.11	0.11	0	0	0
October 31, 2011	0.11	0.11	0.11	0.11	0	0	0
November 30, 2011	0.11	0.11	0.11	0.11	0	0	0
December 14, 2011	0.12	0.12	0.12	0.12	0.01	10,000	1
December 16, 2011	0.12	0.12	0.12	0.12	0	40,000	1

December 30, 2011	0.12	0.12	0.12	0.12	0	0	0
January 31, 2012	0.12	0.12	0.12	0.12	0	0	0
February 23, 2012	0.18	0.18	0.18	0.18	0.06	10,000	1
February 29, 2012	0.18	0.18	0.18	0.18	0	0	0
March 30, 2012	0.18	0.18	0.18	0.18	0	0	0
April 30, 2012	0.18	0.18	0.18	0.18	0	0	0
May 31, 2012	0.18	0.18	0.18	0.18	0	0	0
June 29, 2012	0.18	0.18	0.18	0.18	0	0	0
July 31, 2012	0.18	0.18	0.18	0.18	0	0	0
August 31, 2012	0.18	0.18	0.18	0.18	0	0	0
September 28, 2012	0.18	0.18	0.18	0.18	0	0	0
October 31, 2012	0.18	0.18	0.18	0.18	0	0	0
November 1, 2012	0.18	0.18	0.18	0.18	0	0	0
November 9, 2012	0.18	0.18	0.18	0.18	0	0	0

ARM'S LENGTH TRANSACTION

The Acquisition constitutes an Arm's Length Qualifying Transaction.

LEGAL PROCEEDINGS

Titus is not currently a party to any legal proceedings, nor is Titus currently contemplating any legal proceedings. Management of Titus is currently not aware of any legal proceedings contemplated against Titus.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Titus are Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants at 1500-1140 West Pender Street, Vancouver, British Columbia, V6E 4G1.

The registrar and transfer agent of the Titus Shares is Equity FinancialTrust Company, at 1620-1185 Burrard Street, Vancouver, British Columbia, V6E 4E6.

MATERIAL CONTRACTS

The following are the material contracts of Titus entered into since the date of its incorporation:

1. The Agency Agreement dated November 5, 2010 between the Company and the Agent. See "Plan of Distribution".

2. The Registrar and Transfer Agent Agreement dated June 1, 2010 between the Company and Pacific Corporate Trust Company. See. "Auditor, Transfer Agent and Registrar".
3. The Stock Option Plan of the Company.
4. The Stock Option Agreements dated June 1, 2010 between the Company and each of its directors. See "Incentive Stock Options".
5. The Escrow Agreement dated June 1, 2010 among the Company, Pacific Corporate Trust and certain shareholders of the Company. See "Escrowed Securities".
6. The Property Agreement dated October 15, 2012 among the Company and Term Oil Ltd.

PART II
INFORMATION CONCERNING TERM OIL LTD.
AND THE PREVAIL PROPERTY

The following information relating to the business of Term Oil Ltd. has been provided to Titus by Term Oil. Titus believes the information to be accurate and complete and has relied solely upon Term Oil in this regard. The information relating to the PrevailProperty, has been provided to Titus by C.W. Chapman, P.Eng. andMiroStromar, M.Sc., P.Eng., of Chapman Petroleum Engineering Ltd. Titus believes the information to be accurate and complete and has relied solely upon the independent geologist with regards to the Property.

NAME AND BACKROUND OF VENDOR

Term Oil Ltd. is a Regina based private energy company that specializes in the exploration, development and production of light and heavy oil in Saskatchewan and Alberta. As a junior oil and gas company with core oil and natural gas properties located in the Province of Saskatchewan, the company's primary asset is the Prevail Project, located in Lloydminster, SK.

NARRATIVE DESCRIPTION OF THE ACQUISITION

GENERAL

The following information is excerpted from Chapman Petroleum Engineering Ltd.'s NI51-101 compliant Technical Report on the "Prevail Property" entitled "Reserve and Economic Evaluation Oil Property, Buzzard Area, Saskatchewan" and dated September 1, 2012 (August 31, 2012). The report has been filed and may be viewed under the Company's profile on SEDAR.

BUZZARD AREA SASKATCHEWAN DISCUSSION

OWNERSHIP

The Company has entered into a farm-in agreement with Prevail Energy Ltd. covering 2,280 acres of land in this area, which contains eight producing oil wells plus a number of shut-in and/or suspended wells, as shown on the map, Figure 1.

Under the terms of the agreement the Company will pay the first $750,000 of Prevail costs towards an exploitation program including well reactivations and the drilling of an infill location, to earn a 30 percent working interest in the entire property. The Company will earn its 30 percent working interest directly in any reactivations and the total property will be earned upon completing the $750,000 total expenditure.

Production is subject to either Crown or freehold royalties, and in one case, a gross overriding royalty.

A detailed description of the lands, working interests and royalty burdens is presented in Table 1.

GEOLOGY

The Lloydminster Sand is a clastic unit of Lower Cretaceous age and is part of the Mannville Group. It was formed within a shoreline to shallow shelf environment. In this area, the Lloydminster Sand is approximately 10 m. thick.

RESERVES

Total gross remaining proved developed producing heavy oil reserves of 80 MSTB have been estimated for the Lloydminster zone based on decline analysis of the past production performance of the currently producing wells.

Additional probable reserves of 117 MSTB have been estimated for the same Lloydminster zone based on analogy to the producing wells as follows:

32 MSTB have been assigned for the same eight wells in anticipation of a lesser decline than in the proved case.

45 MSTB are expected to be recovered from three currently shut-in wells following a successful workover of the three wells.

And finally, 40 MSTB of probable undeveloped heavy oil reserves were assigned to a future infill location at 5-16-47-26 W3M.

A detailed description of the reserves is presented in Table 2.

PRODUCTION

Total production from the area's eight wells currently averages 60 STB/d and is expected to gradually decline to each well's economic limit.

The non-producing wells scheduled for reactivation are expected to commence production at rates listed in Table 2.

Production history graphs are shown on Figures 2a through 2i for the proved case and Figure 3 for the proved plus probable case.

PRODUCT PRICES

An average 2012 oil price of $74.48/STB has been utilized for this property.

CAPITAL EXPENDITURES

Total development capital expenditures of $750,000 have been estimated, as detailed in Table 3a.

Total abandonment and restoration liabilities of $516,000 ($143.400 net to the Company) have been anticipated as presented in Table 3b.

OPERATING COSTS

Operating costs of $2,000 per well per month plus a $9.00/STB have been utilized.

ECONOMICS

An economic summary is presented in Table 4, and the results of our economic analysis are presented in Tables 4a through 4e.

The Company’s total historical production together with our proved producing and proved plus probable forecast is presented on Figure 4.

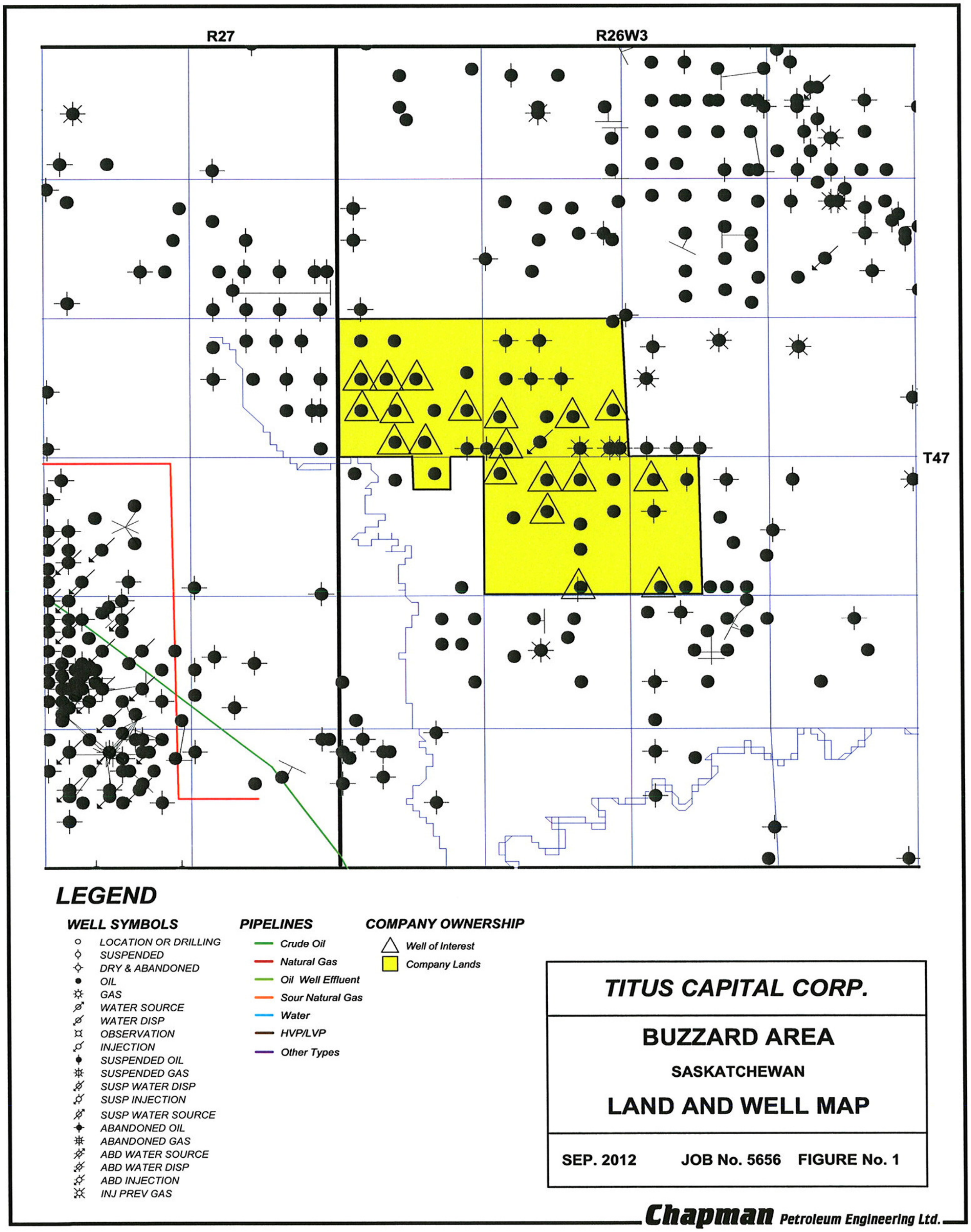

R27
R26W3
T47
LEGEND
WELL SYMBOLS
LOCATION OR DRILLING
SUSPENDED
DRY & ABANDONED
OIL
GAS
WATER SOURCE
WATER DISP
OBSERVATION
INJECTION
SUSPENDED OIL
SUSPENDED GAS
SUSP WATER DISP
SUSP INJECTION
SUSP WATER SOURCE
ABANDONED OIL
ABANDONED GAS
ABD WATER SOURCE
ABD WATER DISP
ABD INJECTION
INJ PREV GAS
PIPELINES
Crude Oil
Natural Gas
Oil Well Effluent
Sour Natural Gas
Water
HVP/LVP
Other Types
COMPANY OWNERSHIP
Well of Interest
Company Lands
TITUS CAPITAL CORP.
BUZZARD AREA
SASKATCHEWAN
LAND AND WELL MAP
SEP. 2012
JOB No. 5656
FIGURE No. 1
Chapman Petroleum Engineering Ltd.

Table 1

Schedule of Lands, Interests and Royalty Burdens
September 1, 2012

TITUS CAPITAL CORP.
Buzzard, Saskatchewan

			Appraised Interest			Royalty Burdens	
Description	Rights Owned	Gross Acres	Working %		Royalty %	Basic %	Overriding %
Twp 47Rge 26 W3M							
Sec W/2 16		320	30.0000	(1)	-	CROWN	-
Well 4-16			15.0000	(1)		CROWN	-
Well 6-16			100.0000	(2)			
Sec E/2 17		320	30.0000	(1)		FH-15	-
Well 2-17			12.0000	(1)		FH-15	-
Sec W/2 17		320	30.0000	(1)		FH-15	5.0000
Sec 18 lsd 15		40	30.0000	(1)	-	CROWN	-
Sec N/2 19		320	30.0000	(1)		FH-18	
Sec SW/4 19		160	30.0000	(1)		FH-15	
Sec EW/4 19		160	30.0000	(1)		FH-20	
Sec 20		640	30.0000	(1)		CROWN	
			100.0000	(2)			

General Notes : (1) After farm-in Working interest.
(2) Capital interest

Table 2

Summary of Reserves
September 1, 2012

Buzzard, Saskatchewan

Description		Current or Initial Rate STB/d	API Gravity (Deg)	Ultimate ROIP (MSTB)	Cumulative Production (MSTB)	Remaining ROIP (MSTB)	Reference
Heavy Oil							
Proved Developed Producing							
8 Wells	Buzzard Lloydminster	60		986	906	80	Figure 2a
Total Proved Developed Producing		**60**		**986**	**906**	**80**	
Probable Developed							
8 Wells	Buzzard Lloydminster (incr.)			32	0	32	Figure 3
1-20-47-26W3M	Buzzard Lloydminster	15		52	37	15	Analogy
4-20-47-26W3M	Buzzard Lloydminster	15		40	25	15	Analogy
8-20-47-26W3M	Buzzard Lloydminster	15		60	45	15	Analogy
Probable Undeveloped							
6-16-47-26W3M	Buzzard Lloydminster	25		40	0	40	Analogy
Total Probable				**224**	**107**	**117**	
Total Proved Plus Probable				**1,210**	**1,013**	**197**	

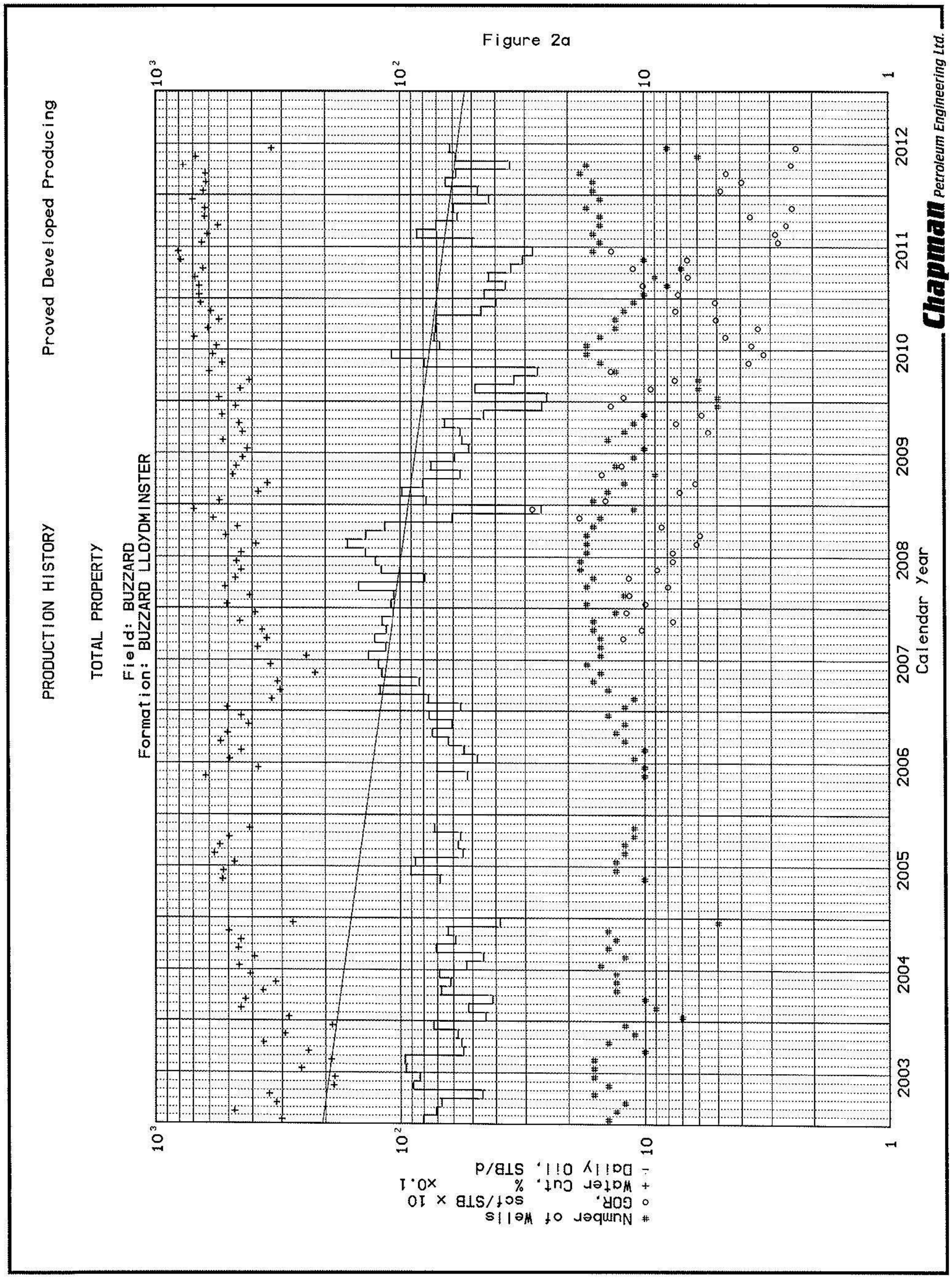


Figure 2a
PRODUCTION HISTORY
Proved Developed Producing
TOTAL PROPERTY
Field: BUZZARD
Formation: BUZZARD LLOYDMINSTER
Number of Wells
o GOR, scf/STB x 10
+ Water Cut, % x0.1
- Daily Oil, STB/d
10³
10²
10
1
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Calendar Year
Chapman Petroleum Engineering Ltd.

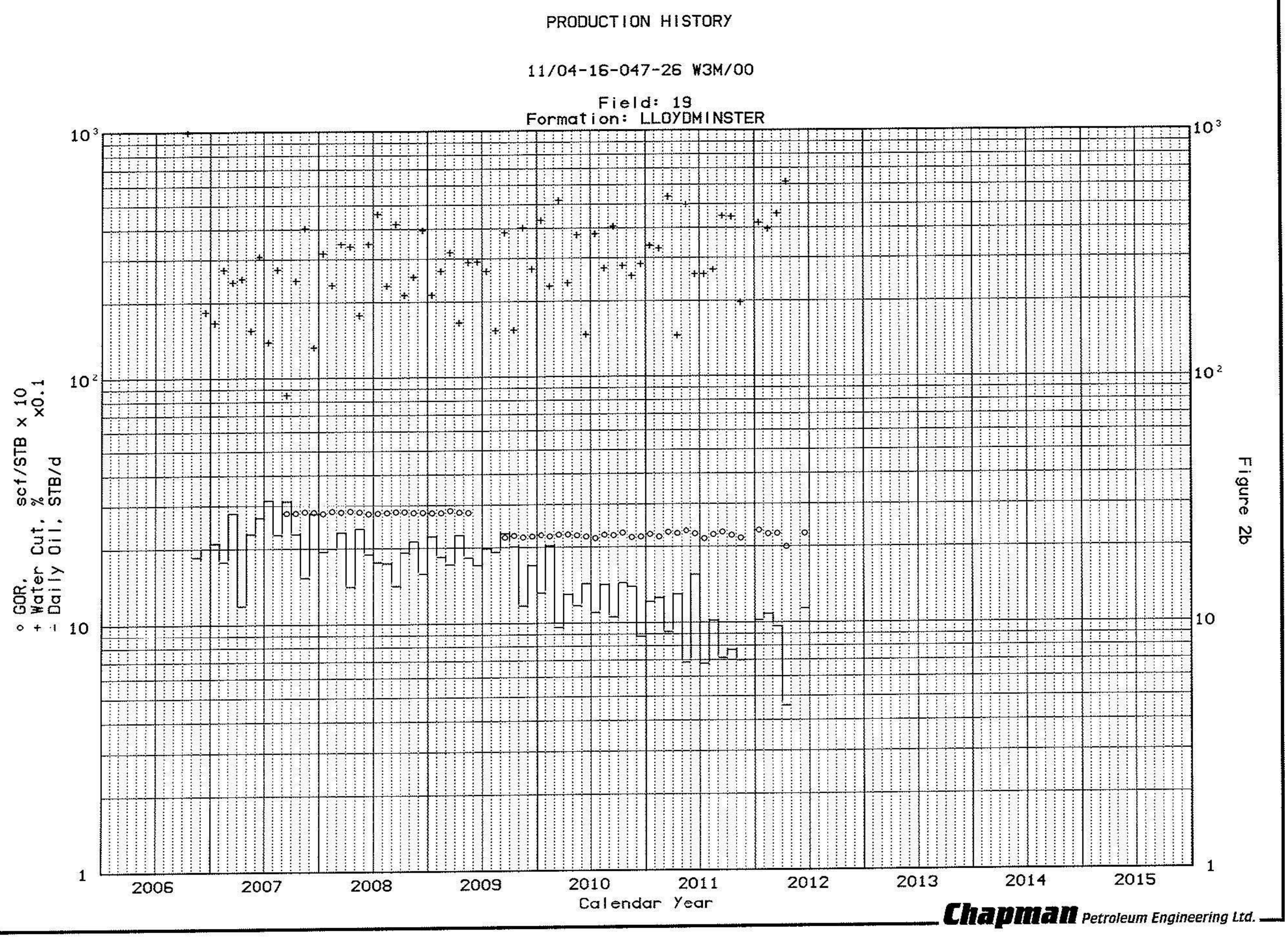
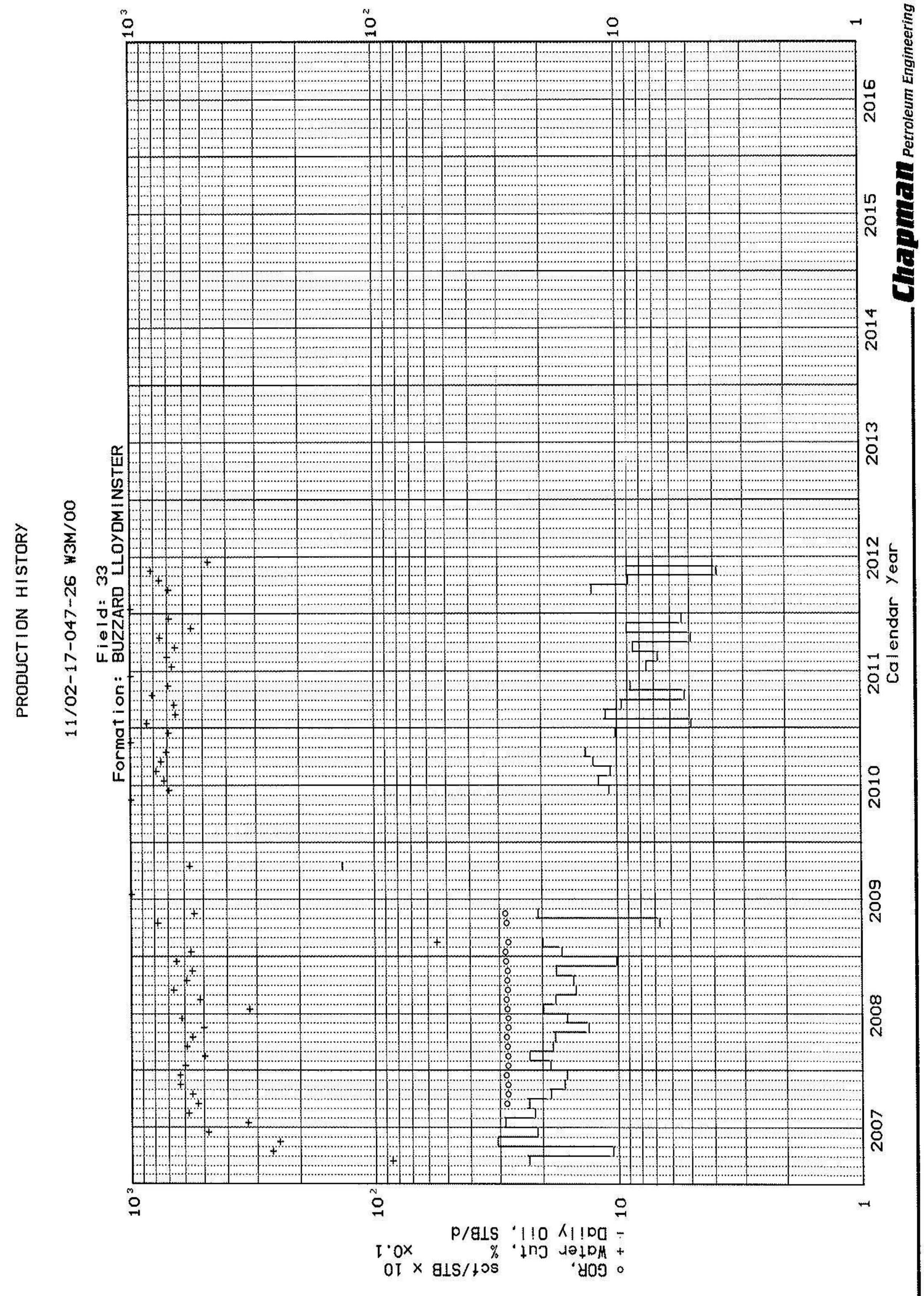

PRODUCTION HISTORY
11/04-16-047-26 W3M/00
Field: 19
Formation: LLOYDMINSTER
o GOR, scf/STB x 10
+ Water Cut, % x0.1
- Daily Oil, STB/d
10^3
10^2
10
1
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Calendar Year
Chapman Petroleum Engineering Ltd.

Figure 2b

Figure 2c


PRODUCTION HISTORY
11/02-17-047-26 W3M/00
Field: 33
Formation: BUZZARD LLOYDMINSTER
Calendar Year
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
1
10
10^2
10^3
o GOR, scf/STB x 10
+ Water Cut, % x0.1
- Daily Oil, STB/d
Chapman Petroleum Engineering Ltd.

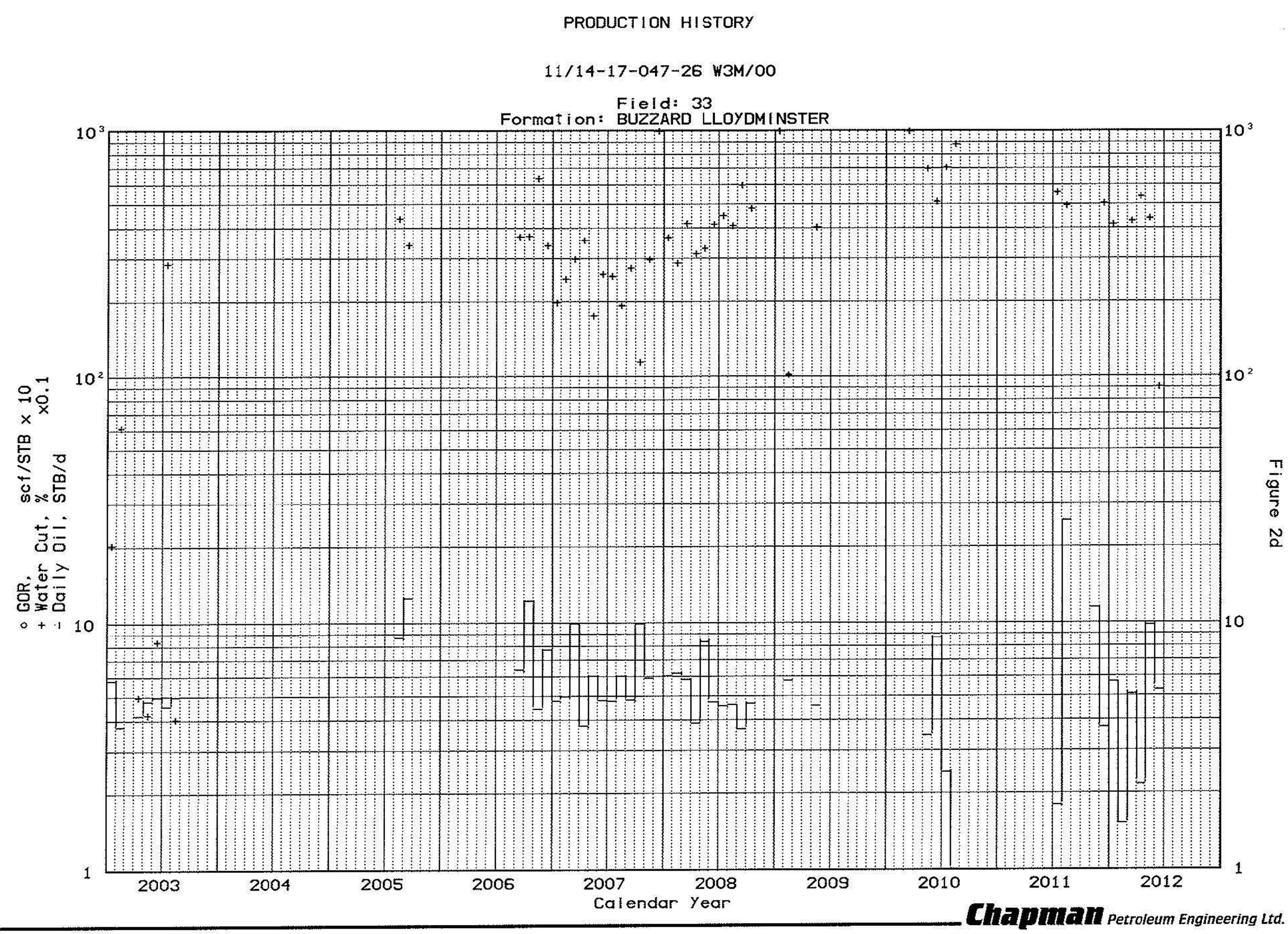

PRODUCTION HISTORY
11/14-17-047-26 W3M/00
Field: 33
Formation: BUZZARD LLOYDMINSTER
o GOR, scf/STB x 10
+ Water Cut, % x0.1
- Daily Oil, STB/d
10³
10²
10
1
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Calendar Year
Chapman Petroleum Engineering Ltd.

Figure 2d

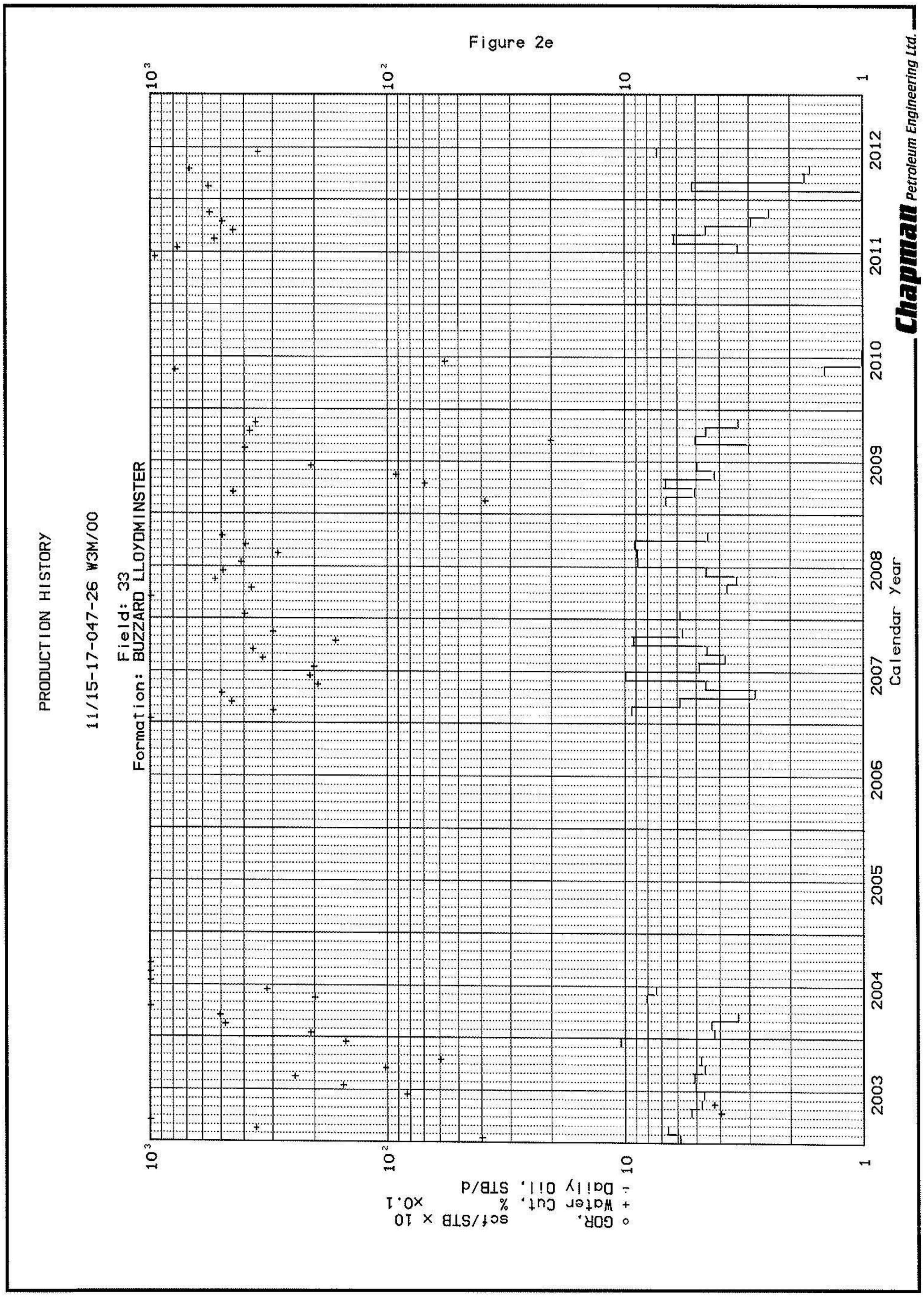


Figure 2e
PRODUCTION HISTORY
11/15-17-047-26 W3M/00
Field: 33
Formation: BUZZARD LLOYDMINSTER
10³
10²
10
1
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Calendar Year
∘ GOR, scf/STB × 10
+ Water Cut, % ×0.1
- Daily Oil, STB/d
Chapman Petroleum Engineering Ltd.

PRODUCTION HISTORY

11/15-18-047-26 W3M/00

Field: 33
Formation: BUZZARD LLOYDMINSTER

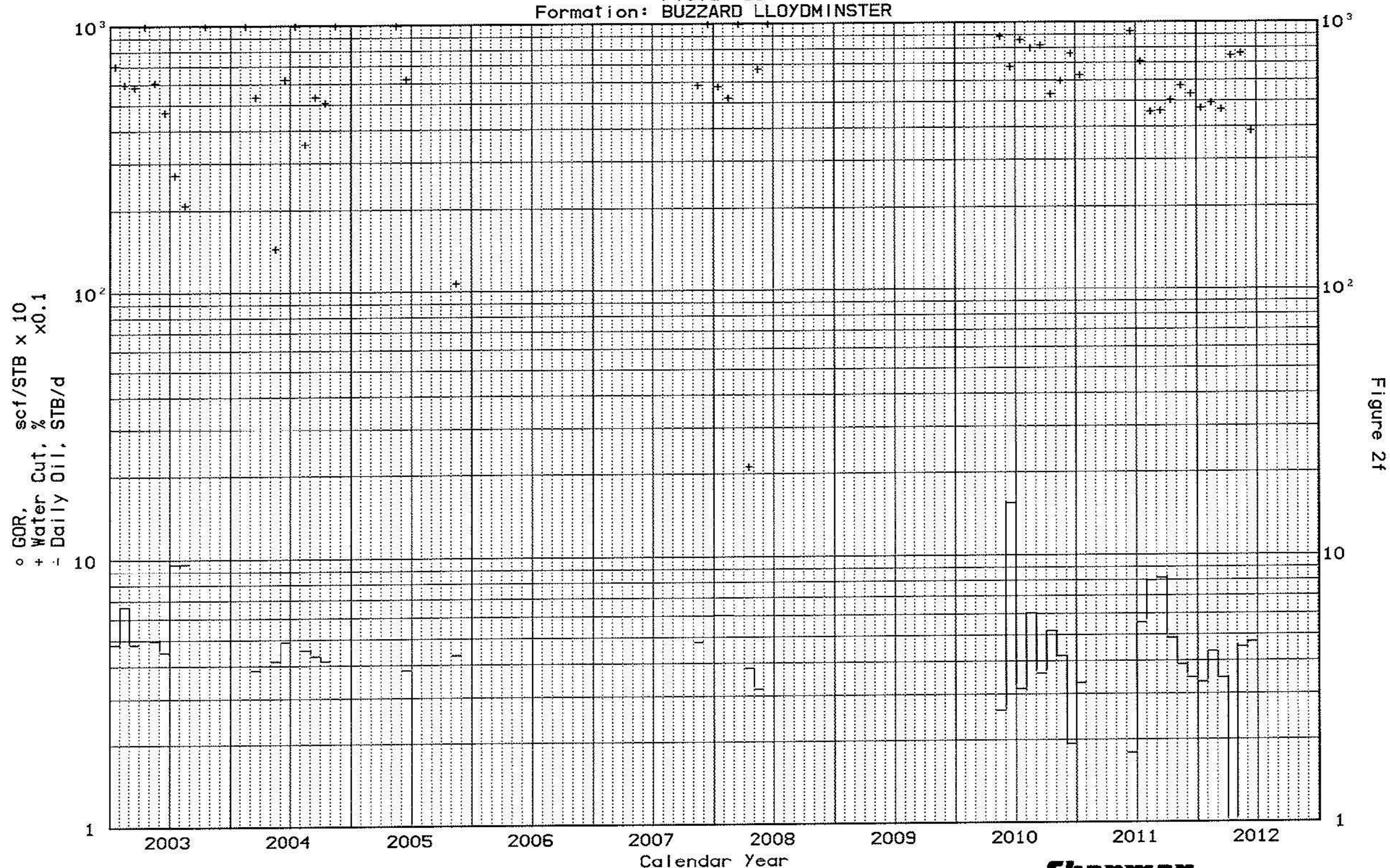


Figure 2f

Chapman Petroleum Engineering Ltd.

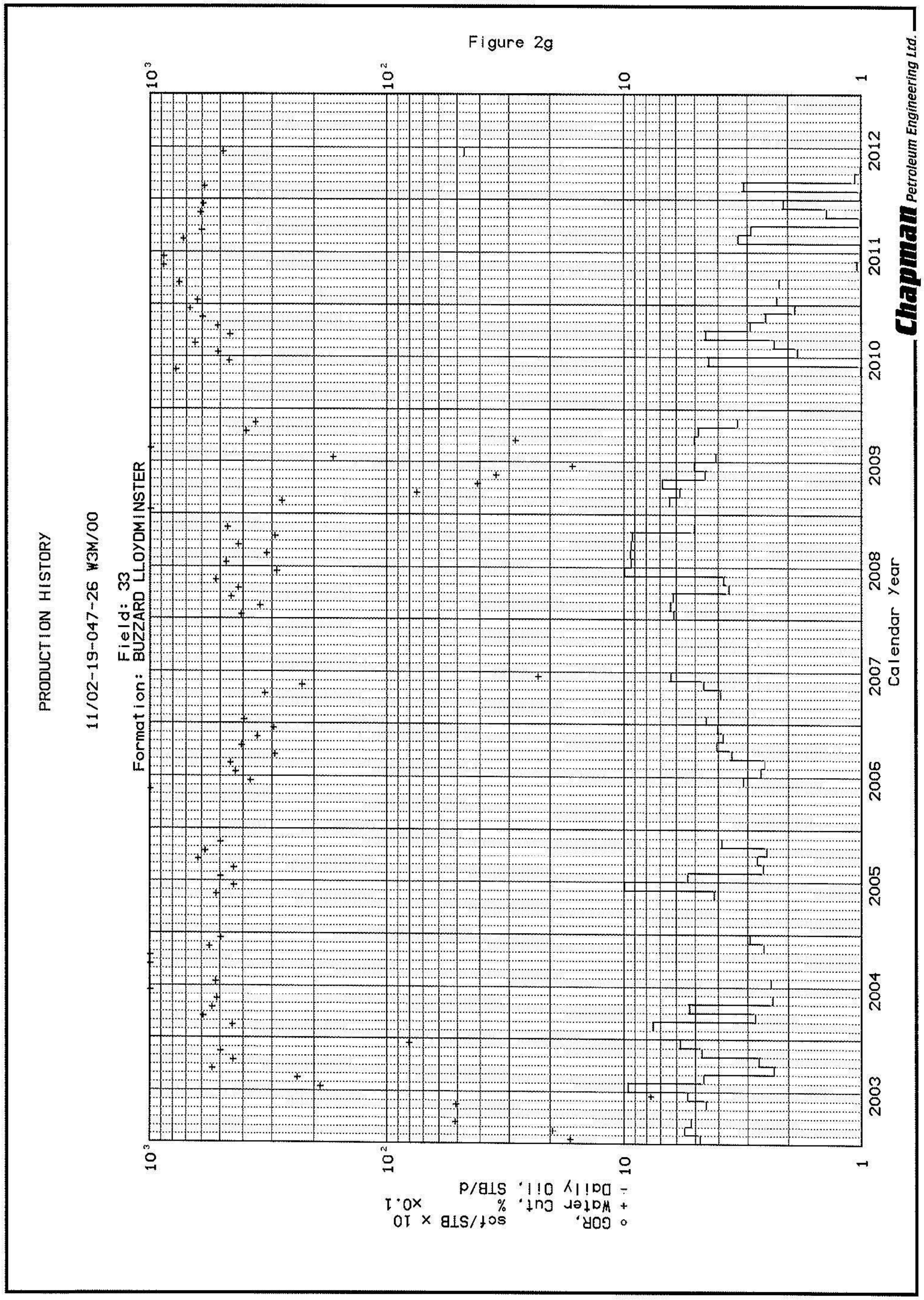

PRODUCTION HISTORY
11/02-19-047-26 W3M/00
Field: 33
Formation: BUZZARD LLOYDMINSTER
o GOR, scf/STB x 10
+ Water Cut, % x0.1
- Daily Oil, STB/d
10³
10²
10
1
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Calendar Year
Chapman Petroleum Engineering Ltd.

Figure 2g

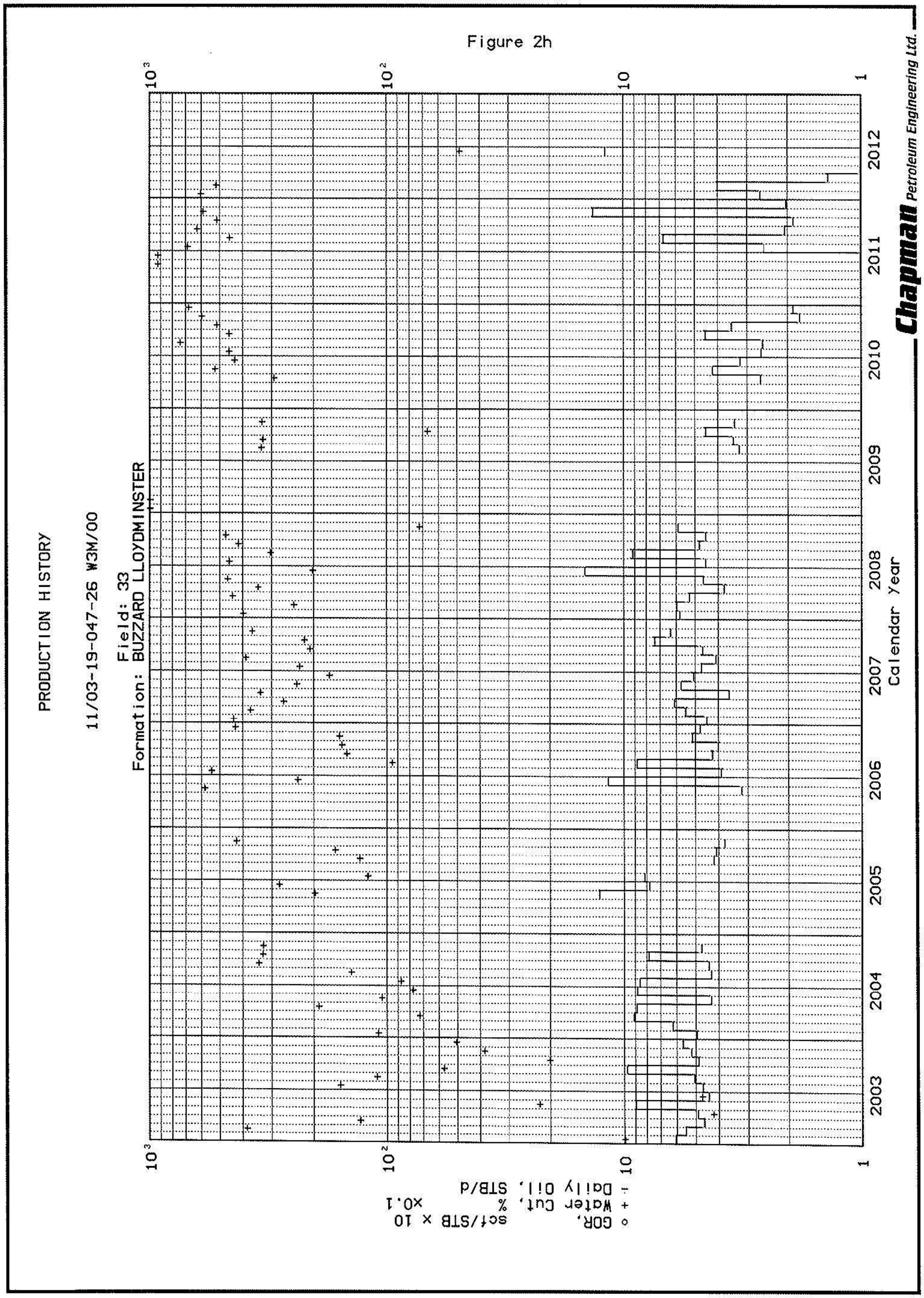


Figure 2h
PRODUCTION HISTORY
11/03-19-047-26 W3M/00
Field: 33
Formation: BUZZARD LLOYDMINSTER
Calendar Year
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
10³
10²
10
1
○ GOR, scf/STB × 10
+ Water Cut, % ×0.1
- Daily Oil, STB/d
Chapman Petroleum Engineering Ltd.

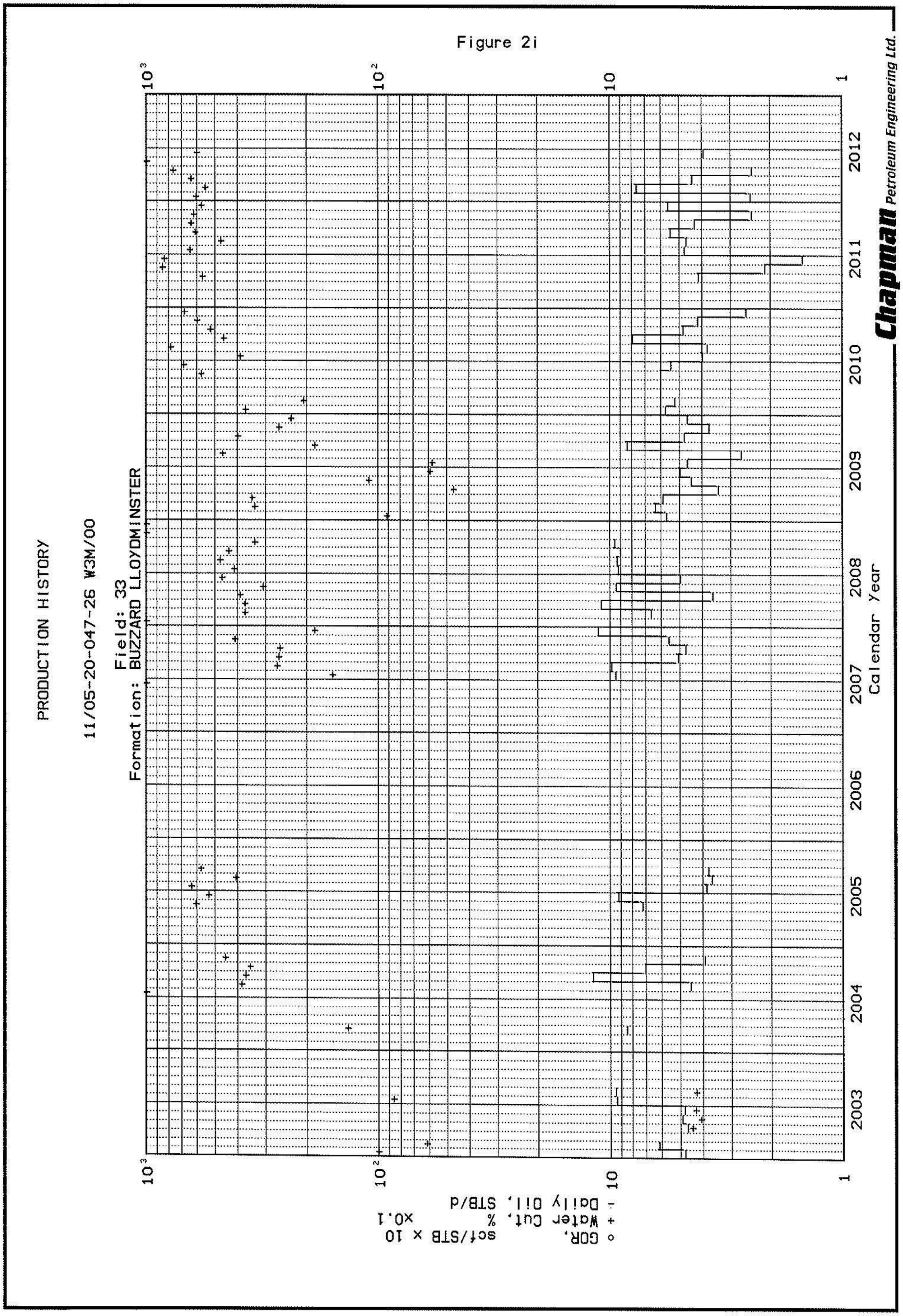


Figure 2i
PRODUCTION HISTORY
11/05-20-047-26 W3M/00
Field: 33
Formation: BUZZARD LLOYDMINSTER
10³
10²
10
1
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Calendar Year
o GOR, scf/STB x 10
+ Water Cut, % x0.1
- Daily Oil, STB/d
Chapman Petroleum Engineering Ltd.

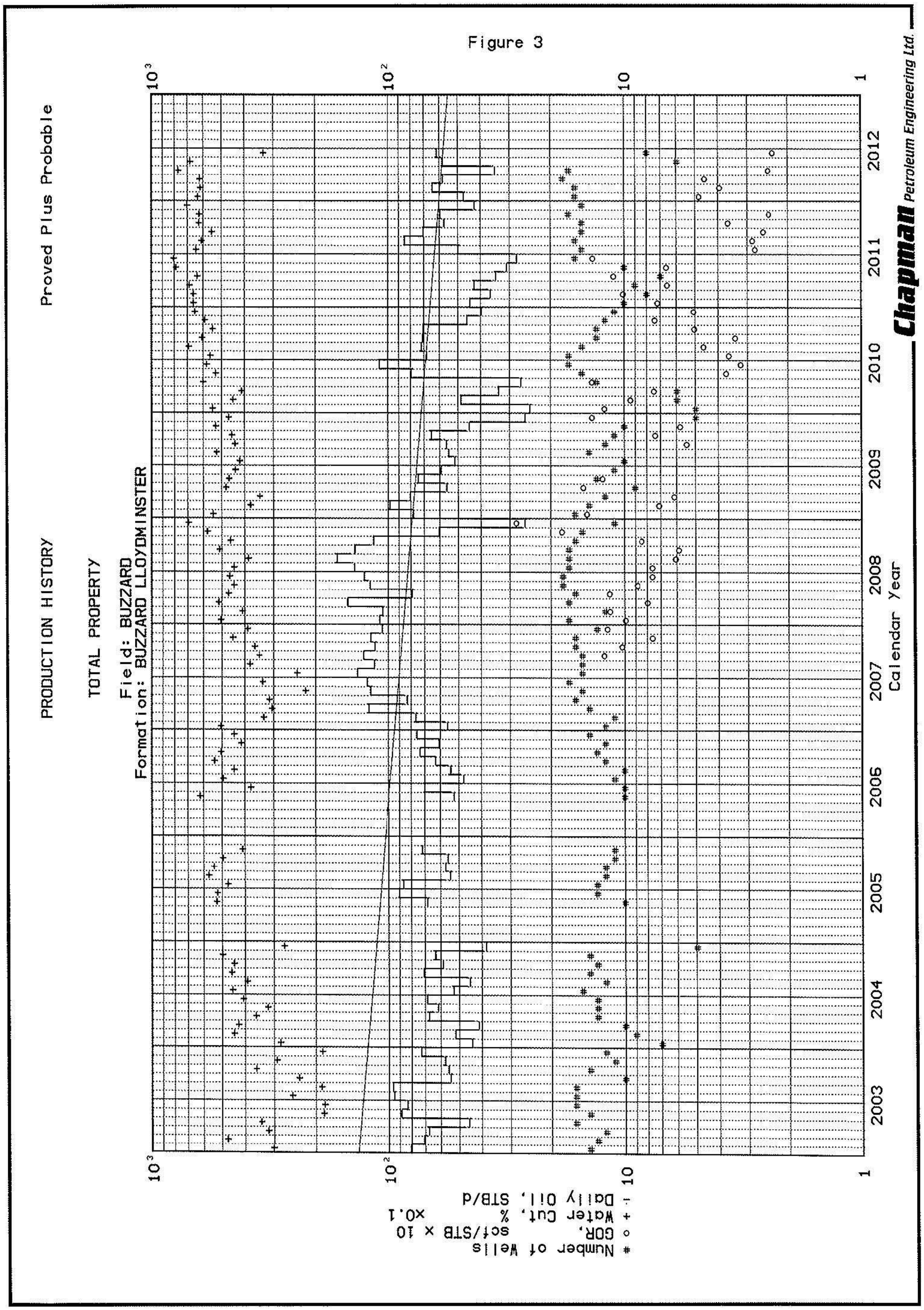


Figure 3
Proved Plus Probable
PRODUCTION HISTORY
TOTAL PROPERTY
Field: BUZZARD
Formation: BUZZARD LLOYDMINSTER
Calendar Year
* Number of Wells
o GOR, scf/STB x 10
+ Water Cut, % x0.1
- Daily Oil, STB/d
Chapman Petroleum Engineering Ltd.

Table 1

TITUS CAPITAL CORP.

Summary of Oil and Gas Reserves

September 1, 2012
(as of August 30, 2012)

Forecast Prices and Costs

	Company Reserves							
	Light and Medium Oil		Heavy Oil		Natural Gas [1]		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Reserves Category	MSTB	MSTB	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
PROVED								
Developed Producing	0	0	17	16	0	0	0	0
Developed Non-Producing	0	0	0	0	0	0	0	0
Undeveloped	0	0	0	0	0	0	0	0
TOTAL PROVED	**0**	**0**	**17**	**16**	**0**	**0**	**0**	**0**
PROBABLE	0	0	34	32	0	0	0	0
TOTAL PROVED PLUS PROBABLE	**0**	**0**	**51**	**48**	**0**	**0**	**0**	**0**

Reference: Item 2.1 (1) Form 51-101F1

Columns may not add precisely due to accumulative rounding of values throughout the report.

Notes: [1] Includes associated, non-associated and solution gas where applicable.

Table 2

TITUS CAPITAL CORP.

Summary of Net Present Values
September 1, 2012
(as of August 30, 2012)

Forecast Prices and Costs

Before Income Tax

	Net Present Values of Future Net Revenue				
	Discounted at				
Reserves Category	0 %/yr. M$	5 %/yr. M$	10 %/yr. M$	15 %/yr. M$	20 %/yr. M$
PROVED					
Developed Producing	638	568	506	453	407
Developed Non-Producing	0	0	0	0	0
Undeveloped	0	0	0	0	0
TOTAL PROVED	**638**	**568**	**506**	**453**	**407**
PROBABLE	1,173	879	662	499	375
TOTAL PROVED PLUS PROBABLE	**1,811**	**1,447**	**1,168**	**952**	**782**

After Income Tax

	Net Present Values of Future Net Revenue				
	Discounted at				
Reserves Category	0 %/yr. M$	5 %/yr. M$	10 %/yr. M$	15 %/yr. M$	20 %/yr. M$
PROVED					
Developed Producing	452	406	364	327	295
Developed Non-Producing	0	0	0	0	0
Undeveloped	0	0	0	0	0
TOTAL PROVED	**452**	**406**	**364**	**327**	**295**
PROBABLE	853	621	450	321	223
TOTAL PROVED PLUS PROBABLE	**1,305**	**1,027**	**814**	**648**	**518**

Reference: Item 2.1 (2) Form 51-101F1

M$ means thousands of dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 3

TITUS CAPITAL CORP.

Total Future Net Revenue (Undiscounted)
September 1, 2012
(as of August 30, 2012)
Forecast Prices and Costs

Reserve Category	Revenue M$	Royalties M$	Operating Costs M$	Development Costs M$	Well Abandonment Costs M$	Future Net Revenues BIT M$	Income Taxes M$	Future Net Revenues AIT M$
Total Proved	1,439	129	560	0	112	638	(186)	452
Proved Plus Probable	4,324	286	1,316	730	181	1,811	(506)	1,305

Reference: Item 2.1 (3)(b) NI 51-101F1

M$ means thousands of dollars

Notes: [1] After Income Tax is not available, because this report is based on an evaluation of certain properties owned by the company.

Table 4

TITUS CAPITAL CORP.

Future Net Revenue
By Production Group
September 1, 2012
(as of August 30, 2012)

Forecast Prices and Costs

Reserve Category	Production Group	Future Net Revenue Before Income Taxes Discounted at 10%/yr. M$
Total Proved	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	506
	Natural Gas (including by-products but not solution gas)	0
Proved Plus Probable	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	1,168
	Natural Gas (including by-products but not solution gas)	0

Reference: Item 2.1 (3)(c) NI 51-101F1

M$ means thousands of dollars

Chapman Petroleum Engineering Ltd.

Table 4A

TITUS CAPITAL CORP.

Oil and Gas Reserves and Net Present Values by Production Group
September 1, 2012
(as of August 30, 2012)

Forecast Prices and Costs

Reserve Group by Category	Reserves						Net Present Value (BIT)	Unit Values @ 10%/yr.
	Oil		Gas		NGL		10%	
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl	M$	$/STB
Heavy Oil [1]								
Proved								
Developed Producing	17	16	0	0	0	0	506	31.63
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	**17**	**16**	**0**	**0**	**0**	**0**	**506**	**31.63**
Probable	34	32	0	0	0	0	662	20.69
Proved Plus Probable	**51**	**48**	**0**	**0**	**0**	**0**	**1,168**	**24.33**

Reference: Item 2.1 (3)(c) NI 51-101F1

M$ means thousands of dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

Notes: [1] Includes solution gas.

Chapman Petroleum Engineering Ltd.

Table 5
CHAPMAN PETROLEUM ENGINEERING LTD.
CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
September 1, 2012

Date	WTI [1] $US/STB	Alberta Par Price [2] $CDN/STB	Alberta Heavy [3] $CDN/STB	Sask. Light [4] $CDN/STB	Sask. Heavy [5] $CDN/STB	B.C. Light [6] $CDN/STB	Exchange Rate $US/$CDN
			HISTORICAL PRICES				
2001	25.98	39.66	25.41	35.57	31.84	n/a	0.65
2002	26.09	40.63	32.20	37.67	34.57	n/a	0.64
2003	30.84	43.57	32.65	40.13	37.64	n/a	0.72
2004	41.48	52.89	37.52	48.96	45.74	n/a	0.77
2005	56.62	69.16	43.25	62.04	56.53	n/a	0.83
2006	65.91	72.88	50.40	66.77	61.23	n/a	0.88
2007	72.35	75.57	53.17	71.42	64.55	n/a	0.94
2008	99.70	102.98	83.88	98.02	92.45	n/a	0.94
2009	61.64	76.77	53.04	72.56	64.37	n/a	0.88
2010	79.42	80.56	66.58	77.02	72.79	n/a	0.97
2011	95.03	102.45	77.43	92.42	83.44	n/a	1.01
2012 (8mos)	96.39	93.42	74.68	84.78	78.00	n/a	1.00
CONSTANT PRICES (The first-day-of-the-month price for the preceding 12 months)							
	94.39	95.81	76.24	88.59	83.81	93.41	0.99
FORECAST PRICES							
2012	88.00	94.42	71.76	84.98	76.48	92.06	0.99
2013	92.00	98.22	74.64	88.39	79.55	95.76	0.99
2014	96.00	102.01	77.53	91.81	82.63	99.46	0.99
2015	100.00	105.80	80.41	95.22	85.70	103.16	0.99
2016	102.00	107.70	81.85	96.93	87.23	105.00	0.99
2017	102.00	107.70	81.85	96.93	87.23	105.00	0.99
2018	104.04	109.63	83.32	98.67	88.80	106.89	0.99
2019	106.12	111.60	84.82	100.44	90.40	108.81	0.99
2020	108.24	113.61	86.35	102.25	92.03	110.77	0.99
2021	110.41	115.67	87.91	104.10	93.69	112.78	0.99
2022	112.62	117.76	89.50	105.98	95.39	114.82	0.99
2023	114.87	119.90	91.12	107.91	97.12	116.90	0.99
2024	117.17	122.07	92.78	109.87	98.88	119.02	0.99
2025	119.51	124.29	94.46	111.87	100.68	121.19	0.99
2026	121.90	126.56	96.19	113.90	102.51	123.40	0.99
2027	124.34	128.87	97.94	115.98	104.39	125.65	0.99
Constant thereafter							

Notes:
[1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma.
[2] Equivalent price for Light Sweet Crude (D2/S2) & Synthetic Crude landed in Edmonton.
[3] Western Canada Select
[4] Light Sour Blend at Cromer, Saskatchewan (850 kg/m3, 1.2% sulphur).
[5] Midale at Cromer, Saskatchewan (880 kg/m3, 2.0% sulphur).
[6] B.C. Light at Taylor, British Columbia (825 kg/m3, 0.5% sulphur).

Chapman Petroleum Engineering Ltd.

PART III
INFORMATION CONCERNING THE RESULTING ISSUER

CORPORATE STRUCTURE

NAME AND INCORPORATION

The corporate name of the Resulting Issuer will be Titus Energy Corp. The articles of incorporation of Titus will be amended upon approval and completion of the Acquisition. The head office and registered records office of the Resulting Issuer will be located at Suite 313-515 West Pender Street, Vancouver, British Columbia, V6B 6H5.

INTERCORPORATE RELATIONSHIPS

Immediately after the completion of the Acquisition, the Resulting Issuer will have the following corporate structure:

TITUS ENERGY CORP.

30%

PREVAIL PROPERTY

NARRATIVE DESCRIPTION OF THE BUSINESS

STATED BUSINESS OBJECTIVES

The Resulting Issuer will have the same stated objectives as described in Part II of this Filing Statement. It intends to pursue the Prevail Property's exploration and development activities. It will use its available capital to pursue the development of its oil and natural gas exploration potential, its general activities and the selective acquisition of new properties with oil and natural gas development potential, which will enable it to increase asset value.

The Resulting Issuer intends to continue evaluating different oil and natural gas exploration opportunities, which may complement its existing activities. The Resulting Issuer also intends to explore possible selective acquisitions, which, in its view, would complement its own existing properties.

MILESTONES

To reach the foregoing objectives, the Resulting Issuer will have to target the following milestones. Certain timeframes to reach the different business objectives and milestones may be adjusted depending on the availability of funds.

MILESTONE TARGET DATES

Work-over Program

Milestone	Target Date
Mobilize crew, equipment etc.	**February 2013**
Completing “work-over” three (3) currently shut-in wells	**March 2013**
Complete Obligation for Work-over	**March 2013**

Drill Infill Well

Milestone	Target Date
Permitting	**January 2013**
Mobilize crew, equipment etc.	**February 2013**
Drill, complete and equip one (1) infill well	**March 2013**
Complete Obligation for Infill Well	**June 2013**

DESCRIPTION OF SECURITIES

The authorized share capital of the Resulting Issuer will consist of an unlimited number of common shares, without par value. Upon completion of the Acquisition, 12,725,000 Resulting Issuer shares, 200,000 options to acquire Resulting Issuer shares,a maximum of 695,200 warrants to acquire Resulting Issuer shares (250,000 issued pursuant to the Agent’s option which expire on December 7, 2012, and 445,200 issued upon completion of the private placement which expire on May 13, 2013is completed and all shares common shares subscribed for are non flow-through common shares and TSX Venture Exchange approval for the Qualifying Transaction) will be issued and outstanding. The Insiders, promoters, and parties related to the Resulting Issuer will hold 2,000,000 Resulting Issuer shares representing 16.0% of the Resulting Issuer shares outstanding. Consequently, the public will hold 10,630,000 Resulting Issuer shares representing approximately 83.5% of the issued and outstanding Resulting Issuer shares.

PRO FORMA CONSOLIDATED CAPITALIZATION

The following table shows the composition of the Resulting Issuer’s share capital and debt capital once the Acquisition is completed as at August 31, 2012, date of the unaudited pro forma consolidated balance sheet of the Resulting Issuer included in this Statement as Schedule “C” and December 1, 2012. This table should be read in conjunction with Resulting Issuer’s unaudited pro forma consolidated balance sheet and related notes, included in this Statement as Schedule “C”.

Designation of Securities	Authorized Amount	Amount Outstanding taking into Consideration the Acquisition
Capital Stock	Unlimited	**12,725,000 shares**
Stock Options	-	**200,000 options**
Agents’ Warrants	-	**250,000 warrants**
Brokers’ Warrants	**-**	**445,200 warrants**

FULLY DILUTED SHARE CAPITAL

The following table sets forth the fully diluted share capital of the Resulting Issuer:

	Exercise Price or Conversion Price	Number of Resulting Issuer Common Shares	Percentage of Total
Issued and Outstanding after Completion of the Acquisition(1)	-	12,725,000	**93.4%**
Shares of the Resulting Issuer Reserved for Future Issuances	-	-	**-**
i) upon exercise of the Agent's Options	$0.10	250,000	**1.84%**
ii) upon exercise of the options reserved pursuant to the Stock Option Plan	$0.15	200,000	**1.57%**
iii) upon exercise of the Broker's warrants	$0.40	445,200	**3.27%**
Total		**13,620,200**	**100%**

Note: (1) Of these shares, 2,800,000 are held in escrow. See "Escrowed Shares."

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

FUNDS AVAILABLE

The following table sets forth the working capital of Titus as of December 1, 2012 and estimated pro forma consolidated working capital available to the Resulting Issuer upon closing of the Acquisition.

Source	Available Funds ($)
Working Capital of Titus as at December 1, 2012	**1,540,000**
Estimated Fees up to completion of the Acquisition	**(80,000)**
Total	**1,460,000**

PRINCIPLE USE OF FUNDS

The Resulting Issuer will use the funds available upon completion of the Acquisition to further its business objectives set out in the "Milestones" section above.

The Resulting Issuer intends to use the Available Funds as follows:

Proposed Use	Available Funds ($)
General and Administrative Expenses	**210,000**
General working capital	**500,000**
Earn-in Obligation	**750,000**
Total	**1,460,000**

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its business objectives. The timing and the amount of actual expenditures will be based on many factors including cash flows and the growth of the Resulting Issuer's business.

The amounts received from the exercise of share purchase warrants of the Resulting Issuer will be allocated to the general needs of the Resulting Issuer.

PRINCIPAL SHAREHOLDERS

Once the Acquisition has been completed, the following Persons will be beneficial owners of or will, directly or indirectly, exercise control or direction over more than 10% of the issued and outstanding Resulting Issuer common shares.

Name and Municipality of Residence	Number of Resulting Issuer Common Shares Held Before the Acquisition	Number of Resulting Issuer Shares Held After the Acquisition	Type of Ownership	Percentage of Resulting Issuer Shares Held After the Acquisition
N/A	-	-	-	-

DIRECTORS, OFFICERS AND PROMOTERS

NAME, ADDRESS, OCCUPATION AND SECURITY HOLDINGS

The following are the names and municipality of the residence of the directors, officers and promoters of the Resulting Issuer, their positions and offices and the number of securities they hold.

Name, Age and Municipality of Residence	Position to be Held With the Resulting Issuer	Present Occupation	Number of Resulting Issuer Shares Held After the Acquisition	Percentage of Resulting Issuer Shares After the Acquisition
Reza Mohammed 48 years old Burnaby, BC	President, Chief Executive Officer and Director	President, Chief Executive Officer and Director	700,000(2)	5.5%
Gilbert Schneider(1) 67 years old Surrey, BC	Director	Director	700,000(2)	5.5%
Anita Algie(1) 31 years old Vancouver, BC	Director, CFO	Director	400,000(2)	3.1%
Peter Born(1) 56 years old Ottawa, ONT	Director	Professional Geologist	200,000	1.6%

Note: (1) Member of the Audit Committee. The Resulting Issuer will not have any other board committees.
(2) These shares are held in escrow.

The shares held by the directors and officers of the Resulting Issuer are held in escrow pursuant to the Value Security Escrow Agreement. See “Escrowed Securities”.

The term of office of all directors will expire at the next annual meeting of the shareholders of the Resulting Issuer.

The directors and officers of the Resulting Issuer will hold 2,000,000 Resulting Issuer shares representing 15.7% of the Resulting Issuer shares issued and outstanding.

Reza Mohammed and Anita Algie are expected to work for the Resulting Issuer on a fulltime basis.

MANAGEMENT

Reza Mohammed, B.Sc., President, Chief Executive Officer and Director, has over 15 years of experience in the venture capital markets. Mr. Mohammed, who has expertise in venture capital and corporate finance, was formerly the President and Chief Executive Officer of Alderon Resource Corp. (ALD-TSXV), Aroway Minerals Inc. (ARW-TSXV), Cuda Capital Corp. (CDP-TSXV) and is currently the President and CEO of Portia Exploration Ltd. (PEL.P-TSXV) and Deloro Resources Ltd. (DLL-TSXV).

Dr. Peter Born, P.Geo., Director, is a registered and professional geologist with the Association of Professional GeoScientists of Ontario and is a Fellow of the Geological Association of Canada. At age 54, he brings over 30 years of exploration/mining experience to the Company including project evaluation/feasibility studies for senior and junior companies in Canada. This includes several years of doing uranium exploration in the Athabasca Basin of Saskatchewan and the Thelon Basin of the Northwest Territories, Canada. He worked previously as Senior Geologist with Western Mining (WMC) as well as being a consultant/senior geologist, modeling the Aquarius ore body with Echo Bay Mines. He is currently working with RPS Energy Canada on natural gas plays related to high temperature dolomites and sedimentary zinc deposits (MVT) within the Appalachian Basin (USA). Dr. Born holds a Ph.D. in Earth Sciences with expertise in Precambrian Sedimentary Geology, Basin Analysis, Sedimentology, Stratigraphy and Sedimentary Ore Deposits.

Anita Algie, B.Sc. Honours, Chief Financial Officer and Director, has over 9 years of experience in management and business development for exploration and resource-based public companies with a specialization in venture capital and mergers and acquisitions. Ms. Algie has successfully completed listings and qualifying transactions through the CPC program previously. She is currently also President, CEO and Director of Unity Energy Corp. (UTY-TSXV), Director of Titus Capital Corp. (TIS-TSXV), Director of Deloro Resources Ltd. (DLL-TSXV) and Director of Portia Exploration Ltd. (PEL.P-TSXV).

Gilbert Schneider, Director is a self-employed businessman. From February 1999 to April 2001, Mr. Schneider was a Director of Venture Corp Capital Inc., a capital pool company listed on the former CDNX, which acquired Bioteq Environmental Technologies Inc. as its Qualifying Transaction in December 2000. In February 2005, Mr. Schneider co-founded Kinetex Resources Corporation (formerly FirstGrowth Capital Inc.) (“Kinetex”) which was listed for trading on the Exchange in August 2005, initially as a CPC. In October 2006, Kinetex completed its Qualifying Transaction by acquiring Kinetex Inc. Mr. Schneider has served as the President, Chief Executive Officer and a director of Kinetex since February 2005. Mr. Schneider served as a director of Consolidated Beacon Resources Ltd. from

November 2005 to May 2008. Mr. Schneider also served as CEO, President, and a director of AXEA Energy Inc, a CPC which began trading in November 2007 and acquired AgriMarine Industries Inc., as its Qualifying Transaction in April 2009. Mr. Schneider was also the President, Chief Executive Officer, Chief Financial Officer, Secretary and a director of AXEA Capital Corp. until October 2012. Mr. Schneider is also presently a director of Athabasca Uranium Inc., a former CPC which completed its Qualifying Transaction in June 2010.

PROMOTER CONSIDERATION

Reza Mohammed may be considered as promoter of Titus as he took the initiative of founding and organizing it. He is also a director and officer of Titus. If the Acquisition is completed, he will hold 5.5% of the outstanding Titus Shares, that is to say, 700,000 Titus Shares.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

Both Reza Mohammed and Anita Algie were directors of Alderon Resource Corp. (ALD-TSXV) when it was halted from trading on May 11, 2009 by the BCSC for failure to file audited annual financial statements during the prescribed period due to financial hardships of the Company. The Company was brought back to trade on August 14, 2009 when the required documentation was completed.

Reza Mohammed was and Anita Algie is currently a director of Unity Energy Corp. (formerly "Gold Key Capital Corp."), which received a suspension order from the TSX Venture Exchange for failure to complete a Qualifying Transaction within the prescribed time period as per Policy 2.4. The Company had initially filed its documentation in November 2008, however was not able to raise the appropriate funds required under the concurrent financing due to the economic crisis. As a result of this delay, the Company received a suspension on November 30, 2009 and will be transferred to the NEX if a Qualifying Transaction is not completed by February 27, 2010. The Company filed the required documentation and has received conditional approval for the proposed Qualifying Transaction. The Company received final approval for this Transaction and the concurrent Private Placement on December 30, 2009, after which time the Company was brought back to trade on December 31, 2009 concurrent to the completion of its Qualifying Transaction.

Both Reza Mohammed and Anita Algie were directors of Aroway Minerals Inc. (ARW-TSXV) when it was halted from trading by the TSX Venture Exchange after a cease trade order was issued by the British Columbia Securities Commission on November 5, 2009. The Company had not filed its annual financial statements and management's discussion and analysis for the year ended June 30, 2009 within the required timeframe. This was the result of financial hardships of the Company and this order was revoked and reinstated for trading on November 26, 2009 when the Company completed the required documentation.

Both Reza Mohammed and Anita Algieare currently a director of Portia Exploration Ltd. which received a suspension order from the TSX Venture Exchange for failure to complete a Qualifying Transaction within the prescribed time period as per Policy 2.4. The Company had initially filed its documentation in April 2010, however was not able to raise the appropriate funds required under the concurrent financing. As a result of this delay, the Company received a suspension and will be transferred to the NEX if a Qualifying Transaction is not completed by August 7, 2010. The Company was subsequently transferred to the NEX. On June 7, 2011, the Company received a second cease trade order for outstanding fees and compliance with AGM requirements. On October 7, 2011, the Company was reinstated for trading after meeting the requirements of the TSX Venture Exchange. On May 1, 2012 the Company received a suspension for failure to pay outstanding fees owed to the transfer agent. On June 7, 2012 Portia received a cease trade order for failure to file annual financial statements and first period interim statements.

Reza Mohammed was a director of Almo Capital Corp. (APT-TSXV) when it was halted from trading on August 27, 2002 by the CDNX for failing to complete a Qualifying Transaction within 18 months of listing. The Company was brought back to trade on December 19, 2003 and subsequently did complete a Qualifying Transaction.

A management cease trade order was issued against Mr. Schneider by the British Columbia Securities Commission ("**BCSC**") on May 1, 2007 and the Alberta Securities Commission ("**ASC**") on May 2, 2007 for CBR's failure to file its audited financial statements for the year ended December 31, 2006 and accompanying documents within the allotted time period. The Company filed the required annual financial documents and both management cease trade orders were revoked on May 22, 2007.

A management cease trade order was issued against Mr. Schneider by the BCSC on May 10, 2006 and by the ASC on May 19, 2006 due to CBR's failure to file its audited financial statements and accompanying documents for the year ended December 31, 2005 within the allotted time period. The Company filed the required annual financial documents and both A cease trade order was issued against CBR by the BCSC on June 8, 2005 and the ASC on June 17, 2005 for CBR's failure to file its interim financial statements for the period ended March 31, 2005 and the Management Discussion and Analysis for the same period within the allotted time period. The interim financial documents were filed and the cease trade orders were revoked on July 20, 2005 and August 11, 2005, respectively.

In addition to the foregoing, Gilbert G. Schneider was, and still is, a director of Kinetex Resources Corporation at the time that a cease trade order was issued by the BCSC on July 22, 2010 for failure to file its audited financial statements and accompanying documents for the year ended December 31, 2009 within the allotted time period. The cease trade order remains in effect at this time.

PENALTIES OR SANCTIONS

None of the directors, officers and promoters of the Resulting Issuer or shareholders holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

PERSONAL BANKRUPTCIES

None of the directors, officers and promoters of the Resulting Issuer has, during the past ten (10) years, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

CONFLICTS OF INTEREST

To the best of the knowledge of Titus and Term Oil, there is no known existing or potential conflicts of interest among Titus, Term Oil, the promoters, directors, officers or other members of management as a result of their business activities. The following table sets out the directors, officers and promoters of the

Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other Issuers that were or are reporting issuers in any Canadian Jurisdiction.

OTHER REPORTING ISSUER EXPERIENCE

REZA MOHAMMED

Name of Reporting Issuer	Exchange	Position	From	To
Deloro Resources Ltd.	TSX-V	President, CEO, Director	December 2010	Current
Aroway Minerals Inc.	TSX-V	President, CEO, Director	April 2004	July 2010
Alderon Resource Corp.	TSX-V	President, CEO, Director	April 2004	December 2009
August Metal Corp. *(formerlyCuda Capital Corp.)*	TSX-V	President, CEO, Director	Jan 6, 2006	October 2011
Portia Exploration Ltd.	TSX-V	President, CEO, Director	Sept 1, 2007	Current
Winchester Minerals and Gold Exploration Ltd.	TSX-V	President, CEO, Director	July 2005	June 2006
Lomiko Enterprises Ltd.	TSX-V	President, CEO, Director	July 2005	October 2005
Castillian Resources Corp.	TSX-V	Director	September 2003	December 2004
Torq Media Inc.	TSX-V	Director	January 2004	March 2005
Almo Capital Corp.	TSX-V	Director	April 1997	April 2004

ANITA ALGIE

Name of Reporting Issuer	Exchange	Position	From	To
Unity Energy Corp. (*formerly Gold Key Capital Corp.*)	TSX-V	President, CEO and Director	May 2006	Current
Titus Capital Corp.	TSX-V	Director	June 2010	Current
Deloro Resources Ltd.	TSX-V	Director	February 2011	Current
Aroway Minerals Inc.	TSX-V	Director	March 2005	April 2010
Alderon Resource Corp.	TSX-V	Director	March 2005	December 2009
August Metal Corp. (*formerly Cuda Capital Corp.)*	TSX-V	Director	January 2006	October 2011
Portia Exploration Ltd.	TSX-V	Director	September, 2007	Current

PETER BORN

Name of Reporting Issuer	Exchange	Position	From	To
Unity Energy Corp. (*formerly Gold Key Capital Corp.*)	TSX-V	Director	July 2008	Current
Grandview Gold Inc.	TSX-V	Director	September 2007	Current
Deloro Resources Ltd.	TSX-V	Director	June 2011	Current
August Metal Corp. (*formerlyCuda Capital Corp.)*	TSX-V	Director	August 2008	Current

GILBERT SCHNEIDER

Name of Reporting Issuer	Exchange	Position	From	To
Kinetex Resources Corporation	TSX-V	President, CEO and Director	February 2005	Current
AXEA Energy Inc.	TSX-V	Director	November 2007	April 2009
AXEA Capital Corp.	TSX-V	Director	January 2008	October 2012
Consolidated Beacon Resources	TSX-V	Director	November 2011	May 2008
VentureCorp Capital Inc.	CDNX	Director President	February 1999 February 1999	April 2001 December 2000

EXECUTIVE COMPENSATION

There has been no compensation paid in cash to executive officers of Titus.

The projected salary for the balance of 2012 (commencing December 1, 2012) is $5,000 for Reza Mohammed. Furthermore, the executive officers are, based on their performance, eligible to receive options under the Resulting Issuer's stock option plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or senior officer of the Resulting Issuer, or any Associate or Affiliate thereof, is or has been indebted to the Resulting Issuer.

INVESTOR RELATION ARRANGEMENTS

There are no investor relations arrangements at this time.

OPTIONS TO PURCHASE SECURITIES

Following the Acquisition, the Resulting Issuer will have the following outstanding options to purchase Resulting Issuer shares.

Optionees	Number of Gold Key Shares Reserved under Option	Exercise Price ($)	Expiration Date
Reza Mohammed(1)	70,000	0.15	**December 7, 2015**
Gilbert Schneider(1)	70,000	0.15	**December 7, 2015**
Anita Algie(1)	40,000	0.15	**December 7, 2015**
Peter Born(1)	20,000	0.15	**December 7, 2015**
Total:	**200,000**		

Notes: (1) Issued under the Stock Option Plan

STOCK OPTION PLAN

The Resulting Issuer has a Stock Option Plan for the directors, executive officers, employees and consultants of the Resulting Issuer and of its subsidiaries (the “Plan”).

The Board of Directors administers the Plan, designates the recipients of options and determines the number of common shares covered by each such option, the exercise price of each option, the expiry date and any other question relating thereto, in each case in accordance with the applicable legislation of the securities regulatory authorities. The price at which the common shares covered by an option may be purchased pursuant to the Plan will not be lower than the value of the common value of the common shares as recorded in the last sale of a board lot on the Exchange on the day preceding the allocation of the option. All options granted under the Plan may be exercised during varying option periods established by the Board of Directors that do not exceed five (5) years. All options granted are non-transferable.

The Board of Directors may, at any time, with the prior approval of the Exchange, amend, suspend or terminate the Plan in whole or in part. In the event of a material amendment, the approval of the holders for a majority of the common shares present and voting in person or by proxy at a meeting of the shareholders of the Resulting Issuer shall be obtained.

The total number of common shares that are issuable under the plan may not exceed 10% of the issued and outstanding of Titus. Also, no optionee shall hold options under the Plan entitling him to purchase more than 5% of the number of common shares issued and outstanding from time to time. If an optionee ceases to be eligible person for any reason other than death, each option held by such optionee will be exercisable during the ninety day period following the date on which the optionee ceases to be an eligible person but only up to and including the original option expiry date.

ESCROWED SECURITIES

A total of 2,800,000 Titus Shares are currently held in escrow pursuant to the CPC Escrow Agreement dated June 1, 2010 between Titus Capital Corp., Equity Financial Trust Company and each of the directors of Titus Capital Corp. The terms of the agreement are as described below.

After completion of the Acquisition, a total of 2,800,000 common shares will be held in escrow pursuant to the Value Security Escrow Agreement[1]. See "Escrowed Shares – Value Security Escrow Agreement". The holders of these common shares are set out in the table below:

			After giving effect to the Qualifying Transaction	
Name and Municipality of Residence of the Securityholder	**Number of Common Shares Held in Escrow**	**Percentage of Total Common Shares Escrowed Prior to the Qualifying Transaction**	**Number of Common Shares Issued and Escrowed taking into Account the Qualifying Transaction**	**Percentage of Total Common Shares Issued and Escrowed taking into Account the Qualifying Transaction**
Reza Mohammed[1] Burnaby, BC	700,000	5.5%	700,000	**5.5%**
Gilbert Schneider[1] Surrey, BC	700,000	5.5%	700,000	**5.5%**
Anita Algie[1] Vancouver, BC	400,000	3.1%	400,000	**3.1%**
Jim Harris[1] Regina, SK	270,000	2.1%	270,000	**2.1%**
Alon Zack[1] Saskatoon, SK	270,000	2.1%	270,000	**2.1%**
Alan Huber[1] Regina, SK	260,000	2.0%	260,000	**2.0%**
Peter Born[1] Ottawa, ON	200,000	1.6%	200,000	**1.6%**
Total:	**2,800,000**	**22.0%**	**2,800,000**	**22.0%**

Note: (1) The securities of the Principals will be escrowed under the terms of the Value Security Escrow Agreement.

Value Security Escrow Agreement

Pursuant to the Escrow Agreement the Escrowed Shares (Titus Shares) shall be released as to 10% immediately following the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are six months, twelve months, eighteen months, twenty-four months, thirty months and thirty-six months following the Initial Release.

The Escrowed Shares are subject to the direction and determination of the Exchange. Specifically, Escrowed Shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the Exchange. In the event an escrow shareholder is placed into bankruptcy, the Escrowed Shares may be transferred within escrow to the trustees in bankruptcy or any person entitled to the Escrowed Shares. In the event of the death of any escrow shareholder, the Escrowed Shares will be released from escrow and the Escrowed Shares will be delivered to the legal representatives of the deceased.

The CPC Policy requires that all securities beneficially owned, directly or indirectly, at the time of the initial prospectus offering, acquired pursuant to the initial prospectus offering or acquired from treasury after the initial public offering but prior to the Completion of a Qualifying Transaction, be held in escrow. In addition, all securities of Titus of the class offered under its initial public offering prospectus or issued prior to the prospectus offering at a price per share below the prospectus offering price, and all securities acquired by a Control Person in the secondary market prior to the Company of a Qualifying Transaction, shall be held in escrow. The securities held in escrow shall not be released unless a Qualifying Transaction (other than a private placement) is completed by Titus. If a Qualifying Transaction is not completed, the Escrowed Shares will be cancelled in accordance with the CPC Policy.

In the event that Titus meets the Exchange's Tier 1 minimum listing requirements either at the time of the Final Exchange Bulletin or thereafter, the release of the Escrowed Shares may be retroactively accelerated to be released as follows:

(a) 25% immediately following issuance of the Final Exchange Bulletin confirming Titus qualifies as a Tier 1 issuer on the Exchange (the "Tier 1 Initial Release"); and
(b) 25% on each of six months, twelve months and eighteen months after the Tier 1 Initial Release.

Any accelerated escrow release will not commence until Titus has made an application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of Titus on Tier 1 of the Exchange.

The prior consent of the Exchange must be obtained before a transfer within escrow of Escrowed Shares can be completed. Generally, the Exchange will only permit a transfer to be made to incoming Principals in connection with a Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the Escrowed Shares will not be released. Pursuant to the Escrow Agreement, each Non Arm's Length Party to Titus who holds Escrowed Shares acquired at a price below the offering price under the initial public offering of Titus has irrevocably authorized and directed Equity Financial Trust Company to immediately cancel all of those Escrowed Shares upon the issuance by the Exchange of a bulletin delisting the Titus Shares.

SEED SHARE RESALE RESTRICTIONS

No shares are subject to Seed Share Resale Restrictions.

AUDITORS AND REGISTRAR

The auditors of Titus are Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants at 1500-1140 West Pender Street, Vancouver, British Columbia, V6E 4G1.

The registrar and transfer agent of the Titus Shares is Equity Financial Trust Company, at 1620-1185 Burrard Street, Vancouver, British Columbia, V6E 4E6.

PART IV
GENERAL MATTERS

SPONSORSHIP AND AGENT RELATIONSHIP

SPONSOR

The Company has been exempted from the sponsorship requirement.

EXPERTS

OPINIONS

Titus' Board of Directors has given a mandate to C.W. Chapman P. Eng. ("Chapman") and MiroStromar, M.Sc., P. Eng. ("Stromar") of Chapman Petroleum Engineering Ltd. to prepare a NI51-101 technical report on the Prevail Property.

Chapman has declared that he has prepared numerous NI51-101 compliant technical reports in relation with acquisitions of this nature.

The Report represents the opinion of Chapman, Stromar and the Board of Directors of Titus has approved its form and content.

INTEREST OF THE EXPERTS

No director, member of the management, officer, and employee of Chapman Petroleum Ltd. has received or hopes to receive a direct or indirect interest in the assets, shares or in the affairs of Titus, the Prevail Property, the Resulting Issuer and/or any related parties.

Chapman Petroleum Ltd. received a fee of $17,080.76 including taxes for the preparation of the Report. Titus has paid these fees and expenses. None of the fees were subject to the conclusions of the Report of the closing of the Acquisition.

VANCOUVER
1500 – 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

TRI-CITIES
700 – 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

WHITE ROCK
301 – 1656 Martin Drive
White Rock, BC V4A 6E7
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

DMCL

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

AUDITOR'S CONSENT

We have read the Filing Statement of Titus Capital Corp. (the "Company") dated December 6, 2012 concerning the acquisition of the Prevail Property by the Company. We have compiled with Canadian generally accepted standards for and auditor's involvement with offering documents.

We consent to the use, through incorporation by reference, in the above mentioned Filing Statement of our report to the shareholders of the Company on the statement of financial position of the Company as at May 31, 2012, May 31, 2011 and June 30, 2010, and the statements of comprehensive loss, changes in equity, and cash flows for the years ended May 31, 2012 and 2011. Our report is dated September 12, 2012.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
Chartered Accountants

Vancouver, Canada
December 18, 2012

TITUS CAPITAL CORP.
(A Capital Pool Company)

Financial Statements

May 31, 2012

(Expressed in Canadian Dollars)

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.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
September 12, 2012

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

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**

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

		Share capital					
	Notes	Number of shares	Amount	Subscriptions receivable	Share-based payment reserve	Deficit	Total
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

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).

(Expressed in Canadian dollars)

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

(Expressed in Canadian dollars)

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.

(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 LIABILIITES	**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**

(Expressed in Canadian dollars)

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.

Condensed Interim Financial Statements of

Titus Capital Corp.
(A Capital Pool Company)

Three Months Ended August 31, 2012

Expressed in Canadian Dollars)

(unaudited)

Titus Capital Corp.
(A Capital Pool Company)
Condensed interim statements of financial position
(Expressed in Canadian dollars)

	Notes	August 31, 2012	May 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents		$ 1,548,023	$ 1,565,298
Taxes recoverable		1,349	-
TOTAL ASSETS		**$ 1,549,372**	**$ 1,565,298**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities		$ 8,000	$ 8,000
TOTAL LIABILITIES		**8,000**	**8,000**
EQUITY			
Share capital	4	1,687,386	1,687,386
Share-based payment reserve		35,329	35,329
Deficit		(181,342)	(165,417)
TOTAL EQUITY		**1,541,372**	**1,557,298**
TOTAL LIABILITIES AND EQUITY		**$ 1,549,372**	**$ 1,565,298**

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issue ______________, 2012.

See accompanying notes to the consolidated financial statements

Titus Capital Corp.
(A Capital Pool Company)
Condensed interim statements of comprehensive loss
(Expressed in Canadian dollars)

	Notes	Three months ended August 31, 2012	Three months ended August 31, 2012
Expenses			
Bank Charges		$ 55	$ 48
Filing fees		624	-
Office and administration	5	15,246	8,153
		15,925	**8,201**
Other Item			
Interest Income		-	4,200
Net and comprehensive loss		**$ (15,925)**	**$ (4,001)**
Weighted average number of common shares outstanding – Basic and Diluted		**9,925,000**	**3,748,219**
Loss per share – basic and diluted		**$ (0.00)**	**$ (0.00)**

See accompanying notes to the consolidated financial statements

Titus Capital Corp.
(A Capital Pool Company)
Condensed interim statements of changes in equity
(Expressed in Canadian dollars)

	Notes	Share capital		Share-based payment reserve	Deficit	Total
		Number of shares	Amount			
Balance at June 1, 2011		12,725,000	$ 1,667,386	$ 35,329	$ (86,470)	$ 1,616,245
Net loss and comprehensive loss					(4,001)	(4,001)
Balance at August 31, 2011		**12,725,000**	**$ 1,667,386**	**$ 35,329**	**$ (90,471)**	**$ 1,612,244**
Balance at June 1, 2012		**12,725,000**	**$ 1,687,386**	**$ 35,329**	**$ (165,417)**	**$ 1,557,298**
Net loss and comprehensive loss					(15,925)	(15,925)
Balance at August 31, 2012		**12,725,000**	**$ 1,687,386**	**$ 35,329**	**$ (181,342)**	**$ 1,541,372**

See accompanying notes to the consolidated financial statements

Condensed interim statements of cash flows
(Expressed in Canadian dollars)

	Three months ended August 31, 2012	Three months ended August 31, 2012
Operating activities		
Net loss	$ (15,925)	$ (4,001)
Changes in non-cash working capital items:		
Taxes recoverable	(1,349)	900
Trade payables and accrued liabilities	-	(9,331)
Net cash flows used in operating activities	(17,275)	(12,432)
Change in cash and cash equivalents	(17,275)	(12,432)
Cash and cash equivalents, beginning	1,565,298	1,624,194
Cash and cash equivalents, ending	**$ 1,548,023**	**$ 1,606,962**

Cash and cash equivalents consist of:		
Cash	$ 48,023	$ 402,762
Guaranteed investment certificates:	1,500,000	1,204,200
	$ 1,548,023	$ 1,606,962

See accompanying notes to the consolidated 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 head office, principal address and records office is located at #313-515 West Pender, Vancouver, BC.

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 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 its assets and discharge its 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, 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance and conversion to International Financial Reporting Standards

The interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements
Comply with International Accounting Standards ("IAS") 34 "Interim Financial Reporting".

The same accounting policies and methods of computation were followed in the preparation of the financial statements for the year ended May 31, 2012.

These condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the Company's audited financial statements for the year ended May 31, 2012.

New accounting standards and interpretations

Deferred Tax: Recovery of Underlying Assets (amendments to IAS 12)

Effective June 1, 2012, the Company adopted the amendments to IAS 12. The amendments concerned the determination of deferred tax on investment property measured at fair value. Because the company has no investment property, the adoption of these amendments did not impact the financial results or disclosures.

Separate Financial Statements (IAS 27)

Effective June 1, 2012, the Company adopted the amendments to IAS 2. The standard prescribes accounting and disclosure requirements for investments in subsidiaries, joint ventures, and associates when an entity prepares separate financial statements. Because currently the Company has no investments in subsidiaries, joint ventures or associates, the adoption of this standard did not impact financial results or disclosures.

3. 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:

k) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
l) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12);
m) IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13);
n) 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);
o) IFRS 13 Fair Value Measurement (New; to replace fair value measurement guidance in other IFRSs);
p) IAS 1 Presentation of Financial Statements,
q) IAS 19 Employee Benefits (Amended in 2011);
r) IAS 28 Investments in Associates and Joint Ventures (Amended in 2011); and
s) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New).

4. SHARE CAPITAL

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

Issued common shares

	Shares	**Amount**
Balance on inception		
Issued for cash by private placement	2,800,000	$140,000
Issued for cash in initial public offering	2,500,000	200,655
Issued for cash by private placement	7,425,000	1,345,731
Balance, August 31, 2011 and 2012	**$ 12,725,000**	**$ 1,686,386**

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 August 31, 2012, there are 695,200 warrants outstanding with a weighted average life and weighted average exercise price of 0.54 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.

At August 31, 2012, there are 200,000 stock options outstanding with a weighted average life and weighted average exercise price of 2.75 years and $0.15, respectively. At August 31, 2012, all of these options were exercisable.

5. RELATED PARTY TRANSACTIONS

During the period ended August 31, 2012, the Company paid or accrued fees for office services of $7,500 (2011 - $7,500) to a company controlled 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 unsecure, non-interest bearing and have no fixed terms of repayment.

6. FINANCIAL INSTRUMENTS

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 – 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
- Level 3 – Inputs 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. Trade and other payables are held at carrying value which approximate fair value due to the short-term nature of these instruments.

Financial Instrument Rick Exposure

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

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 sales tax receivable 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 the capital structure and makes adjustments to it depending on changes in economic conditions, business opportunity and risk characteristics of the underlying assets. 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.

8. SUBSEQUENT EVENT

Subsequent to August 31, 2012:

On October 25, 2012, the Company signed an agreement in principal with Term Oil Ltd ("Term"), a Saskatchewan oil and gas company, and is in the process of completing the transaction which will result in the Company acquiring a 30% interest in the Prevail Property (the "Property") located in Southern Saskatchewan.

The Company is required to make cash payment of $750,000, for a 30% undivided interest in the Property; which will be used to reactivate three wells and drill one infill location. Consequently, Titus' primary business will be in the oil and gas resource exploration and development sector.

TITUS CAPITAL CORP.
(A Capital Pool Company)

PRO FORMA FINANCIAL STATEMENTS

(UNAUDITED - PREPARED BY MANAGEMENT)

	Notes	August 31, 2012	Pro forma adjustments	Pro forma
ASSETS				
Current assets				
Cash and cash equivalents		$ 1,548,023	$ (750,000)	$ 798,023
Taxes recoverable		1,349		1,349
Total current assets		**1,549,372**	**(750,000)**	**799,372**
Long Term asset				
Exploration assets	2	-	750,000	750,000
TOTAL ASSETS		**1,549,372**	**-**	**1,549,372**
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities		8,000	-	8,000
TOTAL LIABILITIES		**8,000**	**-**	**8,000**
EQUITY				
Share capital		1,687,386	-	1,687,386
Share-based payment reserve		35,329	-	35,329
Deficit		(181,342)	-	(181,342)
TOTAL EQUITY		**1,541,372**		**1,541,372**
TOTAL LIABILITIES AND EQUITY		**$ 1,549,372**	**-**	**$ 1,549,372**

Basis of presentation (Note 1)

Approved by the Board of Directors and authorized for issue November 14, 2012

TITUS CAPITAL CORP.
Pro Forma Statement of Equity
As at August 31, 2012
(Unaudited – prepared by management)

	Notes	Share capital		Subscriptions receivable	Share-based payment reserve	Deficit	Total
		Number of shares	Amount				
Balance at June 1, 2011		12,725,000	$ 1,667,386		$ 35,329	$ (86,470)	$ 1,616,245
Net loss and comprehensive loss						(4,001)	(4,001)
Balance at August 31, 2011		**12,725,000**	**$ 1,667,386**		**$ 35,329**	**$ (90,471)**	**$ 1,612,244**
Balance at June 1, 2012		**12,725,000**	**$ 1,687,386**		**$ 35,329**	**$ (165,417)**	**$ 1,557,298**
Net loss and comprehensive loss						(15,925)	(15,925)
Balance at August 31, 2012		**12,725,000**	**$ 1,687,386**		**$ 35,329**	**$ (181,342)**	**$ 1,541,372**

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma statement of financial position of Titus Capital Corp. (the "Company") as at August 31, 2012 have been prepared by management after giving effect to the transactions contemplated by a Development Agreement (the "Agreement") among the Company and Term Oil Ltd ("Term"), a Saskatchewan oil and gas company, signed on October 25, 2012. The completion of the transactions will result in the Company acquiring a 30% undivided interest in the Prevail Property (the "Property") located in Southern Saskatchewan.

The pro forma financial statements of the Company have been compiled from and include:
(a) The unaudited financial statements of the Company for the three months period ended August 31, 2012.
(b) Report "Reserve and Economic Evaluation Oil Property. Buzzard Area, Saskatchewan" (the "Report"), prepared for the Company on September 1, 2012.
(c) The audited financial statements of the Company for the year ended August 31, 2012.
(d) The additional information set out in Note 3.

It is management's opinion that these unaudited pro forma consolidated financial statements present, in all material respects, the transaction as described in Note 2 in accordance with International Financial Reporting Standards. The unaudited pro forma financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the transaction been effected on the dates indicated. Furthermore, the unaudited pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future.

2. THE PROPOSED TRANSACTION

The Company will pay $750,000 cash, for a 30% undivided interest in the Property, upon receipt of TSX Venture Exchange (the "Exchange") final approval of the Agreement.

The assets are included on the statement of financial position at fair value and the transaction is accounted for as an asset acquisition. The cost of the acquisition should be based on the fair value of the consideration given or received, depending on which of these two fair values can be calculated the most reliably. In this case, the fair value of consideration given is $750,000 representing the amount that the Company will pay for its 30% undivided interest in the Property from an arm's length party.

OTHER MATERIAL FACTS

There are no other material facts relating to Titus, the Prevail Property and the Resulting Issuer as well as to the Acquisition not disclosed elsewhere in this Filing Statement.

BOARD OF DIRECTORS APPROVAL

The Board of Directors of Titus has approved the content of this Filing Statement.

By: "Reza Mohammed" ________________
Reza Mohammed
President, Chief Executive Officer and Director

C-1 CERTIFICATE OF TITUS CAPITAL CORP.

Dated: December 6, 2012

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Titus assuming completion of the Qualifying Transaction.

TITUS CAPITAL CORP.

By: "Reza Mohammed	By: "Anita Algie"
Reza Mohammed	Anita Algie
President, Chief Executive Officer	Chief Financial Officer

TITUS CAPITAL CORP.
ON BEHALF OF THE BOARD OF DIRECTORS

The Board of Directors is of the opinion that the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Titus assuming completion of the Qualifying Transaction.

TITUS CAPITAL CORP.

By: "Gilbert Schneider"	By: "Peter Born"
Gilbert Schneider	Peter Born
Director	Director

C-3 ACKNOWLEDGEMENT - PERSONAL

INFORMATION

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B); and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

TITUS CAPITAL CORP.

By: _"Reza Mohammed"_________
Reza Mohammed
President, Chief Executive Officer and Director