

**TITUS CAPITAL CORP.**  
**(A Capital Pool Company)**

**Interim Financial Statements**

**February 28, 2011**

## Notice of no Auditor Review of Interim Financial Statements

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

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

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

**TITUS CAPITAL CORP.**  
(A Capital Pool Company)  
Interim Balance Sheets

	February 28, 2011	May 31, 2010
<b>Assets</b>		
Cash	\$ 255,904	\$ 109,580
Prepaid	2,500	-
Deferred Financing Charges	-	10,000
<b>Total Assets</b>	<b>\$ 253,404</b>	<b>\$ 119,580</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 6,482	\$ 5,000
<b>Total Liabilities</b>	<b>6,482</b>	<b>5,000</b>
<b>Shareholders' Equity</b>		
Share Capital (Note 2)	321,629	140,000
Share Subscriptions Receivable	-	(20,000)
Contributed Surplus	19,200	-
Deficit	(80,942)	(5,420)
<b>Total Shareholders' Equity</b>	<b>259,887</b>	<b>114,580</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 253,404</b>	<b>\$ 119,580</b>

Nature and continuance of operations (Note 1)

Approval on behalf of the Board of Directors:

*"Anita Algie"*

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Director

*"Reza Mohammed"*

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Director

The accompanying notes are an integral part of these financial statements

# TITUS CAPITAL CORP.

(A Capital Pool Company)

Interim Statements of Operations, Comprehensive Loss and Deficit  
For the three and six month period from June 1, 2010 to February 28, 2011

	<b>For the 3 months ended February 28, 2011</b>	<b>For the 9 months ended February 28, 2011</b>
<b>Operating Expenses</b>		
Bank charges	\$ 28	\$ 278
Filing fees	-	2,066
Office and administrative	12,817	29,250
Professional fees	9,670	37,982
Stock based compensation	-	5,946
<b>Net and Comprehensive Loss For the Period</b>	<b>\$ (22,515)</b>	<b>\$ (75,522)</b>
<b>Deficit, Beginning of the Period</b>	<b>(58,427)</b>	<b>(5,420)</b>
<b>Deficit, End of the Period</b>	<b>\$ (80,942)</b>	<b>\$ (80,942)</b>

The accompanying notes are an integral part of these financial statements

**TITUS CAPITAL CORP.**  
(A Capital Pool Company)  
Interim Statement of Cash Flows  
For the period of June 1, 2010 to February 28, 2011

<b>Operating Activities:</b>	<b>For the 3 months ended February 28, 2011</b>		<b>For the 9 months ended February 28, 2011</b>	
Net loss For the Period	\$	(22,515)	\$	(75,522)
Non-cash items:				
Stock based compensation		-		
Net Changes in Non-Cash Working Capital Items:				
Prepaid		5,000		2,500
Other receivables				
Accounts payable and accrued liabilities		(1,300)		(6,482)
<b>Net Cash Used in Operating Activities</b>		<b>(18,815)</b>		<b>(79,504)</b>
<b>Financing Activities:</b>				
Deferred financing charges		-		5,000
Proceeds from share issuance		-		200,829
Subscription receivable		-		20,000
<b>Net Cash Provided by Financing Activities</b>		<b>-</b>		<b>225,829</b>
<b>Increase in Cash</b>	\$	<b>(18,815)</b>	\$	146,324
<b>Cash, Beginning of the Period</b>	\$	<b>274,719</b>	\$	109,580
<b>Cash, End of the Period</b>	\$	<b>255,904</b>	\$	255,904
<b>Supplementary Information</b>				
Cash paid for income tax	\$	-	\$	-
Cash paid for interest	\$	-	\$	-

The accompanying notes are an integral part of these financial statements

**Titus Capital Corp.**  
(A Capital Pool Company)  
Notes to interim financial statements  
February 28, 2011

**1. Nature and continuance of operations**

Titus Capital Corp. (the “Company”) was incorporated under the British Columbia Business Corporations Act on February 17, 2010.

The Company is a Capital Pool Company as defined in the Exchange’s Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

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 a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to identify, evaluate and negotiate a QT.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**2. Share Capital**

(a) Authorized:

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

(b) Issued voting common shares:

	Number of Shares	Amount \$
Issued for cash by private placement	2,800,000	140,000
Issued for initial public offering	2,500,000	181,629
Total	<u>5,300,000</u>	<u>321,629</u>

During the period ended February 28, 2011, the Company received \$140,000 from the issuance of 2,800,000 founders’ shares at \$0.05 per share.

The Company closed its initial public offering of 2,500,000 common shares for net proceeds of \$250,000. The Company paid \$25,000 in commission and was granted 250,000 agents warrants. Warrants are exercisable at a price of \$0.10 for a period of 24 months. The warrants have an estimated fair value of \$13,254 which has been allocated to contributed surplus. The fair value was estimated using the Black-Scholes option pricing model with the following weighted 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%.

**Titus Capital Corp.**  
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Notes to interim financial statements  
February 28, 2011

**2. Share Capital** (continued)

(a) Contributed Surplus

Balance, May 31, 2010	-
Stock Options	5,946
Agents warrants	13,254
Balance, February 28, 2011	19,200

(b) Shares held in escrow:

Under the requirements of the Exchange, 2,800,000 common shares will be held in escrow and released in stages over a period of three years from the date of acceptance by the Exchange of the Company's Qualifying Transaction (as defined in Policy 2.4 of the Exchange).

(d) 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 period ended February 28, 2011, subject to regulatory approval, the Company granted a total of 200,000 non-transferable options to the directors and officers of the Company contemporaneous with the Company becoming listed on the Exchange. The options will be exercisable at \$0.15 per share for a period of five years following the date of issue.

The fair value of these options at the date of grants totalling \$5,946 was estimated using the Black-Scholes option 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%. During the period ended November 30, 2010, \$5,946 was recorded as compensation expense related to options granted during this period.

**3. Financial instruments**

The Company is exposed in varying degrees to a variety of financial instrument related risks as follows:

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 bank accounts. The Company's bank accounts are held with a major bank in Canada. As all of the Company's cash is held by one bank in Canada, 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.

**Titus Capital Corp.**  
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**3. Financial Instruments** (continued)

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and banking facilities.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Foreign currency exchange rate risk and commodity price risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Commodity price risk is the risk that market values and future incomes will fluctuate because of changes in commodity prices. The Company does not have any direct exposure to foreign currency exchange rate risk or commodity price risk. The Company had no forward exchange rate contracts or commodity price contracts in place as at or during the period ended November 30, 2010.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at November 30, 2010, the Company did not have any significant interest rate risk.

The Company had no interest rate swap or financial contracts in place as at November 30, 2010.

**4. Capital management**

The Company identifies capital as share capital, cash and receivables that are expected to be realized in cash. The Company raises capital through private and public share offerings. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing and major expenditures are analyzed by management and approved by the board of directors.

The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to identify and evaluate assets or business for future investment.

The Company is meeting its objective of managing capital through detailed review and due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to maintain sufficient resources.

There are no externally imposed capital restrictions and no changes in approach.