

TITUS CAPITAL CORP.
(A Capital Pool Company)

Financial Statements

May 31, 2011

INDEPENDENT AUDITOR'S REPORT

To the Directors of Titus Capital Corp.

We have audited the balance sheets of Titus Capital Corp. as at May 31, 2011 and 2010 and the statements of operations, comprehensive loss and deficit and cash flows for the year ended May 31, 2011 and the period from February 17, 2010 (inception) to May 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, 2011 and 2010, and the results of its operations and its cash flows for the year ended May 31, 2011 and the period from inception on February 17, 2010 to May 31, 2010 in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

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

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
September 21, 2011

TITUS CAPITAL CORP.

(A Capital Pool Company)

Balance Sheets

	May 31, 2011	May 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 1,621,194	\$ 109,580
Taxes recoverable	7,382	-
Deferred financing charges (Note 2)	-	10,000
Total Assets	\$ 1,628,576	\$ 119,580
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 12,331	\$ 5,000
Shareholders' Equity		
Share capital (Note 3)	1,667,386	140,000
Share subscription receivable (Note 3)	-	(20,000)
Contributed surplus (Note 3)	35,329	-
Deficit	(86,470)	(5,420)
Total Shareholders' Equity	1,616,245	114,580
Total Liabilities and Shareholders' Equity	\$ 1,628,576	\$ 119,580

Approval on behalf of the Board of Directors:

*"Anita Algie"*_____
Director*"Reza Mohammed"*_____
Director

TITUS CAPITAL CORP.
(A Capital Pool Company)
Statements of Operations, Comprehensive Loss and Deficit

	For the year ended May 31, 2011	For the period from inception on February 17, 2010 to May 31, 2010
Operating Expenses		
Bank charges	\$ 306	\$ 23
Consulting	15,000	-
Office and administrative (Note 4)	26,980	397
Professional fees	18,075	5,000
Stock-based compensation (Note 3)	5,946	-
Transfer agent and filing fees	14,743	-
Net Loss and Comprehensive Loss	(81,050)	(5,420)
Deficit, Beginning	(5,420)	-
Deficit, Ending	\$ (86,470)	\$ (5,420)
Basic and Diluted Loss Per Share	\$ (0.05)	\$ (0.00)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	1,639,932	-

The accompanying notes are an integral part of these financial statements

TITUS CAPITAL CORP.
(A Capital Pool Company)
Statements of Cash Flows

	For the year ended May 31, 2011	For the period from inception on February 17, 2010 to May 31, 2010
Operating Activities:		
Net loss For the period	\$ (81,050)	\$ (5,420)
Item not affecting cash:		
Stock-based compensation	5,946	-
Net Changes in Non-Cash Working Capital Items:		
Taxes recoverable	(7,382)	-
Accounts payable and accrued liabilities	7,331	5,000
Net cash used in operating activities	(75,155)	(420)
Financing Activities:		
Issue of share capital, net of share issue costs	1,586,769	120,000
Deferred financing charges	-	(10,000)
Net cash provided by financing activities	1,586,769	110,000
Increase in cash and cash equivalents	1,511,614	109,580
Cash and cash equivalents, Beginning	109,580	-
Cash and cash equivalents, Ending	\$ 1,621,194	\$ 109,580
Cash and cash equivalents consist of:		
Cash	\$ 421,194	\$ 109,580
Guaranteed investment certificate	1,200,000	-
	\$ 1,621,194	\$ 109,580
Supplemental disclosure with respect to cash flows:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Titus Capital Corp.
(A Capital Pool Company)
Notes to financial statements
May 31, 2011

1. Incorporation And Continuance Of Operations:

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

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

These 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 operation for the Company is dependent upon its ability to identify, evaluate and complete a QT.

2. Significant Accounting Policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and are presented in Canadian dollars.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. Significant areas requiring the use of management estimates relate to the determination of fair value for stock based transactions and the future tax rates to determine future income taxes and realization of future income tax assets. Where estimates have been used, financial results as determined by actual events could differ from those estimates.

Stock based compensation

The Company follows the accounting standards issued by the CICA Handbook Section 3870, “Stock-Based Compensation And Other Stock-Based Payments”, which requires the fair-value based method for measuring compensation costs. The Company determines the fair value of the stock-based compensation using the Black-Scholes option pricing model. Any consideration paid on the exercise of stock options is credited to share capital.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Titus Capital Corp.
(A Capital Pool Company)
Notes to financial statements
May 31, 2011

2. Significant Accounting Policies (continued)

Financial instruments

The Company follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, "Financial Instruments". This section prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost.

The Company's financial instruments consist of cash, receivables and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company has made the following classifications for the financial instruments:

- (i) Cash – held-for-trading; measured at fair value;
- (ii) Receivables – loans and receivables; measured at cost;
- (ii) Accounts payable – other financial liabilities; measured at amortized cost.

The Company adopted CICA Handbook Section 3862 "Financial Instruments – Disclosures" which was amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosures include classification of financial inputs used in making the measurements, described as follows:

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

The carrying value of the Company's financial instruments approximates their fair value and are measured based on Level 1 input for the fair value hierarchy. The Company does not use any hedging instruments.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, options and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the period presented, dilutive loss per share is equal to basic loss per share. Basic and diluted loss per common share is calculated using the weighted-average number of common shares outstanding during the period. As all the escrow shares are considered contingently issuable until the Company completes a qualifying transaction, they are not considered to be outstanding for purposes of calculating basic and diluted loss per share.

Cash and cash equivalents

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

Titus Capital Corp.
(A Capital Pool Company)
Notes to financial statements
May 31, 2011

2. Significant Accounting Policies (continued)

Recent accounting pronouncements – Not yet adopted

International financial reporting standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of June 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended May 31, 2011. Management continues to monitor and assess the impact of Canadian GAAP and IFRS.

“Business Combinations” – Section 1582, “Consolidated Financial Statements” – Section 1601 and “Non-Controlling Interests” – Section 1602

In January 2009, the CICA issued handbook Sections 1582 “Business Combinations,” 1601 “Consolidated Financial Statements: and 1602 “Non-controlling Interests: which replace CICA Handbook Sections 1581 “Business Combinations: and 1600 “Consolidated Financial Statements.: Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company’s interim and annual financial statements for its fiscal year beginning on June 1, 2011. Early adoption of these sections is permitted and all three sections must be adopted concurrently. Management does not expect the adoption of these new pronouncements to have a significant impact on its financial statements.

3. Share Capital:

(a) Authorized:

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

(b) Issued common shares:

	Number of Shares	Amount \$	Contributed Surplus \$
Balance on inception	-	-	-
Issued for cash by private placement	2,800,000	140,000	-
Balance, May 31, 2010	2,800,000	140,000	-
Issued for cash in initial public offering	2,500,000	180,655	13,255
Issued for cash by private placement	7,425,000	1,346,731	16,128
Stock-based compensation			5,946
Balance, May 31, 2011	12,725,000	1,667,386	35,329

During the period ended May 31, 2010, the Company received \$120,000 from the issuance of 2,800,000 founders’ shares at \$0.05 per share. As at May 31, 2010, a total of \$20,000 was owing for 400,000 of the total founders’ shares issued during the period. This amount was recorded as share subscriptions receivable, and was received in full during the year ended May 31, 2011.

Titus Capital Corp.
(A Capital Pool Company)
Notes to financial statements
May 31, 2011

3. Share Capital (continued):

On November 30, 2010, the Company closed its initial public offering 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 \$56,090 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 7,420,000 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 \$89,100 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%.

(c) Shares held in escrow:

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

(d) Stock Options:

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

During the year ended May 31, 2011, the Company granted a total of 200,000 options to the directors and officers of the Company. The options are exercisable at a price of \$0.15 per share for a period of five years following the date of issue.

The fair value of these options at the date of grants was \$5,926 and was estimated using the Black-Scholes options pricing model with the following weighted average assumptions: expected life of five years, risk-free interest rate of 2.68%; expected dividend yield of 0% and an expected volatility of 100%.

The weighted average life and weighted average exercise price of the options are 4.01 years and \$0.15, respectively.

d) Warrants

As at May 31, 2011, 695,200 warrants are outstanding with a weighted average life and weighted average exercise price of 1.79 years and \$0.16, respectively.

4. Related party transactions

During the year ended May 31, 2011 the Company paid or accrued fees for office services of \$22,500 (2010 - \$nil) to a company owned by a director. At May 31, 2011, \$2,800 (\$nil) is owing to this company and is included in accounts payable and accrued liabilities.

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

Titus Capital Corp.
(A Capital Pool Company)
Notes to financial statements
May 31, 2011

5. 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 and guaranteed investment certificates. The Company's bank accounts and guaranteed investment certificates are held with a major bank in Canada. As all of the Company's cash and cash equivalents are 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.

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 minimizes this risk 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. The Company is not currently exposed to significant market risk.

Foreign currency exchange rate 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. The Company does not have any direct exposure to foreign currency exchange rate risk.

Commodity price risk

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 commodity price risk.

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 May 31, 2011 and 2010, the Company did not have any significant interest rate risk.

6. Capital disclosure

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company has no debt and is not subject to externally imposed capital requirements.

Titus Capital Corp.
(A Capital Pool Company)
Notes to financial statements
May 31, 2011

7. Income taxes

The provision for income taxes differs from the amount that would have resulted in applying Canadian federal and provincial statutory rates as follows:

	May 31, 2011	May 31, 2010
Loss before income taxes	\$ (81,050)	\$ (5,420)
Statutory income tax rate	27.5%	29%
Expected income tax recovery at statutory income tax rate	(22,289)	(1,572)
Change in tax rate	1,878	217
Permanent differences	1,635	-
Effect of share issuance costs not recognized	(44,558)	-
Change in valuation allowance	63,334	1,355
Income tax provision	\$ -	\$ -

The significant components of the Company's tax effected future income tax assets are as follows:

	May 31, 2011	May 31, 2010
Non-capital losses	\$ 29,043	\$ 1,355
Share issuance costs	35,616	-
	64,689	1,355
Valuation allowance	(64,689)	(1,355)
Net future 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 future income tax asset. As at May 31, 2011, the Company has non-capital losses of approximately \$222,000 that may be applied against future income for Canadian income tax purposes which commence expiring in 2031.