

# **TITAN GOLDWORX RESOURCES INC.**

**Condensed Interim Consolidated Financial Statements  
Three and Six Months Ended April 30, 2013 and 2012**

**(Expressed in Canadian Dollars)  
(Unaudited)**

## **NOTICE TO READER**

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

The accompanying unaudited condensed interim consolidated 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 unaudited condensed interim consolidated 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.

**TITAN GOLDWORX RESOURCES INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	April 30, 2013	October 31, 2012
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 562,192	\$ 931,515
Short-term investments	30,000	-
Receivables	105,397	28,573
Prepaid expenses	1,728	265
<b>Total current assets</b>	699,317	960,353
Exploration and evaluation assets (Note 3)	-	40,200
<b>Total assets</b>	\$ 699,317	\$ 1,000,553
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 47,856	\$ 22,167
<b>Total current liabilities</b>	47,856	22,167
<b>Total liabilities</b>	47,856	22,167
<b>Shareholders' equity</b>		
Share capital (Note 4)	1,147,397	1,147,397
Warrant reserve (Note 5)	27,275	27,275
Contributed surplus (Note 6)	41,919	69,865
Deficit	(565,130)	(266,151)
<b>Total equity</b>	651,461	978,386
<b>Total liabilities and equity</b>	\$ 699,317	\$ 1,000,553

Nature of operations and going concern (Note 1)  
 Commitments (Note 3)  
 Subsequent events (Note 8)

**On behalf of the Board:**

\_\_\_\_\_  
 "John K. Burns"

Director

\_\_\_\_\_  
 "Yaron Conforti"

Director

**TITAN GOLDWORX RESOURCES INC.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Three Months Ended		Six Months Ended	
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012
<b>Expenses</b>				
Audit and accounting	\$ 8,620	\$ 4,560	\$ 20,704	\$ 14,760
Consulting fees (Note 7)	42,000	-	86,250	-
Legal fees	7,490	-	8,478	-
Office and general	13,290	1,666	22,794	1,923
Project evaluation costs	126,885	-	134,181	-
Regulatory fees	2,293	9,744	4,922	21,909
Transfer agent	1,611	450	3,812	450
Write-off of exploration and evaluation assets (Note 3)	46,200	-	46,200	-
	<b>(248,389)</b>	<b>(16,420)</b>	<b>(327,341)</b>	<b>(39,042)</b>
Interest income	55	-	416	-
<b>Net loss and comprehensive loss for the period</b>	<b>(248,334)</b>	<b>(16,420)</b>	<b>(326,925)</b>	<b>(39,042)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>16,445,000</b>	<b>14,085,000</b>	<b>16,445,000</b>	<b>14,085,000</b>

# TITAN GOLDWORX RESOURCES INC.

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Warrant Reserve	Contributed Surplus	Deficit	Total
<b>Balance at October 31, 2011</b>	<b>14,085,000</b>	<b>\$ 955,800</b>	<b>\$ 14,635</b>	<b>\$ -</b>	<b>\$ (16,633)</b>	<b>\$ 953,802</b>
Net loss for the period	-	-	-	-	(39,042)	(39,042)
<b>Balance at April 30, 2012</b>	<b>14,085,000</b>	<b>955,800</b>	<b>14,635</b>	<b>-</b>	<b>(55,675)</b>	<b>914,760</b>
Initial Public Offering ("IPO"), May 15, 2012 (net of share issuance costs)	2,210,000	169,097	-	-	-	169,097
IPO Agent's Warrants	-	-	12,640	-	-	12,640
Issuance Pursuant to Mineral Property Option Agreement	150,000	22,500	-	-	-	22,500
Share-based payments	-	-	-	69,865	-	69,865
Net loss for the period	-	-	-	-	(210,476)	(210,476)
<b>Balance at October 31, 2012</b>	<b>16,445,000</b>	<b>1,147,397</b>	<b>27,275</b>	<b>69,865</b>	<b>(266,151)</b>	<b>978,386</b>
Stock options forfeited	-	-	-	(27,946)	27,946	-
Net loss for the period	-	-	-	-	(326,925)	(326,925)
<b>Balance at April 30, 2013</b>	<b>16,445,000</b>	<b>\$ 1,147,397</b>	<b>\$ 27,275</b>	<b>\$ 41,919</b>	<b>\$ (565,130)</b>	<b>\$ 651,461</b>

**TITAN GOLDWORX RESOURCES INC.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Six Months Ended	
	April 30, 2013	April 30, 2012
<b>Cash Flows Provided By (Used In) Operating Activities</b>		
<b>Loss for the period</b>	\$ (326,925)	\$ (39,042)
Write-off of exploration and evaluation assets	46,200	-
Changes in non-cash working capital items:		
Receivables	(76,824)	(2,012)
Prepaid expenses	(1,463)	(1,063)
Accounts payable and accrued liabilities	25,689	15,313
Changes in deferred finance costs	-	(48,000)
	<b>(333,323)</b>	<b>(74,804)</b>
<b>Cash Flows Used In Investing Activities</b>		
Purchase of short-term investments	(30,000)	-
Exploration and evaluation expenditures	(6,000)	(2,700)
	<b>(36,000)</b>	<b>(2,700)</b>
<b>Net change in cash during the period</b>	<b>(369,323)</b>	<b>(77,504)</b>
<b>Cash, beginning of period</b>	<b>931,515</b>	<b>956,989</b>
<b>Cash, end of period</b>	<b>\$ 562,192</b>	<b>\$ 879,485</b>

**TITAN GOLDWORX RESOURCES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**  
**April 30, 2013 and 2012**

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**1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS**

Titan Goldworx Resources Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 4, 2011. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties. The Company's shares commenced trading on the Canadian National Stock Exchange (the "CNSX") under the trading symbol "TTN" on May 15, 2012. The head office of the Company is located at 1 Westmount Square, Suite 600 Westmount, Quebec, H3Z 2P9.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on July 2, 2013.

The financial information is presented in Canadian Dollars ("CDN"), which is the functional currency of the Company.

These condensed interim consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes the Company has sufficient working capital to maintain its operations and activities for the upcoming fiscal year.

The condensed interim consolidated 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. SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of presentation

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of July 2, 2013, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended October 31, 2012, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending October 31, 2013 could result in restatement of these condensed interim consolidated financial statements.

**TITAN GOLDWORX RESOURCES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

a) Basis of presentation (Continued)

*Changes in accounting policies*

During the period, the Company adopted IAS 1 Presentation of Financial Statements (amendments to IAS 1), issued by the IASB in June 2011. The amendments require items presented in the statement of other comprehensive income to be categorized according to whether the items will or will not be reclassified to income at a future date. The adoption did not impact the Company's financial results.

*New standards not yet adopted and interpretations issued but not yet effective*

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual consolidated financial statements as at and for the year ended October 31, 2012.

**3. EXPLORATION AND EVALUATION ASSETS**

	<b>Tait Township Property</b>
Balance, October 31, 2011	\$ 15,000
Additions	25,200
Balance, October 31, 2012	40,200
Additions	6,000
Write-off	(46,200)
Balance, April 30, 2013	\$ -

On July 25, 2011, the Company signed a Letter of Intent ("LOI") with Quantum Rare Earth Developments Corp. ("Quantum") in order to acquire an undivided 70% interest in the Tait Township Property, Ontario (the "Property"). The Property is subject to an option agreement (the "Original Option Agreement") between Perry English for Rubicon Minerals Corporation ("Rubicon") and Silver Mountain Mines Corp. ("Silver Mountain") dated July 31, 2009. On January 31, 2011, Quantum completed the acquisition of Silver Mountain, pursuant to which Silver Mountain became a wholly owned subsidiary of Quantum.

On October 21, 2011, the Company entered into the Option and Joint Venture Agreement, which was subsequently amended on November 28, 2011, to acquire an undivided 70% interest in the Property and the Original Option Agreement. The terms of the Option and Joint Venture Agreement include cash payments of \$140,000 in total and issuance of 150,000 common shares within 30 days of completion of the Company's initial public offering. Upon earning the 70% interest, the Company will form a joint venture with Silver Mountain.

**TITAN GOLDWORX RESOURCES INC.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**3. EXPLORATION AND EVALUATION ASSETS (Continued)**

As at April 30, 2013, the Company had the following future requirements to fulfill its obligation under the Option and Joint Venture Agreement:

<b>Date</b>	<b>Shares</b>	<b>Cash Payments</b>
Pay within 5 business days of the closing date (paid)	-	\$ 15,000
Issue within 30 days of completion of the IPO (issued)	<b>150,000</b>	\$ -
On or before the first anniversary of the closing date (i)	-	\$ 15,000
On or before the second anniversary of the closing date	-	\$ 20,000
On or before the third anniversary of the closing date	-	\$ 40,000
On or before the fourth anniversary of the closing date	-	\$ 50,000

(i) During the six months ended April 30, 2013, the Company negotiated a deferral of this payment for a minimum of three months, to a maximum of six months from the original due date of November 28, 2012. In consideration for the deferral, the Company paid a fee of \$3,000 during the period for the initial three month deferral, and a further \$3,000 for the second three month deferral. Subsequent to April 30, 2013, the Company relinquished its option under the Option and Joint Venture Agreement (Note 8). As a result, the Company recorded a write-off of exploration and evaluation assets of \$46,200 during the period.

**4. SHARE CAPITAL**

a) Authorized share capital

As at April 30, 2013, the authorized share capital of the Company was an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

b) Issued share capital

(i) On May 15, 2012, the Company completed its IPO pursuant to its prospectus dated February 28, 2012. Under the Offering, the Company issued 2,000,000 common shares of the Company at a price of \$0.15 per share.

As part of the IPO, the Company incurred share issuance costs of \$162,403, which included 160,000 shares ("Agent's Shares") at a value of \$0.15 per Agent's Share, agent's warrants to purchase up to 160,000 shares at a price of \$0.15 per share for a period of 24 months after the closing of the IPO ("Agent's Warrants") with a value of \$12,640, and a corporate finance fee comprised of \$30,000 and 50,000 shares at a value of \$0.15 per share.

(ii) On May 15, 2012, pursuant to the Option and Joint Venture Agreement, the Company issued 150,000 common shares of the Company to Quantum at \$0.15 per share, for total fair value of \$22,500 (Note 3).

c) Escrow shares

As at April 30, 2013, the Company had 1,200,000 common shares held in escrow (October 31, 2012 – 1,800,000).



**TITAN GOLDWORX RESOURCES INC.**  
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**5. WARRANTS**

The following table shows the continuity of warrants for the periods presented:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, October 31, 2011 and April 30, 2012	277,650	\$ 0.10
Issued (i)	160,000	0.15
Balance, October 31, 2012 and April 30, 2013	437,650	\$ 0.12

(i) On May 15, 2012, the Company completed its IPO and issued 160,000 Agent's Warrants to purchase up to 160,000 shares at a price of \$0.15 per share for a period of 24 months. The Agent's Warrants were valued at \$12,640 or \$0.08 per warrant, using the Black-Scholes Model with the following assumptions: expected dividend yield - 0%, expected volatility - 100% (based on comparable companies), risk-free interest rate - 1.29% and an expected average life of 2 years.

The following are the warrants outstanding at April 30, 2013:

<b>Number of Warrants</b>		<b>Black-Scholes Value</b>	<b>Exercise Price (\$)</b>	<b>Expiry Date</b>
277,650	\$	14,635	0.10	July 29, 2013
160,000		12,640	0.15	May 15, 2014
437,650	\$	27,275	0.12	

**6. STOCK OPTIONS**

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Vesting and the term of an option is determined at the discretion of the Board of Directors of the Company.

The following table shows the continuity of stock options for the periods presented:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance, October 31, 2011 and April 30, 2012	-	\$ -
Issued (i)	625,000	0.15
Balance, October 31, 2012	625,000	0.15
Forfeited	(250,000)	(0.15)
Balance, April 30, 2013	375,000	\$ 0.15

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**6. STOCK OPTIONS (Continued)**

(i) On May 15, 2012, the Company granted 625,000 stock options to officers and directors of the Company, whereby the option holders can purchase up to 625,000 shares at a price of \$0.15 per share. The options vested immediately and are exercisable until May 15, 2022. The weighted average fair value of the stock options awarded on May 15, 2012, estimated using the Black-Scholes Model, was \$0.11 per option, with a total fair value of \$69,865. The Company used the Black-Scholes Model to estimate the fair value of the options at the grant date using the following weighted average assumptions: expected dividend yield - 0%, expected volatility - 100% (based on comparable companies), risk-free interest rate - 1.35% and an expected average life of 5 years.

The following are the stock options outstanding at April 30, 2013:

<b>Number of Options</b>	<b>Black-Scholes Value (\$)</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (years)</b>	<b>Expiry Date</b>
375,000	41,919	0.15	9.05	May 15, 2022

**7. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

(a) The Company entered into the following transactions with related parties:

	<b>Notes</b>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
		<b>April 30, 2013</b>	<b>April 30, 2012</b>	<b>April 30, 2013</b>	<b>April 30, 2012</b>
Baron Global Financial Canada Ltd.	(i)	\$ -	\$ -	\$ 10,000	\$ -
Emmarentia Management Corp.	(ii)	22,500	-	41,250	-
Marrelli Support Services Inc.	(iii)	10,500	-	21,500	-
Lockwood Financial Ltd.	(iv)	19,500	-	35,750	-

(i) On July 6, 2012, the Company entered into a corporate advisory agreement with Baron Global Financial Canada Ltd. ("Baron") to provide accounting and administrative services. These services are recorded as consulting fees. This agreement expired at November 30, 2012. The former CEO and director of the Company is also the managing director of Baron.

(ii) The Chief Executive Officer and director of the Company controls Emmarentia Management Corp. ("Emmarentia"). Fees relate to consulting fees. As at April 30, 2013, \$3,750 (October 31, 2012 - \$11,300) was included in accounts payable and accrued liabilities owing to Emmarentia.

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**7. RELATED PARTY TRANSACTIONS (Continued)**

(iii) On November 14, 2012, the Company entered into an accounting support services agreement with Marrelli Support Services Inc. ("MSSI") whereunder MSSI provided, beginning November 15, 2012, certain accounting support services to the Company. On November 14, 2012, in connection with such agreement with MSSI, the Company retained Mr. Daniel Crandall, manager with MSSI, as its Chief Financial Officer. As at April 30, 2013, \$8,064 was included in accounts payable and accrued liabilities owing to MSSI.

(iv) Lockwood Financial Ltd. ("Lockwood"), an insider of the Company, provides business development and administrative services to the Company. The fees consisted of consulting fees of \$15,000 and \$27,500 (three and six months ended April 30, 2012 - \$nil) and office rent of \$4,500 and \$8,250 (three and six months ended April 30, 2012 - \$nil). As at April 30, 2013, \$3,250 (October 31, 2012 - \$nil) was included in accounts payable and accrued liabilities owing to Lockwood.

**8. SUBSEQUENT EVENTS**

(a) Subsequent to April 30, 2013, 75,000 Agent's Warrants with an exercise price of \$0.10 were exercised for gross proceeds of \$7,500.

(b) During May 2013, the Company relinquished its option to acquire an interest in the Tait Township Property under the Option and Joint Venture Agreement described in Note 3.

(c) On May 31, 2013, the Company announced it had entered into a Letter of Intent ("LOI") with Falcon Copper Ltd. ("Falcon") for the exploration and development of mineral concessions located in the Democratic Republic of the Congo ("DRC").

Falcon, a privately held company incorporated in Ontario, has an agreement in principle with Equity Management s.p.r.l. (the "JV Partner") pursuant to which Falcon has the right to acquire a 70% interest in the PR12675 and PR12684 concessions (the "Katambo Concessions") in Katanga province, DRC, via the formation of a DRC-based Joint Venture Company with the JV Partner ("the JV").

The LOI sets out the proposal by Titan to fund preliminary exploration work on the Katambo Concessions, and pending results of this work, to acquire Falcon's interest in the JV. Titan shall fund an initial exploration program with a total budget of CAN\$50,000 and will subsequently be granted an exclusive right to continue its assessment of the Katambo Concessions via additional exploration programs. Subject to Titan's due diligence and receipt of satisfactory exploration results from all phases of the exploration program, Titan shall have the exclusive right to acquire Falcon's interest in the JV.

The completion of the Transaction is subject to a number of conditions, including but not limited to the execution of a definitive agreement, completion of satisfactory due diligence, completion of a National Instrument 43-101 compliant technical report, and approval of the Transaction by the board of directors of Titan and Falcon. There can be no assurance that the Transaction will be completed as proposed, or at all.