

TITANIUM HOLDINGS GROUP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

| | Common Stock Number of Shares | Amount | Additional Paid-in Capital | Accumulated Other Compre. Income(loss) | Accumulated Deficit | Stockholders' Equity |
|---|-------------------------------------|----------------|----------------------------------|--|------------------------|-------------------------|
| Balance at January 1, 2004: | 5,572,810 | \$5,575 | \$10,189,891 | \$1,501,885 | \$(7,262,620) | \$4,434,731 |
| Comprehensive income (loss): | | | | | | |
| Net income | | | | | 914,430 | 914,430 |
| Unrealized holding loss on available-for-sale securities owned | | | | (139,116) | | <u>(139,116)</u> |
| Total comprehensive income | | | | | | 775,314 |
| Reversal of unrealized holding gain on available-for-sale securities sold | | | | (1,516,376) | | (1,516,376) |
| Issuance of common stock in connection with the conversion of promissory notes payable | 1,306,895 | 1,306 | 377,694 | | | 379,000 |
| Issuance of common stock for cash at \$0.29 per share | 2,349,292 | 2,348 | 678,947 | | | 681,295 |
| Preferred stock dividends | | | | | (2,625) | (2,625) |
| Balance at December 31, 2004 | <u>9,228,997</u> | <u>\$9,229</u> | <u>\$11,246,532</u> | <u>\$(153,607)</u> | <u>\$(6,350,815)</u> | <u>\$4,751,339</u> |