Management's Discussion and Analysis
Fiscal 2020

AUGUST 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) has been prepared by management as of November 24, 2020. The MD&A provides readers with an understanding of the Vision of Titan Logix Corp. ("Titan" or "the Company"), its business strategy and core purpose and compares Titan's 2020 financial results with the previous year. The following MD&A of the consolidated results of operations, financial position, and changes in cash flows should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the years ended August 31, 2020 and 2019. The Company prepares and files its consolidated financial statements in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements and MD&A, as well as additional information regarding Titan Logix Corp., are available at www.sedar.com and on the Company's website at www.titanlogix.com. Titan Logix Corp.'s board members and its audit committee have reviewed and approved this MD&A narrative.

Cautionary Note Regarding Forward-Looking Statements

Some of the information contained in this MD&A may contain forward-looking statements. These forward-looking statements may include, among others, statements regarding our plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. Forward-looking statements are based on information available at the time they are made, on the date of this report, and should not be read as guarantees of future performance or results as they are subject to risks and uncertainties, many of them beyond our control. We do not undertake any obligation to publicly update or to revise any forward-looking statements except as expressly required by applicable securities laws.

Such risks and uncertainties include, but are not limited to the following:

- *Titan's ability to successfully market to current and new customers;*
- *Industry competition;*
- *Technological developments;*
- *Uncertainties as to Titan's ability to implement its strategic plan;*
- *Titan's ability to obtain raw materials from suppliers;*
- *The impact of general economic and industry conditions;*
- *The impact of pandemics and natural disasters;*
- *Fluctuations in oil and gas prices;*
- *Fluctuations in the level of oil and gas industry expenditures that affect demand for Titan's products and services;*
- *Fluctuations in currency rates;*
- *The ability to attract and retain key personnel or management;*
- *Expansion of products by internal growth, partnerships or acquisitions;*
- *Incorrect assessment of value of acquisitions;*
- *Inability to complete strategic acquisitions of additional business;*
- *Stock market volatility;*
- *Obtaining required approvals from regulatory authorities;*
- *Titan's ability to achieve an acceptable return on investment from new product development costs in a timely manner; and,*
- *Other risks described under the heading "Business Risks and Uncertainties" in this document.*

THE TITAN VISION, BRAND PROMISE AND CORE VALUES

Titan Logix Corp.'s VISION is to be a "Catalyst for Transformative Thinking" for our customers. We do this by enabling our customers to be leaders in the gathering, management, and analysis of their data, making smarter, faster business decisions more adaptable to change. We aim to transform our customer's value of data-centric decisions on commercial transportation applications by delivering operational efficiencies, regulatory compliance and inventory tracking to let them be more profitable and to lead in their respective industries.

Our Brand Promise: "Titan - Data that works."

Titan Logix has four core values that are integrated into the work we do and are the cornerstone of our strong corporate culture. Our commitment to; **Be Curious, Be Collaborative, Have an Innovative Mindset**, and **Own It** are instrumental in inspiring our team and guiding our decisions and actions for a successful future.

CORPORATE OVERVIEW

Founded in 1979, Titan Logix Corp. ("Titan" or "the Company") is a public company listed on the TSX Venture Exchange and its shares trade under the symbol TLA.

Titan focuses on providing data driven solutions for Supply Chain Management (SCM) of goods and services supplied to oil and gas, and the transportation industries. Titan's solutions have traditionally focused on mobile liquid level sensor technology. Our cloud connected products enable data from our edge sensor technology to be collected, managed and packaged for business intelligence and control. The complete solution consists of Titan's sensor products interconnected by rugged gateway devices to the internet and integrated to enable best-in-class data analytics and end-to-end Industrial Internet of Things (IIoT) solutions for our customers.

For almost 30 years, Titan Logix Corp. has designed and manufactured advanced technology instruments for businesses that transport corrosive, hazardous and/or valuable liquids while ensuring accurate, automated inventory management of these assets. Our technology is designed to reduce the risks of hazardous, costly, and time-consuming overfills. Titan's TD Series of tank level monitors are the market leader in mobile fluid measurement, and are known for their rugged, solid-state reliability with no floats or moving parts that can fail in challenging environments. These Guided Wave Radar (GWR) level monitoring technologies are a part of a complete IIoT supply chain management solution. Operating independently or as part of a fully integrated data collection and analytics system, these liquid level monitoring devices provide time-sensitive data for business decision and control.

For our clients that require a complete solution that enables real-time monitoring of their assets at each stage in the workflow process as they move their products to market, Titan's IIoT solution enable customers to monitor their fluid assets from the convenience of their dispatch center, back office environment, or through a mobile device. Titan's edge computer, the Titan Gateway, re-introduced as the SmartTruck Edge for mobile tankers, provides the ability to transmit the asset data from Titan's TD100™, Finch II, LoadMaxx products and other 3rd party sensors and data devices. The Titan SmartTruck Edge can collect real time data on driver performance, driver health, equipment status, fluid level and weight inventories, alarm conditions, and GPS location data. All data is conditioned and packaged for efficiency and transmitted to our TDS cloud platform. Through cloud-based technology, data can be displayed on web enabled dashboards to provide customers with a unique view into productivity, environmental compliance, driver behavior and driver health monitoring. The supply chain management solution equips business managers with a variety of business intelligence and data analytics to effectively measure, manage and enhance the performance of their mobile tanker fleet.

We currently serve the crude oil, produced water, refined fuel, used oil collection, aircraft refueling, chemical, and vacuum markets. New drilling activity employs mobile tankers to deliver necessary process fluids to well sites. The initial well head activity requires offsite transfer of process fluids and wastewater for treatment or disposal. Production wells not directly connected to pipeline networks require mobile transfer of crude oil to pipeline terminals and processing. Each stage requires mobile tanker engagement. These liquids are transported in many shapes and sizes of mobile tankers. Each of these tankers requires a level measurement and overfill prevention system to enable rolling-stock inventory management, ensure against overfills (which would result in high-impact environmental incidents), protect equipment from damage, improve the efficiency of the operation and help ensure driver safety. Titan's TD80™ and TD100™ provides these valuable features. Titan's main sales channel for our transport products is through mobile tank Original Equipment Manufacturers (OEMs), dealers, and channel partners in Canada, the U.S. and Mexico.

Titan Logix in partnership with its tech partners have developed industry leading supply chain management solutions for the management of various fluids.

Titan solutions enable customers to track and monitor their assets while simultaneously automating transportation logistics. Improved road safety and addressing environmental issues is our mission. Titan systems support accuracy across the supply chain from ticketing through invoicing. We put the right numbers in front of the customer, measured with precision, so that the focus can be on what matters and make the best decisions for the business. Titan solutions save time and operating costs, creating efficiency in the supply chain. Our advanced hardware and software technology are reliable and secure from source to customer software systems. Our innovative software orchestrates and helps manage and track the supply chain across vendors instantaneously. Exploration and production (E&P) companies are beginning to understand the value proposition that comes with the implementation of our SCM solutions.

Titan's strategy is to research, design, develop and/or acquire field sensor products (data generators) that are:

- Safe to install, operate, and maintain,
- Simple and cost effective to implement,
- Best in class technologically,
- Flexible in application,
- Designed to be system agnostic and platform independent,
- Forward thinking and scalable to meet customer needs today and tomorrow.

Building upon a solid foundation in advanced fluid management for mobile tankers we continue to develop applications internally and seek out technology partners externally.

SELECTED ANNUAL FINANCIAL INFORMATION

Years ended August 31 (audited)	**2020 $**	2019 $	2018 $
Revenue	**4,110,035**	5,570,924	4,494,588
Net (loss) earnings before income taxes	**(578,356)**	160,538	56,639
Net (loss) earnings	**(578,356)**	109,960	(3,781)
EPS – Basic and diluted	**(0.02)**	0.00	0.00
Total assets	**16,711,107**	16,928,069	16,750,962
Long-term liabilities	**383,940**	nil	nil
Dividends	**nil**	nil	nil

2020 HIGHLIGHTS

- Revenues were $4,110,035, a $1,460,889 or a 26% decrease from the $5,570,924 recorded in fiscal 2019. Revenues were impacted by the decline in global oil prices for the last half of the fiscal year due to the COVID-19 pandemic, combined with the lack of access to markets in Canada.
- The Company qualified for the Government of Canada's, Canada Emergency Wage Subsidy ("CEWS") program for most of its workforce effective March 15, 2020. Operating expenses were reduced in the last half of the fiscal year by the receipt of COVID-19 related government subsidies of $440,656. This program has been extended to June 2021. The Company intends to continue its participation in the CEWS program subject to meeting eligibility requirements.
- Gross profit decreased by 26% or $778,067 to $2,170,817 compared to $2,948,884 in fiscal 2019. The decrease in gross profit is primarily due to the decrease in unit demand and the reduction in revenue. Year-over-year gross margin remained at 53% of sales and reflects the aid of wage rollbacks and the CEWS wage subsidies to offset underutilized capacity costs included in cost of sales.
- Total expenses in fiscal 2020 were $3,410,570 as compared with $3,456,639 in the comparative prior year. During the fiscal year, the Company incurred engineering expenses of $1,067,211, compared to $658,711 in fiscal 2019. The Company developed software and cloud based applications for its first IIoT products, the Titan Data System (TDS) and the Titan API plug-in for its guided wave radar gauges. The increase in engineering expenses was offset with wage rollbacks, discretionary expense reductions combined with benefits received from the CEWS program.
- The Company reported an operating loss before other items of $1,239,753 compared to an operating loss of $507,755 in fiscal 2019. Adjusted for interest income and other items, the net loss after income taxes was $578,356 compared to net earnings after taxes of $109,960 in fiscal 2019. The impacts of the corona virus pandemic on global oil demand in the second half of the fiscal year was the primary reason for the decrease in sales and gross profit which contributed to the decline.

FISCAL 2020 RESULTS OF OPERATIONS

	Year ended August 31			
	2020	**2019**	**Increase (Decrease)**	
	$	**$**	**$**	**%**
Revenue	**4,110,035**	5,570,924	(1,460,889)	(26)
Cost of sales	**1,939,218**	2,622,040	(682,822)	(26)
Gross profit	**2,170,817**	2,948,884	(778,067)	(26)
Gross margin (%)	**53%**	53%		
Expenses				
General and administration	**1,139,624**	1,637,799	(498,175)	(30)
Marketing and sales	**829,602**	849,429	(19,827)	(2)
Engineering	**1,067,211**	658,711	408,500	62
Depreciation and amortization	**374,122**	334,550	39,572	12
(Gain) on foreign exchange	**11**	(23,850)	23,861	(100)
Total expenses	**3,410,570**	3,456,639	(46,069)	(1)
Net earnings (loss)	**(578,356)**	109,960	(688,316)	(626)
EPS - Diluted	**(0.02)**	0.00	0.00	

Revenue and gross profit

The Company's revenue is largely derived from instrument sales of its GWR product line of technologies (TD80™/TD100™, Finch II and related components) throughout Canada and the U.S. These technologies are sold primarily into the mobile tanker truck market, servicing upstream/midstream customers. Primarily due to industry conditions, including the impact of COVID-19, revenue in the current fiscal year decreased by 26% to $4,110,035, as compared to $5,570,924 for fiscal 2019.

Revenues generated from the Canadian market decreased by $716,893 or 39% to $1,132,829 as compared to $1,849,722 in fiscal 2019. Sales to the U.S, decreased by $743,996 or 20% to $2,977,206 as compared to $3,721,202 in fiscal 2019. These sales accounted for 72% of the revenues in fiscal 2020 (2019 – 67%). These sales are transacted in U.S. dollar currency and any change in the exchange rate affects the value at which transactions are recorded. Revenue was recorded at an average exchange rate of $1.35 Canadian during fiscal 2020, compared with $1.32 Canadian for the prior year.

As a percentage of revenue, sales of the Company's GWR product line of technologies contributed 93% to sales in fiscal 2020. This compares to 91% in fiscal 2019.

Gross profit decreased to $2,170,817 for fiscal 2020 compared with $2,948,884 for fiscal 2019. Gross margin of sales remained at 53% year-over-year. Fiscal 2020 gross margin at 53% reflects the benefits from manufacturing and service labour wage rollbacks implemented in the last half of the fiscal year combined with benefits received from the CEWS program. These favorable impacts offset higher overhead costs incurred due to underutilized capacity costs resulting from the decrease in demand and a reduction in unit product levels.

Expenses, general and administration

General and administrative expenses (G&A) for fiscal 2020 were $1,139,624, a decrease of $498,175 or 30% from the $1,637,799 recorded in fiscal 2019. The decrease is primarily a result of changes to executive management and a decrease in executive compensation costs including termination expenses incurred in the first quarter of the prior fiscal year. In response to COVID-19 and the dramatic decrease in revenue the Company implemented benefit and wage rollbacks of 10% to 20% in the third quarter of fiscal 2020 and reduced discretionary spending. These reductions combined with benefits of $78,732 received from the CEWS program contributed to the decrease in G&A expenses. These positive impacts largely offset one-time consulting costs for the implementation and conversion of its accounting and manufacturing software to a new ERP system. In addition, the Company's adoption of IFRS 16, the lease standard, resulted in lower rent expense in G&A expenses and higher depreciation and amortization expense from the depreciation of the right-of-use assets in the current fiscal year. The comparative periods have not been restated to reflect the new standard consistent with the transition elections followed. G&A, as a percentage of revenue, was 28% for fiscal 2020 compared to 29% for fiscal 2019.

Expenses, marketing and sales

Marketing and sales expenses were $829,602 a decrease of $19,827 or 2% from the $849,429 recorded in fiscal 2019. During the fiscal year, the Company reconfigured its sales team to focus on new products and penetrate new markets. Increased compensation costs due to additions to the sales team were offset by benefit and wage rollbacks combined with benefits of $122,511 received from the CEWS program and U.S. wage subsidy programs in the last half of fiscal 2020. As a percentage of revenue, marketing and sales expenses were 20% for fiscal 2020 as compared to 15% for fiscal 2019.

Expenses, engineering

Engineering expenses were $1,067,211 an increase of $408,500 from the $658,711 recorded in fiscal 2019. During the fiscal year, the Company restructured and focused its engineering team further on software and cloud applications. The increase in engineering expenses is primarily due an increase in consulting costs and to a lesser extent an increase in compensation costs due to both employee severance, and higher headcount costs from the addition of software developers. Consulting costs were incurred for a premier Amazon Web Services (AWS) implementer contracted to ensure the company's cloud architecture meets the criteria for scalability, speed and accuracy. Compensation expenses were offset in the last half of fiscal 2020 by CEWS wage subsidies of $137,073 and Alberta Innovates funding of $23,875. Along with the development of products for its software portfolio the Company is continuing to invest in its TD100™ technology. The engineering team is engaged on upgrades to the smart battery uninterruptable power supply (UPS) module and development of additional versions of its TD100 ™ transmitter including a wireless version, a low-cost version and a version for stationary tanks.

Expenses, depreciation and amortization

Depreciation and amortization expenses included in operating expenses in fiscal 2020 totalled $374,122 compared to $334,550 in the previous fiscal year. Additional depreciation expenses recorded in cost of sales in fiscal 2020 totalled $93,029, compared to $16,531 in the comparable year. This increase in depreciation and amortization expenses is largely due to the adoption of the IFRS 16 lease standard which resulted in depreciation of $67,464 included in operating expense and depreciation of $76,702 included in cost of sales for right-of-use assets in the current year compared to $nil in the comparative year.

Expenses, foreign exchange

Changes in the value of the Canadian dollar during the period and management of conversion of receipts from U.S. revenue resulted in a loss of $11 on foreign currency exchange in fiscal 2020 consisting of a realized gain on exchange of $56,981 and an unrealized loss of $56,992. This compares to a gain of $23,850 on foreign currency exchange in the previous year consisting of a realized gain on exchange of $15,200 and an unrealized gain of $8,650.

Operating loss and net earnings

The operating loss before other items and income taxes was $1,239,753 as compared to an operating loss before other items and income taxes of $507,755 in fiscal 2019. During the current fiscal year, the Company increased its investment in engineering, sales and marketing which offset the decrease in G&A. As a result, the increase in the operating loss was due to the reduction in the gross profit. Contributing to the improvement in the operating loss was $440,656 received from the CEWS program and the U.S. wage subsidy program.

Due to uncertainties related to the realization of tax loss carry-forwards no provision for deferred income tax recovery was recorded in the current fiscal year. Due to profitable operations, current tax expense of $50,578 was recorded in fiscal 2019

The net loss after income taxes was $578,356 as compared to net earnings of $109,960 in fiscal 2019. This decrease in net earnings was primarily due to the increase in the operating loss offset by the increase in finance income to $695,975 from $685,090 in the prior year. The increase in finance income was offset by the interest on finance leases of $29,029 in fiscal 2020 compared to $nil in the prior year. The interest on finance leases is attributable to the adoption of IFRS 16 on September 1, 2019, the new lease standard, which resulted in the recognition of discounted lease liabilities on the consolidated statement of financial position. As a result of the new standard, the Company now recognizes lease interest on the lease liabilities.

Fourth Quarter Results

For the fourth quarter of fiscal 2020 revenue was $608,828 as compared to $1,374,132 in the comparative prior period. This decrease was largely due to the decrease in demand for the GWR product line in both geographic segments from the impact of the COVID-19 pandemic and low oil prices. Sales into the U.S. in the fourth quarter were $493,294 a decrease of $589,673 or 54% when compared to $1,082,967 in the comparative quarter of fiscal 2019. Canadian sales in the fiscal quarter were $115,534 or 19% of sales, a decrease of $175,631 or 60% when compared with sales of $291,165 or 21% of sales in the comparative quarter of fiscal 2019.

Gross profit was $354,830 for the fourth quarter of fiscal 2020 compared with $674,815 for the comparative prior period. As a percentage of sales gross margin improved to 58% compared with 49% of sales in the fourth quarter of fiscal 2019. The decrease in gross profit is primarily due to the decrease in demand and sales. The improvement in the gross margin percentage is due to manufacturing and service compensation savings in the fiscal quarter due to benefit and wage rollbacks combined with benefits received from the CEWS program. These cost savings offset higher overhead costs included in cost of sales as a result of the reduction in unit production levels and underutilized capacity. A decrease in inventory impairments to $1,537 in the fourth quarter of fiscal 2020 compared with inventory impairments of $64,349 in the comparative prior period also contributed to the improved gross profit as a percentage of sales.

General and administrative expenses for the fourth quarter of fiscal 2020 were $273,382 a decrease of $23,627 or 8% from the $297,009 recorded in the comparative prior period. This reduction in expenses was primarily due to compensation savings from benefits and wage rollbacks of 10% to 20% combined with benefits received under the CEWS program. These cost savings were offset by an increase in consulting costs for the implementation of the new ERP system and costs incurred for strategic consultancy services. G&A, as a percentage of revenue, was 45% for the fourth quarter ended August 31, 2020 compared to 22% for the same period of fiscal 2019.

Marketing and sales expenses for the fourth quarter of fiscal 2020 were $72,326, a decrease of $214,290 or 75% from the $286,616 recorded in the comparative prior period. This reduction in expenses is primarily due to compensation savings from benefit and wage rollbacks and benefits received under the CEWS program and the U.S. wage subsidy programs combined with a decrease in travel and marketing costs. As a percentage of revenue, marketing and sales expenses were 12% for the fourth quarter of fiscal 2020 as compared to 21% for the same period of fiscal 2019.

Engineering expenses for the fourth quarter of fiscal 2020 were $104,426, a decrease of $41,458 or 28% when compared with $145,884 recorded in the comparative prior period. During the fiscal quarter, the Company continued with the development of its Amazon Web Services (AWS) cloud based architecture, product enhancements including the development of IIoT solutions, new product research and product cost reductions. The decrease in engineering expenses is primarily due to compensation savings from benefit and wage rollbacks and benefit reductions combined with benefits received under the CEWS program and Alberta Innovates funding which offset increased consulting costs for the premier AWS implementer.

Net loss and comprehensive loss in fiscal 2020's fourth quarter was $108,441 after tax, compared to an after tax net loss of $27,482 reported for the fourth quarter of fiscal 2019. This increase in net loss was primarily due to the decrease in gross profit and was positively impacted by compensation savings from benefit and wage rollbacks. During the fiscal quarter, the Company benefited from COVID-19 government wage subsidy programs in the amount of $291,515.

SUMMARY OF QUARTERLY RESULTS

($000's, except per share amount)

Fiscal year	2020				2019			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**609**	**782**	**1,311**	**1,408**	1,375	1,316	1,405	1,475
Gross profit	**355**	**382**	**695**	**739**	675	742	760	772
Operating earnings (loss) before other items and income taxes	**(262)**	**(580)**	**(293)**	**(104)**	(147)	(159)	4	(206)
Net earnings (loss) before income taxes	**(108)**	**(417)**	**(122)**	**69**	24	16	167	(46)
Net earnings (loss)	**(108)**	**(417)**	**(122)**	**69**	(28)	16	167	(46)
EPS - Basic	**(0.00)**	**(0.01)**	**0.00**	**(0.00)**	0.00	0.00	0.01	(0.00)
EPS - Diluted	**(0.00)**	**(0.01)**	**0.00**	**(0.00)**	0.00	0.00	0.01	(0.00)

Quarterly financial data is derived from the Company's consolidated financial statements and is prepared in accordance with IFRS.

The reduction in revenue and quarterly gross profits in the last two quarters of fiscal 2020 when compared to the previous six quarters is primarily a result of the decrease in demand due to the decrease in oil prices combined with the impact of the COVID-19 pandemic. Gross profits in the fourth quarters of fiscal 2020 and fiscal 2019 were negatively impacted by impairments of inventory of $1,537 and $64,349, respectively.

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal cash requirements are for ongoing operating costs, working capital and product development costs. The Company intends to fund its liquidity needs primarily from cash flow from operations and when necessary from cash on hand. Management continues to work on maintaining an optimal inventory level and the timely collection of accounts receivable to minimize its working capital requirements. As well, the Company will continue to focus on cost management and control programs. The Company expects that current cash balances and funds from operations will be sufficient in the near-term to meet anticipated obligations and to fund intended capital expenditures and product development. As needed, the Company will assess and select funding mechanisms for long term growth including additional R&D projects, expansion of the distribution channels and corporate development activities.

Total assets of the Company were $16,711,107 on August 31, 2020 as compared to $16,928,069 on August 31, 2019. Cash and cash equivalents increased by $2,211,842 to $9,383,679 primarily due to a GIC maturity classified as cash and cash equivalents. Collections from customers decreased accounts receivable by $360,154 and inventories increased by $107,671. Total liabilities increased by $350,894 primarily due to the recognition of lease liabilities of $514,790 from the adoption of IFRS 16. As at August 31, 2020, Titan had positive working capital (current assets less current liabilities) of $10,963,795 compared to $11,008,143 at August 31, 2019.

Summary of Cash Flows

Operating Activities

Net cash flows used in operating activities totalled $677,493, compared to $97,067 used in fiscal 2019. This increase in cash flows used in operating activities is primarily due to the net loss as compared to net earnings in the comparative prior year, and partially offset by changes in non-cash working capital accounts, the depreciation of right-of-use-asset and interest on financial leases due to the adoption of IFRS 16.

Non-cash working capital generated or consumed is largely a result of the timing of cash receipts and payments in the normal course of business. Non-cash working capital provided in the amount of $83,072 in fiscal 2020 is largely a result of cash flow from the collection of accounts receivables, offset by the decrease in accounts payable and an increase in inventory. This compares with non-cash working capital used in fiscal 2019 in the amount of $38,164, largely as a result of cash flow used for an increase in accounts receivable, offset by the consumption of inventory and a reduction in income taxes recoverable.

Investing Activities

Net cash flows generated in investing activities, totalled $3,050,780 primarily as a result of the maturity of $2,041,227 of short-term investments combined with finance income and payments received on the secured note. This compares with $1,024,530 generated the comparative prior period primarily as a result of finance income and payments received on the secured note.

Financing Activities

Net cash flows used in financing activities in fiscal 2020 amounted to $161,445 for payment of finance lease obligations as compared to $26,504 in the comparable period. Presentation of cash flows in the current fiscal year reflects the Company's adoption of IFRS 16, the lease standard. Previously lease payments were reflected in operating cash flows, now lease payments are partially reflected as interest expense (also in operating cash flows) and partially as the repayment of finance lease obligations in financing cash flows. The comparative period has not been restated for the adoption of the new standard consistent with the transition election chosen.

CONTRACTUAL OBLIGATIONS

The Company has no commitments for future capital assets and its only financial obligations are operating leases for office equipment, office spaces and its manufacturing facility.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the current or comparable reporting period.

OUTSTANDING SHARE DATA

Titan Logix Corp. has authorization to issue an unlimited number of common shares with no par value. The common shares of the Company trade on the TSX Venture Exchange under the symbol "TLA".

Issued and Outstanding

	November 24, 2020	August 31, 2020	August 31, 2019
Common shares issued and outstanding	28,536,132	28,536,132	28,536,132
Options outstanding	300,000	300,000	420,000

During fiscal 2020, 50,000 stock options were granted and 170,000 forfeited. For the year ended August 31, 2020, the Company has recorded stock option compensation expenses of $10,500 in respect of stock options granted and vested as compared to stock option compensation expense of $84,000 in the comparable period.

IMPACT OF COVID-19 PANDEMIC

In March 2020, the World Health Organization declared a world-wide pandemic resulting from the outbreak of coronavirus, specifically identified as "COVID-19". Many countries enacted emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, temporary restriction on all non-essential business, self-imposed quarantine periods and social distancing, caused material disruption to businesses globally resulting in an economic slowdown. The Company has assessed the economic impacts of the COVID-19 pandemic on its consolidated annual financial statements. As at August 31, 2020, management has determined that the Company's ability to execute its medium and longer term plans, the economic viability of its assets and the carrying value of its long-lived assets are not materially impacted.

The current lack of global demand combined with over-supply of oil has resulted in a significant decrease in spot and forward oil prices. The impact of COVID-19 combined with the decrease in oil prices have resulted in a decrease in demand for our products and the Company has experienced a material decline in revenues and gross profit in the year. Cost containment efforts are being addressed in order to mitigate the impact of the decline in revenues and gross profit. The Company has reduced discretionary spending and downsized production costs to match current demand. In the third quarter compensation was rolled back company-wide by 10% to 20% for all employees and directors and certain employee benefits were also suspended.

The Company received wage subsidy funding through the Government of Canada's, Canada Emergency Wage Subsidy ("CEWS") that was available to any employer, subject to eligibility criteria, whose business has been adversely affected by COVID-19. In addition, the Company's wholly owned subsidiary received approval and funding under its application for the United States Small

Business Administration ("SBA") Paycheck Protection Program ("PPP") pursuant to the U.S. Coronavirus Aid, Relief, and Economic Security Act. The unsecured loan of $65,500 bears interest at 1.00% and matures on April 29, 2022. All or a portion of the loan may be forgiven if the Company maintains its employment and compensation within certain parameters during the designated period following the loan origination date and the proceeds of the loan are spent on payroll costs, rent or lease agreements.

Management of the Company has enacted its COVID-19 business continuity plan including safety protocol and remote working arrangements and currently only has experienced minimal disruptions to its business operations. At this point, management cannot reasonably estimate the duration, complexity, or severity of this pandemic, which could have a material adverse impact on the Company's business, results of operations, financial position and cash flows. Other possible effects may include disruptions in the demand for our products, absenteeism in the Company's labor workforce, unavailability of products and supplies used in operations, and a decline in the fair value of assets held by the Company. The full extent of the impact that the COVID-19 outbreak may have on the Company will depend on future developments that are highly uncertain and that cannot be predicted with confidence. Management is closely monitoring the impact of the pandemic on all aspects of its business.

BUSINESS OUTLOOK

The past year has been a difficult one. Titan Logix, like most of the O&G sector service and supply companies, has experienced many challenges. Uncertainty in the markets, low oil prices and the changing political landscape have forced us to take a hard look at how we conduct our business. We have cut discretionary spending and long lead, large investment projects and are focused on sales programs, improvement of corporate culture and overall performance. Our marketing is focused on expanding applications through product differentiators and reaching new customer channels with digital platforms. Several of our combined hardware/software solutions are in trial, with others currently in the works. Titan is committed to entering new markets with its TD100™ GWR product line as sales in the traditional crude market recover and the company gains momentum with its Industrial Internet of Things (IIoT) product sales and marketing. The Company will continue to invest in its TD100™ hardware technology, including an upgrade to our smart battery uninterruptable power supply (UPS) module. To better access broader market applications, Titan has introduced three additional versions of its standard TD100™ hazardous area base product, which will be re-introduced as the T-Haz transmitter. Titan's three other new versions of the TD100™ transmitter are: T-Core, a wireless hazardous area version, T-Lite, a less costly, non-hazardous area, non-classified version and T-Stat for stationary tanks. The T-Core, T-Lite and T-Stat products will support deployment of our hardware in non-traditional markets. Our software products include the AWS enabled Titan Data System, TDS and its agnostic Titan Application Program Interface, TAPI. We believe these products will generate further hardware sales into non-traditional markets. We are garnering interest from non-traditional markets such as bulk fuel transport, hydrovac service companies and aggregates supply chain companies.

On the IIoT front Titan is beginning to be recognized in the data technology community. Our networking, social media and digital marketing efforts continue to drive opportunities to partner with clients to solve their transportation and logistical challenges. The Company's evolution from primarily a hardware provider to an IIoT solutions provider is leading to new relationships in other markets. The adoption of Titan's IIoT technology for generating, collecting and managing data for its customers will bring value to those who want to see improvement in the management of their resources.

Titan is engaged with strategic acquisition targets that are aligned with the corporate vision. Titan's expanded vision of data management has opened market opportunities to tap into the wave of data mining and analytics for business control solutions and can drive both new and retrofit decisions of its major customers. Titan is identifying and negotiating partnerships with target companies immersed in the digital oilfield revolution with an eye to becoming the go-to company for IIoT data. Titan's focus on providing timely, accurate, relevant data to its customers will enhance market penetration of its hardware in the target markets. Titan is in a unique position; it creates and controls the liquid asset data required by many of the newest IIoT use cases being solved by great data science companies. Our strategy is that the need for our data will create the demand for our hardware and software as the many great use case solutions for fluid transport supply chains begin to emerge.

BUSINESS RISKS AND UNCERTAINTIES

Titan Logix Corp. faces a number of risks that have the potential of affecting its financial condition, results of operations and cash flow. In addition to risks described elsewhere in this MD&A, the Company is exposed to various business risks which include but are not limited to the following:

Industry Factors

Titan is highly dependent upon exploration and development activity in the oil and gas industry and therefore is exposed to all of the risks associated with the uncertainties of that industry. The demand and price for Titan products depend on the activity level in the oil and gas sector, which is influenced by numerous factors over which Titan has no control, including: commodity prices; expectations about future commodity prices; the ability of oil and gas companies to raise equity capital or debt financing; supply and demand; and local and international economic, regulatory and political conditions. Global demand for hydrocarbon related products such as gasoline and natural gas impacts the worldwide drilling activity. Reduction in drilling activity results in lower demand for Titan's products.

The primary catalysts to expenditures and activity levels in the energy industry are oil and gas prices which, in turn, are influenced by supply and demand expectations. The ability to forecast the price of crude oil or natural gas is extremely difficult as many global factors affecting commodity prices are beyond the control of the Company. The Company attempts to mitigate the risk factor by assessing current drilling activity reports and future predictions from the industry associations and reporting bodies when creating product demand forecasts.

OEM production levels will vary in accordance with market demand. Reduced production levels may result in a reduced demand for Titan's products.

Economic Downturns

Economic downturns can have a negative impact on Titan's business since customers may reduce capital expenditure programs or may experience difficulty in paying for products purchased. The demand for the products distributed by the Company can vary in accordance with general economic cycles. Downturns in the North American economy, a primary market for the Company's future growth, or lack of continued improvement in the economy could have a material adverse effect on the Company's financial condition and on the results of operations.

Pandemics

The occurrence of pandemics, such as the recent outbreak of the novel coronavirus COVID-19 in any of the areas in which the Company, its customers or its suppliers operate could cause interruptions in the Company's operations. In addition, pandemics, natural disasters or other unanticipated events could negatively impact the demand for, and price of, oil and natural gas which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Supply Shortages

Titan manufactures products using components supplied by a number of major suppliers. It is not customary in the industrial products distribution industry to have long-term contracts with major suppliers. Supply shortages can occur at times because of production difficulties, unanticipated demand or delivery delays and may have a short-term adverse material effect on Titan's results of operations and subsequent financial condition.

Environmental and Insurance Risk

Titan manufactures and sells products that have an impact on the environment. The Company maintains high quality standards at its production facilities and uses only reputable suppliers for raw materials and other products. Titan also maintains insurance coverage for its assets and operations, including general liability, product pollution, property, business interruption, boiler and machinery, automobile, directors and officers and other insurance. However, product failures could result in warranty and liability claims and the loss of customers. Correcting such failures or paying for such claims could require significant capital resources and have an adverse effect on operating results.

Key Employees

Future success depends on the continued efforts and performance of Titan's executive team, management team and key employees. Failure to attract and retain key employees with the necessary skills could have an adverse material impact upon the future of the business, its operating results, and its financial condition. Labour shortages may limit the growth of the Company's business and could negatively affect margins and profitability.

Employee Safety and Health

The Company's employees may face health and safety risks and hazards in the workplace, which could result in injury or lost time in the course of their employment. Alternatively, the Company could be exposed to civil and/or statutory liability to employees arising from injuries or deaths because of inadequate health and safety policies and practices. The Company cannot fully protect against all these risks, nor are all these risks insurable. The Company may become liable for damages arising from these events against any non-insured risks.

Entering New Business Lines

The Company may enter into new business lines with new acquisitions or other opportunities for growth. There is no guarantee that these new business lines will be successful in the marketplace to which they are directed. Management makes its best efforts to research and forecast future profitability of any new business ventures prior to commencing in any new endeavor, however there are underlying risks at the time of entry. The success of a new venture is also dependent on the areas of sales and marketing, customer demand, market stability, existing barriers to entry, and other factors of product introduction.

Markets and Competition

Titan is continually pursuing new customers and markets in a highly competitive environment. The market is expected to remain competitive. Titan's competition varies by product line, customer classification and geographic market. Certain companies that compete with Titan have more established and larger sales and marketing organizations, larger technical staff and significantly greater financial resources than Titan. There can be no assurance that the Company's marketing strategy will be successful.

A significant portion of the Company's revenue is derived from one product line. Consequently, a sudden decline in demand for, or production of, the product could have a material adverse effect on the Company's financial condition and results of operations.

Credit Risk

Credit risk arises from the possibility that the entities to which the Company provides services may experience financial difficulty and be unable to fulfill their obligations. Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents, accounts receivable and investment in secured loan. The Company's cash on deposit and short-term investments are held with reputable financial institutions, from which management believes the risk of loss is low. The Company's maximum exposure to credit risk is as indicated by the carrying amount of its cash, cash equivalents, accounts receivable and investment in secured loan. The Company has a credit policy and regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company carries out credit evaluations of its customers who receive credit and carries adequate provisions for possible losses arising from credit risk associated with financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due or to fund the programs and commitments that the Company has planned. The Company manages liquidity risk through management of its capital structure in conjunction with cash flow forecasting including anticipated investing and financing activities. The Company believes that internally generated cash flows and current cash balances will be sufficient to cover its normal operating and capital expenditures for the current fiscal year.

Product and Technology Enhancements

The Company's future growth depends on its ability to enhance its existing products, to develop new proprietary technology that addresses the varied needs of its prospective customers and to respond to technological advances, emerging industry standards and practices in a timely and cost-effective manner. The development of technology involves significant technical and business risks. There can be no assurance that Titan will be successful in meeting customer demands in respect of performance and costs through continuous improvements in products or that Titan will have the resources available to meet continuing demands. No assurances can be given that Titan's competitors will not achieve technological advantages. The Company may fund additional research and development activities; however, there is no guarantee of return.

Cyber Risk

In the ordinary course of business Titan collects and stores sensitive data, including intellectual property, proprietary business information and identifiable personal information of its employees and customers. Unauthorized access to the Company's computer systems could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in the Company's operations. In addition, despite the Company's implementation of security measures, its systems are vulnerable to damages from computer viruses, natural disasters, unauthorized access, cyber-attack and other similar disruptions. Any such system failure, accident or security breach could disrupt the Company's operations, decrease performance, increase costs, damage Titan's reputation, and we could be subject to liability. Any of these consequences could have an adverse effect on the Company's business, financial condition, results of operations and cash flow.

Proprietary Protection

Titan relies on patents, confidentiality procedures and other measures to protect its proprietary information (intellectual property). There are risks inherent in maintaining proprietary advantage and efforts to protect it may not prevent attempts to copy aspects of the technology or to obtain and use information, that Titan regards proprietary, by others. Litigation may be necessary to enforce its intellectual property rights or defend against claims of infringement or invalidity. Intellectual property laws provide limited protection. The laws of some foreign countries do not protect proprietary rights as fully as do the laws of Canada. If necessary or desirable, we may seek licenses under the patents or other intellectual property of others. However, there are no assurances that such licenses will be obtained or that the terms of any offered licenses would be acceptable.

Foreign Exchange and Foreign Sales

The Company's products are marketed and sold in the U.S. and some other foreign countries which expose the Company to currency exchange risks. Foreign currency risk arises from fluctuations in the value of foreign currencies and the degree of volatility of these currencies relative to the Canadian dollar. The Company is subject to foreign currency risk in that it has both current assets and liabilities denominated in foreign currencies. It is management's opinion that a change in foreign currency exchange rates could affect the Company's results of operations and cash flows, but would not materially impair or enhance its ability to pay its foreign exchange obligations. The Company does not use hedging tools to reduce its exposure to foreign currency risk. In addition to exchange risk, international sales are subject to inherent risks such as regulatory requirements, delays from custom brokers or government agencies, or other trade barriers. The Company is also subject to risks related to cultural, political, legal and economic factors.

CHANGES IN ACCOUNTING POLICIES

IFRS 16 - Leases

IFRS 16 replaces IAS 17-Leases and specifies how to recognize, measure, present and disclose leases and is effective for annual periods beginning on or after January 1, 2019. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. At the commencement date of a lease, the lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The standard requires the lessee to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Initial Adoption

The Company adopted IFRS 16 on September 1, 2019 using the modified retrospective approach and has not restated prior periods for the impact of IFRS 16. Comparative information is reported under IAS 17 and its related interpretations. The Company also elected to use the following transitional reliefs and exemptions permitted under the standard:

- Short-term leases that have a lease term of 12 months or less and leases of low-value assets (less than $5,000) have not been recognized as right-of-use assets and lease liabilities. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.
- Contracts that had not previously been identified as leases under the previous standard have not been reassessed under IFRS 16.
- Leases having similar characteristics are measured at transition by applying a single discount rate.

Under IAS 17, the previous standard, leases were classified as finance or operating leases. Leases were classified as finance leases if the Company had substantially all the risks and reward of ownership of the underlying assets. Finance leases were capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

On transition to IFRS 16 under the modified retrospective approach, lease payments are discounted using the Company's incremental borrowing rate as of September 1, 2019. The Company used a weighted average incremental borrowing rate of 4.95% to measure the present value of the future lease payments on September 1, 2019.

The Company leases land, buildings and office equipment and recognized right-of use assets and lease liabilities on transition to IFRS 16. There was no impact on opening retained earnings. The following table summarizes the impact of the adoption of IFRS 16 on the Company's Statement of Financial Position, as at September 1, 2019:

Statement of Financial Position – September 1, 2019	**$**
Recognition of right-of use assets	647,206
Recognition of current portion of lease liabilities	132,416
Recognition of long term lease liabilities	514,790

The following table reconciles the Company's lease commitments at August 31, 2019, as previously disclosed in the Company's August 31, 2019 and 2018 audited annual consolidated financial statements to the lease liabilities recognized on initial adoption of IFRS 16 at September 1, 2019.

	$
Operating lease commitments as of August 31, 2019	727,492
Leases with low value or a lease term of 12 months or less	(1,680)
Lease liabilities before discounting	725,812
Discounted using incremental borrowing rate	(78,606)
Total lease liabilities recognized as of September 1, 2019	647,206

Ongoing recognition and measurement

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When applying this definition, the Company assesses whether a contract meets the following:

- The contract involves an identified asset that is explicitly or implicitly identified in the contract and is physically distinct;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset, having the right to direct how and for what purpose the asset is used throughout the period of use.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Right-of-use assets are measured at amortized cost, which is comprised of the amount of the initial measurement of the lease liability, less any incentives received, plus any lease payments made at, or before the commencement date and initial direct costs and asset restoration costs, if any. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease tern on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments which may include; fixed lease payments and payments to exercise an extension or termination option, if the Company is reasonably certain to exercise either of these options. The present value of the liability is discounted using the interest rate implicit in the lease or, if that rate is not readily determined, the Company's incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest method. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to earnings or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is reduced as payments are made against the principal portion of the lease.

ADDITIONAL INFORMATION

Additional information relating to Titan Logix Corp., including its 2020 Audited Financial Statements, is available on SEDAR at www.sedar.com or on its website, www.titanlogix.com.

TITAN LOGIX

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Chief Executive Officer

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www.titanlogix.com