Management's Discussion and Analysis
Q1 Fiscal 2019

titan logix corp.

November 30, 2018

COMPANY PROFILE

Founded in 1979, Titan Logix Corp. ("Titan" or "the Company") is a developer, manufacturer and marketer of innovative fluid measurement and management solutions. The Company's products include Guided Wave Radar (GWR) gauges for level measurement and overfill prevention, primarily for use in the mobile tanker truck market, level gauges for storage tanks, and communication systems for remote alarming and control. Our products are mainly used in the upstream/midstream oil and gas industry. Secondary industries for our products include the aviation, waste fluid collection, and chemical industries.

Titan's products are designed to be a part of a complete Supply Chain Management (SCM) solution. The ultimate solution consists of Titan's products integrated with best-in-class data management to enable end-to-end Industrial Internet of Things (IIoT) solutions for our customers' SCM.

Titan provides advanced technology fluid management solutions, In the Field, On the Road and In the Office.

- In the Field: "In the Field" refers to Titan's solution offerings for storage tanks and process vessels.
- On the Road: "On the Road" refers to Titan's solution offerings for mobile tanker trucks and trailers.
- In the Office: "In the Office" refers to Titan's solution offerings that enable customers to gather data related to their fluid assets remotely from the convenience of their dispatch center or other back office environment through a wired or wireless connection to meet their needs such as SCM.

Titan's solutions have traditionally focused on mobile level sensor technology. Titan's recently launched telematics product, the Titan Gateway, enables data from its mobile sensors to be collected, managed and packaged for business intelligence and control.

Titan Logix Corp. is a public company listed on the TSX Venture Exchange and its shares trade under the symbol TLA.

VISION

Titan's vision is to be a "Catalyst for Transformative Thinking" for our customers by becoming leaders in the gathering, management and analysis of data. Titan will focus on providing data driven solutions for Supply Chain Management of goods and service supplied to oil and gas, and the transportation industries. We will make it easier to use our GWR technology as part of third-party systems. We will develop strategic partnerships and search for strategic acquisitions to advance the vision and strategy of the company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) has been prepared by management as of January 22, 2019. It updates the annual MD&A included in our 2018 annual report and should be read in conjunction with the unaudited interim consolidated financial statements and notes for the period ended November 30, 2018 as well as the audited consolidated financial statements and MD&A included in the Company's 2018 annual report for fiscal year ended August 31, 2018. The Company prepares and files its interim consolidated financial statements in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS). This MD&A compares the Company's fiscal 2019 first quarter results to the previous year's first quarter. We have not provided an update where an item is not material or where there has been no material change from the discussion in our annual MD&A.

The condensed consolidated interim financial statements and MD&A for the three months ended November 30, 2018, as well as the 2018 annual audited financial statements and MD&A and 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 the discussion in this MD&A.

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;*
- *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.*

QUARTERLY HIGHLIGHTS

- Revenues for the first quarter of fiscal 2019 ending November 30, 2018 improved to $1,475,561, a $593,421 or 67% increase from the $882,140 recorded in the comparative prior period. This improvement is primarily due to an increase in demand for the Company's guided wave radar (GWR) product line in the mobile tanker truck market as a result of the increase in oil prices.
- The gross profit for the first quarter of fiscal 2019 improved to $772,267 or 52% of revenue compared to $410,935 or 47% of revenue in the comparative prior period, an increase of $361,332. This improvement is primarily due to the increase in revenue.
- The operating loss before other items was $205,835, an improvement of 18% compared to $251,487 in the comparative prior period. This improvement in the operating loss before other items was primarily due to revenue and gross profit improvements, which were offset by management restructuring expenses combined with an increase in engineering costs.
- The net loss after income taxes was $46,132, an improvement of 75% compared to a net loss after taxes of $186,093 in the prior period. This improvement was a result of the increase in finance income combined with revenue and gross profit improvements.

FISCAL 2019 Q1 RESULTS OF OPERATIONS

	Three months ended November 30,			
	2018	2017	Increase (Decrease)	
	$	$	$	%
Revenue	**1,475,561**	882,140	593,421	67
Cost of sales	**703,294**	471,205	232,089	49
Gross profit	**772,267**	410,935	361,332	88
Gross margin (%)	**52**	47		12
Expenses				
General and administration	**559,301**	335,241	224,060	67
Marketing and sales	**212,466**	251,997	(39,531)	(16)
Engineering	**142,628**	40,345	102,283	254
Depreciation and amortization	**84,288**	69,450	14,838	21
(Gain) on foreign exchange	**(20,581)**	(34,611)	(14,030)	(41)
Total expenses	**978,102**	662,422	315,680	48
Operating loss before other items	**(205,835)**	(251,487)	45,652	(18)
Other items	**159,703**	65,394	94,309	144
Net (loss)	**(46,132)**	(186,093)	139,961	75
EPS - Diluted	**(0.00)**	(0.01)	0.01	

Revenue and gross profit

The Company's revenue is largely derived from instrument sales of its GWR product line of technologies (TD80, 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. For the first quarter of fiscal 2019 revenue increased by 67% to $1,475,561 as compared to $882,140 for the first quarter of fiscal 2018, due to improved industry conditions. Improvement in revenues is largely due to the improvement in demand for instruments in the U.S. market and to a lesser degree, increased sales to the Canadian market. Revenues generated from the Canadian market increased by 26% to $568,992 in the current quarter compared to $453,347 in the comparative prior period and accounted for 19% of the year-over-year improvement.

Sales to the U.S, for the three months ended November 30, 2018 increased by $477,776 or 111% to $906,569 as compared to $428,793 in the comparative three-month period. These sales accounted for 61% of the revenues in the first quarter of fiscal 2019 (2018 – 49%). 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 $1.30 Canadian during the fiscal quarter, compared with $1.26 Canadian for the comparative prior period.

As a percentage of revenue, sales of the Company's GWR product line of technologies contributed 90% to sales in the first quarter of fiscal 2019, the same as in the comparable first quarter of fiscal 2018.

Due to increased sales, gross profit improved to $772,267, or 52% as a percentage of sales for the first quarter of fiscal 2019 compared with $410,935, or 47% for the previous year's first quarter. Cost of sales increased by $232,089 to $703,294 in the first quarter of fiscal 2019, as compared to the comparative prior period. This increase in cost of sales is primarily due to the increase in units sold and product costs.

Expenses, general and administration

General and administrative expenses (G&A) for the first quarter of fiscal 2019 were $559,301, an increase of $224,060 or 67% from the $335,241 recorded in the first quarter of fiscal 2018. The increase is primarily a result of the termination costs related to an executive of the Company. G&A, as a percentage of revenue, was 38% for the first quarter of fiscal 2019, the same percentage as in the comparable three-month period.

Expenses, marketing and sales

Marketing and sales expenses for the first quarter of fiscal 2019 were $212,466 a decrease of $39,531 or 16% from the $251,997 recorded in the first quarter of fiscal 2018. The decrease is primarily a result of decreased trade show expenses and third-party product trial costs compared to the prior period. As a percentage of revenue, marketing and sales expenses was 14% for the first quarter of fiscal 2019 compared to 29% in the comparable three-month period.

Expenses, engineering

Engineering expenses are incurred primarily for product enhancements including product cost reductions, new product research and the preparation and introduction of new third-party products into Titan's product suite. Engineering expenses for the first quarter were $142,628, an increase of $102,283 when compared with $40,345 in the first quarter of fiscal 2018. The increase in engineering expenses as compared with the previous fiscal period is primarily due to time dedicated to product enhancements, compared with time dedicated to capitalized product development activities in the previous fiscal quarter. During the fiscal quarter Titan has initiated product improvement efforts to reduce hardware costs and improve its hardware architecture by developing an open communications protocol allowing its devices to connect seamlessly to third party process control and data management solutions.

Expenses, depreciation and amortization

Depreciation and amortization expenses included in operating expenses in the first quarter of fiscal 2019 totalled $84,288 compared to $69,450 in the first quarter of fiscal 2018. This increase in depreciation and amortization expenses in the current fiscal quarter is largely due to the amortization of product development costs for recently commercialized products. Additional depreciation expenses recorded in cost of sales in the current quarter totalled $3,259, compared to $2,611 in the comparable three-month period.

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 gain of $20,581 on foreign currency exchange in the first quarter of fiscal 2019 consisting of a realized gain on exchange of $5,367 and an unrealized gain of $15,214. This compares to a gain of $34,611 in the previous fiscal year which consisted of a $7,102 realized gain on exchange and an unrealized gain of $27,509.

Operating loss and net loss

The operating loss before other items and income taxes decreased by $45,652 to $205,835 as compared to an operating loss before other items and income taxes of $251,487 in the first quarter of fiscal 2018. The improvement in the operating loss before income tax was primarily due to revenue and gross profit improvements. Despite these improvements operating loss was negatively impacted by the increase in general and administration and engineering expenses.
The net loss after income taxes decreased by $139,961 to $46,132 as compared to $186,093 in the first quarter of fiscal 2018. This improvement was largely due to the increase in finance income to $159,703 from the $89,787 earned in the previous fiscal quarter combined with improvements in revenue and gross profit.

Product development costs

The Company continues to invest in development activities to support and maintain its current product line. Total engineering expenditures are comprised of two components; engineering expenditures expensed in the statement of earnings, and engineering expenditures deferred and capitalized. Total expenditures for engineering amounted to $142,628 for the first quarter of fiscal 2019 compared to $202,879 for the comparable period. The reduction in total engineering costs is due to a reduction in field trial, compensation and consulting costs. During the fiscal quarter development activities focused on product improvement efforts to reduce hardware costs and improve hardware architecture for increased connectivity. These activities did not meet the criteria for capitalization and were expensed and included in the statement of earnings, whereby in the three-month period ended November 30, 2017 engineering related expenditures of $162,534 were capitalized and included on the statement of financial position.

SUMMARY OF QUARTERLY RESULTS

($000's, except per share amount)

Fiscal year	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**1,475**	1,448	1,227	938	882	989	828	872
Gross profit	**772**	619	659	529	411	290	258	349
Operating loss before other items and income taxes	**(206)**	28	(49)	(155)	(251)	(380)	(381)	(344)
Net (loss) earnings before income taxes	**(46)**	185	105	(48)	(186)	(346)	(336)	(327)
Net (loss) earnings	**(46)**	125	105	(48)	(186)	(338)	(336)	(327)
EPS - Basic	**(0.00)**	0.00	0.00	0.00	(0.01)	(0.01)	(0.01)	(0.01)
EPS - Diluted	**(0.00)**	0.00	0.00	0.00	(0.01)	(0.01)	(0.01)	(0.01)

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

The Company has withstood the difficult conditions in the mobile tanker truck market. Increases in oil prices in the last fiscal year has resulted in an increase in the trucking of oilfield liquids and an increase in demand for the Company's guided wave radar (GWR) product line in the mobile tanker truck market resulting in an increase in quarterly revenue. The operating losses in fiscal 2017 and the first half of fiscal 2018 reflected the negative impact of lower oil and gas prices and the low demand for new crude oil tankers.

The improved quarterly gross profit in fiscal 2019 and 2018 when compared to fiscal 2017 is primarily a result of increased sales and an improvement in costs of sales due to cost reduction initiatives undertaken in fiscal 2017 and the reduction in production and overhead costs. Gross profits in the fourth quarters of fiscal 2018 and fiscal 2017 were negatively impacted by impairments of inventory of $137,617 and $90,221, respectively.

The operating loss before other items and income taxes in the current quarter reflects the increase in operating expenses resulting from increased general and administration compensation costs and increased engineering expenses.

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 $16,523,418 on November 30, 2018 as compared to $16,750,962 on August 31, 2018. Cash and cash equivalents decreased by $176,711 to $6,094,167. Accounts receivable increased by $112,319 due to the increase in revenue. Inventories increased by $48,221 due to component lead times and anticipated demand. Total liabilities decreased by

$181,412. As at November 30, 2018, Titan had positive working capital (current assets less current liabilities) of $10,200,527 compared to $10,065,265 at August 31, 2018. The long-term portion of the investment in a secured loan is $4,123,964.

Summary of Cash Flows

Operating Activities

Net cash flows used in operating activities for the three-month fiscal period totalled $428,215, compared to cash flows generated from operating activities of $73,852 in the comparative period. This increase in cash flows used in operating activities is primarily due to cash used in changes in non-cash working capital accounts, partially offset by the improvement in the net loss, when excluding non-cash items and investing activities.

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 used in the amount of $309,927 in the first quarter of fiscal 2019 is largely a result of cash flow used for the decrease in accounts payable, inventory investments and an increase in accounts receivable balances. This compares with non-cash working capital generated in the comparable period in the amount of $100,543, largely as a result of cash flow generated from the decrease in accounts receivable, offset by inventory investments.

Investing Activities

Net cash flows generated in investing activities for the three-month fiscal period totalled $253,450 primarily as a result of payments received on the investment in a secured loan and interest income. This compares with $6,975,418 used in the comparative prior period primarily due to a $4,925,000 investment in secured loan (net of a $75,000 upfront commitment fee) and a $2,006,837 purchase of marketable securities combined with cash used for product development, and partially offset by interest income and payments received on the secured note.

Financing Activities

Net cash flows used in financing activities in the first quarter of fiscal 2019 amounted to $1,946 for finance lease obligations as compared to $3,844 in the comparable period.

CONTRACTUAL OBLIGATIONS

The Company has no commitments for future capital assets and its only financial obligations are finance lease obligations on company vehicles and 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

	January 22, 2019	**November 30, 2018**	**August 31, 2018**
Common shares issued and outstanding	28,536,132	28,536,132	28,536,132
Options outstanding	140,000	180,000	180,000

BUSINESS OUTLOOK

The Company continues to remain competitive in the current market. Original Equipment Manufacturers are building new tankers at a steady pace. Titan's sensors are maintaining their strong market share of the new tanker construction market. This upward trend of its existing business will sustain the Company with current revenue levels expected to continue for the upcoming fiscal year. The Company's reputation as the industry leader in its traditional market segment has led to the emergence of new opportunities in other markets. Titan will continue to gravitate towards the diversification of its product lines, geographical presence and market segments. In addition to the focus on new market opportunities the Company has targeted additional revenue streams through its diversity program to bolster its top line numbers. Management has refocused its team to accelerate the penetration of these markets and revenue streams. Along with our software technology partner, Pedigree Technologies, Titan is developing a secondary market for our GWR products as part of a supply chain management solution for the management of fresh and produced water for fracking operations. We are forecasting revenue from this new initiative to occur in the last half of fiscal 2019.

Titan's recently released Gateway provides connection of the TD100™, Finch II and AirWeigh products to the IIoT. Initial revenue from the sale of the Gateway product is expected through the produced water initiative. 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 second generation IIoT products with an eye to becoming the go-to company for data generation devices required by its existing and future customers. Titan's focus on providing timely, accurate, relevant data to its customers through IIoT solutions will enhance its market penetration in the markets it seeks to play in. Titan will continue to search for other opportunities to generate recurring revenue from its IIoT solution efforts. Titan has initiated product improvement efforts to reduce hardware costs, improve its hardware architecture by developing an open communications protocol allowing its devices to connect seamlessly to third party process control and data management solutions.

Management is encouraged by the interest shown from new and existing customers for the new TD100™ product that was introduced into production in Q4 2018 and in time will replace the TD80™. The enhanced technology of the TD100™ allows for the development of additional features that will allow the Company to expand beyond its traditional markets. The Company continues to invest in this additional product development.

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. The Board and management of the Company take prudent measures to mitigate risks which may affect the Company. The Company's sales are substantially derived from one product line and as a result, a sudden or sustained 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. Events which could cause a drop in demand include industry factors, market economic conditions and competition as described in the Company's business risks and uncertainties in its 2018 annual report. Events that could cause an interruption in the Company's ability to produce the product include supply shortages and proprietary protections. A complete discussion of business risk factors faced by the Company can be found in the "Business Risks and Uncertainties" section of the MD&A portion of its 2018 annual report. There have been no significant changes to the Company's business risks and uncertainties described in its 2018 annual report.

ADDITIONAL INFORMATION

Additional information relating to Titan Logix Corp., including its 2018 Audited Financial Statements, is available on SEDAR at www.sedar.com or on its website, www.titanlogix.com.

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