Management's Discussion and Analysis Fiscal 2018

titan logix corp.

August 31, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) has been prepared by management as of November 27, 2018 and provides readers with an understanding of Titan Logix Corp.'s business and compares its 2018 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, 2018 and 2017. 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 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.*

AN OVERVIEW OF TITAN LOGIX CORP'S MARKETS AND PRODUCTS

Titan's products enable customers to manage their assets and their supply chain more effectively including delivering business intelligence to more efficiently facilitate business decisions related to the use and disposition of their assets.

Titan has provided fluid measurement and process control solutions to its clients for almost 40 years. During this period, we have recognized that our clients require a complete solution that enables real-time monitoring of their assets at each stage in the process as they move their products to market. Some of these monitored requirements include:

- Total product volume on board/left on board;
- Theft control;
- Product identification;
- Geographic location;
- Product handling and delivery details;
- Safety metrics.

Titan's Guided Wave Radar (GWR) level gauging 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 gauging devices provide time-sensitive data for business decision and control. Titan provides a variety of application specific technology solutions based on asset tracking and customer specific SCM needs and preferences.

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

- Safe to install, operate, and maintain;
- Cost effective to implement; that are not complicated;
- Technologically superior to competing products;
- Flexible in application to be system agnostic and platform independent;
- Forward thinking and scalable to meet customer needs today and tomorrow.

Titan's current primary market is the mobile tank gauging for the transportation of crude oil. Along with a software technology partner, Pedigree Technologies, we are expanding development in a secondary market for our GWR products as part of an IIoT supply chain management solution for the management of fresh and produced water for fracking operations. Exploration and production (E&P) companies are beginning to understand the value proposition that comes with the implementation of our joint produced water SCM solution.

CORE BUSINESS COMPETENCIES

IN THE FIELD

"In the Field" refers to Titan's ability to use its level gauging technology for the generation of inventory management data related to storage tanks and process vessels. The generated data provides our customers with intelligent inventory control. Using Titan provided sensors, customers benefit from improved control of their processes, increased efficiencies, cost savings, greater operator and plant safety, and more solutions for environmental protection. At this time, the primary market we serve in this category is fluid storage and control in the upstream, midstream and downstream oil and gas industry.

ON THE ROAD

"On the Road" refers to Titan's ability to provide level measurement in mobile tanker trucks and trailers carrying a variety of liquid assets. 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 water for treatment or disposal. The production well heads not directly connected to pipeline networks require mobile transfer of crude oil to pipeline terminals and processing. Each stage stimulates mobile tanker activity. These liquids are transported in various 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 against damage, improve the efficiency of the operation and help ensure driver safety. Titan's TD100™ provides this functionality.

Traditional methods of measuring liquid levels and volumes in transport tankers and protecting against overfills rely on manual techniques and tools such as dipsticks or mechanical float-based gauges, and in some cases electronic switches or float based electronic gauges. These devices are often inaccurate, prone to failure, and may result in spills causing losses in inventory and environmental liability. Accordingly, the demand continues to rise for automated solutions that provide reliable, high accuracy liquid level measurement, inventory management and overfill prevention.

Since 1990, Titan Logix Corp. has designed and manufactured advanced technology instruments for businesses that transport corrosive, hazardous or expensive liquids while ensuring accurate, automated inventory management of their assets combined with reduced risks of hazardous, costly, and time-consuming overfills.

Guided Wave Radar technology forms the basis of Titan's transport products, such as the TD80™, which has been in use in mobile tankers in the petroleum, petrochemical, and aviation ground support industries since 1999. The TD80™ and new TD100™ liquid level gauges are core technologies needed to automate essential measurement and control processes safely and efficiently. Guided Wave Radar uses the principle of Time Domain Reflectometry (TDR): pulses of electromagnetic energy are 'launched' by a transmitter, guided along a probe mounted in a tank containing liquid. These pulses reflect off the surface of the liquid and return up the probe to the receiver electronics. The measurement of the total 'flight' time of the pulses, calculated to a high degree of accuracy, yield a precise level and volume measurement of the liquid in the vessel.

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.

IN THE OFFICE

"In the Office" refers to Titan's IIoT solution offerings that enable customers to monitor their fluid assets from the convenience of their dispatch center, back office environment, or through a mobile device. Titan's recently completed data Gateway for mobile tankers, provides the ability to transmit the asset data from Titan's TD100™, Finch II and AirWeigh® products. The Titan Gateway can collect real time data on driver performance, fluid level and weight inventories, alarm conditions, and GPS location data and transmit it to cloud services. Through software technology partners this data is displayed on web enabled dashboards to provide customers with a unique view into the productivity, environmental compliance, and safety of their drivers. The supply chain management solution equips business managers with a variety of business intelligence and data analytics to more effectively measure, manage and enhance the performance of their mobile tanker fleet.

SELECTED ANNUAL FINANCIAL INFORMATION

Years ended August 31 (audited)	2018 $	2017 $	2016 $
Revenue	**4,494,588**	3,512,527	3,972,800
Net earnings (loss) before income taxes	**56,639**	(989,725)	(4,475,425)
Net loss	**(3,781)**	(982,388)	(3,697,254)
EPS – Basic and diluted	**0.00**	(0.03)	(0.14)
Total assets	**16,750,962**	16,685,920	17,701,465
Long-term liabilities	**nil**	26,504	91,058
Dividends	**nil**	nil	nil

2018 HIGHLIGHTS

- Revenues for fiscal 2018 improved to $4,494,588, a $982,601 or 28% increase from the $3,512,527 recorded in fiscal 2017. 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 fiscal 2018 improved to $2,217,903 or 49% of revenue compared to $1,169,900 or 33% of revenue in fiscal 2017, an increase of $1,048,003. This improvement is due to the increase in revenue combined with reductions in production and overhead costs with a larger percentage of these costs allocated to inventory units manufactured.
- The operating loss before other items was $427,607, an improvement of 71% compared to $1,466,779 in fiscal 2017. This substantial improvement in the operating loss before other items was primarily due to the improvement in the revenue and gross profit.
- The net loss after income taxes was $3,781, an improvement of 100% compared to a net loss after taxes of $982,388 in fiscal 2017. This improvement was primarily a result of the increase in revenue and gross profit combined with an increase in finance income.
- During the last half of fiscal 2018 the Company completed development of the Company's next generation digital GWR product, the TD100™ which was introduced to the market in the fourth quarter of the fiscal year.

FISCAL 2018 RESULTS OF OPERATIONS

	Year ended August 31			
	2018	2017	Increase (Decrease)	
	$	$	$	%
Revenue	**4,494,588**	3,512,527	982,061	28
Cost of sales	**2,276,685**	2,342,627	(65,942)	(3)
Gross profit	**2,217,903**	1,169,900	1,048,003	90
Gross margin (%)	**49**	33		48
Expenses				
General and administration	**1,352,163**	1,417,237	(65,074)	(5)
Marketing and sales	**935,625**	767,744	167,881	22
Engineering	**186,423**	96,736	89,687	93
Depreciation and amortization	**222,385**	336,759	(114,374)	(34)
(Gain) loss on foreign exchange	**(51,086)**	18,203	(69,289)	(381)
Total expenses	**2,645,510**	2,636,679	8,831	0
Net loss	**(3,781)**	(982,388)	978,607	100
EPS - Diluted	**0.00**	(0.03)	0.03	100

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 fiscal 2018 revenue increased by 28% to $4,494,588 as compared to $3,512,527 for fiscal 2017, due to improved industry conditions. The year-over-year 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 12% to $1,984,531 year-over-year and accounted for 21% of the year-over-year improvement.

Sales outside of Canada, primarily to the U.S, for fiscal 2018 increased by $771,203 or 44% to $2,510,057 as compared to $1,738,854 in fiscal 2017. These sales accounted for 56% of the revenues in fiscal 2018 (2017 – 50%) and are transacted in U.S. dollar currency. Revenue was recorded at an average exchange rate of $1.28 Canadian during the year. This compares with $1.32 Canadian for the prior year. Any change in the exchange rate affects the value at which transactions are recorded. Growth in unit sales in fiscal 2018 as compared to fiscal 2017 mitigated the decrease in exchange rates used to translate these revenues.

As a percentage of revenue, sales of the Company's GWR product line of technologies contributed 91% to sales in fiscal 2018 as compared to 83% in fiscal 2017. The increase in sales of this product line as a percentage of revenue is primarily due to the reduction in the revenue from the TPZ and 3500 Controller product line that was sold in fiscal 2017 and other storage tank products.

Gross profit improved to $2,217,903, or 49% as a percentage of sales for fiscal 2018 compared with $1,169,900, or 33% as a percentage of sales for the previous year. Cost of sales decreased slightly by $65,942 to $2,276,685 in fiscal 2018, as compared to fiscal 2017. Cost of sales consists primarily of materials, direct labour and production overhead costs. Cost of sales also includes expenses for service and engineering related support and sustainment costs. The decrease in the cost of sales year-over-year was largely due to a reduction in the unallocated overhead expense included in cost of sales as compared with the corresponding previous periods. Due to cost reduction initiatives undertaken in the previous fiscal year, production and overhead costs decreased in the current fiscal year. This reduction in costs, combined with a larger percentage of these costs being absorbed in the cost of finished goods inventory, resulted in a significant reduction in the unallocated overhead expense included in cost of sales. This compares with a significantly higher unallocated overhead expense included in cost of sales in the corresponding previous period due to higher costs, excess capacity, and lower finished goods inventory builds. The reduction in cost of sales combined with an increased percentage of sales of higher margin products resulted in the improved gross margin.

Expenses, general and administration

General and administrative expenses (G&A) for fiscal 2018 were $1,352,163, a decrease of $65,074 or 5% from the $1,417,237 recorded in fiscal 2017. The decrease year-over-year is primarily a result of a decrease in compensation, travel and IT costs partially offset by an increase in consulting fees. G&A, as a percentage of revenue, was 30% for fiscal 2018 compared to 40% for fiscal 2017.

Expenses, marketing and sales

Marketing and sales expenses for fiscal 2018 were $935,625 an increase of $167,881 or 22% from the $767,744 recorded in fiscal 2017. The increase year-over-year is primarily a result of increased compensation, trade show expense and third-party product trial costs compared to the prior period, partially offset by a decrease in intellectual property related professional fee expenses. As a percentage of revenue, marketing and sales expenses were 21% for fiscal 2018 as compared to 22% for fiscal 2017.

Expenses, engineering

Engineering expenses are incurred primarily for new product assessment and the preparation and introduction of new third-party products into Titan's product suite. Engineering expenses for fiscal 2018 were $186,423 an increase of $89,687 or 93% when compared with $96,736 in fiscal 2017. The year-over-year increase is primarily due to increased cost for the evaluation of new third-party products for inclusion into the product line and a decrease in time dedicated to capitalized project development activities. During the fiscal year the development team released to production the next generation of digital GWR proprietary product, the TD100™, that was introduced to the market in the fourth quarter of the fiscal year.

Expenses, depreciation and amortization

Depreciation and amortization expenses included in operating expenses in fiscal 2018 totalled $222,385 compared to $336,759 in the previous fiscal year. This decrease in depreciation and amortization expenses is largely due to the reduction in intangible assets including software and fully amortized product development costs. Additional depreciation expenses recorded in cost of sales in fiscal 2018 totalled $12,838, compared to $13,894 in the previous fiscal 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 gain of $51,086 on foreign currency exchange in fiscal 2018 consisting of a realized gain on exchange of $19,209 and an unrealized gain of $31,877. This compares to a loss of $18,203 in the previous fiscal year which consisted of a $44,440 unrealized loss on exchange offset by a realized gain of $26,237.

Operating loss and net loss

The operating loss before other items and income taxes was $427,607 for fiscal 2018 as compared to an operating loss before other items and income taxes of $1,466,779 in fiscal 2017. The improvement in the operating loss before taxes and other items was primarily due to the increase in revenue and the improvement in gross profit.

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. Current tax expense of $60,420 was recorded in fiscal 2018 due to a change in prior year estimates of income tax recoverable. This compares to a recovery recorded in fiscal 2017 of $7,337 due to a change in prior year estimates.

The net loss after income taxes was $3,781 for fiscal 2018 as compared to a net loss of $982,388 in fiscal 2017. This 100% improvement was primarily due to the increase in revenue and the improvement in gross profit combined with an increase in finance income partially offset by the $307,275 gain recorded in the previous year on the sale of the TPZ 3310 and 3500 controller product line. The fiscal 2018 year-over-year increase in finance income of $376,782 is primarily from $373,047 of interest income on the investment in the secured loan and $42,684 of dividend income on its investments in marketable securities, which offset the loss on the sale of its marketable securities of $82,137.

Product development costs

The Company continues to invest in development activities to support and maintain its current product line and the development and introduction of new products. Total engineering related expenditures including engineering costs expensed and costs capitalized amounted to $778,989 for fiscal 2018. This compares with $783,035 in the comparative fiscal year. During the year, the Company continued to invest in development activities for the ongoing development of its next generation of digital GWR proprietary products. During fiscal 2018, the Company invested $592,566 on development activities that were capitalized as compared with $686,299 in fiscal 2017. This decrease in development expenditures is primarily due to a decrease in time dedicated to project activities. During fiscal 2018 the development team released to production the Company's next generation of digital GWR proprietary product, the TD100™. This product incorporates a variety of new features including enhanced accuracy, ability to measure level in fluids with a lower dielectric constant and support for a longer probe. The enhanced digital technology of the TD100™ allows for the development of additional features that will allow the Company to expand beyond its traditional markets.

Fourth Quarter Results

For the fourth quarter of fiscal 2018 revenue increased by 46% to $1,447,743 as compared to $988,773 in the comparative prior period in fiscal 2017. The increase in revenue during the quarter was largely as a result of the increased demand for the GWR product line in the new tanker construction market in the U.S. Sales outside of Canada, primarily to the U.S., in the fourth quarter were $877,441, an increase of $413,702 or 89% when compared to $463,739 in the comparative quarter of fiscal 2017.Canadian sales in the fiscal quarter were $570,302 or 39% of sales, an increase of $45,268 or 9% when compared with sales of $525,034 or 53% of sales in the comparative quarter of fiscal 2017.

Gross profit was $619,081 for the fourth quarter of fiscal 2018 compared with $290,084 for the comparative prior period. As a percentage of sales gross profit improved to 43% compared with 29% of sales in the fourth quarter of fiscal 2017. The increase in gross profit is primarily as a result of the increase in revenue and was partially offset by the negative impact of inventory impairments of $137,617 in the fourth quarter of fiscal 2018 compared with inventory impairments of $90,221 in the comparative prior period.

General and administrative expenses for the fourth quarter of fiscal 2018 were $299,400 a decrease of $17,847 or 6% from the $317,347 recorded in the comparable prior period. The decrease is primarily a result of cost savings in compensation, professional fees and IT partially offset by an increase in business development costs. G&A, as a percentage of revenue, was 21% for the fourth quarter ended August 31, 2018 compared to 32% for the same period of fiscal 2017.

Marketing and sales expenses for the fourth quarter of fiscal 2018 were $188,221, an increase of $17,069 or 10% from the $171,152 recorded in the comparable prior period. The increase is primarily a result of increased compensation. As a percentage of revenue, marketing and sales expenses were 13% for the fourth quarter of fiscal 2018 as compared to 17% for the same period of fiscal 2017.

Engineering expenses for the fourth quarter of fiscal 2018 were $60,401 for new product research including the possible introduction of new third-party products into Titan's product suite. This compares with $15,836 in the same period of fiscal 2017. This increase in engineering expenses as compared with the previous fiscal year is primarily due to a decrease in time dedicated to project development activities.

Net earnings and comprehensive earnings in fiscal 2018's fourth quarter was $124,728 after tax, compared to an after tax net loss of $338,268 reported for the fourth quarter of fiscal 2017. This 137% improvement from a net loss to net earnings was primarily due to the increase in revenue and the improvement in gross profit combined with the gain on foreign exchange and an increase in finance income.

SUMMARY OF QUARTERLY RESULTS

($000's, except per share amount)

Fiscal year	**2018**				**2017**			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**1,448**	**1,227**	**938**	**882**	989	828	872	824
Gross profit	**619**	**659**	**529**	**411**	290	258	349	273
Operating earnings (loss) before other items and income taxes	**28**	**(49)**	**(155)**	**(251)**	(380)	(381)	(344)	(361)
Net earnings (loss) before income taxes	**185**	**105**	**(48)**	**(186)**	(346)	(336)	(327)	19
Net earnings (loss)	**125**	**105**	**(48)**	**(186)**	(338)	(336)	(327)	19
EPS - Basic	**0.00**	**0.00**	**0.00**	**(0.01)**	(0.01)	(0.01)	(0.01)	0.00
EPS - Diluted	**0.00**	**0.00**	**0.00**	**(0.01)**	(0.01)	(0.01)	(0.01)	0.00

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 over the last three quarters 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 and a return to net earnings. 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 subsequent collapse in demand for new crude oil tankers.

The improved quarterly gross profit in fiscal 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.

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 $16,750,962 on August 31, 2018 as compared to $16,685,920 on August 31, 2017. Cash and cash equivalents decreased by $7,256,949 to $6,270,878 primarily due to an investment of $4,925,000 in a secured loan and the classification to short term investments of $2,000,000 of guaranteed investment certificates (GIC). Accounts receivable increased by $289,616 due to the increase in revenue. Inventories increased by $371,192 due to component lead times and anticipated demand. Total liabilities increased by $100,688. As at August 31, 2018, Titan had positive working capital (current assets less current liabilities) of $10,065,265 compared to $14,663,433 at August 31, 2017. The long-term portion of the investment in a secured loan is $4,220,161.

Summary of Cash Flows

Operating Activities

Net cash flows used in operating activities totalled $554,521, a $262,231 increase compared to cash flows used in operating activities of $292,290 in fiscal 2017. 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 significant 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 $405,995 in fiscal 2018 is largely a result of cash flow used for the inventory investments and an increase in accounts receivables, offset by an increase in accounts payable. This compares with non-cash working capital generated in fiscal 2017 in the amount of $668,261, largely as a result of cash flow generated from the consumption of inventory and a reduction in taxes recoverable, partially offset by an increase in accounts receivable and a decrease in accounts payable.

Investing Activities

Net cash flows used in investing activities totalled $6,688,057 in fiscal 2018 as compared with $960,912 generated in fiscal 2017. This significant increase in cash invested was primarily due to a $4,925,000 investment in secured loan (net of a $75,000 upfront commitment fee), a $2,000,000 GIC purchase classified as short term investments and cash used for product development. This cash used was partially offset by interest income and payments received on the secured note. Investing activity in fiscal 2017 was primarily due to the maturity of $1,000,000 of short-term investments and proceeds of $474,234 from the sale of assets, offset by cash used for product development.

Financing Activities

Net cash used in financing activities was $14,371 for fiscal 2018 as a result of finance lease obligations. This compares with net cash provided of $70,927 in fiscal 2017 as a result of proceeds from the exercise of options partially offset by finance lease obligations.

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

	November 28, 2018	August 31, 2018	August 31, 2017
Common shares issued and outstanding	28,536,132	28,536,132	28,536,132
Options outstanding	180,000	180,000	545,000

During fiscal 2018, 365,000 stock options were forfeited. For the year ended August 31, 2018, the Company has recorded a reversal to stock option compensation expense of $31,865 as compared to stock option compensation expenses recorded of $21,243 in the comparable period.

BUSINESS OUTLOOK

The Company is well positioned to remain competitive in the current market. Original Equipment Manufacturers are ramping up new tanker builds. Titan's sensors are maintaining their strong market share of 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 a software technology partner, Pedigree Technologies, we are expanding development in 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 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.

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 including focusing on product cost reductions and enhanced connectivity.

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.

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

Our future growth depends on our ability to enhance our existing products, to develop new proprietary technology that addresses the varied needs of our 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 our 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.

Some of our intellectual property is licensed on a non-exclusive basis from third parties who may also license the same intellectual property to others, including our competitors. If necessary or desirable, we may seek further 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.

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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Executive Compensation and Corporate Governance Committee Chairperson

Alvin Pyke, P.Eng.
Chief Executive Officer

Officers:

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Chief Executive Officer

Angela Schultz, CPA, CMA
Chief Financial Officer

Auditors:

Grant Thornton LLP

www.titanlogix.com