Quarterly Report
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.

Notice of No Auditor Review of Interim Consolidated Financial Statements

These interim consolidated financial statements and related notes for the period ended November 30, 2018 have been prepared by and are the responsibility of management of Titan Logix Corp. The auditors of Titan Logix Corp. have not audited or reviewed these interim consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited)

	November 30, 2018 $	August 31, 2018 $
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	**6,094,167**	6,270,878
Short term investments (note 5)	**2,000,000**	2,000,000
Accounts receivable	**963,970**	851,651
Inventories	**1,086,043**	1,037,822
Prepaid expenses	**69,817**	99,896
Income tax recoverable	**32,271**	32,271
Current portion of investment in secured loan (note 5)	**384,594**	384,494
Total current assets	**10,630,862**	10,677,012
Non-current assets		
Property, plant and equipment	**224,306**	235,819
Intangible assets	**1,544,286**	1,617,970
Investment in secured loan (note 5)	**4,123,964**	4,220,161
Total assets	**16,523,418**	16,750,962
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**405,777**	585,243
Current portion of finance lease obligations	**24,558**	26,504
Total current liabilities	**430,335**	611,747
Total liabilities	**430,335**	611,747
Equity		
Share capital (note 6)	**5,730,279**	5,730,279
Contributed surplus	**686,208**	686,208
Retained earnings	**9,676,596**	9,722,728
Total equity	**16,093,083**	16,139,215
Total liabilities and equity	**16,523,418**	16,750,962

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

On behalf of the Board

"Alvin Pyke"
Director

"Helen Cornett"
Director

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(unaudited)

For the three months ended November 30,	**2018** $	2017 $
Revenue	**1,475,561**	882,140
Cost of sales	**703,294**	471,205
Gross profit	**772,267**	410,935
Expenses		
General and administration	**559,301**	335,241
Marketing and sales	**212,466**	251,997
Engineering	**142,628**	40,345
Depreciation of property, plant and equipment	**10,604**	16,452
Amortization of intangible assets	**73,684**	52,998
(Gain) on foreign exchange	**(20,581)**	(34,611)
Total expenses	**978,102**	662,422
Operating loss before other items	**(205,835)**	(251,487)
Other items		
Unrealized (loss) on marketable securities (note 5)	**-**	(24,393)
Finance income (note 7)	**159,703**	89,787
Total other items	**159,703**	65,394
Loss before income taxes	**(46,132)**	(186,093)
Income tax	**-**	-
Net loss and comprehensive loss	**(46,132)**	(186,093)
Loss per share (note 9)		
Basic	**(0.00)**	(0.01)
Diluted	**(0.00)**	(0.01)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	**Total Equity $**
Balance, August 31, 2018	28,536,132	5,730,279	686,208	9,722,728	**16,139,215**
Net loss	-	-	-	(46,132)	**(46,132)**
Balance, November 30, 2018	**28,536,132**	**5,730,279**	**686,208**	**9,676,596**	**16,093,083**

	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	Total Equity $
Balance, August 31, 2017	28,536,132	5,730,279	718,073	9,726,509	**16,174,861**
Share-based compensation	-	-	5,031	-	**5,031**
Net loss	-	-	-	(186,093)	**(186,093)**
Balance, November 30, 2017	**28,536,132**	**5,730,279**	**723,104**	**9,540,416**	**15,993,799**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

titan logix corp.
FLUID MANAGEMENT SOLUTIONS

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited)

For the three months ended November 30,	**2018** **$**	2017 $
Cash provided by (used in)		
Operating activities		
Net loss	**(46,132)**	(186,093)
Adjustments for:		
Non-cash items included in net loss		
Depreciation of property, plant and equipment	**13,863**	19,063
Amortization of intangible assets	**73,684**	52,998
Share-based compensation	**-**	5,031
Unrealized loss on marketable securities (note 5)	**-**	24,393
Finance income	**(159,703)**	(89,787)
Changes in non-cash working capital (note 10)	**(309,927)**	100,543
Net cash (used in) operating activities	**(428,215)**	(73,852)
Investing activities		
Purchases of marketable securities (note 5)	**-**	(2,006,837)
Investment in secured loan (note 5)	**-**	(4,925,000)
Payments received on investment in secured note (note 5)	**100,000**	33,333
Finance income	**155,800**	88,690
Purchases of property, plant and equipment	**(2,350)**	(3,070)
Product development costs capitalized	**-**	(162,534)
Net cash provided by (used in) investing activities	**253,450**	(6,975,418)
Financing activities		
Payment of finance lease obligation	**(1,946)**	(3,844)
Net cash (used in) financing activities	**(1,946)**	(3,844)
Net (decrease) in cash and cash equivalents	**(176,711)**	(7,053,114)
Cash and cash equivalents, beginning of period	**6,270,878**	13,527,827
Cash and cash equivalents, end of period	**6,094,167**	6,474,713

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended November 30, 2018 and 2017
(unaudited)

1. NATURE OF OPERATIONS

Titan Logix Corp. (the "Company") is a public company incorporated and domiciled in Canada and its common shares trade on the TSX Venture Exchange under the symbol TLA. The head office for the Company is located in Edmonton, Alberta, Canada. The address of the Company's registered office is #2600 10180 101 Street, Edmonton, AB T5J 3Y2.

Titan Logix Corp. is a developer, manufacturer and marketer of innovative fluid measurement and management solutions. The Company's Guided Wave Radar (GWR) solutions are primarily used in the upstream/midstream oil and gas industry. Secondary industries for its products include the aviation, waste fluid collection, and chemical industries. The Company's products are designed to be part of a complete Supply Chain Management solution. The ultimate solution consists of the Company's products integrated with best-in-class data management to enable end-to-end Industrial Internet of Things solutions for our customers' Supply Chain Management.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements for the three months ended November 30, 2018 and November 30, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They have been prepared in accordance with IAS 34, "Interim Financial Reporting" and do not contain all necessary annual disclosures in accordance with IFRS.

The unaudited interim consolidated financial statements of the Company for the three months ended November 30, 2018 were authorized for issue in accordance with a resolution of the directors on January 22, 2019.

Principles of consolidation

These condensed consolidated interim financial statements include the financial statements of Titan Logix Corp. and its wholly owned subsidiary, Titan Logix USA Corp. The financial statements for the subsidiary are prepared for the same reporting period as the parent company using consistent accounting policies. All intercompany transactions and balances have been eliminated in the preparation of these consolidated financial statements.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of Titan Logix Corp. and its subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements, in all material respects, follow the same accounting policies and method of application as the annual audited consolidated financial statements of the preceding fiscal year except as noted below. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended August 31, 2018.

Changes in accounting polices

IFRS 9 - Financial Instruments

The Company adopted IFRS 9 retrospectively on September 1, 2018. The adoption of this standard did not have a significant impact to the interim condensed consolidated financial statements. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in accounting polices (cont'd)

IFRS 9 has eliminated the previous IAS 39 categories for held to maturity, loans and receivables and available for sale financial assets. A financial asset is now classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPTL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the new standard are never separated. Instead the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets which consist of cash and cash equivalents, short term investments, accounts receivable, and investment in secured loan are classified at amortized cost and are measured at amortized cost using the effective interest method, less any impairment.

IFRS 9 also introduces a new model for the measurement of impairment of financial assets based on expected credit losses which replaces the incurred losses impairment model applied under IAS 39. The Company's trade and other receivables and its investment in secured loan are subject to the expected credit loss model under IFRS 9. The Company applies the simplified approach to providing for expected credit losses. The adoption of the expected credit loss impairment model did not have a significant impact on the on the carrying amounts of the Company's financial assets on the transition date.

IFRS 15 - Revenue from Contracts with Customers

The Company adopted IFRS 15 – Revenue from Contracts with Customers on September 1, 2018 using the modified retrospective approach where the cumulative impact of adoption would be recognized in retained earnings as of September 1, 2018 and comparatives would not be restated. IFRS 15 replaced IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for determining the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Under IAS 18, the previous standard, the amount of revenue was equal to the fair value of the consideration received or receivable, which was the price negotiated with the customer. Under IFRS 15, the transaction price is equal to the amount of consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer, which will continue to be the price negotiated with the customer. The Company generates revenues from product sales. Revenue for the sale of product is recognized at the point in time when control or ownership of the product is transferred to the customer, generally when the products are shipped, and when collectability is probable. The Company's standard warranty period is not considered to be a distinct performance obligation. Warranties are accounted for as warranty obligations and the estimated cost of satisfying them is recognized at the time the necessity of such provision is evident. The adoption of IFRS 15 had no material impact on the timing or the amount of sales revenue or warranty provisions recognized. The adoption of this standard did not have a material impact on the Company's financial statements, and as such did not result in any adjustment in the amounts previously recognized in the consolidated financial statements.

New standards and interpretations not yet adopted

The following new accounting pronouncement has been issued but is not effective and may have an impact on the Company's consolidated financial statements in the future:

IFRS 16 – Leases will replace IAS 17 - Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases 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. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. The Company is considering the implications of the standard, the impact on the Company and the timing of its adoption by the Company.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

As at	**November 30 2018 $**	August 31, 2018 $
Cash on hand and balances with banks	**866,000**	1,065,642
Guaranteed investment certificates	**5,228,167**	5,205,236
	6,094,167	6,270,878

5. INVESTMENTS

Short term investments

As at	
August 31, 2018	**$ 2,000,000**
Addition to short term investments	-
November 30, 2018	**$ 2,000,000**

Short term investments consist of guaranteed investment certificates (GICs) not cashable on demand, or with original maturities greater than three months. During the three months ended November 30, 2018, the Company's investments in GICs, including its GICs classified as short term investments, generated finance income of $43,482 (November 30, 2017 - $28,193) (note 7).

Investment in secured loan

As at	
August 31, 2018	**$ 4,604,655**
Principal repayments	(100,000)
Amortization of commitment fee	3,903
November 30, 2018	**$ 4,508,558**

As at	**November 30, 2018 $**	August 31, 2018 $
Current portion of investment in secured loan	**384,594**	384,494
Long-term portion of investment in secured loan	**4,123,964**	4,220,161
	4,508,558	4,604,655

On November 6, 2017, the Company entered into a loan participation agreement with Greypoint Capital Inc. (as administrative agent) and Greypoint Capital L.P. (as co-lender). Pursuant to the loan participation agreement, the Company has co-invested $5 million of a $10 million five-year secured loan to a company in the energy services industry (the "Borrower"). The loan is secured by a first priority security interest in the Borrower's real estate and equipment and a second priority security interest on the working capital assets of the Borrower. The loan is for a 60-month term and bears interest at the 30-day bankers' acceptance rate plus 7.5%, with a payment of $33,333 principal plus interest paid monthly. The Borrower may prepay the loan at any time subject to set terms. The terms of the agreement included an upfront commitment fee from the Borrower of $75,000 and therefore the Company recorded the initial value of the investment in secured loan at an amortized cost of $4,925,000. The $75,000 commitment fee is amortized over the term of the loan and included in interest income.

During the three months ended November 30, 2018, the Company's investment in the secured loan to Greypoint Capital Inc. generated finance income of $112,742 (November 30, 2017 - $31,302) at an effective interest rate is 9.28% (note 7).

5. INVESTMENTS (cont'd)

Investments in marketable securities

During the three months ended November 30, 2017 the Company invested in marketable securities at a cost of $2,006,837 that generated dividend income of $25,640 during that period (note 7). An unrealized change in fair value of $24,393 of the investment was recognized in profit and loss during the three months ended November 30, 2017. The investments in marketable securities were sold during the fiscal year ended August 31, 2018.

6. SHARE CAPITAL

a) Authorized

The Company has authorized an unlimited number of common shares without par value.

b) Issued

The Company has 28,536,132 issued common shares (August 31, 2018 – 28,536,132).

c) Share-based compensation

The Company has a stock option plan for directors, officers, employees and consultants and permits the issue of options to purchase common shares of the Company. Subject to approval by the Board of Directors and the TSX Venture Exchange, a maximum of 3,000,000 (August 31, 2018 – 3,000,000) common shares are reserved for issue under this plan. The number of options and exercise price is set by the Board of Directors of the Company at the time of issue, provided that the exercise price shall not be less than the market price of the common shares on the stock exchange on which such shares are traded. The options issued vest in accordance with vesting schedules determined at the time of grant and may be exercised for a period not longer than five years from the time of issue.

At November 30, 2018, the Company has 180,000 (August 31, 2018 – 180,000) options outstanding, which expire on dates between January 2019 and January 2021. The continuity of the Company's outstanding and exercisable options is as follows:

		Three months ended November 30, 2018		Twelve months ended August 31, 2018
	Number of options outstanding #	**Weighted average exercise price $**	Number of options outstanding #	Weighted average exercise price $
Outstanding, beginning of period	**180,000**	**0.90**	545,000	0.69
Forfeited	**-**	**-**	(365,000)	0.58
Outstanding, end of period	**180,000**	**0.90**	180,000	0.90
Exercisable, end of period	**180,000**	**0.90**	180,000	0.90

The following table summarizes information about stock options outstanding and exercisable as at November 30, 2018.

Exercise price	**Options outstanding**	**Average remaining life (in years)**	**Options vested**	**Options not vested**
$ 1.28	40,000	0.12	40,000	-
$ 1.14	40,000	1.14	40,000	-
$ 0.65	100,000	2.12	100,000	-
Total, end of period	**180,000**		**180,000**	**-**

During the three months ended November 30, 2018 and November 30, 2017 no options were granted.

7. FINANCE INCOME

For the three months ended November 30,	**2018** $	2017 $
Interest from investment in secured loan	**112,742**	31,302
Interest from investments in guaranteed investment certificates	**43,482**	28,193
Dividend income	**-**	25,640
Other interest income	**3,479**	4,652
	159,703	89,787

8. NATURE OF EXEPNSES

The Company presents certain expenses in the Consolidated Statements of Loss and Comprehensive Loss by function. The following table presents these expenses by nature.

For the three months ended November 30,	**2018** $	2017 $
Employee salaries and benefits		
Included in cost of sales	**139,945**	103,428
Included in total expenses	**704,814**	527,247
Total employee salaries and benefits	**844,759**	630,675
Depreciation and amortization		
Included in cost of sales	**3,259**	2,611
Included in total expenses	**84,288**	69,450
Total depreciation and amortization	**87,547**	72,061

9. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

For the three months ended November 30,	**2018** $	2017 $
Net loss (numerator for basic and diluted loss per share)	**(46,132)**	(186,093)
Weighted average number of shares outstanding – basic (denominator for basic loss per share)	**28,536,132**	28,536,132
Effect of dilutive securities		
Stock options converted to common shares	**-**	2,693
Weighted average number of shares outstanding – diluted (denominator for diluted loss per share)	**28,536,132**	28,538,825
Basic loss per share	**(0.00)**	(0.01)
Effect of dilutive securities	**(0.00)**	(0.00)
Diluted loss per share	**(0.00)**	(0.01)

For the three months ended November 30, 2018 there were 180,000 antidilutive options (2017 – 180,000). The average market value of the Company's shares for purposes of this calculation were based on quoted market prices for the period during which the options were outstanding.

10. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

For the three months ended November 30,	**2018** **$**	2017 $
Accounts receivable	**(112,319)**	144,339
Inventories	**(48,221)**	(64,618)
Prepaid expenses	**30,079**	13,177
Accounts payable and accrued liabilities	**(179,466)**	7,645
	(309,927)	100,543

11. RELATED PARTY TRANSACTION

Key Management Personnel Compensation

The Company's key management personnel include its directors and executive. Compensation to key management personnel of the Company for the period was as follows:

For the three months ended November 30,	**2018** $	2017 $
Salaries and short-term employee benefits	**124,983**	158,182
Termination benefits	**242,390**	-
Share-based compensation	**-**	5,031
	367,373	163,213

During the three months ended November 30, 2018 and 2017, there were no long-term employee benefits or post-employment benefits recognized. Short-term employee benefits consist of salaries, bonuses, director fees, and all other short-term benefits.

12. CAPITAL MANAGEMENT

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders, and to preserve the financial flexibility in order to fund growth and expansionary opportunities that may arise. The Company's capital management practices are focused on preserving a solid capital base and a strong statement of financial position. The Company's capital consists of its finance lease obligations (less current portion) and its shareholders' equity which is comprised of issued shares, contributed surplus and retained earnings. The Company is not subject to any externally imposed capital requirements. The Company manages and maintains its capital structure based on current economic conditions. In order to maintain or adjust its capital structure, the Company may attempt to raise additional funds by issuing additional equity securities or assuming additional indebtedness. There were no changes to management's capital management objectives, practices or policies in the year.

As at	**November 30, 2018** **$**	August 31, 2018 $
Share capital	**5,730,279**	5,730,279
Contributed surplus	**686,208**	686,208
Retained earnings	**9,676,596**	9,722,728
	16,093,083	16,139,215

13. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, investment in secured loan, accounts payable and accrued liabilities. The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's condensed consolidated interim financial statements at the end of the reporting period approximate their fair value due to their short period to maturity. Using the effective interest rate method, the fair value of the secured loan approximates its carrying value as the effective interest rate approximates the market interest rate.

14. FINANCIAL RISK MANAGEMENT

The Company is exposed to a number of risks as a result of holding financial instruments including credit risk, liquidity risk and market risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period.

a) 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.

The Company's maximum exposure to credit risk for accounts receivable is the carrying value of its accounts receivable balance at November 30, 2018 of $975,854 (August 31, 2018 - $863,535). The Company's allowance for doubtful accounts as at November 30, 2018 amounted to $11,884 (August 31, 2018 - $11,884). As at November 30, 2018, the percentages of past due trade accounts receivable were as follows: 8% past due 61 to 90 days (August 31, 2018– 5%) and 8% past due greater than 90 days (August 31, 2018 – 10%) prior to including the allowance for doubtful accounts. It is management's view that these balances, net of the allowance for doubtful accounts, have a low risk of not being collected.

The Company's maximum exposure to credit risk for its investment in secured loan is the carrying value of the investment in secured loan's balance at November 30, 2018 of $4,567,667 (August 31, 2018 - $4,667,667). In investing in the secured loan, the Company considered the Company's future liquidity requirements and evaluated whether the Company had plans to sell the investment in the secured loan before recovery. The Company considered general industry conditions, the credit worthiness and credit history of the Borrower. The Company also considered specific conditions related to the financial health of and business outlook for the Borrower, including business outlook, industry and sector performance, changes in technology, and operational and financing cash flow factors. The Company also took into consideration security interest issued as collateral. The Company's investment in secured loan is subject to compliance with reasonable and customary positive and negative covenants for loans of its nature. As at November 30, 2018, the Borrower is in compliance with all terms of the loan agreement. Management monitors the investment in secured loan for indications of impairment on an ongoing basis.

c) 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.

d) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and its investment in secured loan. The Company manages interest rate risk by maximizing the interest earned in excess funds while maintaining the liquidity necessary to maintain day-to-day operating cash flow requirements.

At November 30, 2018, based on management's interest rate risk sensitivity analysis, a one-half percent change in market interest rates would have had an impact of approximately $15,034 (three months ended November 30, 2017 – $13,936) on the Company's net loss.

14. FINANCIAL RISK MANAGEMENT (cont'd)

Currency risk

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.

At November 30, 2018, the Company held net financial assets of US$589,227 (November 30, 2017 - US$716,382) that were exposed to foreign exchange risk. Based on the Company's foreign currency exposures, with other variables unchanged, a five percent appreciation/ depreciation in the Canadian dollar would have impacted net loss by approximately $39,187 (three months ended November 30, 2017 - $46,164).

15. SEGMENTED REPORTING

The Company operates substantially all of its activities in one reportable segment, technology fluid management solutions, which include the developing, manufacturing and marketing of innovative fluid measurement and management solutions. The ultimate solution will consist of the Company's products integrated with best-in-class third party solutions to enable complete fluid management throughout each stage of the customers' fluid handling processes. Operating segments are defined as components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision makers in allocating resources and assessing performance. The chief operating decision maker of the Company is the Chief Executive Officer.

Segmented information is provided on the basis of geographic segments as the Company sells into two primary geographic regions: Canada and the United States

Revenues

For the three months ended November 30,	**2018** **$**	2017 $
Canada	**568,992**	453,347
United States and other	**906,569**	428,793
	1,475,561	882,140

For the three months ended November 30, 2018 and 2017, no revenue from a single customer of the Company exceeded 10% of total revenue in the period.

At November 30, 2018, non-current assets held in Canada were $5,886,865 (August 31, 2018 - $6,067,960) and in the United States were $5,691 (August 31, 2018 - $5,990).

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Alvin Pyke, P.Eng.
Chief Executive Officer

Officers:

Alvin Pyke, P.Eng.
Chief Executive Officer

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