Quarterly Report
Q3 Fiscal 2018

titan logix corp.

May 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 all developed to be a part of a complete asset management solution. The ultimate solution will consist of Titan's products integrated with best-in-class third party solutions to enable complete fluid management throughout each stage of their fluid handling processes. This is captured by our slogan "Advanced Technology Fluid Management Solutions, In the Field, On the Road, 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 monitor their fluid assets remotely from the convenience of their dispatch center or other back office environment through a wired or wireless connection.

Titan's solutions have traditionally focused upon the "On the Road" mobile level sensor solutions. We maintain capacity to seamlessly integrate with "In the Field" stationary level sensor solutions, that to date, have been third party offerings. Titan's recently launched telematics offerings are initiating a full-fledged entry into the "In the Office" offerings of our vision.

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

MISSION

Titan's mission is to provide our customers with innovative, integrated, and advanced technology solutions to enable them to manage their fluid assets more effectively in the field, on the road, and in the office.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) has been prepared by management as of July 17, 2018. It updates the annual MD&A included in our 2017 annual report and should be read in conjunction with the unaudited interim consolidated financial statements and notes for the period ended May 31, 2018 as well as the audited consolidated financial statements and MD&A included in the Company's 2017 annual report for fiscal year ended August 31, 2017. 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 2018 third quarter results to the previous year's third 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 nine months ended May 31, 2018, as well as the 2017 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 third quarter of fiscal 2018 improved to $1,226,845, a $398,895 or 48% increase from the $827,950 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 third fiscal quarter of fiscal 2018 improved to $658,999 or 54% of revenue compared to $258,042 or 31% of revenue in the comparative prior period, an increase of $400,957. 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.
- The operating loss before other items was $48,673, an improvement of 87% compared to $381,259 in the comparative prior period. This substantial improvement in the operating loss before other items was primarily due to the improvement in the revenue and gross profit.
- The net earnings after income taxes was $105,432, an improvement of 131% compared to a net loss after taxes of $335,991 in the prior period. This improvement was primarily a result of the increase in revenue and gross profit combined with an increase in finance income.
- During the fiscal quarter the Company completed development of the Company's next generation digital GWR product, the TD100 which is being introduced to the market in the fourth quarter of this fiscal year.

FISCAL 2018 Q3 RESULTS OF OPERATIONS

($000's, except gross margin (%) and per share amounts)	Three months ended May 31,				Nine months ended May 31,			
	2018	2017	Increase (Decrease)		2018	2017	Increase (Decrease)	
	$	$	$	%	$	$	$	%
Revenue	**1,227**	828	399	48	**3,047**	2,524	523	21
Cost of sales	**568**	570	(2)	0	**1,448**	1,644	(196)	(12)
Gross profit	**659**	258	401	155	**1,599**	880	719	82
Gross margin	**54%**	31%			**52%**	35%		
Expenses								
General and administration	**341**	369	(28)	(8)	**1,053**	1,100	(47)	(4)
Marketing and sales	**273**	197	76	38	**747**	597	150	25
Engineering	**60**	23	37	158	**126**	81	45	56
Depreciation and amortization	**43**	82	(39)	(47)	**165**	255	(90)	(35)
Gain on foreign exchange	**(9)**	(32)	22	70	**(37)**	(67)	30	(44)
Total expenses	**708**	639	69	11	**2,054**	1,966	88	4
Operating loss before other items	**(49)**	(381)	333	(87)	**(455)**	(1,086)	631	(58)
Other items	**154**	45	109	240	**327**	442	(115)	(26)
Net earnings (loss)	**105**	(336)	441	131	**(128)**	(644)	516	80
EPS - Diluted	**0.00**	(0.01)	0.01		**(0.01)**	(0.02)	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 and designated as Titan's "On the Road" solution offering. Revenues increased by 48% to $1,226,845 for the three month period ended May 31, 2018, as compared to $827,950 for the three month period ended May 31, 2017 and increased by 21% to $3,046,845 for the nine month period ended May 31, 2018 as compared to $2,523,754 in the comparative period, due to improved industry conditions. This significant improvement in the current fiscal quarter was a result of the increased demand for the GWR product line in the new tanker construction market, particularly in the U.S. 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 declined slightly to $474,090, or 5%, in the current quarter compared to $496,883 in the comparative prior period and increased by 13% to $1,414,229 year-over-year and accounted for 32% of the year-over-year improvement.

Sales outside of Canada, primarily to the U.S., for the three month period ended May 31, 2018 were $752,755, an increase of $421,638 or 127% when compared with sales of $331,117 in the comparable three-month period. Sales outside of Canada, primarily to the U.S, for the nine-month period ending May 31, 2018 sales increased by $357,501 or 28% to $1,632,616 as compared to $1,275,115 in the comparative period. 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 $1.29 Canadian during the third quarter and $1.27 Canadian year to date. This compares with $1.35 Canadian and $1.33 Canadian respectively for the comparative prior periods. Sales outside of Canada, primarily to the U.S., accounted for 61% of the revenues in the third quarter of 2018 (2017 – 40%) and 54% (2018 – 51%) for the nine-months ended May 31, 2018.

As a percentage of revenue, sales of the Company's 'On the Road" product offering, the GWR product line, contributed 93% to sales in the current fiscal quarter and 91% year to date. This compares with 83% and 81% in the corresponding prior periods. 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 $658,999, or 54% as a percentage of sales for the third quarter of fiscal 2018 compared with $258,042, or 31% as a percentage of sales for the comparative period. Gross profit improved to $1,598,822, or 52% of sales for the nine-month period ended May 31, 2018 compared with $879,816, or 35% or sales for the comparative period. Cost of sales decreased slightly by $2,062 to $567,846 in the third quarter of fiscal 2018, and decreased by $195,915, or 12% to $1,448,023 for the nine-month period ended May 31, 2018, as compared to the same periods in 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 in the current quarter and 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 the third quarter of fiscal 2018 were $340,634, a decrease of $28,063 or 8% from the $368,697 recorded in the third quarter of fiscal 2017. General and administrative expenses for the nine-month period were $1,052,663 a decrease of $47,227 or 4% from the $1,099,890 recorded in the comparable prior period. The decrease in the current quarter and 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 28% for the third quarter of fiscal 2018 and 35% for the nine months ended May 31, 2018 compared to 45% and 44% respectively.

Expenses, marketing and sales

Marketing and sales expenses for the third quarter of fiscal 2018 were $272,906, an increase of $75,601 or 38% from the $197,305 recorded in the third quarter of fiscal 2017. Marketing and sales expenses for the nine-month period were $747,404 an increase of $150,812 or 25% from the $596,592 recorded in the comparable prior period. The increase in the current quarter is primarily a result of an increase in compensation costs, partially offset by a decrease in intellectual property related professional fee expenses. 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 22% for the third quarter of fiscal 2018 and 25% for the nine-month period as compared to 24% for the same periods of 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 the third quarter of fiscal 2018 were $60,630 an increase of $37,136 or 158% when compared with $23,494 in the third quarter of fiscal 2017. Engineering expenses for the nine-month period were $126,022 an increase of $45,122 or 56% from the $80,900 recorded in the comparable prior period. The increase in the current quarter and year-over-year increase is primarily due to increased cost for the preparation and introduction of new third-party products and a decrease in time dedicated to capitalized project development activities. During the fiscal quarter the development team released to production the next generation of digital GWR proprietary product, the TD100, that is being 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 the first nine months of fiscal 2018 totalled $165,202 compared to $255,475 in the same period of 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 the current nine-month period totalled $8,781, compared to $10,639 in the comparable nine-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 $37,122 on foreign currency exchange in the nine months ending May 31, 2018 consisting of a realized gain on exchange of $10,224 and an unrealized gain of $26,898. This compares to a gain of $66,737 in the previous fiscal year which consisted of a $41,068 realized gain on exchange and an unrealized gain of $25,669.

Operating loss and net earnings (loss)

The operating loss before other items and income taxes was $48,673 for the current quarter and $455,347 for the first nine months of fiscal 2018. This compares to an operating loss before other items and income taxes of $381,259 and $1,086,304 respectively in the comparative prior periods. 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.

The net earnings after income taxes was $105,432 in the third quarter of fiscal 2018 and the net loss after income taxes was $128,509 for the first nine months of fiscal 2018. This compares to a net loss of $335,991 and $644,120 respectively, in the comparative prior periods. This 131% improvement from a net loss to net earnings in the current quarter and the 80% improvement in the year-to-date net loss were primarily due to the increase in revenue and the improvement in gross profit combined with an increase in finance income. The lower reduction in the net loss year-over-year was primarily due to a $310,963 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 $264,754 is primarily from $259,122 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. During the previous fiscal quarter the Company disposed of its investments in marketable securities. A realized loss of $82,137 on the disposition of the securities was offset by the dividend income of $42,684.

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 amounted to $203,194 for the third quarter of fiscal 2018 and $602,415 year-to-date. This compares with $226,526 and $592,621 respectively in the comparative prior periods. 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 the current nine-month period, the Company invested $476,393 on development activities that were capitalized as compared with $511,721 in the nine-month period ended May 31, 2017. This decrease in development expenditures is primarily due to a decrease in time dedicated to project activities. During the fiscal quarter 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.

QUARTERLY RESULTS

($000's, except per share amount)

Fiscal year	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**1,227**	**938**	**882**	989	828	872	824	706
Gross profit	**659**	**529**	**411**	290	258	349	273	11
Operating loss before other items and income taxes	**(49)**	**(155)**	**(251)**	(380)	(381)	(344)	(361)	(905)
Net earnings (loss) before income taxes	**105**	**(48)**	**(186)**	(346)	(336)	(327)	19	(1,977)
Net earnings (loss)	**105**	**(48)**	**(186)**	(338)	(336)	(327)	19	(1,888)
EPS - Basic	**0.00**	**0.00**	**(0.01)**	(0.01)	(0.01)	(0.01)	0.00	(0.07)
EPS - Diluted	**0.00**	**0.00**	**(0.01)**	(0.01)	(0.01)	(0.01)	0.00	(0.07)

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 two 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 revenue. The Company's quarterly revenues and operating loss trend for the previous quarters reflect 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 over the last three quarters when compared to fiscal 2017 is primarily a result of improvement in costs of sales due to cost reduction initiatives undertaken in fiscal 2017 and the reduction in production and overhead costs.

Due to the decline in the demand for the Company's TD80 in fiscal 2016 the production facility was not operating at full capacity. As a result, gross profit for the fourth quarter of fiscal 2016 was negatively impacted by a larger percentage of the fixed overhead not being absorbed in the cost of built product. Gross profit was also negatively impacted by an impairment of inventory of $119,082 in the fourth quarter of fiscal 2016. Fiscal 2017's fourth quarter was negatively impacted by an impairment of inventory of $90,221.

Significant net losses in the fourth quarter of fiscal 2016 are a result of intangible asset impairment losses of $940,924 recognized as a result of a reduction in the recoverable amount of product development costs. The net earnings improvement in the first quarter of fiscal 2017 is primarily due to the $335,434 gain on sale of the assets related to the TPZ 3310 and 3500 Controller product lines sold in conjunction with the closing of Titan's under-performing Saskatchewan warehouse and service facility.

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 $16,545,239 on May 31, 2018 as compared to $16,685,920 on August 31, 2017. Cash and cash equivalents decreased by $8,357,050 to $5,170,777 primarily due to an investment of $4,925,000 in a secured loan and the classification to short term investments of $3,000,000 of guaranteed investment certificates (GIC). Accounts receivable increased by $124,288 due to the increase in revenue. Inventories increased by $258,723 due to component lead times and anticipated demand. Total liabilities increased by $19,693. As at May 31, 2018, Titan had positive working capital (current assets less current liabilities) of $9,900,117 compared to $14,663,433 at August 31, 2017. The long-term portion of the investment in a secured loan is $4,349,624.

Summary of Cash Flows

Operating Activities

Net cash flows used in operating activities for the nine-month fiscal period totalled $520,042, compared to cash generated of $37,300 in the comparative period. This increase in cash flows used in operating activities is primarily due to a reduction in cash generated from changes in non-cash working capital accounts, partially offset by the decreased 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 $206,813 in the nine-month fiscal period 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 and a decrease in prepaids. This compares with non-cash working capital generated in the comparable period in the amount of $794,821, largely as a result of cash flow generated from the consumption of inventory and a decrease in prepaids and taxes recoverable, offset by an increase in accounts receivable and a decrease in accounts payable.

Investing Activities

Net cash flows used in investing activities year-to-date totalled $7,824,546 as compared with $946,362 generated in the comparative prior period. 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 $3,000,000 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 the comparable period was primarily due to the maturity of $1,000,000 of short-term investments and proceeds of $321,906 from the sale of assets, offset by cash used for product development.

Financing Activities

Net cash used in financing activities was $12,462 for fiscal 2018's first nine months as a result of finance lease obligations. This compares with net cash provided of $77,274 in the comparable period of 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

	July 17, 2018	May 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 the first nine months of fiscal 2018, 365,000 stock options were forfeited. For the nine-month period, the Company has recorded a reversal to stock option compensation expense of $31,865 as compared to stock option compensation expenses recorded of $25,896 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 as it transitions toward its vision of becoming a data generation and collection facilitator for its existing and new customers. 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. Titan's recently released Gateway provides connection of the TD80, Finch II and AirWeigh products to the Industrial Internet of Things (IIoT). Titan's expanded vision of becoming data generation and collection specialist has opened market opportunities to tap into the wave of data mining and analytics for business control solutions. The Company's IIoT solutions are driving 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 of 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 is proud to announce that it has achieved CSA approval of its new TD100 GWR gauge. Titan has commenced production of the TD100 and is currently receiving orders for delivery in Q4 2018. Management is encouraged by the interest shown from new and existing customers for the TD100 product.

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 2017 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 2017 annual report. There have been no significant changes to the Company's business risks and uncertainties described in its 2017 annual report.

ADDITIONAL INFORMATION

Additional information relating to Titan Logix Corp., including its 2017 Audited Financial Statements, is available on SEDAR at www.sedar.com or on its website, www.titanlogix.com.

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

These condensed consolidated interim financial statements and related notes for the period ended May 31, 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 financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited)

	May 31, 2018 $	August 31, 2017 $
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	**5,170,777**	13,527,827
Short term investments (note 5)	**3,000,000**	-
Accounts receivable	**686,323**	562,035
Inventories	**1,061,496**	802,773
Prepaid expenses	**35,187**	101,491
Income tax recoverable	**92,691**	153,862
Current portion of investment in secured loan (note 5)	**384,395**	-
Total current assets	**10,430,869**	15,147,988
Non-current assets		
Property, plant and equipment	**235,476**	259,785
Intangible assets	**1,529,270**	1,278,147
Investment in secured loan (note 5)	**4,349,624**	-
Total assets	**16,545,239**	16,685,920
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**502,339**	453,616
Current portion of finance lease obligations	**28,413**	30,939
Total current liabilities	**530,752**	484,555
Non-current liabilities		
Finance lease obligations	**-**	26,504
Total liabilities	**530,752**	511,059
Equity		
Share capital (note 7)	**5,730,279**	5,730,279
Contributed surplus	**686,208**	718,073
Retained earnings	**9,598,000**	9,726,509
Total equity	**16,014,487**	16,174,861
Total liabilities and equity	**16,545,239**	16,685,920

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)

	Three months ended May 31		Nine months ended May 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Revenue	**1,226,845**	827,950	**3,046,845**	2,523,754
Cost of sales	**567,846**	569,908	**1,448,023**	1,643,938
Gross profit	**658,999**	258,042	**1,598,822**	879,816
Expenses				
General and administration	**340,634**	368,697	**1,052,663**	1,099,890
Marketing and sales	**272,906**	197,305	**747,404**	596,592
Engineering	**60,630**	23,494	**126,022**	80,900
Depreciation of property, plant and equipment	**12,113**	20,215	**44,367**	63,458
Amortization of intangible assets	**30,855**	61,449	**120,835**	192,017
Gain on foreign exchange	**(9,466)**	(31,859)	**(37,122)**	(66,737)
Total expenses	**707,672**	639,301	**2,054,169**	1,966,120
Operating loss before other items	**(48,673)**	(381,259)	**(455,347)**	(1,086,304)
Other items				
Gain (loss) on disposal of property, plant and equipment	**-**	-	**16,165**	4,315
Gain (loss) on disposal of non-current assets held for sale (note 6)	**-**	-	**-**	310,963
Loss on sale of marketable securities (note 5)	**-**	-	**(82,137)**	-
Finance income (note 8)	**154,105**	45,268	**392,810**	128,056
Interest on finance leases	**-**	-	**-**	(1,150)
Total other items	**154,105**	45,268	**326,838**	442,184
Earnings (loss) before income taxes	**105,432**	(335,991)	**(128,509)**	(644,120)
Income tax	**-**	-	**-**	-
Net earnings (loss) and comprehensive income (loss)	**105,432**	(335,991)	**(128,509)**	(644,120)
Earnings (loss) per share (note 10)				
Basic	**0.00**	(0.01)	**(0.00)**	(0.02)
Diluted	**0.00**	(0.01)	**(0.00)**	(0.02)

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, 2017	28,536,132	5,730,279	718,073	9,726,509	**16,174,861**
Share-based compensation	-	-	(31,865)	-	**(31,865)**
Net loss	-	-	-	(128,509)	**(128,509)**
Balance, May 31, 2018	**28,536,132**	**5,730,279**	**686,208**	**9,598,000**	**16,014,487**

	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	Total Equity $
Balance, August 31, 2016	28,286,132	5,566,479	766,830	10,708,897	**17,042,206**
Share-based compensation	-	-	25,896	-	**25,896**
Shares issued – exercise of options	250,000	163,800	(70,000)	-	**93,800**
Net loss	-	-	-	(644,120)	**(644,120)**
Balance, May 31, 2017	**28,536,132**	**5,730,279**	**722,726**	**10,064,777**	**16,517,782**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended May 31		Nine months ended May 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Cash provided by (used in)				
Operating activities				
Net earnings (loss)	**105,432**	(335,991)	**(128,509)**	(644,120)
Adjustments for:				
Non-cash items included in net loss				
Impairment of inventory	**-**	37,923		37,923
Depreciation of property, plant and equipment	**15,604**	23,470	**53,148**	74,097
Amortization of intangible assets	**30,855**	61,449	**120,835**	192,017
Share-based compensation (note 7)	**(40,250)**	6,847	**(31,865)**	25,896
Loss on sale of marketable securities (note 5)	**-**	-	**82,137**	-
Loss (gain) on disposal of property, plant and equipment	**-**	-	**(16,165)**	(4,315)
Gain on disposal of non-current assets held for sale (note 6)	**-**	-	**-**	(310,963)
Finance income (note 8)	**(154,105)**	(45,268)	**(392,810)**	(128,056)
Changes in non-cash working capital (note 11)	**(127,177)**	396,608	**(206,813)**	794,821
Net cash provided by (used in) operating activities	**(169,641)**	145,038	**(520,042)**	37,300
Investing activities				
Purchases of marketable securities (note 5)	**-**	-	**(2,006,837)**	-
Proceeds from sale of marketable securities (note 5)	**-**	-	**1,924,700**	
Investment in secured loan (note 5)	**-**	-	**(4,925,000)**	-
Payments received on investment in secured note (note 5)	**96,009**	-	**190,981**	-
Finance income (note 8)	**154,105**	45,268	**392,810**	128,056
Maturity (purchase) of short term investments (note 5)	**(3,000,000)**	-	**(3,000,000)**	1,000,000
Purchases of property, plant and equipment	**(21,074)**	(2,692)	**(29,292)**	(3,642)
Purchase of intangible assets	**-**	-	**-**	(476)
Proceeds from disposal of property, plant and equipment	**-**	-	**50**	12,239
Proceeds from disposal of assets held for sale (note 6)	**-**	-	**-**	321,906
Product development costs capitalized	**(142,564)**	(203,032)	**(476,393)**	(511,721)
Receipt of investment tax credits	**104,435**	-	**104,435**	-
Net cash provided by (used in) investing activities	**(2,809,089)**	(160,456)	**(7,824,546)**	946,362
Financing activities				
Proceeds from exercise of stock options	**-**	-	**-**	93,800
Payment of finance lease obligation	**(1,872)**	(3,948)	**(12,462)**	(16,526)
Net cash provided by (used in) financing activities	**(1,872)**	(3,948)	**(12,462)**	77,274
Net increase (decrease) in cash and cash equivalents	**(2,980,602)**	(19,366)	**(8,357,050)**	1,060,936
Cash and cash equivalents, beginning of period	**8,151,379**	13,868,580	**13,527,827**	12,788,278
Cash and cash equivalents, end of period	**5,170,777**	13,849,214	**5,170,777**	13,849,214

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

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 421 7 Ave SW #1700, Calgary, AB T2P 4K9.

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 all developed to be part of a complete asset management solution. 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. This is captured by the Company's slogan "Advanced Technology Fluid Management Solutions, In the Field, On the Road, 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 monitor their fluid assets remotely from the convenience of their dispatch center or other back office environment through a wired or wireless connection.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements for the three months and nine months ended May 31, 2018 and May 31, 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 condensed consolidated interim financial statements of the Company for the nine months ended May 31, 2018 were authorized for issue in accordance with a resolution of the directors on July 17, 2018.

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 condensed consolidated interim 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, 2017.

The Financial Instruments significant accounting policy note was updated in the first, second and third quarter of fiscal 2018 to include the Company's investments in marketable securities and its investment in a secured note.

Financial instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments at initial recognition in the following categories depending on the purpose for which the instruments were acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets and financial liabilities at fair value through profit or loss:

The Company classified its investment in marketable securities at "fair value through profit or loss".

The Company's investments in marketable securities are initially recognized at fair value. Subsequently, they are measured at fair value with gains and losses arising from changes in the fair value included in the profit or loss in the period in which they arise. 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Company measures the fair value of an instrument using the quoted price in an active market for its investments. A market is regarded as active if transactions for the assets take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Dividends earned from such investments are recognized in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment.

Loans and receivables:

In addition to its cash, cash equivalents, short term investments and accounts receivable the Company classified its investment in the secured note as "loans and receivables".

These financial instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's investment in the secured loan was recognized when the cash was advanced and recognized at fair value less transaction costs. Subsequently, the loan is measured at amortized cost using the effective interest method, less any impairment. Any changes in value are recognized in the profit or loss. Interest income is recognized by applying the effective interest rate.

Impairment of financial assets

At each reporting date the Company assesses whether there is objective evidence that its investments are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset than can be estimated reliably. Objective evidence that financial assets, which include its investments in marketable securities and its secured loan, are impaired can include:

- default or delinquency by a borrower;
- indications that the borrower will enter bankruptcy;
- the disappearance of an active market for a security; or
- other observable data such as adverse changes in the payment status of the borrower.

Impairment losses on investment in the secured loan carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss.

New standards and interpretations not yet adopted

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

IFRS 9 - Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard includes guidance on recognition and de-recognition of financial assets and financial liabilities, extensive changes to IAS 39's guidance on the classification and measurement of financial assets, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is considering the implications of the standard, the impact on the Company and the timing of its adoption by the Company. The full extent of the impact has not yet been determined

IFRS 15 – Revenue from Contracts with Customers replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, with early adoption permitted and is to be applied retrospectively. The Company is considering the implications of the standard, the impact on the Company and the timing of its adoption by the Company. Management is evaluating its revenue streams in the context of the new standard.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New standards and interpretations not yet adopted (cont'd)

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. Management is evaluating the impact the standard will have on its operating leases.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

As at	**May 31, 2018 $**	August 31, 2017 $
Cash on hand and balances with banks	**970,777**	3,527,827
Guaranteed investment certificates	**4,200,000**	10,000,000
	5,170,777	13,527,827

5. INVESTMENTS

In order to increase investment returns the Company invested in certain fixed income and equity securities.

Short term investments

As at	**$**
August 31, 2017	**-**
Addition to short term investments	3,000,000
May 31, 2018	**3,000,000**

Short term investments consist of guaranteed investment certificates (GICs) not cashable on demand, or with original maturities greater than three months. During the nine months ended May 31, 2018, the Company's short term investments in GICs generated finance income of $11,722 (May 31, 2017 - $nil) (note 8).

Investments in marketable securities

As at	**$**
August 31, 2017	**-**
Addition to investment in marketable securities, at cost	2,006,837
Unrealized loss on marketable securities	(24,393)
November 30, 2017	1,982,444
Sale of investment in marketable securities, at cost	(1,924,700)
Reversal of unrealized loss on marketable securities	24,393
Realized loss on sale of marketable securities	(82,137)
May 31, 2018	**-**

During the nine months ended May 31, 2018 dividend income of $42,684 (May 31, 2017 - $nil) related to investments in marketable securities was included in finance income (note 8).

5. INVESTMENTS (cont'd)

Investment in secured loan

As at	$
August 31, 2017	**-**
Addition to investment in secured loan	4,925,000
Principal repayments	(190,981)
May 31, 2018	**4,734,019**

As at	**May 31, 2018 $**	August 31, 2017 $
Current portion of investment in secured loan	**384,395**	-
Long-term portion of investment in secured loan	**4,349,624**	-
	4,734,019	-

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. Principal repayments amounted to $96,009 in the three-month period ended May 31, 2018 and $190,981 for the nine-month period ended May 31, 2018. The principal payment due May 31, 2018 was received June 1, 2018 and included in the current portion of the secured loan. 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 nine months ended May 31, 2018, the Company's investment in the secured loan to Greypoint Capital Inc. generated finance income of $259,122 (May 31, 2017 - $nil) at an effective interest rate is 9.28% (note 8).

6. DISPOSAL OF ASSETS HELD FOR SALE

In September 2016 the Company sold assets related to its TPZ 3310 and 3500 Controller product lines. These products were level measurement gauges and alarm systems for the oilfield storage and control industry. Under the terms of the sale agreement of the Company received proceeds of $450,294 prior to a holdback of $23,940. The carrying value of assets sold included inventory of $156,016 and property, plant and equipment of $10,943. The sale of the assets resulted in a gain on disposal of $307,275 for the year ended August 31, 2017 after an adjustment to the gain of $310,963 recorded in the nine months ended May 31, 2017. In conjunction with this divesture the Company closed its branch in Lampman, SK. The Company continues to offer other level measurement solutions for the oilfield storage industry.

7. 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, 2017 – 28,536,132).

7. SHARE CAPITAL (cont'd)

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, 2017 – 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 May 31, 2018, the Company has 180,000 (August 31, 2017 – 545,000) 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:

		Nine months ended May 31, 2018		Twelve months ended August 31, 2017
	Number of options outstanding #	**Weighted average exercise price $**	Number of options outstanding #	Weighted average exercise price $
Outstanding, beginning of period	**545,000**	**0.64**	1,005,000	0.64
Exercised	**-**	**-**	(250,000)	0.38
Forfeited	**(365,000)**	**0.58**	(210,000)	0.83
Outstanding, end of period	**180,000**	**0.90**	545,000	0.69
Exercisable, end of period	**180,000**	**0.90**	370,000	0.74

The following table summarizes information about stock options outstanding and exercisable as at May 31, 2018.

Exercise price	**Options outstanding**	**Average remaining life (in years)**	**Options vested**	**Options not vested**
$ 1.28	40,000	0.62	40,000	-
$ 1.14	40,000	1.64	40,000	-
$ 0.65	100,000	2.62	100,000	-
Total, end of period	**180,000**		**180,000**	**-**

During the nine months ended May 31, 2018 and May 31, 2017 no options were granted. In the nine months ended May 3, 2018 365,000 stock options that had a weighted average exercise price of $0.58 were forfeited.

Compensation expense is recognized evenly over the vesting period of the stock options. For the nine months ended May 31, 2018, a reversal of share based compensation and a corresponding debit to contributed surplus of $31,865 was recorded (stock based compensation expense for the nine months ended May 31, 2017 - $25,896).

8. FINANCE INCOME

	Three months ended May 31		Nine months ended May 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Interest from investment in secured loan	**115,054**	-	**259,122**	-
Interest from investments in guaranteed investment certificates	**11,722**	43,100	**55,854**	117,933
Dividend income	**-**	-	**42,684**	-
Other interest income	**27,328**	2,168	**35,150**	10,123
	154,104	45,268	**392,810**	128,056

9. NATURE OF EXPENSES

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

	Three months ended May 31		Nine months ended May 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Employee salaries and benefits				
Included in cost of sales	**107,031**	101,219	**315,499**	310,168
Included in total expenses	**553,381**	508,276	**1,647,854**	1,498,409
Total employee salaries and benefits	**660,412**	609,495	**1,963,353**	1,808,577
Depreciation and amortization				
Included in cost of sales	**3,491**	3,255	**8,781**	10,639
Included in total expenses	**42,968**	81,664	**165,202**	255,475
Total depreciation and amortization	**46,459**	84,919	**173,983**	266,114

10. EARNINGS (LOSS) PER SHARE

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

	Three months ended May 31		Nine months ended May 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Net earnings (loss) (numerator for basic and diluted earnings (loss) per share)	**105,432**	(335,991)	**(128,509)**	(644,120)
Weighted average number of shares outstanding – basic (denominator for basic earnings (loss) per share)	**28,536,132**	28,536,132	**28,536,132**	28,399,905
Effect of dilutive securities				
Stock options converted to common shares	**-**	-		-
Weighted average number of shares outstanding – diluted (denominator for diluted earnings (loss) per share)	**28,536,132**	28,536,132	**28,536,132**	28,399,905
Basic earnings (loss) per share	**0.00**	(0.01)	**(0.00)**	(0.02)
Effect of dilutive securities	**-**	-	**-**	-
Diluted earnings (loss) per share	**0.00**	(0.01)	**(0.00)**	(0.02)

For the three and nine months ended May 31, 2018 there were 180,000 antidilutive options (2017 – 695,000). 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.

11. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended May 31		Nine months ended May 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Accounts receivable	**(157,199)**	47,145	**(124,288)**	(98,603)
Inventories	**(34,144)**	82,200	**(258,723)**	620,690
Prepaid expenses	**28,316**	24,535	**66,304**	102,766
Income tax recoverable	**61,171**	165,668	**61,171**	213,850
Accounts payable and accrued liabilities	**(25,321)**	77,060	**48,723**	(43,882)
	(127,177)	396,608	**(206,813)**	794,821

12. 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:

	Three months ended May 31		Nine months ended May 31	
	2018	2017	**2018**	2017
	$	$	**$**	$
Salaries and short-term employee benefits	**159,372**	155,524	**496,527**	458,951
Share-based compensation	**(40,250)**	6,847	**(31,865)**	25,896
	119,122	162,371	**464,662**	484,847

During the nine months ended May 31, 2018 and 2017, there were no long-term employee benefits, post-employment benefits or termination benefits recognized. Short-term employee benefits consist of salaries, bonuses, director fees, and all other short-term benefits.

13. 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 period.

As at	**May 31, 2018**	August 31, 2017
	$	$
Finance lease obligations	**-**	26,504
Share capital	**5,730,279**	5,730,279
Contributed surplus	**686,208**	718,073
Retained earnings	**9,598,000**	9,726,509
	16,014,487	16,201,365

14. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The following methods and assumptions were used to estimate the fair values of each class of financial instruments:

Cash and cash equivalents, short term investments, accounts receivables, accounts payable and accrued liabilities - The carrying value approximate fair value due to the short-term nature and limited credit risk of these assets and liabilities.

Investment in marketable securities – The fair value measurement of investments in marketable securities is based on the quoted market prices.

Investment in secured loan – 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.

15. FINANCIAL RISK MANAGEMENT

The Company is exposed to a number of risks as a result of holding financial instruments. These risks include 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. The Company does not use financial derivatives.

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 loans receivable. 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 May 31, 2018 of $698,207 (August 31, 2017 - $579,943). The Company's allowance for doubtful accounts as at May 31, 2018 amounted to $11,884 (August 31, 2017 - $17,908). As at May 31, 2018, the percentages of past due trade accounts receivable were as follows: 5% past due 61 to 90 days (August 31, 2017– 1%) and 7% past due greater than 90 days (August 31, 2017 – 3%) 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 May 31, 2018 of $4,734,019. 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 May 31, 2018 the Borrower is in compliance with all terms of the loan agreement.

b) Equity price risk

The cost of equity investments which are subject to equity price risk at May 31, 2018 was $nil (August 31, 2017 - $nil), as the Company liquidated its equity investments in the second quarter of fiscal 2018. The Company is exposed to equity price risk as the result of changes in market conditions. Fluctuations in market prices may affect the market value of its portfolios of securities mainly for exchange traded funds. These securities are classified and accounted for as financial assets at fair value through profit and loss.

The primary investment objective is to optimize the return on surplus cash while preserving the Company's capital. The Board of Directors is responsible for the management and oversight of its investment portfolio. As part of the Company's risk management strategy, extensive corporate governance policies and practices have been applied. Each individual investment is evaluated separately, and trading guidelines specified. Economic and sector research influences the overall investment weighting. Limits are also established for the portfolio value at risk.

15. FINANCIAL RISK MANAGEMENT (cont'd)

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 May 31, 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 $15,161 (nine months ended May 31, 2017 – $45,596) on the Company's net earnings.

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 May 31, 2018, the Company held net financial assets of US$682,874 (May 31, 2017 - US$792,331) 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 earnings by approximately $44,209 (nine months ended May 31, 2017 - $53,482).

16. 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 makers of the Company are the Chief Executive Officer and the Chief Technology 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	**Three months ended May 31**		**Nine months ended May 31**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Canada	**474,090**	496,833	**1,414,229**	1,248,639
United States and other	**752,755**	331,117	**1,632,616**	1,275,115
	1,226,845	827,950	**3,046,845**	2,523,754

For the nine months ended May 31, 2018 no revenue from a single customer of the Company exceeded 10% of total revenue in the period (nine months ended May 31, 2017, revenue from one customer made up 10% of total revenue in the period).

At May 31, 2018, non-current assets held in Canada were $6,112,828 (August 31, 2017 - $1,528,659) and in the United States were $1,542 (August 31, 2017 - $9,273).

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Branch Address:

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Phone: (877) 462-4085

Exchange Listing:

The Toronto Venture Stock Exchange (TSX-V)
Stock Symbol: TLA

Investor Information:

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S. Grant Reeves, BA
Chairperson of the Board

Helen Cornett, CPA, CA
Audit Committee Chairperson

Warren J. White, CPA, MBA
Executive Compensation and Corporate Governance Committee Chairperson

Alvin Pyke, P.Eng.
Chief Executive Officer

Officers:

Alvin Pyke, P.Eng.
Chief Executive Officer

Greg McGillis, P.Eng., EE
Chief Technology Officer

Angela Schultz, CPA, CMA
Chief Financial Officer

Auditors:

Grant Thornton LLP

www.titanlogix.com