



FLUID MANAGEMENT SOLUTIONS  
**FIELD • ROAD • OFFICE**

Management's Discussion and Analysis  
Q3 Fiscal 2017

May 31, 2017





## **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 overflow 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 part of a complete asset management solution. The full solution consists of Titan's products integrated with best-in-class third party solutions to enable our 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 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 19, 2017. It updates the annual MD&A included in our 2016 annual report and should be read in conjunction with the unaudited interim consolidated financial statements and notes for the period ended May 31, 2017 as well as the audited consolidated financial statements and MD&A included in the Company's 2016 annual report for fiscal year ended August 31, 2016. 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 2017 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, 2017, as well as the 2016 annual audited financial statements and MD&A and additional information regarding Titan Logix Corp. are available at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.titanlogix.com](http://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.*



**FINANCIAL HIGHLIGHTS**

	Nine months ended May 31, 2017	Nine months ended May 31, 2016
<b>Revenues and Earnings (Loss)</b>		
Revenue	\$ 2,523,754	\$ 3,266,521
Operating loss before other items and income taxes	(1,086,304)	(2,609,750)
Net loss before income taxes	(644,120)	(2,496,990)
Net loss	(644,120)	(1,806,772)
Earnings (loss) per share (EPS)		
- Basic	(0.02)	(0.07)
- Diluted	(0.02)	(0.07)
<b>Financial Position</b>		
	<b>At May 31, 2017</b>	<b>At August 31, 2016</b>
Total equity	16,517,782	17,042,206
Total assets	17,059,271	17,701,465
Cash, cash equivalents and short-term investments	13,849,214	13,788,278
Long-term liabilities	28,309	91,058
<b>Number of shares outstanding</b>	<b>28,536,132</b>	<b>28,286,132</b>

**QUARTERLY HIGHLIGHTS**

- Revenues were \$827,950 for the third quarter of fiscal 2017 ended May 31, 2017, in line with the revenues of each of the last two quarters, which were \$872,145 and \$823,659 respectively.
- Gross profit as a percentage of sales has significantly improved and been maintained as compared with the prior year. The gross margin for the third quarter of fiscal 2017 was 31% compared to the fiscal 2016 comparable third quarter's gross margin of 13%
- Due to management's cost reduction initiatives, operating expenses for the third quarter of fiscal 2017 decreased by 47% to \$639,301 compared to the fiscal 2016 comparable third quarter's expenses of \$1,204,758.
- The decrease in operating expenses and improvement in gross profit resulted in a 58% decrease in the net loss for the third quarter of fiscal 2017 to \$335,991 compared to the fiscal 2016 comparable third quarter's net loss of \$799,112.
- Ongoing product development efforts continued to yield positive results on the evolution of Titan's next generation of Guided Wave Radar (GWR) products. As well, in June 2017 engineering successfully completed the development of the Titan Gateway telematics offering. This new product is being released in the last quarter of fiscal 2017.

**SUMMARY OF QUARTERLY RESULTS**

(\$000's, except per share amount)

Fiscal year	2017			2016				2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	828	872	824	706	744	945	1,578	1,737
Gross profit	258	349	273	11	99	169	610	378
Operating loss before other items and income taxes	(381)	(344)	(361)	(905)	(1,106)	(1,001)	(503)	(598)
Net earnings (loss) before income taxes	(336)	(327)	19	(1,977)	(1,063)	(967)	(468)	(990)
Net earnings (loss)	(336)	(327)	19	(1,888)	(799)	(659)	(351)	(984)
EPS - Basic	(0.01)	(0.01)	0.00	(0.07)	(0.03)	(0.03)	(0.01)	(0.04)
EPS - Diluted	(0.01)	(0.01)	0.00	(0.07)	(0.03)	(0.03)	(0.01)	(0.04)

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

The Company continues to face ongoing difficult conditions in the mobile tanker truck market throughout the last eight consecutive quarters. In fiscal 2017's third quarter TD80 and ancillary product sales, the Company's Guided Wave Radar signature product



line, improved slightly compared to the third quarter of fiscal 2016, however are still materially lower than eight quarters ago. The Company's quarterly revenues and operating loss for the last eight quarters continue to reflect the negative impact of lower oil and gas prices and the subsequent collapse in demand for new crude oil tankers.

The improved gross profit in the first three quarters of fiscal 2017 is primarily a result of the increased revenue and a reduction in production labour costs due to cost reduction initiatives undertaken in fiscal 2016. The gross profit for the third and fourth quarters of fiscal 2016 was negatively impacted by a larger percentage of the fixed overhead not being absorbed in the cost of built product. Due to the decline in the demand for the Company's TD80 the production facility did not operate at full capacity. In addition, an impairment of inventory of \$119,082 was recorded in the fourth quarter of fiscal 2016.

The significant increase in the loss in the fourth quarter of fiscal 2016 relates primarily to an intangible asset impairment loss of \$940,924 recognized as a result of a reduction in the recoverable amount of product development costs. The increase to a net earnings position in the first quarter of fiscal 2017 is primarily due to the \$310,963 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 PERFORMANCE AND OPERATING RESULTS

### Revenues and Net Earnings (Loss)

(\$000's, except gross margin (%) and per share amounts)	Three months ended May 31				Nine months ended May 31			
	2017	2016	Increase (Decrease)		2017	2016	Increase (Decrease)	
	\$	\$	\$	%	\$	\$	\$	%
Revenue	828	744	84	11%	2,524	3,267	(743)	(23%)
Gross profit	258	99	159	162%	880	878	2	0%
Gross margin (%)	31%	13%		135%	35%	27%		30%
Net loss	(336)	(799)	463	58%	(644)	(1,809)	1,165	64%
EPS - Diluted	(0.01)	(0.03)	0.02	67%	(0.02)	(0.07)	0.05	71%

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. In the third quarter of fiscal 2017 revenue increased by 11% to \$827,950 as compared to \$743,622 in the comparative prior period in fiscal 2016, and for the nine-month period ending May 31, 2017 revenue declined by 23% to \$2,523,754 as compared to \$3,266,521 for the comparative period. The increase in revenue during the quarter was largely as a result of an increase in TD80 retrofit sales in Canada, which offset lower U.S. sales. Canadian sales in the fiscal quarter were \$496,833 or 60% of sales, an increase of \$207,219 or 72% when compared with sales of \$289,614 or 39% of sales in the comparative quarter of fiscal 2016. Sales outside of Canada, primarily to the U.S., in the third quarter were \$331,117, a decrease of \$122,891 or 27% when compared to \$454,008 in the comparative quarter of fiscal 2016.

The year-over-year decrease in revenues and the continued weak sales in the current fiscal year can be attributed to weak demand for the GWR product line in the new tanker construction market both in Canada and the U.S. Sales outside of Canada, primarily to the U.S, for the nine-month period were \$1,275,115, a decrease of \$599,647 or 32% when compared with sales of \$1,874,762 in the comparative prior period. Canadian sales for the nine-month period were \$1,248,639, a decrease of \$143,120 or 10% when compared with sales of \$1,391,759 in the comparative period of fiscal 2016. As a percentage of revenue, sales of the GWR product line contributed 78% to sales in the current fiscal quarter and 81% year to date. This compares with 81% and 80% in the corresponding prior periods.

Sales outside of Canada are transacted in U.S. dollars and are subject to exchange fluctuations against the Company's Canadian dollar functional currency; therefore, any significant change in the U.S. dollar exchange rate impacts the reported Canadian dollar amount of sales. These fluctuations in the exchange rate had an immaterial impact on recorded revenues in the current fiscal quarter and year-over-year. Revenue was recorded at an average exchange rate of 1.35 Canadian in the current quarter and 1.33 for the nine-month period ended May 31, 2017. This compares with 1.29 and 1.33 Canadian respectively for the comparative prior periods.



Gross profit was \$258,042, for the three-month period ended May 31, 2017 compared with \$98,523 for the comparative prior period. As a percentage of sales gross profit improved to 31% compared with 13% of sales in the three-month period. Gross profit was \$879,816 for the nine-month period ended May 31, 2017 compared with \$877,695 for the comparative period. As a percentage of sales gross profit improved year-over-year to 35% as compared with 27% in the nine-month period. The significant improvement in gross margin in the current fiscal quarter and slight improvement year-over-year reflects the decrease in the cost of sales as a percentage of revenue. Cost of sales decreased by \$75,191 or 12% to \$569,908 in the third quarter of fiscal 2017, and decreased by \$744,888 or 31% to \$1,643,938 for the nine-month period ended May 31, 2017, as compared to the same periods in fiscal 2016. The year-over-year lower cost of sales was due to reduced product shipments, a decrease in technical service and support engineering related costs, and labour savings achieved due to a reduction in the workforce. These savings partially offset production overhead costs related to spare capacity of the production facility. 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 higher gross margin percentage in the first three quarters of fiscal 2017 reflects a positive trend for fiscal 2017, as the Company benefits from the cost saving strategies undertaken in fiscal 2016.

The operating loss before other items and income taxes was \$381,259 for the current quarter and \$1,086,304 for the first nine months of fiscal 2017. This compares to an operating loss before other items and income taxes of \$1,106,235 and \$2,609,750 respectively in the comparative prior periods of fiscal 2016. The improvement in the current fiscal quarter and year-to-date is primarily attributable to the reduction in total expenses, including general and administration, marketing and sales, and engineering, along with the reduction in production costs included in cost of sales and the resulting improvement in gross profit. Due to cost reduction initiatives in the prior fiscal year total expenses decreased by \$565,457 in the current fiscal quarter and \$1,521,325 year-over-year. Despite significant improvements in the cost structure in the current fiscal quarter and year-over-year the Company incurred an operating loss, largely due to continued weaker demand for the Company's products and the resulting lower revenues.

The net loss after income taxes was \$335,991 in the third quarter of fiscal 2017 and \$644,120 for the first nine months of fiscal 2017. This compares to a net loss of \$799,112 and \$1,808,772 respectively, in the comparative prior periods. This significant 58% and 64% reductions in the net loss in the respective current quarter and year-to-date were primarily due to the reduction in total expenses and improved gross profit, combined with the year-to-date impact of the \$310,963 gain on the sale in the first quarter of the TPZ 3310 and 3500 controller product line. In the current quarter and year-to-date the Company did not record a provision for income tax recoveries due to uncertainties related to the realization of tax loss carryforwards, whereas, losses in the comparative prior periods were reduced by income tax recoveries of \$263,665 in the third quarter and \$688,218 for the nine-month period of fiscal 2016.

### Expenses

(\$000's.)	Three months ended May 31				Nine months ended May 31			
	2017	2016	Increase (Decrease)		2017	2016	Increase (Decrease)	
	\$	\$	\$	%	\$	\$	\$	%
General and administration	369	534	(165)	(31%)	1,100	1,555	(455)	(29%)
Marketing and sales	197	351	(154)	(44%)	597	1,134	(537)	(47%)
Engineering	23	114	(91)	(79%)	81	477	(396)	(83%)
Depreciation and amortization	82	121	(39)	(32%)	255	360	(105)	(29%)
Loss (gain) on foreign exchange	(32)	85	(117)	(137%)	(67)	(39)	(28)	(70%)
<b>Total expenses</b>	<b>639</b>	<b>1,205</b>	<b>(566)</b>	<b>(47%)</b>	<b>1,966</b>	<b>3,487</b>	<b>(1,521)</b>	<b>(44%)</b>

Total expenses excluding the gain on foreign exchange were \$671,160 for the third quarter ended May 31, 2017, a decrease of \$448,532 from \$1,119,692 in the previous year's third quarter.

### Expenses, general and administration

General and administrative expenses for the third quarter were \$368,697 a decrease of \$165,391 or 31% from the \$534,088 recorded in the third quarter of fiscal 2016. General and administrative expenses for the nine-month period were \$1,099,890 a decrease of \$455,285 or 29% from the \$1,555,175 recorded in the comparable prior period. The decrease in the current quarter and year-over-year is primarily a result of cost savings in compensation, director fees, insurance premiums and rent and office costs from the closure of the Saskatchewan facility. G&A, as a percentage of revenue, was 45% for the third quarter of fiscal 2017



and 44% for the nine months ended May 31, 2017 compared to 72% and 48% respectively, reflecting the impact of the reductions made commensurate with the reduction in revenue over the past two years.

### Expenses, marketing and sales

Marketing and sales expenses for the third quarter were \$197,305 a decrease of \$153,601 or 44% from the \$350,906 recorded in the third quarter of fiscal 2016. Marketing and sales expenses for the nine-month period were \$596,592, a decrease of \$537,376 or 47% from the \$1,133,968 recorded in the comparable prior period. The decrease in the current quarter and year-over-year is primarily a result of cost savings in compensation, reduced intellectual property related professional fee expenses and reduced travel, trade show and advertising expenses compared to the prior periods. As a percentage of revenue, marketing and sales expenses were 24% for the third quarter of fiscal 2017 and the nine-month period as compared to 47% and 35% respectively for the same periods of fiscal 2016.

### Expenses, engineering

Total engineering related expenditures amounted to \$226,526 for the third quarter ended May 31, 2017 and \$592,621 for the first nine-months of fiscal 2017 compared to \$227,753 and \$756,822 for the previous year's comparable periods. Engineering expenses are primarily labour related and the reduction in total expenses is primarily due to cost reduction initiatives including a reduction in staff. Of these amounts \$23,494 was expended in the current quarter and \$80,900 year-to-date, for new product research and the preparation and introduction of new third-party products into Titan's product suite. This compares with \$114,278 and \$477,224 respectively in the corresponding periods of fiscal 2016. These amounts are included in expenses in the statement of earnings and comprehensive income.

During the fiscal quarter, the Company continued to invest in development activities for the ongoing development of its next generation of GWR propriety products. The Company invested \$203,032 during the third quarter and \$511,721 year-to-date on development activities as compared with \$113,475 and \$279,598 respectively for the comparable periods of fiscal 2016. In the fourth quarter of fiscal 2017 the Company released the Titan Gateway for mobile tankers, providing remote data communications from Titan's TD80, Finch II and AirWeigh products. The Titan Gateway enables driver performance, fluid level and weight inventories, alarm conditions, and GPS location data to be wirelessly transmitted to the 'cloud'.

### Expenses, depreciation and amortization

Depreciation and amortization expenses included in operating expenses in the first nine months of fiscal 2017 totalled \$255,475 compared to \$360,274 in the same period of the previous fiscal year. Additional depreciation expenses recorded in cost of sales in the first nine months of fiscal 2017 totalled \$10,639, compared to \$28,907 in the same period of the previous fiscal year. The decrease in depreciation and amortization is primarily a result of the disposal and impairment of assets recorded since the third quarter of fiscal 2016.

### 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 \$66,737 on foreign currency exchange in the nine months ending May 31, 2017, consisting of an unrealized gain on exchange of \$25,669 and a realized gain of \$41,068. This compares to a gain of \$39,196 in the comparable period of the previous fiscal year which consisted of a \$22,932 unrealized loss and a \$62,128 realized gain on exchange.

## FINANCIAL CONDITION AND LIQUIDITY

Total assets of Titan Logix Corp. were \$17,059,271 on May 31, 2017 as compared to \$17,701,465, on August 31, 2016. Cash, cash equivalents and short-term investments increased by \$60,936 to \$13,849,214. Accounts receivable increased by \$98,603 and inventories decreased by \$620,690. The inventory decrease includes a reduction in the inventory held for sale of \$162,974. Total liabilities decreased by \$117,770. As at May 31, 2017, Titan had positive working capital (current assets less current liabilities) of \$15,099,958 compared to \$15,860,627 at August 31, 2016.



## Summary of Cash Flows

### Operating Activities

For the nine-month fiscal period, the Company generated net cash from operations of \$165,356. This compares with net cash used in the amount of \$1,410,390 in the comparative prior period. This increase in cash generation from operations is a direct result of the significant decrease in the net loss after income taxes and cash generated from changes in non-cash working capital accounts.

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 generated in the amount of \$794,821 in the nine-month fiscal period is largely a result of cash flow generated from the consumption of inventory, the sale of assets and a reduction in income tax recoveries. This compares with non-cash working capital generated in the comparative period of fiscal 2016 in the amount of \$289,526, largely as a result of cash flow generated from accounts receivable and the consumption of inventory, offset by the recording of income tax recoveries.

### Investing activities

Net cash provided by investing activities was \$818,306 year to date, 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 costs. This compares with \$333,881 used in the comparative prior period, primarily for product development costs.

Titan continued with its product development program and incurred product development costs of \$511,721 in fiscal 2017's first nine months as compared to \$279,598 in the first nine months of fiscal 2016. Subsequent to an intensive review and rationalization of projects, Titan continues the development and upgrade of its core technologies and focus upon high potential strategic initiatives.

### Financing Activities

Net cash provided by financing activities was \$77,274 for fiscal 2017's first nine months as compared to \$5,756 in the comparable period of fiscal 2016. The increase is primarily a result of an increase in proceeds from the exercise of options and a decrease in finance lease obligations.

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, Titan will continue to focus on cost management and control programs. Titan 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. As needed, Titan will assess and select funding mechanisms for long term growth including additional R&D projects, expansion of the distribution channels and corporate development activities.

## CONTRACTUAL OBLIGATIONS

Titan 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

Titan 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

	May 31, 2017	August 31, 2016	August 31, 2015
Common shares issued and outstanding	28,536,132	28,286,132	25,648,440
Options outstanding	695,000	1,005,000	1,145,000

The Company has recorded compensation expense of \$25,896 (May 31, 2016 - \$76,553) in respect of stock options granted or vested during the nine months ended May 31, 2017.



## TITAN LOGIX CORP.'S BUSINESS OUTLOOK

Titan's revenue from its current primary market - mobile tank gauging for the crude oil industry - is linked to the economic conditions of the energy industry and the level of drilling activity. The oilfield fluid transport market focuses on the transportation of various liquids involved in oilfield operations such as crude oil, produced water, well fracturing chemicals, and waste liquids. New drilling activity employs mobile tankers to deliver necessary process fluids to well sites. The initial well head activity requires offsite transfer of process water for treatment or disposal. The production well heads not directly connected to pipeline networks require mobile transfer of crude oil to pipeline terminals and processing. Each stage stimulates mobile tanker activity. These liquids are transported in various mobile tankers. Each of these tankers requires a level measurement and overflow prevention system to enable rolling-stock inventory management, ensure against overfills (which would result in high-impact environmental incidents), protect equipment against damage, improve the efficiency of the operation and help ensure driver safety. Titan's TD80™ provides this functionality.

The 2016-17 recovery of the market price of WTI Crude Oil from the 2014 extreme lows is resulting in some uptick in U.S. and Canadian drilling activity as operators increase their drilling programs. However, the oil price collapse in 2014, stranded a significant backlog of new fully equipped tanker trucks and trailers on dealer lots. This backlog must be absorbed before the new tanker construction market will begin to recover. Titan is seeing a slight pickup in its customer's activity in reaction to the higher and more stable commodity prices; however, there are no short-term expectations of significant improvements to revenues. Titan continues to maintain its market share for level measurement and control devices in a significantly smaller crude oil tanker construction market in the face of continuing low crude oil prices. The Company follows oil rig drilling activity and crude oil prices as a long-range market indicator for its forecasting.

Titan's proprietary TD80/Finch II/RCM technologies continue to be widely accepted. Leveraging Titan's large install base and market share, the Company is focused on generating new revenue stream opportunities via existing tanker retrofit sales and by exploring new market alternatives for product sales in other than crude oil applications. Titan recently launched the Titan Gateway for mobile tankers, providing remote data communications from Titan's TD80, Finch II and AirWeigh products. The Titan Gateway enables driver performance, fluid level and weight inventories, alarm conditions, and GPS location data to be wirelessly transmitted to the 'cloud'. This data is displayed on web enabled dashboards to provide customers with a unique view into the productivity, environmental compliance, and safety of their drivers. This solution supplies managers with the tools to more effectively measure, manage and enhance the performance of their mobile tanker fleet. Titan's Gateway increases marketplace opportunities by linking our widely respected legacy sensor technologies to the worldwide cloud/web. The Company's traditional market's interest in universal 'Internet of Things' solutions is driving both new and retrofit decisions. The Company is also prospecting new opportunities in both the complimentary upstream and downstream storage tank markets.

Titan has taken the necessary progressive steps to position itself within this new market reality:

- It has undertaken cost reduction measures that include a significant reduction in its work force while retaining core engineering, sales, and support teams. The impacts of these cost reduction initiatives are beginning to be realized in fiscal 2017 and compensation savings of approximately \$1.3 million, as compared to fiscal 2016, are expected.
- It closed its Saskatchewan warehouse and service facility and divested of its TPZ and 3500 Controller product lines allowing for resources to be more focused on current and upcoming market opportunities and products.
- It has completed an intensive review of its R&D program and is now focused on high potential product development.
- It continues to explore and develop strategic partnerships that will allow it to expand into new markets.
- It continues to explore new business opportunities to leverage Titan's expertise and capital.

Titan maintains a strong balance sheet that will support strategic initiatives going forward.

## 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 2016 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 2016 annual report. There have been no significant changes to the Company's business risks and uncertainties described in its 2016 annual report.

#### **ADDITIONAL INFORMATION**

Additional information relating to Titan Logix Corp., including its 2016 Annual Report, is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on its website, [www.titanlogix.com](http://www.titanlogix.com).

**Corporate Address:**

4130 – 93 Street  
Edmonton, Alberta, Canada T6E 5P5  
Phone: (780) 462-4085; Fax: (780) 450-8369

**Branch Address:**

Overland Park, Kansas  
United States of America  
Phone: (877) 462-4085

**Exchange Listing:**

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

**Investor Information:**

Investor Relations, Titan Logix Corp.  
4130 – 93 Street  
Edmonton, Alberta, Canada T6E 5P5  
Phone: (780) 462-4085; Fax: (780) 450-8369  
Email: [invest@titanlogix.com](mailto:invest@titanlogix.com)

**Transfer Agent:**

Computershare Investor Services Inc.  
Stock Transfer Services  
600, 530 – 8th Avenue SW, Calgary, Alberta, Canada  
T2P 3S8  
Telephone: 1-800-564-6253

**Directors:<sup>1</sup>**

**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.<sup>2</sup>**

**Douglas Carruthers, BA**  
Chief Executive Officer

<sup>1</sup> Charles Buehler, Director until April 12, 2017

<sup>2</sup> Elected to the Board on April 12, 2017

**Officers:**

**Douglas Carruthers, BA**  
Chief Executive Officer

**Greg McGillis, P.Eng., EE**  
President and Chief Technology Officer

**Angela Schultz, CPA, CMA**  
Chief Financial Officer

**Auditors:**

Grant Thornton LLP

[www.titanlogix.com](http://www.titanlogix.com)