



Management's Discussion and Analysis
Q3 Fiscal 2020

May 31, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) has been prepared by management as of July 21, 2020. It updates the annual MD&A included in our 2019 annual report and should be read in conjunction with the unaudited interim consolidated financial statements and notes for the period ended May 31, 2020 as well as the audited consolidated financial statements and MD&A included in the Company's 2019 annual report for fiscal year ended August 31, 2019. 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 2020 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, 2020 as well as the 2019 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;*
- *The impact of pandemics and natural disasters;*
- *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.*

THE TITAN VISION, BRAND PROMISE AND CORE VALUES

Titan Logix Corp.'s VISION is to be a "Catalyst for Transformative Thinking" for our customers. We do this by enabling our customers to be leaders in the gathering, management and analysis of data, making their businesses decisions smarter, faster, more adaptable to change. We are continually transforming our thinking as well as that of our customers. We help them to be more efficient, more profitable and to lead in their respective industries.

Our Brand Promise: "Making you smarter. With data that works."

Titan Logix has four core values that are integrated into the work we do and are the cornerstone of our strong corporate culture. Our commitment to; **Be Curious, Be Collaborative, Have an Innovative Mindset, and Own It** are instrumental in inspiring our team and guiding our decisions and actions for a successful future.

CORPORATE OVERVIEW

Founded in 1979, Titan Logix Corp. ("Titan" or "the Company") is a public company listed on the TSX Venture Exchange and its shares trade under the symbol TLA.

Titan focuses on providing data driven solutions for Supply Chain Management (SCM) of goods and service supplied to oil and gas, and the transportation industries. Titan's solutions had traditionally focused on mobile level sensor technology. Our recently launched cloud connected products enable data from our mobile level sensor technology to be collected, managed and packaged for business intelligence and control. The ultimate solution consists of Titan's products integrated with best-in-class data management to enable end-to-end Internet of Industrial Things (IIoT) solutions for our customers' SCM.

For 30 years, Titan Logix Corp. has designed and manufactured advanced technology instruments for businesses that transport corrosive, hazardous and/or valuable liquids while ensuring accurate, automated inventory management of these assets. Our technology is designed to reduce the risks of hazardous, costly, and time-consuming overfills. Titan's TD Series of tank gauges are the market leader in mobile fluid measurement, and are known for their rugged, solid-state reliability with no floats or moving parts that can fail in challenging environments. These Guided Wave Radar (GWR) level gauging technologies are a part of a complete IIoT supply chain management solution. Operating independently or as part of a fully integrated data collection and analytics system, these liquid level gauging devices provide time-sensitive data for business decision and control.

We recognize that our clients require a complete SCM solution that enables real-time monitoring of their assets, goods and services at each stage in the supply chain life cycle. Titan's IIoT SCM solutions enable customers to monitor the movement and transfer of assets from the convenience of their dispatch center, back office environment, or through a mobile device, in real time. Titan's data Gateway for mobile tankers, provides the ability to transmit the asset data from Titan's TD100™, Finch II and LoadMaxx products. The Titan Gateway can collect real time data on driver performance, fluid level and weight inventories, alarm conditions, and GPS location data and transmit it to cloud services. Through cloud-based technology data can be displayed on web enabled dashboards to provide customers with a unique, instantaneous view into the supply chain status, detailing productivity, environmental compliance, and driver behavior among many other performance indicators. The supply chain management solution equips business managers with a variety of business intelligence and data analytics to more effectively measure, manage and enhance the performance of their mobile tanker fleet.

We currently serve the crude oil, produced water, refined fuel, used oil collection, aircraft refueling, chemical, and vacuum markets. New drilling activity employs mobile tankers to deliver necessary process fluids to well sites. Producing wells not directly connected to pipeline networks (stand-alone wells) require mobile transport of crude oil to pipeline terminals processing facilities. As well, process water created during drilling, and continuous operation needs to be transported to treatment and disposal facilities. All products and bi-products must be trucked away from these stand-alone wells; this need stimulates mobile tanker activity. These liquids are transported in many shapes and sizes of 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 from damage, improve the efficiency of the operation and help ensure driver safety. Titan's TD80™ and TD100™ provides these valuable features. Titan's main sales channel for our transport products is through mobile tank Original Equipment Manufacturers (OEMs), dealers, and channel partners in Canada, the U.S. and Mexico.

Titan's strategy is a 3-step process. Step 1 is to work with our customers to identify the problem to be solved. Step 2 is to research, design, develop and/or acquire field (edge) sensors (data generators) or data sources that are:

- Safe to install, operate, and maintain;
- Simple and cost effective to implement;
- Best in class technologically that is reliable and accurate;
- Flexible in application;
- Designed to be system agnostic and platform independent;
- Forward thinking and scalable to meet customer needs today and tomorrow.

Step 3 we create a path to gather and present this data for our customers. The ultimate goal is to remove the human touch from data generated during supply chain operation.

Building upon a solid foundation in advanced fluid management for mobile tankers we are developing applications internally and seek out technology partners externally. Our strategy is to diversify our portfolio of IoT applications supporting supply chain management solutions beyond fluid management to other supply.

QUARTERLY HIGHLIGHTS

- Revenues for the third quarter of fiscal 2020 ending May 31, 2020 were \$781,778, a \$534,625 or a 41% decrease from the \$1,316,403 recorded in the comparative period. Revenues in the current fiscal quarter and year-to-date continue to be impacted by the decline in global oil prices, combined with the lack of access to markets in Canada and most recently the impact of the COVID-19 pandemic.
- The gross profit for the third quarter of fiscal 2020 decreased to \$382,177 or 49% of revenue compared to \$741,723 or 56% of revenue in the comparative prior period. This decrease is primarily due to the reduction in demand and unit builds resulting in excess capacity costs included in cost of sales.
- The operating loss before other items was \$580,435, as compared to an operating loss of \$158,774 in the comparative prior period, primarily due to the decrease in gross profit and increase in engineering expenses (primarily software development) which were offset by a decrease in general and administration (G&A) costs. During the fiscal quarter the Company continued to invest in the development of IoT solutions and completed development of its first IoT products, the Titan Data System (TDS) and the Titan API plugin targeting the oil and gas and produced water markets. Operating expenses were reduced in the quarter through compensation roll backs, government wage subsidies and reductions in discretionary spending.
- Net loss after income taxes was \$416,855 compared to net earnings after taxes of \$16,311 in the prior period. This decrease in net earnings was primarily a result of the decrease in gross profit and increase in engineering expenses.

FISCAL 2020 Q3 RESULTS OF OPERATIONS

(\$000's, except gross margin (%) and per share amounts)	Three months ended May 31,				Nine months ended May 31,			
	2020	2019	Increase (Decrease)		2020	2019	Increase (Decrease)	
	\$	\$	\$	%	\$	\$	\$	%
Revenue	782	1,316	(534)	(41)	3,501	4,197	(696)	(17)
Cost of sales	400	575	(175)	(30)	1,685	1,923	(238)	(12)
Gross profit	382	742	(360)	(48)	1,816	2,274	(458)	(20)
Gross margin	49%	56%			52%	54%		
Expenses								
General and administration	283	452	(169)	(37)	866	1,341	(475)	(35)
Marketing and sales	199	195	3	2	757	563	194	35
Engineering	439	204	236	116	963	513	450	88
Depreciation and amortization	93	85	8	10	278	254	24	9
Loss (gain) on foreign exchange	(52)	(35)	(16)	(46)	(70)	(35)	(35)	(98)
Total expenses	963	901	62	7	2,794	2,635	159	6
Operating loss before other items	(580)	(159)	(422)	(266)	(978)	(361)	(617)	(171)
Other items	164	175	(11)	(7)	508	498	10	2
Net earnings (loss)	(417)	16	(433)	(2656)	(470)	137	(607)	(442)
EPS - Diluted	(0.01)	0.00	(0.01)		(0.02)	0.00	(0.02)	

Revenue and gross profit

The Company's revenue is largely derived from instrument sales of its GWR product line of technologies (TD80™/ TD100™, 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. Primarily due to industry conditions including the impact of COVID-19, revenue decreased by 41% to \$781,778 for the third quarter of fiscal 2020, as compared to \$1,316,403 for the third quarter of fiscal 2019 and decreased by 17% to \$3,501,207 for the nine month period ended May 31, 2020 as compared to \$4,196,792 in the comparative period.

In the current fiscal quarter revenues generated from the Canadian market decreased to \$158,159 compared to \$519,973 in the comparative prior period. For the nine months ended May 31, 2020, year-over-year Canadian revenues decreased by 35% to \$1,017,295 and accounted for 78% of the year-over-year decrease in revenues. Sales to the U.S. for the three months ended May 31, 2020 decreased by \$172,811 or 22% to \$623,619 as compared to \$796,430 in the comparative period. Sales to the U.S. for

the nine month period ending May 31, 2020 decreased slightly by \$154,323 or 6% to \$2,483,912 as compared to \$2,638,235 in the comparative period. These sales accounted for 80% of the revenues in the third quarter of fiscal 2020 (2019 – 61%) and 71% (2019 – 63%) for the nine months ended May 31, 2020. 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 \$1.34 Canadian during the nine months ended May 31, 2020 compared with \$1.32 Canadian for the comparative prior period.

As a percentage of revenue, sales of the Company's GWR product line of technologies contributed 94% to sales in the third quarter of fiscal 2020 and 93% year to date. This compares with 92% in the corresponding prior periods.

Gross profit decreased to \$382,177, or 49% as a percentage of sales for the third quarter of fiscal 2020 compared with \$741,723, or 56% as a percentage of sales for the comparative period. This reduction in gross margin in the fiscal quarter was primarily due to the decrease in sales and excess capacity costs included in cost of sales. Largely due to the decrease in demand, unit production levels were reduced which resulted in higher overhead costs included in cost of sales. These costs offset manufacturing and service labour savings in the fiscal quarter from wage rollbacks and benefits received from the Canada Emergency Wage Subsidy program. Gross profit decreased to \$1,815,987, or 52% as a percentage of sales for the nine month period ended May 31, 2020 compared with \$2,274,069, or 54% of sales for the comparative period. The year-over-year decrease in gross profit is largely due to the reduction in sales.

Expenses, general and administration

General and administrative expenses (G&A) for the third quarter of fiscal 2020 were \$283,227, a decrease of \$168,745 or 37% from the \$451,972 recorded in the third quarter of fiscal 2019. General and administrative expenses for the nine month period were \$866,242 a decrease of \$474,548 or 35% from the \$1,340,790 recorded in the comparable prior period. The decrease in the current quarter is primarily a result of a decrease in compensation expense. During the fiscal quarter expenses were reduced by wage rollbacks and benefit reductions of 10% to 20% combined with a further reduction of expenses of \$26,244 by the Government of Canada's, Canada Emergency Wage Subsidy ("CEWS"). These expense reductions in the quarter were offset by an increase in consulting costs for the implementation of a new ERP. The year-over-year decrease is primarily due to executive termination costs incurred in the first quarter of the prior fiscal year. In addition, the Company's adoption of IFRS 16, the lease standard, resulted in lower rent expense in G&A expenses and higher depreciation and amortization expense from the depreciation of the right-of-use assets in the current quarter and year-over-year. The comparative periods have not been restated to reflect the new standard consistent with the transition elections followed. G&A, as a percentage of revenue, was 36% for the third quarter of fiscal 2020 and 25% for the nine months ended May 31, 2020 compared to 34% and 32% respectively for the same periods of fiscal 2019.

Expenses, marketing and sales

Marketing and sales expenses for the third quarter of fiscal 2020 were \$198,510 an increase of \$3,208 or 2% from the \$195,302 recorded in the third quarter of fiscal 2019. Marketing and sales expenses for the nine month period were \$757,276 an increase of \$194,463 or 35% from the \$562,813 recorded in the comparable prior period. The slight increase in marketing and sales expenses in the current quarter and the increase year-over year is primarily due to the increase in compensation costs due to the addition of a salesperson in the U.S., and the related increase in travel expenses. Increased compensation costs in the fiscal quarter were offset by Canadian and U.S. wage subsidy programs in the amount \$43,173., whereas the increase in compensation costs combined with the investment in company's rebranding efforts and website accounted for the year-over-year increase. As a percentage of revenue, marketing and sales expenses were 25% for the third quarter of fiscal 2020 and 22% for the nine months ended May 31, 2020 compared to 15% and 13% respectively for the same periods of fiscal 2019.

Expenses, engineering

Engineering expenses for the third quarter of fiscal 2020 were \$439,485 an increase of \$235,756 from the \$203,729 recorded in the third quarter of the prior fiscal year. Engineering expenses for the nine month period were \$962,785 an increase of \$449,958 from the \$512,827 recorded in the comparable prior period. The increase in the current quarter and year-over-year is primarily a result of increased consulting costs for a premier Amazon Web Services (AWS) implementer contracted to ensure the company's cloud architecture meets the criteria for scalability, speed and accuracy. In addition, there was an increase in compensation costs due to the addition of software developers and termination costs from staffing changes. Compensation expenses were offset in the third quarter by CEWS wage subsidies of \$43,056. In view of the dramatic decline in oil prices, combined with the impact of COVID-19, the Company evaluated its development program and determined that enhancements to its existing TD80/100 line are not expected to generate new sales as forecast pre-COVID19. Its hardware upgrade project, the development of the Modbus communications protocol has been shelved indefinitely. The engineering team will focus on retooling, bringing in new talent, and developing products for its software portfolio.

Expenses, depreciation and amortization

Depreciation and amortization expenses included in operating expenses in the first nine months of fiscal 2020 totalled \$277,747 compared to \$253,672 in the comparable period of fiscal 2019. Additional depreciation expenses recorded in cost of sales in the current nine month period totalled \$69,771, compared to \$9,770 in the comparable period. This increase in depreciation and amortization expenses is largely due to the adoption of the IFRS 16 lease standard which resulted in depreciation of \$50,598 included in operating expense and depreciation of \$57,526 included in cost of sales for right-of-use assets in the current nine month period compared to \$nil in the comparative 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 \$70,100 on foreign currency exchange in the nine months ended May 31, 2020 consisting of a realized gain on exchange of \$61,073 and an unrealized gain of \$9,027. This compares to a gain of \$35,357 on foreign currency exchange in the previous year consisting of a realized gain on exchange of \$18,875 and an unrealized gain of \$16,482.

Operating loss and net earnings

The operating loss before other items and income taxes was \$580,435 for the third quarter of fiscal 2020 as compared to an operating loss before other items and income taxes of \$158,774 in the comparative prior period. The operating loss for the first nine months of fiscal 2020 was \$977,963 as compared to an operating loss of \$360,676 in the comparative prior period. Year-to-date operating losses benefited by \$149,141 from the application of government wage subsidy programs. During the fiscal quarter and year to date the Company increased its investment in engineering, sales and marketing. Increased expenses combined with the reduction in the gross profit in the current quarter and year-over-year resulted in the increase in the operating loss. Year-over year the increase in engineering, marketing and sales expenses was offset by the decrease in G&A due to executive termination costs recorded in the prior period.

The net loss after income taxes was \$416,855 for the third quarter of fiscal 2020 as compared to net earnings of \$16,311 in the comparative three month period. The net loss after tax for the first nine months of fiscal 2020 was \$469,915. This compares to net earnings of \$137,442 in the comparative prior nine month period. This year-over-year decrease in net earnings was primarily due to the increase in the operating loss offset by the increase in finance income to \$530,430 from \$498,118 in the comparative period. The year-over-year increase in finance income is primarily from interest earned on the investment in the secured loan. The increase in finance income was offset by the interest on finance leases of \$22,382 in the first nine months of fiscal 2020 compared to \$nil in the comparative period. The interest on finance leases is attributable to the adoption of IFRS 16 on September 1, 2019, the new lease standard, which resulted in the recognition of discounted lease liabilities on the consolidated statement of financial position. As a result of the new standard, the Company now recognizes lease interest on the lease liabilities.

SUMMARY OF QUARTERLY RESULTS

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

Fiscal year	2020			2019				2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	782	1,311	1,408	1,375	1,316	1,405	1,475	1,448
Gross profit	382	695	739	675	742	760	772	619
Operating earnings (loss) before other items and income taxes	(580)	(293)	(104)	(147)	(159)	4	(206)	28
Net earnings (loss) before income taxes	(417)	(122)	69	24	16	167	(46)	185
Net earnings (loss)	(417)	(122)	69	(28)	16	167	(46)	125
EPS - Basic	(0.01)	0.00	(0.00)	(0.00)	0.00	0.01	(0.00)	0.00
EPS - Diluted	(0.01)	0.00	(0.00)	(0.00)	0.00	0.01	(0.00)	0.00

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

Gross profits in the fourth quarters of fiscal 2019 and fiscal 2018 were negatively impacted by impairments of inventory of \$64,349 and \$137,617, respectively.

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal cash requirements are for ongoing operating costs, working capital and product development costs. The Company intends to fund its liquidity needs primarily from cash flow from operations and when necessary from cash on hand. Management continues to work on maintaining an optimal inventory level and the timely collection of accounts receivable to minimize its working capital requirements. As well, the Company will continue to focus on cost management and control programs. The Company expects that current cash balances and funds from operations will be sufficient in the near-term to meet anticipated obligations and to fund intended capital expenditures and product development. As needed, the Company will assess and select funding mechanisms for long term growth including additional R&D projects, expansion of the distribution channels and corporate development activities.

Total assets of the Company were \$16,892,585 on May 31, 2020 as compared to \$16,928,069 on August 31, 2019. Cash and cash equivalents increased by \$2,323,620 to \$9,495,457 primarily due to a GIC maturity classified as cash and cash equivalents. Collections from customers decreased accounts receivable by \$451,637. Total liabilities increased by \$423,931 primarily due to the recognition of lease liabilities of \$548,226 from the adoption of IFRS 16. As at May 31, 2020, Titan had positive working capital (current assets less current liabilities) of \$10,851,274 compared to \$11,008,143 at August 31, 2019.

Summary of Cash Flows**Operating Activities**

Net cash flows used by operating activities for the nine-month fiscal period totalled \$313,033, compared to \$120,522 generated in the comparative period. This increase in cash flows used by operating activities is primarily due to the decrease in earnings, when excluding non-cash items and investing activities, offset by 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 provided in the amount of \$306,912 in the nine-month fiscal period is largely a result of cash flow provided by a decrease in accounts receivable and prepaid expenses, offset by the decrease in accounts payable and increase in inventories. This compares with non-cash working capital generated in the comparable period in the amount of \$133,756, largely a result of cash flow generated from the consumption of inventory and a decrease in accounts receivable, offset by the decrease in accounts payable.

Investing Activities

Net cash flows generated in investing activities, totalled \$2,758,015 primarily as a result of the maturity of \$2,041,227 of short term investments combined with finance income and payments received on the secured note. This compares with \$786,299 generated in the comparative prior period primarily as a result of finance income and payments received on the secured note.

Financing Activities

Net cash flows used in financing activities in the first nine months of fiscal 2020 amounted to \$121,362 for payment of finance lease obligations as compared to \$26,504 in the comparable period. Presentation of cash flows in the current quarter reflects the Company's adoption of IFRS 16, the lease standard. Previously lease payments were reflected in operating cash flows, now lease payments are partially reflected as interest expense (also in operating cash flows) and partially as the repayment of finance lease obligations in financing cash flows. The comparative period has not been restated for the adoption of the new standard consistent with the transition election chosen.

CONTRACTUAL OBLIGATIONS

The Company has no commitments for future capital assets and its only financial obligations are 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 21, 2020	May 31, 2020	August 31, 2019
Common shares issued and outstanding	28,536,132	28,536,132	28,536,132
Options outstanding	300,000	300,000	420,000

IMPACT OF COVID-19 PANDEMIC

In March 2020, the World Health Organization declared a world-wide pandemic resulting from the outbreak of coronavirus, specifically identified as "COVID-19". Many countries had enacted emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, temporary restriction on all non-essential business, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The Company has assessed the economic impacts of the COVID-19 pandemic on its condensed consolidated interim financial statements. As at May 31, 2020, management has determined that the Company's ability to execute its medium and longer term plans, the economic viability of its assets and the carrying value of its long-lived assets are not materially impacted.

The current lack of global demand combined with over-supply of oil has resulted in a significant decrease in spot and forward oil prices. The impact of COVID-19 combined with the decrease in oil prices have resulted in a decrease in demand for our products and the Company has experienced a material decline in revenues and gross profit in the quarter. Cost containment efforts are being addressed in order to mitigate the impact of the decline in revenues and gross profit. The Company has reduced discretionary spending and downsized production costs to match current demand. In the third quarter compensation was rolled back company-wide by 10% to 20% for all employees and directors and certain employee benefits were also suspended.

The Company received wage subsidy funding through the Government of Canada's, Canada Emergency Wage Subsidy ("CEWS") that was available to any employer, subject to eligibility criteria, whose business has been adversely affected by COVID-19. In addition, the Company's wholly owned subsidiary received approval and funding under its application for the United States Small Business Administration ("SBA") Paycheck Protection Program ("PPP") pursuant to the U.S. Coronavirus Aid, Relief, and Economic Security Act. The unsecured loan of \$65,500 bears interest at 1.00% and matures on April 29, 2022. All or a portion of the loan may be forgiven if the Company maintains its employment and compensation within certain parameters during the designated period following the loan origination date and the proceeds of the loan are spent on payroll costs, rent or lease agreements.

Management of the Company has enacted its COVID-19 business continuity plan including safety protocol and remote working arrangements and currently only has experienced minimal disruptions to its business operations. At this point, management cannot reasonably estimate the duration, complexity, or severity of this pandemic, which could have a material adverse impact on the Company's business, results of operations, financial position and cash flows. Other possible effects may include disruptions in the demand for our products, absenteeism in the Company's labor workforce, unavailability of products and supplies used in operations, and a decline in the fair value of assets held by the Company. The full extent of the impact that the COVID-19 outbreak may have on the Company will depend on future developments that are highly uncertain and that cannot be predicted with confidence. Management is closely monitoring the impact of the pandemic on all aspects of its business.

BUSINESS OUTLOOK

Titan Logix continues to forge ahead with its IoT SCM solutions. We have prioritized our engineering team, moving away from a hardware focus toward a software focused development team. Going forward, we are continuing with our software development strategy. As noted in the financial section and stated in the previous MD&A our engineering expenses have increased. This is attributed to the software products completed and in progress. We are negotiating technology partnerships on several fronts that will add value to our product offerings and will appeal to our current and future customer base. We anticipate traction with our first IoT product in Q4 of this year. This product targets the oil and gas, produced water and aggregates market and is expected to generate recurring revenue.

We believe the global crisis has created opportunities. Taking the human touch from data is now more relevant than it has ever been. It is anticipated that more people will choose to work from home and more companies will see the value in this approach. What that translates to is the need to serve data to those who choose the work-from-home option. Our initial products, the Titan

Data System (TDS), and the Titan API plugin are designed to present data, accurately, reliably and efficiently to our customers, wherever they may be working. We are currently working on our third product, a supply chain, custody transfer app that will track data designed to facilitate efficient pier to pier asset transfer. We reforecast this product to be deployed sometime in the second quarter of fiscal 2021.

In our traditional business we are seeing orders for traditional hardware beginning to trend upward after a brief but significant dip in sales during the height of the pandemic. We expect sales to flatten out in the first quarter of 2021 as the world adjusts to the new reality of depressed oil prices and the threat of a deepening recession. As a result, the expectation is that the Company will experience a significant decrease in revenues and gross profit. To mitigate the effects the Company has curtailed discretionary spending and downsized production costs. In the third quarter compensation was rolled back company-wide by 10% to 20% for all employees and it is expected that this will remain in place for the foreseeable future. Titan intends to review staffing levels and may consider further action depending on the length of the current recession. We continue to offset the impact of the reduction in revenue through the application of wage subsidies under the federal government's Canada Emergency Wage Subsidy program.

On the positive side the pandemic has created an opportunity for the Titan team to take an in-depth look at its business and recommit to the growth strategy. The TD100™ GWR product line upgrade and enhancement program has been put on hold while we wait and see what happens to the industry post-C19. Management believes it should focus on new products appealing to industries outside of oil and gas given the dire predictions we are hearing in the news and from industry experts. Enhancements to its existing TD80/100 line are not expected to generate new sales as forecast pre-C19. Its first hardware upgrade project, the development of the Modbus communications protocol has been shelved indefinitely. The engineering team will focus on the development of its software product offerings.

Our strong balance sheet helps us weather current uncertainties to build upon our established reputation and pursue select new opportunities. In addition to its organic growth plans the Company will continue to seek strategic acquisition targets whose technology aligns with the corporate vision.

BUSINESS RISKS AND UNCERTAINTIES

Titan Logix Corp. faces 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 2019 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 2019 annual report. In addition, the occurrence of pandemics, such as the recent outbreak of the novel coronavirus COVID-19 in any of the areas in which the Company, its customers or its suppliers operate could cause interruptions in the Company's operations. In addition, pandemics, natural disasters or other unanticipated events could negatively impact the demand for, and price of, oil and natural gas which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

ADDITIONAL INFORMATION

Additional information relating to Titan Logix Corp., including its 2019 Audited Financial Statements, is available on SEDAR at www.sedar.com or on its website, www.titanlogix.com.

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Exchange Listing:

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

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Victor Lee, P.Eng.
Executive Compensation and Corporate Governance
Committee Chairperson

Alvin Pyke, P.Eng.
Chief Executive Officer

Officers:

Alvin Pyke, P. Eng.
Chief Executive Officer

Angela Schultz, CPA, CMA
Chief Financial Officer

Auditors:

Grant Thornton LLP

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