TITAN MEDICAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(IN UNITED STATES DOLLARS)

This Management's Discussion and Analysis ("MD&A") is dated February 10, 2015.

This MD&A provides a review of the performance of Titan Medical Inc. ("Titan" or the "Company") and should be read in conjunction with its audited financial statements for the year ended December 31, 2014 (and the notes thereto) ("Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Effective January 1, 2014, the Company changed its functional and presentation currency from the Canadian dollar to the U.S. dollar, applied on a prospective basis in accordance with IAS 21. This change reflects the continuing increase in the Company's costs being incurred in U.S. dollars, a trend which is expected to continue in the foreseeable future.

Additional information in respect of the Company, including the Company's most recent annual information form, can be found under the Company's profile at www.sedar.com.

Internal Control over Financial Reporting

During the year ended December 31, 2014, no changes were made to the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Forward-Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion other than statements of historical facts, that address future events, developments or transactions that the Company expects, are forward-looking statements. These forward-looking statements are made as of the date of this MD&A. Forward-looking statements are frequently, but not always, identified by words such as "expects", "expected", "expectation", "anticipates", "believes", "intends", "estimates", "predicts", "potential", "targeted", "plans", "possible", "milestones", "objectives" and similar expressions, or statements that events, conditions or results "will", "may", "could", or "should" occur or be achieved. Forward-looking statements that appear in this MD&A include: the Company is committed to developing its robotic surgical system with the objective of substantially improving upon minimally invasive surgery; the Company aims to pursue a broad set of surgical indications for the SPORT™ Surgical System, including general abdominal, gynecologic and urologic procedures; the SPORT™ Surgical System is being developed with the goal of inserting the interactive multi-articulating instruments and the 3D high definition vision system into the

patient's body cavity through a single incision; the Company continues to explore in-licensing opportunities for technologies that may be used in conjunction with the Company's robotic surgical system; the Company anticipates expanding its patent portfolio by filing patent applications as it progresses in the development of robotic surgical technologies and by licensing suitable technologies; the Company's current plan is to focus on the development and commercialization of the SPORT™ Surgical System at estimated incremental costs and according to the timeline as set forth in the table below; Titan remains on track to attain the next major milestone, the design and test of a feasibility prototype for the next generation console and instruments, in Q1 2015; over the course of the next twelve months, Titan's objectives include significantly advancing the development of its robotic surgical system including the completion of design and test of feasibility prototype, the build of units ready for engineering verification; the Company has decided to build additional prototypes and develop more advanced instruments and training systems for expanded use for additional surgical procedures; completion of an early human feasibility report; commencement of audit for CE Mark approval and pivotal human clinical trial; completion of pivotal human clinical trial and submission of 510(k) application to FDA; outside U.S. commercial launch; U.S. commercial launch; the Company intends to utilize a direct sales force and/or distribution partner(s) to initiate marketing the SPORT™ Surgical System to hospitals; the Company has not deviated from its plan to use the Net Proceeds towards the ongoing development and commercialization of its SPORT™ Surgical System and general working capital purposes; Titan will continue its pursuit of key strategic relationships, carrying on efforts to secure its intellectual property through the patent and licensing process.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual results of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, such as current global financial conditions, dependence on key personnel, conflicts of interest, obtaining of or cost of additional financing, strategic alliances, uncertainty as to product development and commercialization milestones, results of operations, competition, technological advancements, rapidly changing markets, uncertain market, uncertain acceptance of the Company's technology or intellectual property, infringement of intellectual property rights, scope and cost of insurance and uninsured risks, risks associated with the Company entering into additional long-term contractual arrangements, ability to license other intellectual property rights, government regulation, changes in government policy, changes in accounting and tax rules, regulatory inquiries, requirements and approvals, contingent liabilities, manufacturing and product defects, limited history of earnings, stock price volatility and the risks and uncertainties discussed under the "Risk Factors" section in our most recent annual information form, which section is expressly incorporated by reference into this MD&A.

There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Other than as specifically required by law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may

differ materially from those projected in the forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements.

History and Business

The Company is incorporated in Ontario, Canada under the *Business Corporations Act* (Ontario), since July 28, 2008.

The address of the Company's corporate office and its principal place of business is 170 University Avenue, Suite 1000, Toronto, Canada M5H 3B3.

Titan's business consists of the continued development of its robotic surgical system as described in more detail below.

The Company continues the business of Synergist Medical Inc. (a predecessor of the Company) which was incorporated in 2002 and which commenced business in May 2006. The Company is committed to developing its robotic surgical system with the objective of substantially improving upon minimally invasive surgery (surgery without large incisions). From inception, the Company has been focusing on its research and development activities and building its intellectual property portfolio, trade secrets and scientific and technical knowledge base.

Overall Performance

The Company's business continues to be in the development stage and is focused on the continued research and development of robotic surgical technologies for application in minimally invasive surgery ("MIS"). The Company is currently developing the SPORT™ (Single Port Orifice Robotic Technology) Surgical System, a single-incision (also referred to as single-port) robotic surgical system. The SPORT™ Surgical System comprises a surgeon-controlled robotic platform that includes a 3D high definition vision system and interactive multi- articulating instruments for performing MIS procedures, and a surgeon workstation that provides the surgeon with an interface to the robotic platform and also provides a 3D endoscopic view of inside a patient's body cavity during MIS procedures. Development of the SPORT™ Surgical System is proceeding in response to "voice of customer" feedback and in consultation with the Company's outsourced development partners and the Company's Surgeon Advisory Board comprised of industry leading surgeons. The Company aims to pursue a broad set of surgical indications for the SPORT™ Surgical System, including general abdominal, gynecologic and urologic procedures.

The SPORT™ Surgical System is being developed with the goal of inserting the interactive multi-articulating instruments and the 3D high definition vision system into the patient's body cavity through a single incision. The design presently contemplates a collapsible device that, when collapsed, would be capable of being inserted into the patient's body cavity through a skin incision of approximately 25mm. Once inserted, the device is configured to deploy into a working configuration wherein the 3D high definition vision system and interactive multi-articulating instruments can be controlled by a surgeon at the workstation.

The Company has completed research and early development of the major components of the SPORT™ Surgical System including the interactive multi-articulating instruments with multiple

degrees of freedom of movement, the custom designed 3D high definition vision system capable of motorized pan and tilt, and surgeon controls of the surgeon workstation that allow the user surgeon to control the instruments through one-to-one movements of the surgeon controls.

In addition to development of robotic surgical technologies, the Company continues to explore in-licensing opportunities for technologies that may be used in conjunction with the Company's surgical system under development. In 2012, the Company entered into an exclusive license agreement with Columbia University for a single-site robotic surgical technology for use in single incision surgery. The Company has exclusive license rights for the development and commercialization of the licensed technology. This licensed technology has formed the basis of the SPORT™ Surgical System.

The Company continuously evaluates its technologies under development for intellectual property protection through a combination of trade secrets and patent application filings. As of December 31, 2014, the Company had ownership of seven U.S. patents and ten patent applications filed in the U.S. or under the Patent Cooperation Treaty (PCT). Additionally, the Company holds exclusive rights to one patent and four patent applications presently pending before patent offices in the U.S., Canada or Europe. The Company anticipates expanding its patent portfolio by filing patent applications as it progresses in the development of robotic surgical technologies and by licensing suitable technologies.

As part of its development and commercialization efforts, the Company has established certain milestones that it uses to assess its progress towards developing commercially viable robotic surgical technologies. These milestones relate to technology and design advancements as well as to dates for clinical testing and completing regulatory submissions. To assess progress, the Company regularly tests and evaluates its technology. If such evaluations indicate technical defects or failure to meet cost or performance goals, the Company's commercialization schedule could be delayed and potential purchasers of its initial commercial systems may decline to purchase them or may choose to purchase alternative technologies.

Among other things, the future success of the Company is substantially dependent on its continued research and development program. In addition to being capital intensive, research and development activities relating to sophisticated technologies that the Company develops are inherently uncertain as to future success and the achievement of desired results. If delays or problems occur during the Company's ongoing research and development activities, important financial and human resources may need to be diverted toward resolving such delays or problems. Further, there is a material risk that the Company's research and development activities may not result in a functional, commercially viable product or one that is approved by regulatory authorities.

During the third quarter of 2013, management confirmed that it would focus exclusively on the SPORT™ Surgical System and move as expeditiously as possible towards commercialization and as a result made the decision to discontinue, indefinitely, further development of the multi-port system. Staffing for the multi-port system was reduced in an orderly fashion primarily by way of attrition. The incremental space in Ancaster, Ontario, from which the multi-port system development was being conducted, has been made available for sub-lease on an as is basis.

During the second quarter of 2014, the Company completed an alpha commercial prototype build as well as completing the initial rounds of tissue testing using components of the SPORT™ Surgical System. The Company continues with additional rounds of tissue testing as the development of the surgical system progresses and remains on track to attain the next major milestone in Q1 2015, being the completion of the design and test of a feasibility prototype of the SPORT™ Surgical System.

On September 9, 2014 Dr. Fowler, who previously served as the Director of Clinical Affairs for the Company, was appointed Executive Vice President, Clinical and Regulatory Affairs. Dr. Fowler is responsible for Titan's clinical affairs and regulatory approval process plan for SPORT™ Surgical System including its pre-clinical and clinical testing strategy for submission to and approval by the U.S. Federal Drug Administration (FDA) and by the European Union.

Operations

The Company undertakes its research and development in conjunction with external medical technology development firms. Currently, the Company has aspects of its robotic surgical system completed through purchase orders and does not have long-term development contracts with any third parties.

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended December 31, 2014, 2013 and 2012. The information set forth should be read in conjunction with the respective audited financial statements.

	2014	**2013**	**2012**
Net sales	-	-	-
Net and comprehensive loss for the year	$13,450,261	$8,784,993	$7,293,361
Basic & diluted loss per share	$0.14	$0.12	$0.11
Total long term liabilities	-	-	-
Total assets	$35,389,436	$3,207,171	$5,379,007
Dividends	-	-	-

Significant changes in key financial data from 2012 to 2014 can be attributed to the availability of added funding and resulting development of the Company's robotic surgical system.

In 2012, the Company started the transition to the, SPORT™ Surgical System. Titan initially undertook the development of the SPORT™ Surgical System in early 2012. Development has resulted in the completion of a functional prototype in August 2013. This continued development growth was possible as a result of successful financings completed on March 14, 2012, March 13, 2013, February 19, 2014 and April 23, 2014.

Discussion of Operations

Effective January 1, 2014, the Company adopted, on a prospective basis, the U.S. dollar as its functional and presentation currency. In accordance with IAS 32, because the exercise prices of the warrants issued February 19, 2014 and April 23, 2014, are not fixed amounts as they are denominated in a currency (Canadian dollar) other than the Company's functional currency (U.S. dollar), these warrants are accounted for as a derivative financial liability. The Warrant liability as well as warrants issuable from the exercise of broker warrants, is initially measured at fair value and subsequent changes in fair value are recorded through Net and Comprehensive Loss for the applicable period. The fair value of these warrants is determined initially using a comparable warrant quoted in an active market, adjusted for differences in the terms of the warrants. At December 31, 2014, the Warrant liability was adjusted to fair value measured at the market price of the listed warrants.

Effective August 21, 2014, the Company's application for Depository Trust Company (DTC) eligibility was approved. Securing DTC eligibility reflects the Company's ongoing efforts to support our growing investor base in the U.S.

Effective September 30, 2014 Titan's common shares and warrants began trading on the Toronto Stock Exchange (TSX), and were delisted from the TSX Venture Exchange. This move to the TSX reflects the continued growth of Titan.

The Company incurred a Net and Comprehensive Loss of $13,450,261 during the year ended December 31, 2014, compared with a Net and Comprehensive Loss of $8,784,993 for the year ended December 31, 2013. This increase in Net and Comprehensive Loss for the year is attributed primarily to the increase in ongoing spending related to the continued Research and Development of the SPORT™ Surgical System. In addition the increase in loss for the year ended December 31, 2014 compared to the year ended December 31, 2013 reflects the Company's adoption of a change in functional and presentation currency from Canadian dollars to U.S. dollars and the required treatment of the Warrant liability measured at fair value. The gain incurred as a result of the change in fair value of the warrant liability associated with the series "D" and "E" warrants was $1,018,666 for the year ended December 31, 2014 compared to nil for the comparable period in 2013. This gain for the year as a result of the change in fair value, helped to mitigate the loss otherwise incurred in the year.

In addition to the increase in Net and Comprehensive Loss discussed above, other operating expenses other than foreign exchange loss, decreased slightly in the year ended December 31, 2014 when compared to the same period in 2013. During the year ended December 31, 2014 the foreign exchange loss was $572,594 compared to a loss of $35,112 for the year ended December 31, 2013.

During the year ended December 31, 2014, corporate efforts were ongoing related to furthering key strategic relationships, carrying on efforts to secure the Company's intellectual property through the patent and licensing process, and continuing the development of the Company's robotic surgical system. As of December 31, 2014, the Company has ownership of seven patents issued in the U.S. and ten patent applications filed in the U.S. or under the PCT. The Company

also has exclusive rights to one patent and four patent applications pending before patent offices in the U.S., Canada or Europe.

Research and development expenditures (all of which were expensed in the period) for the year ended December 31, 2014 and December 31, 2013, respectively, were as follows:

Research and Development Expenditures	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**
Intellectual property development	$35,659	$ 0
License and royalties	81,872	62,560
Product development	10,561,318	5,290,662
	10,678,849	5,353,222
SR&ED tax credits received	-	(168,266)
Total	$10,678,849	$5,184,956

Research and development expenditures increased in the year ended December 31, 2014 over the same period in 2013. This increase represents the increase in funding as a result of successful financings in the first and second quarter of 2014 and the efforts by the Company to advance development and related activities of the SPORT™ Surgical System.

Excluding Foreign Exchange (Gain) or Loss, general and administrative expenses for the year ended December 31, 2014, amounted to $3,522,777, compared to $3,624,151 for the comparable period. The decrease of $101,374 for the year ended December 31, 2014 is due primarily to a reduction in amortization as a result of writing off leasehold Improvements and furniture and equipment during the prior year. In addition, stock-based compensation and Management, salaries and fees decreased from 2013. This reduction in expenses was offset somewhat by increases in Office and general expenses and Professional fees.

For the year ended December 31, 2014, the foreign exchange loss was $572,594 compared to a loss of $35,112 for the comparable period in 2013. The increase in foreign exchange loss of $537,482 for the year ended 2014 compared to the same period in 2013 is attributed to the strengthening of the U.S. dollar in 2014 over 2013, the conversion to the U.S. dollar as the company's functional currency and the impact this has had on Canadian dollar balances converted to U.S. dollars at period end.

Titan realized $305,923 of interest income in the year ended December 31, 2014 and $59,226 in the year ended December 31, 2013. This increase in interest income is due to the higher cash availability following the two financings completed in 2014.

Summary of Quarterly Results

The following is selected financial data for each of the eight most recently completed quarters, derived from the Company's financial statements, calculated in accordance with IFRS.

	Three Months Ended December 31, 2014	**Three Months Ended September 30, 2014**	**Three Months Ended June 30, 2014**	**Three Months Ended March 31, 2014**	**Three Months Ended December 31, 2013**	**Three Months Ended September 30, 2013**	**Three Months Ended June 30, 2013**	**Three Months Ended March 31, 2013**
Net sales	-	-	-	-	-	-	-	-
Net and Comprehensive Loss (gain) from operations	(221,995)	$3,279,621	$6,781,692	$3,610,943	$2,239,299	$2,034,967	$2,195,271	$2,315,456
Basic and diluted loss per share	($0.01)	$0.03	$0.07	$0.05	$0.03	$0.03	$0.03	$0.04

Significant changes in key financial data from the three months ended March 31, 2013 to the three months ended December 31, 2014 reflects the transition from the development and evaluation of the surgeon workstation, video system control tower and multi-port patient cart to the commencement of a subsequent development cycle that includes the development of a single-site platform with a prototype for use in ongoing tissue testing. Also included in the quarters ended December 31, 2014, is the impact of changing the functional and presentation currency from Canadian dollars to U.S. dollars and the requirement to revalue the Warrant Liability at fair value with subsequent changes recorded through Comprehensive Loss for the period.

During the 4th quarter of 2014, operating expenses, other than foreign exchange decreased by $326,308 over the same period in 2013. This decrease in costs is due primarily to reduced amortization and stock-based compensation in Q4 2014 compared to Q4 2013. Foreign exchange loss in Q4 2014 was $529,357 compared to $19,749 in Q4 2013. In the quarter ended December 31, 2014, a Net and Comprehensive Gain was realised as a result of the revaluation at fair value of the warrants issued in 2014 and outstanding at December 31, 2014. This reduced the liability attributed to these warrants resulting in a Net and Comprehensive Gain in the quarter of $221,995 or $0.01 per share. The loss from operations, prior to interest income and fair value revaluation of the warrants, was $4,864,160.

Liquidity and Capital Resources

The Company currently does not generate any revenue or income (other than interest income on its cash balances) and accordingly it is (and it will be for the foreseeable future) dependent primarily upon equity financing for any additional funding required for development and operating expenses.

The ability of the Company to arrange such financing in the future will depend in part upon prevailing capital market conditions and the business success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on

terms satisfactory to the Company. If additional financing is raised by the issuance of shares or convertible securities from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise to continue its technology development program at its current pace.

Titan had $26,165,182 of cash and cash equivalents on hand and accounts payable and accrued liabilities of $2,766,315, excluding Warrants liability at December 31, 2014, compared to $2,446,084, and $1,186,588 respectively, at December 31, 2013. Titan's working capital as at December 31, 2014 was $32,259,475, excluding Warrants Liability, compared to $1,756,578, at December 31, 2013. This increase in working capital is primarily attributed to the February 19, 2014 and April 23, 2014 equity financings, partially offset by the treatment of the Warrant Liability. At December 31, 2014, the Warrant Liability was $2,997,963.

Below is a chart which sets out the various series of Titan warrants that were previously issued, using historic rates. The gross proceeds assume all warrants exercise on or before the expiry date.

Ticker Symbol	**Issue Date**	**Trading Date**	**Expiry Date**	**Number Issued**	**Exercise Price (CDN $)**	**Gross Proceeds (CDN $) (1)**
TMD.WT	December 10, 2010	December 30, 2010	December 10, 2015	5,000,000	$1.85	$9,250,000
TMD.WT.A	June 21, 2011	August 2, 2011	June 21, 2016	5,577,500	$2.00	$11,155,000
TMD.WT.B	December 22, 2011	January 23, 2012	December 22, 2016	4,880,000	$1.75	$8,540,000
NOT LISTED	March 14, 2012	N/A	March 14, 2017	1,986,755	$1.77	$3,516,600
TMD.WT.C	March 13, 2013	March 25, 2013	March 13, 2018	6,260,763	$1.25	$7,825,954
TMD.WT.D	February 19, 2014	March 28, 2014	February 19, 2017	9,142,500	$2.00	$18,285,000
TMD.WT.E	April 23, 2014	May 7, 2014	April 23, 2017	12,203,189	$2.75	$33,558,770

Note:

(1) There is no assurance that any warrants will be exercised at any time before they expire.

Development Objectives

The Company uses a combination of internal resources and external development firms to execute the research and development plan for the Company's robotic surgical system.

The Company's current plan is to focus on the development and commercialization of the SPORT™ Surgical System at a revised estimated incremental cost and according to the timeline as set forth in the table below. As of December 31, 2014, the Company has completed its alpha commercial prototype as well as tissue testing using components of the SPORT™ Surgical System.

Based on "voice of customer" feedback, further consultations with the Company's development partners and the newly formed Surgeon Advisory Board, the Company has decided to build additional prototypes and develop more advanced instruments and training systems for expanded use for additional surgical procedures. The Company is now pursuing a broader set of surgical indications including general abdominal, gynecologic and urologic procedures for the SPORT™ Surgical System.

Development Milestone	***Estimated Cost (in U.S. $)***	***Schedule for Milestone Completion***	***Comments***
Alpha commercial prototype design complete (Design of prototype suitable for ongoing tissue testing)	-	Q1 2014	*Completed*
Alpha commercial prototype built	-	Q2 2014	*Completed*
Tissue testing (Testing performance of individual features and functionality)	-	Q2 2014	*Completed*
Design and test of feasibility prototype complete (Demonstrate feasibility for next generation console and advanced instruments)	$11 million	Q1 2015 *Expected*	Proves feasibility to build and reflects expanded use of SPORT™ Surgical System
Units built and ready for engineering verification (Prototype is formally tested to meet previously defined specifications)	$17 million	Q4 2015 *Expected*	Prototype units enable validation of expanded use
Early human feasibility report complete (Human clinical cases utilizing units are tested under engineering verification) **Audit for CE Mark approval commenced**	$10 million (2 milestones)	Q2 2016 *Expected* Q2 2016 *Expected*	First "in human" studies confirm capabilities of SPORT™ Surgical System for expanded use
Pivotal Human clinical trial commenced	$3 million	Q3 2016 *Expected*	
Pivotal Human clinical trial completed and 510(k) application submitted to FDA **Outside U.S. commercial launch** (Pending CE Mark approval) **U.S. commercial launch** (Pending 510(k) market clearance)	$3 million (3 milestones)	Q4 2016 *Expected* Q4 2016 *Expected* Mid-2017 *Expected*	
TOTAL	**$44 million**		

Upon completion of the development of the SPORT™ Surgical System and following receipt of all applicable regulatory approvals in the United States, Europe, and/or Asia, the Company intends to utilize a direct sales force and/or distribution partner(s) to initiate marketing the SPORT™ Surgical System to hospitals.

Due to the nature of technology research and development, there is no assurance that these objectives will be achieved, and there can be no assurance with respect to the time or resources that may be required. The Company expects that additional specific milestones could be identified as the development of its SPORT™ Surgical System progresses. The total costs to complete the development of the Company's SPORT™ Surgical System as referenced above are only an estimate based on current information available to the Company and cannot yet be determined with a high degree of certainty, and the costs may be substantially higher than estimated.

Financings

On March 13, 2013 Titan completed an offering of securities pursuant to an agency agreement. The offering consisted of 6,260,763 units at CDN$1.05 per unit for gross proceeds of $6,180,688 ($5,422,548 net of closing costs including a 7% commission of $432,648 paid in accordance with the terms of the agency agreement). Each unit comprised one common share of Titan and one warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company for CDN$1.25 and expires on March 13, 2018. The warrants were valued at $882,955 using a proportionate fair value method and the balance of $5,297,733 was allocated to common shares.

Pursuant to the agency agreement, in addition to the cash commission paid to the Agent, broker warrants were issued to purchase 438,253 common shares at a price of CDN$1.05 per share for a period of 24 months following the closing date.

On February 19, 2014 Titan completed an offering of securities pursuant to an agency agreement dated February 10, 2014 between the Company and Dundee Securities Ltd. ("the Agent"). The offering consisted of 7,950,000 units and full over-allotment of 1,192,500 units for a total of 9,142,500 units at a price of CDN$1.40 per unit for aggregate gross proceeds of $11,588,667 ($10,608,580 net of closing costs including 6% cash commission of $675,242 paid in accordance with the terms of the agency agreement). Each unit comprised one common share of Titan and one warrant. Each warrant entitles its holder to purchase one additional common share of Titan for CDN$2.00 and will expire February 19, 2017. The warrants were valued at $1,407,195 using a comparable warrant quoted in an active market, adjusted for differences in the terms of the warrant and the balance of $10,181,472 was allocated to common shares.

Pursuant to the agency agreement, in addition to the cash commission paid to the Agent, broker warrants were issued to purchase 532,710 units. Each broker warrant entitles the holder thereof to acquire one unit of the Company at the price of CDN$1.40 for a period of 24 months following the closing date. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of CDN$2.00 for a period of 36 months from the date of closing.

On April 23, 2014 Titan completed an offering of securities pursuant to an agency agreement dated April 10, 2014 between the Company and Dundee Securities Ltd.("Agent"). The offering consisted of 10,611,469 units and full over-allotment of 1,591,720 units for a total of 12,203,189 units at a price of CDN$2.10 per unit for aggregate gross proceeds of $23,232,936, ($21,606,685 net of closing costs including 6% cash commission of $1,362,426 paid in accordance with the terms of the agency agreement). Each unit comprised one common share of Titan and one warrant. Each warrant entitles its holder to purchase one additional common share of Titan for CDN$2.75 and will expire April 23, 2017. The warrants were valued at $3,539,901 and the balance of $19,693,035 was allocated to common shares.

Pursuant to the agency agreement, in addition to the cash commission paid to the Agent, broker warrants were issued to purchase 699,191 units. Each broker warrant entitles the holder thereof to acquire one unit of the Company at the price of CDN$2.10 per unit for a period of 24 months following the closing date. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of CDN$2.75 for a period of 36 months from the date of closing.

The utilization of proceeds as outlined in the prospectus supplement dated April 10, 2014 to the short form base shelf prospectus of the Company dated October 15, 2012 has been updated as outlined in the following table:

	Proceeds from the Maximum Offering as outlined in the prospectus supplement dated February 10, 2014 (Including the 15% overallotment)	Proceeds from the Maximum Offering as outlined in the prospectus supplement dated April 10, 2014 (Including the 15% overallotment)	TOTAL
Ongoing development and commercialization of the SPORT™ Surgical System	$8,486,864	$17,285,348	$25,772,212
General working capital requirements	2,121,716	4,321,337	6,443,053
Total Net Proceeds	$10,608,580	$21,606,685	$32,215,265

The Company has not deviated from its plan to use the Net Proceeds towards the ongoing development and commercialization of its SPORT™ Surgical System and general working capital purposes.

Off-Balance Sheet Arrangements

Other than for leased premises occupied by the Company, and licensing agreements both of which are discussed in note 8 of the Audited Financial Statements for the Years Ended December 31, 2014 and 2013, the Company does not utilize off balance sheet arrangements.

Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of this Management's Discussion and Analysis:

Type of Securities	**Number of common shares issued or issuable upon conversion**
Common shares	102,555,338
Stock options[(1)]	2,229,604
Warrants	38,628,104
Broker warrants[(2)]	696,915

Notes:

(1) The Company has outstanding options enabling certain employees, directors, officers and consultants to purchase common shares. Please refer to note 5(b) of the Audited Financial Statements for terms of such options.

(2) Pursuant to the agency agreement in respect of the March 13, 2013 offering, in addition to the cash commission paid to the agent for the offering ("March 2013 Agent"), the Company issued compensation warrants to the March 2013 Agent which entitle the holder to purchase 438,253 common shares of the Company at a price of CDN$1.05 per share for a period of 24 months following the closing date of the offering.

Pursuant to the agency agreement in respect of the February 19, 2014 offering, in addition to the cash commission paid to the Agents, broker warrants were issued to purchase 532,710 units. Each broker warrant entitles the holder thereof to acquire one unit of the Company at the price of CDN$1.40 for a period of 24 months following the closing date. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of CDN$2.00 per share for a period of 36 months from the date of closing.

Pursuant to the agency agreement in respect of the April 23, 2014 offering, in addition to the cash commission paid to the Agents, broker warrants were issued to purchase 699,191 units. Each broker warrant entitles the holder thereof to acquire one unit of the Company at the price of CDN$2.10 for a period of 24 months following the closing date. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of CDN$2.75 per share for a period of 36 months from the date of closing.

A total of 532,710 and 699,191 broker warrants were issued relating to the February 19, 2014 and April 23, 2014 offerings respectively and as of the date of this report, 124,299 and 555,466 of these broker warrants remain outstanding. In addition, there remains an additional 17,150 broker warrants outstanding from the offering dated March 13, 2013.

Changes in Functional and Presentation Currency

Effective January 1, 2014, the Company adopted, on a prospective basis, the U.S. dollar as its functional and presentation currency. In accordance with IAS 32, because the exercise price of the warrants issued February 19, 2014 and April 23, 2014, as well as warrants issued from the exercise of broker warrants, are not a fixed amount as they are denominated in a currency (Canadian dollar) other than the Company's functional currency (U.S. dollar), the warrants are accounted for as a derivative financial liability. The Warrant liability is initially measured at fair value using a comparable warrant quoted in an active market, adjusted for differences in the terms of the warrant and subsequent changes in fair value, using the market price of warrants, are recorded through Net and Comprehensive Loss for the period.

Accounting Policies

The accounting policies set out in the notes to the audited financial statements have been applied in preparing the audited financial statements for the year ended December 31, 2014, and the comparative information presented in the audited financial statements for the year ended December 31, 2013.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of provisions at the date of the financial statements and the reported amount of expenses during the period. Financial statement items subject to significant judgement include the valuation of patent rights, the measurement of stock based compensation and warrants. While management believes that the estimates and assumptions are reasonable, actual results may differ.

Fair Value

The Black-Scholes model used by the Company to determine fair values of stock options and warrants was developed for use in estimating the fair value of the stock options and warrants. This model requires the input of highly subjective assumptions including future stock price volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

Related Party Transactions

During the year ended December 31, 2014, transactions between the Company and directors, officers and other related parties were related to compensation matters in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the second quarter, the Company retained the services of an individual, related to a senior executive, to provide consulting services in support of marketing efforts for the European market. Compensation includes the grant of stock options valued at $25,000, monthly consulting fees of U.S. $6,500 plus appropriate expenses. During the third quarter the monthly consulting fee was increased to U.S. $12,000 plus appropriate expenses.

Financial Instruments

The Company has designated its cash, cash equivalents and short-term investments and amounts receivable as loans and receivables, which are measured at amortized cost. Amounts receivable include HST recoverable and accrued interest. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost, except for Warrant liability which is valued at fair value.

Management Compensation

In the year, the compensation set out below was earned by directors and officers in connection with them providing services as directors and officers of Titan. No other compensation arrangements were made with any director or officer of Titan during 2014.

Officers

Name	Title	Salary	Stock Options	Total
Reiza Rayman	President	$213,843	36,588	$250,431
John Hargrove(1)	Chairman and CEO	$145,000	91,470	$236,470
Stephen Randall	CFO and Secretary	$162,285	91,470	$253,755
Dennis Fowler(2)	Executive VP, Clinical and Regulatory Affairs	$114,581	91,470	$206,051

Notes:

(1) Mr. Hargrove was appointed CEO and Chairman on April 5, 2013. As part of his compensation he receives a combination of cash and stock option grants. Effective November 1, 2013 Mr. Hargrove is compensated by way of stock option grants only. Effective April 1, 2014 his compensation reverted to a base salary. Stock options may be awarded, on an annual basis, as part of long term incentives that may be available to all officers.

(2) Dr. Dennis Fowler was appointed Executive Vice President, Clinical and Regulatory Affairs effective September 1, 2014.

Directors

Independent directors of the Company are provided compensation in the form of an annual retainer, (Cdn. $10,000) paid in advance, meeting fees (Cdn. $1,000 per meeting) paid in arrears and an additional retainer for chairing committees, (Cdn. $2,500), paid in advance. All compensation is paid by way of stock option grants.

The following table sets out the compensation paid to each of the independent directors in the year ended December 31, 2014. All compensation to directors is paid through the issuance of stock options, or cash, at the discretion of the directors, on an annual basis. Currently all directors compensation is paid through stock options.

Name	Annual Retainer	Committee Chair	Meeting Fees	Stock Options Granted	Total Compensation ($)
J.E. Barker[(1)]	$ 9,147	$2,439	$18,294	$29,880	$29,880
Martin Bernholtz[(2)]	$ 9,147	$1,829	$17,380	$28,356	$28,356
Dr. Bruce Wolff[(3)]	$39,637	N/A	$ 1,829	$41,466	$41,466

Notes:

(1) Chairman of the compensation committee effective March 6, 2014

(2) Chairman of the audit committee.

(3) Includes $27,441 bonus upon joining the Board.

Outlook

As a result of the two offerings completed in February and April 2014, Titan has reduced the financing risk of the Company related to achieving commercialization. Titan is focusing its efforts on the development of the SPORT™ Surgical System.

On a regular basis, Titan undertakes a detailed analysis and reasonableness review of its development milestones and related cost estimates.

Over the course of the next twelve months, Titan's objectives include significantly advancing the development of its robotic surgical system including completion of the design and test of feasibility prototype as well as the building of prototype units ready for engineering verification.

In addition, Titan will continue its pursuit of key strategic relationships, carrying on efforts to secure its intellectual property through the patent and licensing process.