

TITAN MEDICAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015
(IN UNITED STATES DOLLARS)

This Management's Discussion and Analysis ("MD&A") is dated August 11, 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 unaudited condensed interim financial statements for the three and six months ended June 30, 2015 (and the notes thereto) ("Financial Statements"). The Financial Statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34").

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 three and six months ended June 30, 2015, 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, completion of prototype units ready for engineering verification, in Q4 2015. Over the course of the next twelve to twenty four months, Titan's objectives include significantly advancing the development of its robotic surgical system including the completion 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. Please also refer to the risk factors set forth starting on page 9 of the Company's Annual Information Form for the 2014 fiscal year, available on SEDAR at www.sedar.com.

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 and since July 28, 2008, it has been incorporated under the *Business Corporations Act* (Ontario).

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

The Company was formed by way of amalgamation under the *Business Corporations Act* (Ontario) on July 28, 2008. Titan does not have any subsidiaries. The Company is committed to developing its robotic surgical system for use in connection with minimally invasive surgery (surgery without large incisions). From inception, the Company has focused on research and development toward its robotic surgical technology and building its intellectual property portfolio, trade secrets and scientific and technical knowledge base.

Overall Performance

The Company's business is at the development stage and is focused on the research and development of robotic surgical technologies for application in minimally invasive surgery ("MIS"). The Company is 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 June 30, 2015, the Company had ownership of nine U.S. patents and fifteen patent applications filed with various patent offices. Additionally, the Company holds exclusive rights to one patent and four patent applications presently pending before various patent offices. 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.

On March 17, 2015 Titan announced that it completed its first quarter milestone, the design and test of a feasibility prototype. This milestone demonstrates feasibility to build a next generation workstation and advanced instruments and it enables expanded use of the SPORT™ Surgical System.

The Company continues with additional rounds of tissue testing as the development of the surgical system progresses and is working toward the build of prototype units ready for engineering verification.

Selected Annual Information

The following table summarizes selected financial data reported by the Company for the years ended December 31, 2014, 2013 and 2012 in accordance with International Financial Reporting Standards ("IFRS"). The information set forth should be read in conjunction with the respective audited financial statements. All amounts shown are in U.S. dollars which is the company's functional and presentation currency.

	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 of its technology development to the SPORT™ Surgical System. This continued development growth was possible as a result of successful financings completed in the last three years.

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 June 30, 2015, the warrant liability was adjusted to fair value measured at the market price of the listed warrants.

Discussion of Operations

The Company incurred a net and comprehensive loss of \$8,250,823 and \$17,377,091 during the three and six months ended June 30, 2015, compared with a net and comprehensive loss of \$6,781,692 and \$10,392,634 for the three and six months ended June 30, 2014. This increase in net and comprehensive loss for the period is attributed primarily to the increase in ongoing spending related to the continued research and development of the SPORT™ Surgical System. In addition, foreign exchange (gain) or loss in the three and six months ended June 30, 2015 was (\$384,885) and \$1,152,983, compared to (\$983,491) and (\$930,765) for the same periods in 2014. The U.S. dollar was considerably stronger against the Canadian dollar at June 30, 2015 compared to June 30, 2014. The Company does not currently have a formal foreign exchange hedging policy as the Company now maintains a minimum balance on hand of Canadian dollars.

The gain attributed to change in fair value of warrants for the three and six months ended June 30, 2015 was \$659,554 and \$9,836, compared to a loss of (\$4,237,546) and (\$5,697,868) for the same periods at June 30, 2014. The decrease in loss of \$4,897,100 and \$5,707,704 for the three and six months ended June 30, 2015 reflects a reduction in fair value of warrants in 2015 compared to 2014.

During the three and six months ended June 30, 2015, 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 June 30, 2015, the Company has ownership of nine patents issued in the U.S. and fifteen patent applications filed with various patent offices. The Company also has exclusive rights to one patent and four patent applications pending before various patent offices.

Research and development expenditures (all of which were expensed in the period) for the three and six months ended June 30, 2015 and June 30, 2014, respectively, were as follows:

Research and Development Expenditures	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Intellectual property development	\$4,999	\$10,000	\$1,668	\$1,668
License and royalties	305,000	384,383	6,603	81,658
Product development	<u>7,956,858</u>	<u>14,021,188</u>	<u>2,710,308</u>	<u>3,979,900</u>
	8,266,857	14,415,571	2,718,579	4,063,226
SR&ED tax credits received	-	-	-	-
Total	<u>\$8,266,857</u>	<u>\$14,415,571</u>	<u>\$2,718,579</u>	<u>\$4,063,226</u>

Research and development expenditures increased in the three and six months ended June 30, 2015 over the same period in 2014. This increase was possible due to equity financings completed in the first and second quarters of 2014 and the efforts by the Company to advance development and related activities of the SPORT™ Surgical System.

Excluding foreign exchange, general and administrative expenses for the three and six months ended June 30, 2015, amounted to \$1,052,892 and \$1,896,236 compared to \$911,682 and \$1,684,719 for the comparable period in 2014.

For the three and six months ended June 30, 2015, the foreign exchange (gain) or loss was (\$441,671) and \$1,351,823 before foreign exchange on warrant liabilities, compared to (\$1,201,274) and (\$1,147,383) for the comparable periods in 2014. The change in foreign exchange (gain) or loss of (\$759,603) and \$2,499,206 for the three and six months ended 2015 compared to the same period in 2014 is attributed to the strengthening of the U.S. dollar in 2015 over 2014, and the impact this has had on Canadian dollar balances converted to U.S. dollars at period end. At June 30, 2015 the foreign exchange on the warrant liabilities was a gain of \$198,841, versus a loss of \$216,618 for the comparable period in 2014.

Titan realized \$24,487 and \$77,863 of interest income in the three and six months ended June 30, 2015 and \$102,624 and \$122,414 in the three and six months ended June 30, 2014. This decrease in interest income is due to the lower cash balances, as the Company advances its development of the SPORT™ Surgical System.

For a discussion with regard to the status of the development of the SPORT™ Surgical System, please see "Development Objectives" below.

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 June 30, 2015	Three Months Ended March 31, 2015	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
Net sales	-	-	-	-	-	-	-	-
Net and Comprehensive Loss (gain) from operations	8,250,823	9,126,268	(221,995)	\$3,279,621	\$6,781,692	\$3,610,943	\$2,239,299	\$2,034,967
Basic and diluted loss per share	\$0.08	\$0.09	(\$0.01)	\$0.03	\$0.07	\$0.05	\$0.03	\$0.03

Significant changes in key financial data from the three months ended September 30, 2013 to the three months ended June 30, 2015 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 is the ongoing impact of changing the functional and presentation currency from Canadian dollars to U.S. dollars and the requirement to revalue the Company's warrant liability at fair value with subsequent changes recorded through comprehensive loss for the period.

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 \$19,891,245 of cash, cash equivalents and short-term investments on hand and accounts payable and accrued liabilities of \$5,761,634, excluding warrant liability at June 30, 2015, compared to \$33,923,182, and \$2,766,315 respectively, at December 31, 2014. Titan's working capital as at June 30, 2015 was \$15,095,923, excluding warrant liability, compared to \$32,259,475, at December 31, 2014. This decrease in working capital is primarily attributed to the ongoing development of the SPORT™ Surgical System.

Below is a table that sets out the various series of Titan warrants that were previously issued, using historic rates. The disclosure of the potential proceeds in the last column of the table below assumes all warrants are exercised on or before the expiry date. However, there is no assurance that any warrants will be exercised prior to their expiry.

Ticker Symbol	Issue Date	Expiry Date	Number Issued	Number Outstanding	Exercise Price (CDN \$)	Potential Proceeds (CDN \$)
TMD.WT	December 10, 2010	December 10, 2015	5,000,000	3,665,900	\$1.85	6,781,915
TMD.WT.A	June 21, 2011	June 21, 2016	5,577,500	5,121,500	\$2.00	10,243,000
TMD.WT.B	December 22, 2011	December 22, 2016	4,880,000	3,484,500	\$1.75	6,097,875
NOT LISTED	March 14, 2012	March 14, 2017	1,986,755	390,729	\$1.77	691,590
TMD.WT.C	March 13, 2013	March 13, 2018	6,260,763	5,260,705	\$1.25	6,575,881
TMD.WT.D	February 19, 2014	February 19, 2017	9,142,500	8,317,856	\$2.00	16,635,712
TMD.WT.E	April 23, 2014	April 23, 2017	12,203,189	12,346,914	\$2.75	33,954,014
TOTAL			45,050,707	38,588,104		80,979,987

Development Objectives

The Company uses a combination of internal resources and external development firms to execute the research, development and commercialization 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 estimated costs and according to the timeline, set forth in the table below. As of June 30, 2015, the Company has completed its alpha commercial prototype as well as tissue testing using components of the SPORT™ Surgical System and design and testing of the feasibility prototype.

Based on "voice of customer" feedback and consultations with the medical technology development firms engaged by the Company and the 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 pursuing a broad set of surgical indications, including general abdominal, gynecologic and urologic procedures for the SPORT™ Surgical System. The Company anticipates costs related to the commercialization and regulatory approval of SPORT™ to be as set out in the table below. Certain estimated costs set out in the table below are greater than those set out in the comparable table in the Company's

Annual Information Form in respect of the fiscal year ended December 31, 2014. Such additional costs are related primarily to the production of 11 engineering units, for first-in-human studies and clinical trials, to be used for regulatory approval and marketing purposes.

At the date of this management's discussion and analysis, the Company is on track to achieve the milestones within the published timelines in its preliminary base shelf prospectus dated July 23, 2015 filed with securities regulators in Ontario, Alberta and British Columbia, and consistent with those set forth below.

<i>Development Milestones</i>	<i>Estimated Cost (in U.S. \$)</i>	<i>Schedule for Milestone Completion</i>	<i>Comments</i>
Alpha commercial prototype design complete (Design of prototype suitable for ongoing tissue testing)	-	Q1 2014	<i>Completed</i>
Alpha commercial prototype built	-	Q2 2014	<i>Completed</i>
Tissue testing (Testing performance of individual features and functionality)	-	Q2 2014	<i>Completed</i>
Design and test of feasibility prototype complete (Demonstrate feasibility for next generation console and advanced instruments)		Q1 2015	<i>Completed</i>
Units built and ready for engineering verification (Prototype is formally tested to meet previously defined specifications)	\$23 million	Q4 2015 <i>Expected</i>	Build 2 engineering verification units plus 5 first-in-human trial units.
Early human feasibility report complete (Human clinical cases utilizing units are tested under engineering verification)	\$24 million (2 milestones)	Q2 2016 <i>Expected</i>	First-in-human studies confirm capabilities of SPORT™ Surgical System for expanded use. Build 4 additional human clinical trial units.
Audit for CE Mark approval commenced		Q2 2016 <i>Expected</i>	
Pivotal human clinical trial commenced	\$5 million	Q3 2016 <i>Expected</i>	
Pivotal human clinical trial completed and 510(k) application submitted to FDA	\$5 million (3 milestones)	Q4 2016 <i>Expected</i>	
Outside U.S. commercial launch (Pending CE Mark approval)		Q4 2016 <i>Expected</i>	
U.S. commercial launch (Pending 510(k) market clearance)		Mid-2017 <i>Expected</i>	
TOTAL	U.S. \$57 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 research, development and commercialization of its SPORT™ Surgical System progresses. The total costs to complete the research, development and commercialization 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.

Please also refer to the risk factors set forth starting on page 9 of the Company's Annual Information Form for the 2014 fiscal year, available on SEDAR at www.sedar.com.

Financings

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 supplements dated February 10, 2014 and April 10, 2014, respectively, 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 TM Surgical System	\$8,486,864	\$17,285,348	\$25,772,212
General working capital requirements	<u>2,121,716</u>	<u>4,321,337</u>	<u>6,443,053</u>
Total Net Proceeds	<u>\$10,608,580</u>	<u>\$21,606,685</u>	<u>\$32,215,265</u>

The Company has not deviated from its plan to use the net proceeds of the offerings described in the table above towards the ongoing development and commercialization of its SPORTTM 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 unaudited condensed interim financial statements for the three and six months ended June 30, 2015 and 2014, 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	102,707,613
Stock options ⁽¹⁾	2,818,355
Warrants	38,588,104
Broker warrants ⁽²⁾	679,765

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 Unaudited Condensed Interim Financial Statements for terms of such options.
- (2) 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.

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 on February 19, 2014 and April 23, 2014, respectively, and the exercise prices of the warrants issued from the exercise of broker warrants, are not a fixed amount, they are denominated in a currency (Canadian dollar) other than the Company's functional currency (U.S. dollar). Accordingly, 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 unaudited condensed interim financial statements have been applied in preparing the unaudited condensed interim financial statements for the three and six months ended June 30, 2015, and the comparative information presented in the unaudited condensed interim financial statements for the three and six months ended June 30, 2014.

The preparation of financial statements in conformity with IAS 34 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 three and six months ended June 30, 2015, 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 period, Titan entered into an option agreement (“Option Agreement”) with a company (“Option Company”) that has developed technology for the tracking of robotic surgical tools that may be incorporated into Titan’s SPORT™ Surgical System. Under the terms of the Agreement Titan will pay to the company a non-refundable option fee of \$300,000 as follows:

<u>Amount</u>	<u>Due Date</u>
\$100,000	Upon signing the Option Agreement (paid)
\$100,000	January 2, 2016
\$100,000	October 1, 2016

In addition, Titan shall have the right at any time up to and including January 2, 2017, to enter into a five year license agreement (“License Agreement”) by exercising the Option Agreement by paying a fee of \$1.3 million (“License Fee”) for the rights to the technology. This License Fee shall be due and payable upon execution of the License Agreement.

A senior officer of Titan is also a director, a member of the Option Company’s senior management, co-inventor of the developed technology, co-founder of the Option Company and a significant shareholder of the Option Company.

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 three and six months ended June 30, 2015, 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 the first six months of 2015.

Officers

Name	Title	Salary	Stock Options	Total
Reiza Rayman	President	\$48,320	\$5,642	\$53,962
John Hargrove	Chairman and CEO	\$50,500	\$8,845	\$59,345
Stephen Randall	CFO and Secretary	\$39,139	\$14,104	\$53,243
Dennis Fowler	Executive VP, Clinical and Regulatory Affairs	\$62,500	\$14,104	\$76,604

Directors

Independent directors of the Company are provided compensation in the form of an annual retainer, (Cdn. \$15,000) 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 earned by each of the independent directors in the second quarter of 2015. 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⁾	\$12,179	\$2,030	\$11,366	\$25,575	\$25,575
Martin Bernholtz ⁽²⁾	\$12,179	\$2,030	\$11,366	\$25,575	\$25,575
Dr. Bruce Wolff	\$12,179	N/A	\$8,119	\$20,298	\$20,298

Notes:

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

(2) Chairman of the audit committee.

Outlook

Titan continues to focus its efforts on the development of the SPORT™ Surgical System and is continuing its move towards commercialization. On April 16, 2015, the Company announced

that effective March 31, 2015 it has signed an agreement with a worldwide supplier of endomechanical devices for the development and supply of single patient use robotic tools. Under the terms of the agreement, the supplier will create customized single patient use tools for Titan's SPORT™ Surgical System. On May 5, 2015, the Company announced that it has signed an agreement with the James and Sylvia Earl, Simulation to Advance Innovation and Learning (SAIL) Center at Anne Arundel Medical Center (AAMC) in Annapolis, MD, for the development of a comprehensive curriculum for training and performance assessment of surgeons and surgical teams using 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 initial prototype units for engineering verification in Q4 of 2015. In addition, Titan will undertake human clinical cases utilizing additional prototype units completed in early 2016. The audit for obtaining CE Mark approval is expected to have commenced in Q2 2016.

On July 23, 2015, the Company filed with the securities regulators in Ontario, British Columbia and Alberta, a Preliminary Short Form Base Shelf Prospectus, relating to the offering for sale from time to time, during the 25 month period covered by the prospectus, securities with a total offering price of U.S. \$45 million. The securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of the sale and set forth in an accompanying prospectus supplement. The Company currently intends to use the net proceeds from the sale of the securities for the Company's research and development of a clinical-grade prototype of its SPORT™ Surgical System, pre-clinical trial and regulatory costs and for working capital and other general corporate purposes.

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

Additional Information

Additional information relating to Titan, including Titan's Annual Information Form for the 2014 fiscal year, is available on SEDAR at www.sedar.com.