

March 3, 2016

**Attention: U.S. SHAREHOLDER**

IMPORTANT NOTICE

Re: 2015 PFIC status

**This statement is provided for shareholders who are United States persons for purposes of the U.S. Internal Revenue Code. It is not relevant to other shareholders.**

Because Titan Medical Inc. is a Canadian corporation and more than 75% of its gross income is classified as passive income, it meets the Internal Revenue Code definition of a passive foreign investment company ("PFIC") for the taxable year ended December 31, 2015. Certain U.S. income tax consequences flow from this designation and these consequences may be mitigated by electing to treat Titan Medical Inc. as a Qualified Electing Fund ("QEF").

The attached PFIC Annual Information Statement is being provided to you pursuant to the requirements of Treasury Regulation Section 1.1295-1(g) (1). The PFIC Annual Information Statement contains information to enable you or your tax advisor to prepare your tax return if you elect to treat Titan Medical Inc. as a QEF.

A U.S. shareholder who makes a QEF election is required to annually include in his or her income his or her pro rata share of the ordinary earnings and net capital gains for Titan Medical Inc. The QEF election is made by completing and attaching Form 8621 to your federal income tax return filed by the due date of the return, as extended.

**WE STRONGLY URGE U.S. SHAREHOLDERS TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY DECISION TO MAKE (OR REFRAIN FROM MAKING) ANY ELECTION THAT MAY BE AVAILABLE TO THEM BECAUSE ANY SUCH DECISION WILL DEPEND UPON THEIR OWN PARTICULAR TAX SITUATION AND MAY HAVE SIGNIFICANT AND CONTINUING US TAX CONSEQUENCES.**

**THE COMPANY IS UNABLE TO GIVE ADVICE IN THIS REGARD.**

Further information on PFIC rules is available on the internet at the Internal Revenue Service website.

Detailed information about PFIC and the QEF election: [www.irs.gov/instructions/i8621/ch01.html](http://www.irs.gov/instructions/i8621/ch01.html)

Instructions to complete Form 8621: [www.irs.gov/pub/irs-pdf/i8621.pdf](http://www.irs.gov/pub/irs-pdf/i8621.pdf)

Form 8621: [www.irs.gov/pub/irs-pdf/f8621.pdf](http://www.irs.gov/pub/irs-pdf/f8621.pdf)

**PFIC Annual Information Statement**

This Information Statement applies to the taxable year of Titan Medical Inc. beginning January 1, 2015 and ending December 31, 2015.

**ALL AMOUNTS ARE REPORTED IN CANADIAN DOLLARS**

The total ordinary earnings and net capital gains of Titan Medical Inc. for the taxable year specified above are:

Ordinary earnings:	NONE
Net capital gains:	NONE
Your daily pro rata share of ordinary earnings is:	NONE
Your daily pro rata share of net capital gains is:	NONE
The amount of cash and the fair market value of other property distributed or deemed distributed to you:	NONE

Titan Medical Inc. will permit you to inspect and copy its permanent books of account, records, and such other documents as may be maintained by Titan Medical Inc. to establish that Titan Medical Inc.'s ordinary earnings and net capital gain, as provided in section 1293(e) of the U.S. Internal Revenue Code, are computed in accordance with U.S. income tax principles, and to verify these amounts and your pro rata share thereof.

Titan Medical Inc.

Date: March 3, 2016

By:   
Chief Financial Officer