NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 9, 2015

AND

MANAGEMENT INFORMATION CIRCULAR

DATED MAY 8, 2015

*These materials are important and require your immediate attention. They require shareholders of Titan Medical Inc. (the "**Corporation**") to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors. If you have any questions or require more information with regard to voting your shares of the Corporation, please contact Computershare Trust Company of Canada at (416) 263-9200.*

TITAN MEDICAL INC.

170 University Avenue, Suite 1000
Toronto, Ontario, Canada
M5H 3B3

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the "**Meeting**") of shareholders of Titan Medical Inc. (the "**Corporation**") will be held at the offices of Borden Ladner Gervais LLP, Scotia Plaza, 40 King Street West, 48th Floor, Toronto, ON M5H 3Y4, on **Tuesday, June 9, 2015** at 1:30 p.m., Toronto time, for the following purposes:

1. to receive and consider the financial statements of the Corporation for the fiscal year ended December 31, 2014, together with the report of the auditors thereon;

2. to elect directors of the Corporation;

3. to reappoint as auditors BDO Canada LLP, the incumbent auditors of the Corporation, and authorize the directors to fix the remuneration of the auditors;

4. to ratify, confirm and approve the Corporation's stock option plan;

5. to ratify, confirm and approve the grant of certain options to members of the Corporation's Surgeon Advisory Board;

6. to approve the adoption of an amendment to By-Law No 1;

7. to approve the adoption of the Shareholder Rights Plan; and

8. to transact such other business as may properly come before the Meeting or any adjournments thereof.

A copy of the Information Circular and form of proxy accompany this Notice.

Only shareholders of record as of May 5, 2015, the record date (the "**Record Date**"), are entitled to receive notice of the Meeting

The directors have fixed 5:00 p.m. on the last business day before the Meeting (or any adjournment thereof) as the time before which proxies to be used at the Meeting (or any adjournment thereof) must be deposited with the Corporation or with Computershare Trust Company of Canada; provided, however, that proxies may also be deposited with the scrutineer(s) at the Meeting (or any adjournment thereof) prior to the commencement of the Meeting.

DATED the 8th day of May, 2015.

By Order of the Board

(signed) John Hargrove
Chair and Chief Executive Officer
Titan Medical Inc.

170 UNIVERSITY AVENUE, SUITE 1000, TORONTO, ONTARIO, CANADA M5H 3B3

MANAGEMENT INFORMATION CIRCULAR

for the

Annual and Special Meeting of Shareholders

to be held on June 9, 2015

Dated May 8, 2015

INFORMATION CIRCULAR

TABLE OF CONTENTS

TITAN MEDICAL INC.
INFORMATION CIRCULAR
May 8, 2015

INTRODUCTION

This Information Circular (the "Circular") is furnished in connection with the solicitation by the management of Titan Medical Inc. (the "Corporation") of proxies to be used at the Annual and Special Meeting of shareholders (the "Meeting") of the Corporation to be held at the offices of Borden Ladner Gervais LLP, Scotia Plaza, 40 King Street West, 48th Floor, Toronto, ON M5H 3Y4 at 1:30 p.m. (Toronto time) on Tuesday, June 9, 2015 at the place and for the purposes set forth in the accompanying Notice of Meeting. Except where otherwise indicated, this Circular contains information as of the close of business on May 8, 2015. It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally by management of the Corporation at nominal cost. The cost of any such solicitation by management will be borne by the Corporation.

The Corporation may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting shares of the Corporation (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Circular and form of proxy to the beneficial owners of such shares. The Corporation will provide, without cost to such persons, upon request to the Secretary of the Corporation, additional copies of the foregoing documents required for this purpose.

FORWARD-LOOKING STATEMENTS

This Circular contains certain forward-looking statements with respect to the Corporation based on assumptions that management of the Corporation considered reasonable at the time they were prepared. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements.

INFORMATION CONTAINED IN THIS CIRCULAR

No person has been authorized to give information or to make any representations in connection with the matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representations should not be relied upon in making a decision as to how to vote on the resolutions or be considered to have been authorized by the Corporation or the Board of Directors (the "**Board**" or "**Board of Directors**") of the Corporation.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities. This Circular also does not constitute the solicitation of a proxy by any person in any jurisdiction in which such a solicitation is not authorized or in which the person making such a solicitation is not qualified to do so or to any person to whom it is unlawful to make such a solicitation.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection with the Meeting.

GENERAL PROXY MATTERS

APPOINTMENT, TIME FOR DEPOSIT AND REVOCABILITY OF PROXY

Shareholders of the Corporation are either registered or non-registered. Registered shareholders typically hold shares of the Corporation in their own names because they have requested that their shares be registered in their names on the records of the Corporation rather than holding such shares through an intermediary (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans). Most shareholders are non-registered because their shares are registered in the name of either (a) an intermediary with whom the non-registered shareholder deals in respect of their shares, or (b) a clearing agency (such as The Canadian Depository for Securities Limited) of which the intermediary is a participant.

Only registered shareholders or duly appointed proxyholders will be permitted to vote at the Meeting. Non-registered shareholders may vote through a proxy or attend the Meeting to vote their own shares only if, before the Meeting, they communicate instructions to the intermediary or clearing agency that holds their shares. Instructions for voting through a proxy, appointing a proxyholder and attending the Meeting to vote are set out in this Circular.

A shareholder may receive multiple packages of Meeting materials if the shareholder holds shares of the Corporation through more than one intermediary or if the shareholder is both a registered shareholder and a non-registered shareholder for different shareholdings. Any such shareholder should repeat the steps to vote through a proxy, appoint a proxyholder or attend the Meeting, if desired, separately for each shareholding to ensure that all the shares from the various shareholders are represented and voted at the meeting.

VOTING BY PROXY

Shareholders who are unable to be present at the Meeting may vote through the use of proxies. Shareholders should convey their voting instructions using one of the two voting methods available: (1) use of the form of proxy or voting instruction form to be returned by mail, delivery or facsimile, or (2) use of the Internet voting procedure. By conveying voting instructions in one of the two ways, shareholders can participate in the Meeting through the person or persons named on the voting instruction form or form of proxy.

To convey voting instructions through any of the two methods available, a shareholder must locate the voting instruction form or form of proxy, one of which is included with the Circular in the package of Meeting materials sent to all shareholders. The voting instruction form is a white, computer scanable document with red squares marked "X" (the "**voting instruction form**") and is sent to most non-registered shareholders. The form of proxy is a form headed "Form of Proxy" (the "**form of proxy**") and it is sent to all registered shareholders and a small number of non-registered shareholders.

MAIL

A shareholder who elects to use the paper voting procedure should complete a voting instruction form or a form of proxy. If the form of proxy is already signed, do not sign it again. Complete the remainder of the voting instruction form or form of proxy. Ensure that you date and sign the form at the bottom. Completed voting instruction forms should be returned to the relevant intermediary in the envelope provided and should be received by the cut-off date shown on the voting instruction form. Completed forms of proxy should be returned in the envelope provided to the Corporation's transfer agent and registrar, Computershare Trust Company of Canada ("**Computershare**"), 100 University Avenue, 11th Floor, South Tower, Toronto, Ontario, M5J 2Y1 or by hand to: 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 no later than 5:00 p.m. (Toronto time) on June 8, 2015 (or the last business day preceding any adjournment of the Meeting).

FAX

A shareholder who elects to use the facsimile voting procedure should complete a voting instruction form or a form of proxy. If the form of proxy is already signed, do not sign it again. Complete the remainder of the voting instruction form or form of proxy. Ensure that you date and sign the form at the bottom. Completed voting instruction forms should be faxed to the relevant intermediary at the number provided and should be received by the cut-off date shown on the voting instruction form. Completed forms of proxy should be returned by fax to Computershare at (416) 263-9261 no later than 5:00 p.m. (Toronto time) on June 8, 2015 (or the last business day preceding any adjournment of the Meeting).

INTERNET

Shareholders may convey their voting instructions through the Internet. The relevant website address is set out on the voting instruction form and form of proxy. Follow the instructions given through the Internet to cast your vote. When instructed to enter your Web Voting ID Number, refer to your voting instruction form or your form of proxy. Votes conveyed by the Internet must be received no later than the cut-off time given on the voting instruction form or the form of proxy.

APPOINTING A PROXYHOLDER

Shareholders unable to attend the Meeting in person may participate and vote at the Meeting through a proxyholder. The persons named on the enclosed form of proxy as proxyholders to represent shareholders at the Meeting, being John Hargrove and Reiza Rayman, are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person or company instead of those named above to represent such shareholder at the Meeting. A non-registered shareholder who would like to attend the Meeting to vote must arrange with the intermediary to have himself or herself appointed as the proxyholder.** To appoint a person or company instead of John Hargrove or Reiza Rayman as proxyholder, strike out the names on the voting instruction form or form of proxy and write the name of the person you would like to appoint as your proxyholder in the blank space provided. That person need not be a shareholder of the Corporation.

Non-registered shareholders appointing a proxyholder using a voting instruction form should fill in the rest of the form indicating a vote "for", "against" or "withhold", as the case may be, for each of the proposals listed, sign and date the form and return it to the relevant intermediary or clearing agency in the envelope provided or by facsimile by the cut-off time given on the form. Proxyholders named on a signed form of proxy will be entitled to vote at the Meeting upon presentation of the form of proxy. No person will be entitled to vote at the Meeting by presenting a voting instruction form.

Alternatively, any shareholder may use the Internet to appoint a proxyholder. To use this option, access the website address printed on the voting instruction form or form of proxy and follow the instructions set out on the website. Refer to the control number or holder account number and proxy access number printed on the voting instruction form or form of proxy when required to enter these numbers.

REVOCATION OF VOTING INSTRUCTIONS OR PROXIES

Voting instructions submitted by mail, facsimile or through the Internet using a voting instruction form will be revoked if the relevant intermediary receives new voting instructions before the close of business on June 8, 2015 (or the last business day before any adjournment of the Meeting).

Proxies submitted by mail, facsimile or through the Internet using a form of proxy may be revoked by submitting a new proxy to Computershare before 5:00 p.m. (Toronto time) on June 8, 2015 or the last business day before any adjournment of the Meeting. Alternatively, a shareholder who wishes to revoke a proxy may do so by depositing an instrument in writing to such effect addressed to the attention of the Corporation's Chief Financial Officer and executed by the shareholder or by the shareholder's attorney authorized in writing. Such an instrument must be deposited at the registered office of the Corporation, located at 170 University Avenue, Suite 1000, Toronto, Ontario, M5H 3B3, before the close of business on June 8, 2015, or the last business day before any adjournment of

the Meeting. On the day of the Meeting or any adjournment thereof, a shareholder may revoke a proxy by depositing an instrument in writing to such effect with the chair of the Meeting; however, it will not be effective with respect to any matter on which a vote has already been cast.

In addition, a proxy may be revoked by any other manner permitted by law.

VOTING OF PROXIES

The persons named in the enclosed form of proxy will vote, or withhold from voting, the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such direction, such shares will be voted for the election of directors and for the appointment and remuneration of auditors as stated under the relevant headings in this Circular. The enclosed form of proxy confers discretionary authority upon the persons named therein to exercise their judgement and to vote with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date hereof, the management of the Corporation knows of no such amendments or variations or of any other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On May 5, 2015, the Corporation had outstanding 102,576,613 common shares, each carrying the right to one vote per share. Shareholders registered on the books of the Corporation (or their respective proxies) at the close of business on May 5, 2015 (the "**Record Date**") are entitled to vote at the Meeting, except to the extent that a registered shareholder transfers any of such shareholder's shares after May 5, 2015, and the transferee of such shares produces properly endorsed share certificates or otherwise establishes that such shareholder owns such shares and demands, not later than 10 days before the Meeting, that such shareholder's name be included in the list of shareholders entitled to vote at the Meeting.

As at May 5, 2015, to the knowledge of the directors and senior officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over greater than 10% of the common shares of the Corporation.

BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The directors will place before the Meeting the financial statements for the year ended December 31, 2014 together with the auditors' report thereon. The financial statements will have already been mailed to shareholders that have requested them and are also available on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at *www.sedar.com* and on the Corporation's website at *www.titanmedicalinc.com*. No vote by shareholders with respect to the financial statements is required or proposed to be taken.

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. All amounts are in U.S. dollars other than amounts based on shareprice values which are in Canadian dollars.

ELECTION OF DIRECTORS

The Corporation currently has five (5) directors, each of whom is being nominated for re-election at the Meeting. All directors are elected annually. **Unless such authority is withheld, the person named in the enclosed form of proxy intends to vote for the election of the nominees whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.** Each director elected will hold office until the next annual meeting or until his office is earlier vacated in accordance with the by-law of the Corporation.

MAJORITY VOTING POLICY

The board of directors has adopted a majority voting policy to the effect that if a director nominee in an uncontested election receives a greater number of votes "withheld" than votes "for", he or she must immediately tender his or her resignation to the board of directors. The Corporate Governance and Nominating Committee will consider the director's offer to resign and make a recommendation to the board of directors whether to accept it or not. The board of directors shall accept the resignation unless there are exceptional circumstances, and the resignation will be effective when accepted by the board of directors. The board of directors shall make its final determination within 90 days after the date of the shareholder meeting and promptly announce that decision (including, if applicable, the exceptional circumstances for rejecting the resignation) in a news release. A director who tenders his or her resignation pursuant to the majority voting policy will not participate in any meeting of the board of directors or the Corporate Governance and Nominating Committee at which the resignation is considered. The majority voting policy does not apply to the election of directors at contested meetings; that is, where the number of directors nominated for election is greater than the number of seats available on the board of directors.

NOMINEES FOR ELECTION AS DIRECTORS

The following table and the notes thereto set out the names of all the persons proposed to be nominated for election as directors, their principal occupation, the date on which each became a director of the Corporation and the number of common shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as at May 5, 2015 as well as information concerning committee membership:

Name and Place of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Discretion is Exercised[(1)]
Reiza Rayman London, Ontario, Canada	President of the Corporation	2008	4,487,117

Name and Place of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Discretion is Exercised[(1)]
Martin C. Bernholtz[(2)(3)] Thornhill, Ontario, Canada	Vice President, Finance of Kerbel Group Inc. (construction and land development)	2008	1,341,500
John E. Barker[(2)(3)] Burlington, Ontario, Canada	Corporate Director. Previously served as Senior Vice President, Finance, Chief Financial Officer and other senior executive positions at Zenon Environmental Inc. (environmental and water treatment)	2009	183,632
John T. Hargrove[(3)] Columbus, Georgia, U.S.A.	Chief Executive Officer and Chair of the Corporation	2010	148,200
Dr. Bruce Giles Wolff[(2)] Rochester, Minnesota, U.S.A.	Professor of Surgery, Mayo Clinic College of Medicine and Emeritus Chair of the Division of Colon & Rectal Surgery, Mayo Clinic (medical)	2014	12,200

Notes:

(1) The information as to shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.

(2) Member of the Audit Committee of the Corporation.

(3) Member of the Compensation Committee of the Corporation.

Biographies of Director Nominees

The following are brief biographies of each of the nominees for director:

John T. Hargrove – Chairman and Chief Executive Officer

Mr. Hargrove is the Chairman and Chief Executive Officer of the Corporation. He has over 40 years of executive-level health care experience. The majority of his distinguished health care career was spent with the Johnson & Johnson Family of Companies where he held positions of increasing responsibility in sales, marketing and corporate account management at Ethicon, Ethicon Endo-Surgery and Johnson & Johnson Health Care Systems. During his final position with Johnson & Johnson as Vice President of Corporate Accounts, Mr. Hargrove developed and led one of the first and most effective corporate sales programs in the health care industry. Following Johnson & Johnson, Mr. Hargrove joined Ohmeda Inc. as President, Corporate Account Management. While at Ohmeda, he successfully developed and implemented a multi-divisional corporate sales program, resulting in multi-year contracts with the majority of the largest Group Purchasing Organizations in the United States. Under Mr. Hargrove's supervision, Ohmeda's Corporate Account Division assisted buying groups, hospitals and integrated delivery networks in overall business and strategic planning and helped numerous customers who were under pressure to measure quality healthcare according to business as well as clinical and safety outcomes. Mr. Hargrove holds a Bachelor of Arts degree in Marketing from the University of Georgia and has completed executive management programs at Duke, Harvard and the University of Michigan.

Reiza Rayman - President and Director

Dr. Rayman is the President and a director of the Corporation. His training in both biophysics and medicine has allowed a broad perspective on new technology and devices as they relate to surgery. As a researcher in fluid dynamics, he concentrated on the role of the fluid dynamics of blood flow as it relates to arteriosclerosis. During subsequent medical training, Dr. Rayman became interested in MIS techniques and devices, and researched the physiologic effects of MIS on infants during prolonged procedures. Additionally, his interest in the device area led to concepts and experimentation using magnetism for bowel retraction during MIS. Dr. Rayman collaborated with Dr. Doug Boyd to implement and develop new techniques related to robotic cardiac surgery. The two performed the world's first robotic beating heart cardiac bypass surgery in September 1999. Subsequently, Dr. Rayman authored grants to the federal and provincial governments to research several areas of robotic surgery. These grants were successful, and totalled to a program of $30 million, the largest research program in the history of the London Health Sciences Centre. Dr. Rayman has conducted extensive research on substantially all available robotic platforms and is currently an active practitioner who has performed over 400 robotic surgeries. Dr. Rayman held roles including Assistant Professor, Department of Surgery, at the University of Western Ontario. Dr. Rayman holds an M.Sc. (Medical Biophysics) in Fluid Dynamics from The University of Western Ontario, an M.D. from The University of Toronto, and a Ph.D. in Telesurgery from The University of Western Ontario.

Martin C. Bernholtz - Director

Mr. Martin Bernholtz, BBA, CPA, CA is the Chief Financial Officer of Kerbel Group Inc. (since 1987), an integrated Construction and Land Development Company. In this capacity he is responsible for strategy, finance, accounting, taxation and personnel. Mr. Bernholtz has considerable business experience in real estate, finance and public markets. Mr. Bernholtz graduated with a Bachelor degree in Business Administration from York University in 1981 and became a Chartered Accountant in 1984. While in practice at Laventhol & Horwath and at BDO Dunwoody, he practiced in the Business Valuation, Litigation Support and Strategy areas.

John E. Barker - Director

Mr. Barker is a finance professional with general management experience. Mr. Barker previously acted as the Senior Vice President of Finance, Chief Financial Officer and in other senior executive positions at Zenon Environmental Inc., a Toronto Stock Exchange listed company, from 2000 to 2006. He was responsible for managing the finance and information technology of over 35 subsidiary companies in 25 different countries. During his career, Mr. Barker has held senior positions in finance and operations as well as overseeing human resources, information technology and procurement. Mr. Barker currently sits as a director and Audit Committee Chair of Ecosynthetix Inc., a TSX listed company. Mr. Barker is a Fellow of the Chartered Professional Accountants of Canada and holds the FCMA designation.

Bruce Giles Wolff – Director

Dr. Bruce Giles Wolff, M.D., is a Professor of Surgery at Mayo Clinic College of Medicine and Emeritus Chair of the Division of Colon & Rectal Surgery at Mayo Clinic in Rochester, Minnesota. Dr. Wolff has been a member of the Mayo Clinic's Surgical Administrative Committee since 2006. Dr. Wolff is continuing his association with Mayo Clinic, on a reduced surgical schedule, and is the associate executive director for the American Board of Colon and Rectal Surgery. Dr. Wolff has written extensively on colon and rectal surgery issues in almost 300 articles for publications such as The American Journal of Surgery, the Canadian Journal of Surgery, the World Journal of Surgery, Mayo Clinic Proceedings, the America Surgeon, the Journal of Gastrointestinal Surgery, Diseases of the Colon & Rectum, Annals of Surgery and the British Journal of Surgery. Dr. Wolff received his M.D. from Duke University School of Medicine and interned and completed his residency at the New York Hospital Cornell Medical Centre. He received a fellowship from the Mayo Clinic in 1981-82 and since then he has taught and practiced medicine at the Mayo Clinic.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, none of the persons nominated for election as directors at the Meeting: (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

To the knowledge of the Corporation, none of the persons nominated for election as directors at the Meeting, nor any personal holding company thereof owned or controlled by them: (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Interest of Management and Others in Material Transactions

No proposed director of the Corporation or informed person, or any associate or affiliate of a proposed director of the Corporation or informed person has any material interest, direct or indirect, in any transaction in which the Corporation has participated since the commencement of the Corporation's most recently completed financial year, or in any proposed transaction which has materially affected or will materially affect the Corporation.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officers

The Corporation had four Named Executive Officers in 2014, being:

(1) John T. Hargrove, Chair and Chief Executive Officer

(2) Reiza Rayman, President

(3) Stephen Randall, Chief Financial Officer and Secretary of the Corporation

(4) Dennis Fowler, Executive Vice President, Clinical and Regulatory Affairs

(collectively, the "**Named Executive Officers**" or "**NEO**").

Compensation Discussion and Analysis

The Board of Directors is responsible for evaluating compensation for the Chief Executive Officer, the President, the Chief Financial Officer and the Executive Vice President, Clinical and Regulatory Affairs, and reviewing their salaries and any bonuses on an annual basis. The Chief Executive Officer and the President are responsible for evaluating and reviewing the salaries and bonuses of all other officers, employees and consultants of the Corporation. While the Board of Directors of the Corporation has not adopted a written policy concerning the compensation of executive officers, it has developed a consistent approach and philosophy relating to executive

compensation. The overriding principles in the determination of executive compensation are the need to provide total compensation packages that will attract and retain qualified and experienced executives, reward the executives for their contribution to the overall success of the Corporation and integrate the longer term interest of the executives with the investment objectives of the Corporation's shareholders.

The Corporation has only four executive officers, and places primary importance on the talent of these employees to manage and grow the Corporation. Based on the size of the Corporation and its relatively small number of employees, the Corporation's executives are required to be multi-disciplined, self-reliant and highly experienced. In determining specific compensation amounts for the Chief Executive Officer, the President, the Chief Financial Officer, and Executive Vice President, Clinical and Regulatory Affairs, the Board of Directors considers factors such as experience, individual performance, length of service, role in achieving corporate objectives, positive research and development results, stock price and compensation compared to other employment opportunities for executives.

The Corporation is an early-stage company engaged in the development and commercialization of robotic surgical technologies. As the Corporation is in the product development stage, it cannot rely on revenues from its operations to finance its activities and advance its goals. Consequently the Corporation looks to raising the requisite capital to finance such activities through equity financings, which are influenced by the financial market's assessment of the Corporation's overall enterprise value and its prospects. These in turn are influenced, to a great extent, by the results of its research and development activities and progress in commercializing robotic surgical technologies. The contribution that each of the Chief Executive Officer, the President and the Executive Vice President, Clinical and Regulatory Affairs make to this endeavour, on a subjective analysis by the Compensation Committee and the Board of Directors at the end of each fiscal year, is the primary factor in determining aggregate compensation. In considering such contribution, the Board of Directors considers various factors, including, among other things, (i) the ongoing and progressive development of the Corporation's robotic surgical technology; (ii) the identification and attainment of appropriate milestones that adequately reflect the ongoing development of the Corporation's robotic surgical technology, (iii) the formation and development of key partnerships with leading academic and research organizations through which the Corporation's products can be tested, and (iv) the recruitment, management and retention of qualified technical and other personnel, among other things.

Executive compensation consists of base salary or professional consulting fees, cash bonuses and incentive stock options. In establishing compensation, the Board of Directors attempts to pay competitively in the aggregate as well as deliver an appropriate balance between annual compensation (base salary or professional consulting fees and cash bonuses) and option based compensation (incentive stock options).

The role of the Compensation Committee in recommending to the Board the compensation for Named Executive Officers is described under "*Compensation and Compensation Committee*".

The decisions in respect of each individual compensation element are taken into account in determining each other compensation element to ensure a Named Executive Officer's overall compensation is consistent with the objectives of the compensation program while considering that not all objectives are applicable to each Named Executive Officer.

The Compensation Committee did not follow a formal practice to consider the implications of the risks associated with the Corporation's compensation policies and practices in 2014.

The Corporation has established a stock option plan for officers, directors, employees and service providers of the Corporation, prepared in compliance with the requirements of the TSX, which is administered by the Board of Directors. The purpose of the Corporation's stock option plan is to advance the interests of the Corporation by closely aligning the participants' personal interests with those of the Corporation's shareholders generally. Subject to the provisions of the stock option plan, the Board of Directors determines and designates from time to time the optionees to whom options are to be granted, the number of common shares to be optioned and the other terms and conditions of the stock option grant. The Board of Directors considers factors such as individual performance, the significance of individual contribution to the success of the Corporation, experience, and length of service in determining the amounts of options awarded.

See "Ratification, Confirmation and Approval of the Corporation's Stock Option Plan" for further information on the stock option plan.

Compensation Committee and Compensation Consultant

The awarding of all compensation including option-based awards is subject to the discretion of the Compensation Committee and Board, exercised annually, as more fully described herein, and is at risk and not subject to any minimum amount. Furthermore, if the Compensation Committee determines that the compensation of the Corporation for certain executives and other personnel, including option-based awards, is low compared to comparable companies, the Compensation Committee may determine to grant option-based awards to assist the Corporation in retaining and attracting key executive talent and to further align the compensation of the executive officers and other key employees with long-term interests of shareholders. The Compensation Committee and the Board also have the discretion to adjust the weightings assigned to objectives for executives, including the Chief Executive Officer, and award a higher or lower annual incentive value to one or more executive officers than achievement of applicable corporate objectives might otherwise suggest, based on their assessment of the challenges and factors that might have impacted the ability to achieve the objective or attain the highest assessment ranking, or other factors such as rewarding individual performance or recognizing the ability (or inability) of the Corporation to achieve its goals and strategic objectives and create shareholder value. In exercising its discretion, the Compensation Committee and Board may also consider, among other factors, risk management and regulatory compliance, the performance of executive officers in managing risk and whether payment of the incentive compensation might present or give rise to material risks to the Corporation or otherwise affect the risks faced by the Corporation and the management of those risks.

In assessing the general competitiveness of the compensation of the Corporation's Chief Executive Officer, Chief Financial Officer and the Corporation's three other most highly compensated executives (the "NEOs"), the Compensation Committee considers base salary, total cash compensation and total direct compensation (including the value of long term incentives) relative to a comparator group. As part of its review of management compensation and incentive programs, the Compensation Committee retained AON Hewitt as external independent consultants in 2014 to assist in identifying an appropriate comparator group of publicly listed companies and produce benchmark data composed of the group's executive compensation data for matching positions.

AON Hewitt discussed and finalized the comparator group with the Corporation and the Chair of the Compensation Committee. AON Hewitt also presented the Compensation Committee with alternatives it might consider for alternative long-term incentive compensation vehicles. The Compensation Committee will consider the advice from AON Hewitt where appropriate, but will perform its own assessment of competitive compensation requirements. It is likely that the Corporation's executive compensation strategy, programs and arrangements for executives and non-management directors will continue to evolve and be revised in the future as a result of further periodic reviews and assessments by the Compensation Committee and changes of circumstances of the Corporation.

The comparator group is composed of publicly-traded North American companies in the medical devices industry with a market capitalization of less than US $300 million.[1] Peers in the comparator group were also selected for similarity to the Corporation in terms of geographic reach, ownership structure, complexity and business characteristics for purposes of benchmarking executive compensation.

The comparator group is comprised of the following 13 companies:

Name of Comparator Group Company	Exchange listed on: Stock Symbol
Alphatec Spine	NASDAQ:ATEC
Amedica	NASDAQ:AMDA

[1] Because the Corporation is in the pre-revenue development stage, revenue size is unhelpful as a determinant of peer group composition and market capitalization is instead used to determine peers for comparison. Each peer included in the comparator group has a market capitalization within 0.5 to 2.0 times that of the Corporation.

Name of Comparator Group Company	Exchange listed on: Stock Symbol
BG Medicine	NASDAQ:BGMD
Cardica	NASDAQ:CRDC
Cytori Therapeutics	NASDAQ:CYTX
Diadexus	OTC MKTS:DDXS
Hansen Medical	NASDAQ:HNSN
Harvard Bioscience	NASDAQ:HBIO
Heska	NASDAQ:HSKA
Interleukin Genetics	OTC MKTS:ILIU
Invivo Therapeutics	NASDAQ:NVIV
Liposcience	NASDAQ:LPDX
Venaxis	NASDAQ:APPY

Benchmark competitive market information based on the comparator group is used as a guide. However, the Compensation Committee may, for purposes of benchmarking base salaries of executive officers, give greater weight to some, or consider other, comparable companies, reflecting geographical markets, business segments and other variables which reflect other considerations in the recruitment or retention of executive talent. Future changes to the comparator companies may reflect, among other things, mergers or acquisitions, companies ceasing to carry on business, changes in the market capitalization of the Corporation and other companies and other industry developments. The Compensation Committee intends to conduct further periodic reviews and assessments, by external parties and by the Compensation Committee, at an appropriate time.

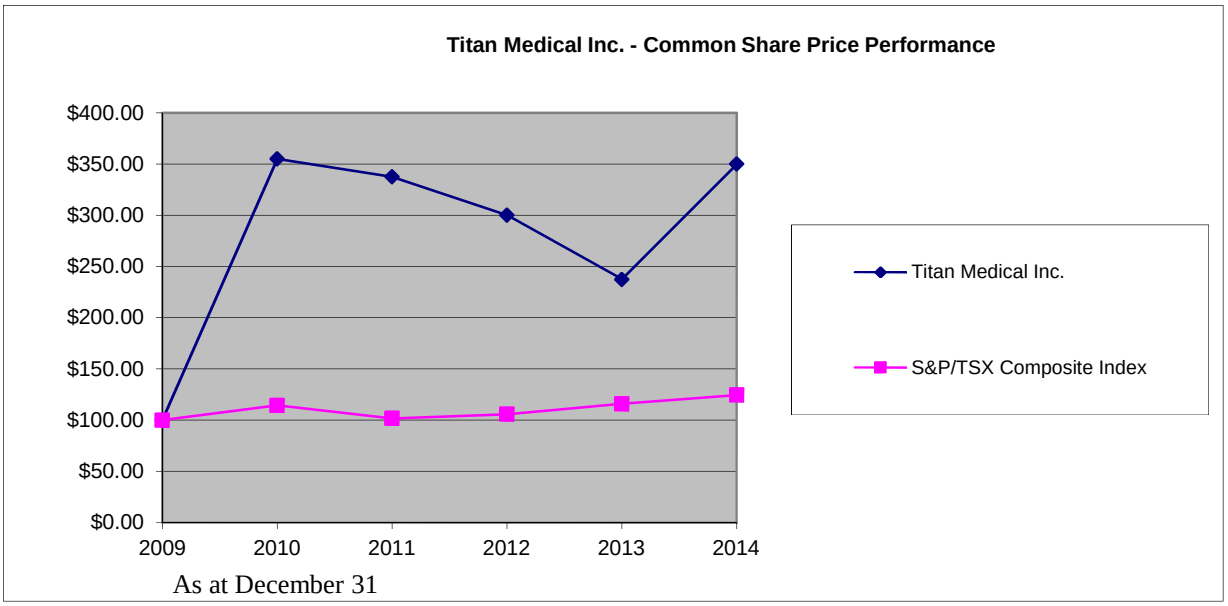
Executive Compensation-Related Fees

The Compensation Committee mandate requires that the Compensation Committee must pre-approve other services AON Hewitt or any of its affiliates, or other compensation consultants that may be retained by the Compensation Committee, provide to the Corporation at the request of management. AON Hewitt was first retained to provide compensation services to the Corporation or the Compensation Committee in 2014. The Compensation Committee understands that AON Hewitt has established safeguards to maintain the independence of its executive compensation consultants which include compensation protocols, internal reporting relationships and formal policies to prevent potential conflicts of interest. AON Hewitt, or its affiliates, did not provide any services to the Compensation Committee in prior years. Fees billed by AON Hewitt, or any of its affiliates, for services relating to director and executive compensation provided by AON Hewitt, or any of its affiliates in 2014 were CDN $6,000.

In addition to advice obtained from compensation consultants, the Compensation Committee undertakes its own assessment of the competitiveness of the Corporation's compensation and incentive programs, based on information obtained from such consultants and other information that may be available to the Compensation Committee. Decisions as to compensation are made by the Compensation Committee and the Board and may reflect factors and considerations other than the information and, if applicable, recommendations provided by compensation consultants.

Performance Graph

The common shares of the Corporation are listed on the Toronto Stock Exchange ("**TSX**") and also trade on the OTCQX. The following graph illustrates the Corporation's cumulative shareholder return over the five most recently completed financial years, as measured by the closing price of the Common Shares at the end of the financial years ended December 31, 2010, 2011, 2012, 2013 and 2014, assuming an initial investment of CDN$100 on December 31, 2009, compared to the closing price of the S&P/TSX Composite Index over the same period.



The following table shows the value of CDN$100 invested in Common Shares on December 31, 2009 compared to CDN$100 invested in the S&P/TSX Composite Index*:

	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14
Titan Medical Inc.	100.00	355.00	337.50	300.00	237.50	350.00
S&P/TSX Composite Index	100.00	114.45	101.78	105.85	115.97	124.57

*All amounts in Canadian $.

The compensation paid by the Corporation to its Named Executive Officers in 2014 was not based in whole or in part on the trading price of the Common Shares in 2014 and does not compare to the trends in such trading price or the above market indices.

Summary Compensation Table

The following table and the notes thereto sets forth information concerning annual total compensation for each Named Executive Officer in 2014, in respect of the fiscal years ended December 31, 2014, 2013 and 2012. All amounts in the table below and the notes thereunder are stated in U.S. dollars.

Name and principal position	Year Ended Dec. 31	Salary (U.S.$)	Share-based Awards (U.S.$)	Option-based Awards[1] (U.S.$)	Non-equity Incentive Plan Compensation ($)		Pension Value (U.S.$)	All Other Compensation (U.S.$)	Total Compensation (U.S.$)
					Annual Incentive Plans	Long-term Incentive Plans			
Reiza Rayman *President*	**2014**	213,843	0	36,588	0	0	0	0	250,431
	2013	222,733	0	37,608	0	0	0	0	260,341
	2012	221,652[2]	0	0	0	0	0	0	221,652
John T. Hargrove *Chief Executive Officer*	**2014**	145,000	0	91,470	0	0	0	0	236,470
	2013	156,974	0	269,725[3]	0	0	0	0	426,699
	2012	-	-	-	-	-	-	-	-

Name and principal position	Year Ended Dec. 31	Salary (U.S.$)	Share-based Awards (U.S.$)	Option-based Awards[1] (U.S.$)	Non-equity Incentive Plan Compensation ($)		Pension Value (U.S.$)	All Other Compensation (U.S.$)	Total Compensation (U.S.$)
					Annual Incentive Plans	Long-term Incentive Plans			
Stephen Randall *Chief Financial Officer*	**2014**	162,285	0	91,470	0	0	0	0	253,755
	2013	147,439	0	87,157	0	0	0	0	234,596
	2012	144,556	0	0	0	0	0	0	144,556
Joe Talarico [4] *Former Senior Vice President, Business Development*	**2014**	123,772	0	91,470	0	0	0	0	215,242
	2013	209,090	0	94,020	0	0	0	0	303,110
	2012	205,000	0	0	0	0	0	0	205,000
Dennis Fowler *Executive Vice President, Clinical and Regulatory Affairs*	**2014**	114,581	0	91,470	0	0	0	0	206,051

Notes:

(1) The fair value of options granted was estimated at the date of grant using the Black-Scholes option pricing model using assumptions based on expected life, risk free rate, expected dividend yield and expected volatility.

(2) Reiza Rayman's services agreement was amended on November 17, 2009. The amended services agreement provided for annual cash compensation of $200,000 and required Reiza Rayman to devote on average approximately 80% of his working time to rendering services to the Corporation. In August 2010, annual cash compensation under the amended services agreement was increased to $225,000. In addition, Reiza Rayman's working time commitment to the Corporation was increased to 90% of his working time.

(3) Of this amount, $29,500 relates to stock options granted for John Hargrove's role as director, prior to him becoming Chief Executive Officer and Chair of the Corporation effective March 19, 2013.

(4) Joe Talarico resigned his position at Titan Medical Inc. effective July 11, 2014.

Outstanding share-based awards and option-based awards

The following table shows all awards granted to Named Executive Officers and outstanding on December 31, 2014.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option Exercise Price CDN($)	Option Expiration Date (DD-M-YY)	Value of unexercised in-the-money options CDN($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Reiza Rayman	80,000	1.27	09-Feb-16	10,400	0	0	0
	59,413	1.49	14-Feb-17	0	0	0	0
	88,474	0.56	02-Aug-18	74,318	0	0	0
	27,934	1.94	21-May-19	0			
John T. Hargrove	50,000	0.68	14-Sept-15	36,000	0	0	0
	10,606	1.66	15-Aug-16	0	0	0	0
	15,391	1.39	15-May-17	154	0	0	0
	49,591	0.83	21-Mar-18	28,267	0	0	0
	178,231	0.56	02-Aug-18	149,714	0	0	0
	231,764	0.96	20-Dec-18	101,976	0	0	0
	106,096	1.76	06-Mar-19	0			
	69,835	1.94	21-May-19	0			
Stephen Randall	29,706	1.49	14-Feb-17	0	0	0	0
	125,038	0.56	02-Aug-18	105,032	0	0	0
	69,835	1.94	21-May-19	0	0	0	0

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option Exercise Price CDN($)	Option Expiration Date (DD-M-YY)	Value of unexercised in-the-money options CDN($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Dennis Fowler	69,835	1.94	21-May-19	0	0	0	0

Incentive Plan Awards – Value Vested or Earned During Fiscal Year

The following table shows the value from incentive plans vested or earned by Named Executive Officers under the Corporation's incentive plans and the annual incentive bonus payout during the financial year ended December 31, 2014.

Name	Option-based awards – Value vested during the year CDN($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Reiza Rayman	55,739	-	0
John T. Hargrove	71,178	-	0
Stephen Randall	129,174	-	0
Dennis Fowler	0	-	0

Stock Option Plan and Stock Options

See "Ratification, Confirmation and Approval of the Corporation's Stock Option Plan" for information on the Corporation's stock option plan.

Securities Authorized for Issuance Under Equity Compensation Plan

The following table sets forth certain information as of December 31, 2014 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted–average exercise price of outstanding options, warrants and rights	Number of securities remaining for future issuance under equity compensation plan
Equity compensation plan approved by securityholders	2,224,604	$1.14	8,025,930

Termination and Change of Control Benefits

No NEO is entitled to any form of compensation as a result of termination or change of control of the Corporation.

Indebtedness of Directors and Executive Officers

None of the directors or executive officers of the Corporation are indebted to the Corporation.

Compensation of Directors

For the year ended December 31, 2014, compensation of directors was as follows: each director of the Corporation received an annual retainer of $10,000 and an additional $1,000 for each board meeting attended. Each non-employee director who also served as chair of a committee of the board received an additional $2,500.

The Board of Directors determines the form of payment of the compensation paid to directors. Directors are eligible to be granted stock options under the Corporation's stock option plan. For the year ended December 31, 2014, the Board determined that 100% of the compensation for directors would be provided in the form of options granted

under the Corporation's stock option plan. The table below reflects in detail the compensation earned by non-employee directors in the 12-month period ended December 31, 2014.

Name	Fees Earned ($)	Share-based Awards ($)	Option-based Awards ($)	Non-equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Martin C. Bernholtz	0	0	23,993	0	0	0	23,993
John E. Barker	0	0	23,088	0	0	0	23,088
Dr. Bruce Wolff[(1)]	0	0	41,648	0	0	0	41,648

(1) Includes options valued at $25,860 granted upon joining the Board.

Directors' and Officers' Insurance

The Corporation maintains insurance for the benefit of the Corporation and its directors and officers as a group, in respect of the performance by them of duties of their office. The amount of insurance purchased for the period commencing January 1, 2014 and ended December 31, 2014, was for an aggregate limit of liability (inclusive of costs of defence) of $7,000,000. There is a deductible amount on a per loss basis of up to $25,000 for a claim against the Corporation. The premium is paid by the Corporation without distinction as to directors as a group or officers as a group. The premium paid for such insurance in 2014 was $32,065.

Outstanding share-based awards and option-based awards

The following table shows all option-based and share-based awards granted to non-employee directors and outstanding on December 31, 2014.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option Exercise Price per share CDN($)	Option Expiration Date (DD-M-YY)	Value of unexercised in-the-money options CDN($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Martin C. Bernholtz	39,000	0.32	15-Jul-15	42,120	0	0	0
	11,633	1.66	15-Aug-16	0	0	0	0
	16,750	1.39	15-May-17	168	0	0	0
	77,415	0.56	02-Aug-18	65,029	0	0	0
	21,649	1.94	21-May-19	0	0	0	0
John E. Barker	37,000	0.32	15-Jul-15	39,960	0	0	0
	10,606	1.66	15-Aug-16	0	0	0	0
	15,391	1.39	15-May-17	154	0	0	0
	72,991	0.56	02-Aug-18	61,312	0	0	0
	22,813	1.94	21-May-19	0	0	0	0
Bruce G. Wolff	31,658	1.94	21-May-19	0	0	0	0

Incentive Plan Awards – Value Vested or Earned During Fiscal Year and December 31, 2014

The following table shows the value from incentive plans vested or earned by non-employee directors under the Corporation's incentive plans and the annual incentive bonus payout during the financial year ended December 31, 2014.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Martin C. Bernholtz	0	0	0
John E. Barker	0	0	0
Bruce Wolff	0	0	0

CORPORATE GOVERNANCE PRACTICES

The Canadian Securities Administrators have adopted National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the "**Disclosure Rule**"). The Disclosure Rule establishes disclosure requirements regarding corporate governance practices of a reporting issuer as well as the requirement to file any written code of business conduct and ethics that a reporting issuer has adopted. Set out below is a description of the Corporation's approach to corporate governance as required by the Disclosure Rule.

Board of Directors

Currently, three of the five members of the Board of Directors are independent directors. An independent director is defined as a director who has no direct or indirect material relationship with the Corporation, being a relationship which could be reasonably expected to interfere with the exercise of a director's independent judgement. As at December 31, 2014 Messrs. Reiza Rayman and John Hargrove are considered to be non-independent by virtue of their management positions with the Corporation and their employment relationships with the Corporation. The Board believes that their extensive knowledge of the Corporation's business and affairs is beneficial to the other directors and their participation as directors contributes to the effectiveness of the Board. Messrs. Martin C. Bernholtz, John E. Barker and Bruce Wolff are considered to be independent directors. These determinations were made by the Board based upon an examination of the factual circumstances of each director and consideration of any interests, business or relationships, which any director may have with the Corporation.

As part of each regularly scheduled quarterly board meeting, the independent directors have an in camera session, exclusive of non-independent directors and management. At the present time, the Board believes that the knowledge, experience and qualifications of its independent directors are sufficient to ensure that the Board can function independently of management and discharge its responsibilities.

The Chair of the Board, John Hargrove, who also serves as Chief Executive Officer, is not an independent director, nor does the Corporation have a designated lead director. The Board utilizes its own in-house expertise, and that of its legal counsel, to provide advice and consultation on current and anticipated matters of corporate governance.

Director Meetings

The Board of Directors held 7 meetings during the financial year ended December 31, 2014. The following table summarizes the attendance record for each of the directors at meetings of the Board of Directors, Audit Committee and Compensation Committee.

Name	Number of Meetings Attended by the Directors		
	Board of Directors	Audit Committee	Compensation Committee
Reiza Rayman[(1)]	7/7	3/5	N/A
Martin C. Bernholtz	6/7	5/5	2/2
John E. Barker	7/7	5/5	2/2
John T. Hargrove	7/7	N/A	2/2
Bruce Wolff	4/7	2/5	N/A

(1) Reiza Rayman resigned as a member of the Audit Committee and was replaced by Bruce Wolff effective September 30, 2014 when Titan graduated to the TSX and de-listed from the TSX-V.

Other Reporting Issuer Experience

The following directors of the Corporation are directors of the following reporting issuers (other than the Corporation) as of the date of this Circular:

Name	Name of Reporting Issuer	Name of Exchange/Market
Martin C. Bernholtz	Continental Precious Metals Inc.	TSX
	Covalon Technologies Inc.	TSX-V
	Lingo Media Corporation	TSX-V
	Loyalist Group Inc.	TSX-V
	Musgrove Minerals Corp.	TSX-V
	Select Core Ltd.	TSX-V
	Nanostruck Technologies Inc.	CNSX
John E. Barker	Ecosynthetix Inc.	TSX

Board Mandate

The Board of Directors is responsible for the overall stewardship of the Corporation and operates pursuant to a written mandate, which was updated and approved by the Board on February 10, 2015 and as set out in Schedule "C" to this management information circular.

Position Descriptions

The Board has developed written position descriptions for the Chair of the Board of Directors and the chair of each committee. With respect to management's responsibilities, generally, any matters of material substance to the Corporation are submitted to the Board for, and are subject to, its approval. Such matters include those matters which must by law be approved by the Board (such as share issuances) and other matters of material significance to the Corporation, including any debt or equity financings, investments, acquisitions and divestitures, and the incurring of material expenditures or legal commitments. The Board and/or its audit committee also reviews and approves the Corporation's major communications with shareholders and the public including the annual report, if any, (and financial statements contained therein), quarterly reports to shareholders, the annual management information circular and the annual information form. The specific corporate objectives which the chief executive officer is responsible for meeting (aside from the overall objective of enhancing shareholder value) are, in the Corporation's case, typically related to the advancement, growth, management and financing of the Corporation and its research and development project and matters ancillary thereto.

Orientation and Continuing Education

The Corporation does not provide a formal orientation or education program for Board members, as it believes that such programs are not appropriate for a development stage company with an experienced Board, the members of which have been selected for their specific expertise.

The Corporation's directors are highly experienced and knowledgeable, both individually and as a group. The directors have either a medical or business background and have long careers in or related to the medical, health or financial industry and are intimately familiar with the Corporation's project, through sufficient interactions with management and technology developers.

To ensure that the Board has and maintains the skill and knowledge necessary for them to meet their obligations as directors of the Corporation, each of the directors has visited the Corporation's research and development facility and observed the performance of SPORT™ Surgical System. Summary technology presentations by management relating to various aspects of the Corporation's project is made at meetings of the Board. The Board believes that discussion among the directors and management at these meetings provides a valuable learning resource for the directors with non-technical expertise in the subject matter presented, and that those directors provide management with valuable insights into broader issues facing the Corporation.

Ethical Business Conduct

The Corporation is committed to maintaining high standards of corporate governance and this philosophy is communicated by the Board to management, and by management to employees, on a regular basis. Given the Corporation's relatively small workforce, the Board has not considered it necessary to adopt a formal code of

business conduct and ethics or whistleblower policy, but will regularly consider whether it would be advisable to adopt such a code or policy in the future.

In order to ensure that the directors exercise independent judgment in considering transactions and agreements, the Board requires that all directors declare any conflicts of interest with issues or situations as they arise. This would include transactions/agreements in which a director/officer has material interest.

Nomination of Directors

The Corporate Governance and Nominating Committee is a standing committee appointed by the Board and it is responsible for overseeing and assessing the functioning of the Board and the committees of the Board and for the development, recommendation to the Board, implementation and assessment of effective corporate governance principles. The Committee's responsibilities also include identifying candidates for directorship and recommending that the Board select qualified director candidates for election at the next annual meeting of shareholders.

Audit Committee

The Board of Directors has established an Audit Committee. The Audit Committee met five times during the financial year ended December 31, 2014.

Audit Committee Charter

The text of the Audit Committee Charter is attached as Schedule "A" to the Corporation's Annual Information Form for the year ended December 31, 2014, a copy of which is available on SEDAR.

Composition of the Audit Committee

As of the date of this information circular, the table below sets out the members of the Audit Committee and states whether they are financially literate and/or independent.

Director	Independent	Financially Literate
John E. Barker	Yes	Yes
Martin C. Bernholtz	Yes	Yes
Dr. Bruce Wolff	Yes	Yes

Relevant Education and Experience

Messrs. Barker and Bernholtz are directors on the Corporation's Audit Committee and have been senior officers and/or directors of publicly traded companies and business executives for a number of years. Although Dr. Wolff does not have experience as a director or officer of any other publicly traded company, he has served as a director of the Corporation since March 11, 2014. Additionally, Dr. Wolff is a former President of the American Society of Colon and Rectal Surgeons, a former Director and President of the American Board of Colon and Rectal Surgery and a former Vice President and Director of the Foundation for Surgical Fellowships. In these positions, each director has been responsible for receiving financial information relating to the entities of which they were directors. They had, or have developed an understanding of financial statements generally and understand how those statements are used to assess the financial position of a company and its operating results. Each member of the Audit Committee also has a significant understanding of the business in which the Corporation is engaged and has an appreciation for the relevant accounting principles for the Corporation's business.

External Auditor Service Fees

The table below sets out all fees billed by the Corporation's external auditor in respect of the last two financial years. The Audit Committee has adopted procedures for the engagement of non-audit services as described in section 3 of its charter under "Duties and Responsibilities".

Financial Year Ended	Audit Fees[1]	Audit-Related Fees[2]	Tax Fees[3]	All Other Fees[4]
December 31, 2014	$31,202	$36,738	$4,426	$103,117
December 31, 2013	$47,641	$17,770	$3,949	$32,512

Notes:
(1) "Audit Fees" are fees billed by the Corporation's external auditor for services provided in auditing the Corporation's financial statements for the financial year.
(2) "Audit-Related Fees" are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to performing the audit or reviewing the Corporation's interim financial statements.
(3) "Tax Fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning.
(4) "All Other Fees" are fees billed by the auditor for products and services not included in the previous categories.

Compensation and Compensation Committee

Compensation matters are dealt with by the Compensation Committee of the Corporation. The function of the Compensation Committee is to review the compensation terms of each officer of the Corporation annually as well as at any other times as necessary. After considering inputs from senior management, the Compensation Committee makes a recommendation to the Board for approved compensation terms for each officer of the Corporation. Among other things, the Compensation Committee also recommends the structure of the compensation in terms of the amount of cash and/or number of options to be granted.

John E. Barker is the chair of the Compensation Committee and has served in such capacity since March 6, 2014. He has several years of experience in compensation administration, gained through senior leadership roles. The other members of the Compensation Committee have several years of relevant experience, having served as senior business executives with other companies and as members of compensation committees of other companies.

Two of the members of the Compensation Committee, namely, Messrs. Bernholtz and Barker, are considered to be independent directors. John Hargrove, who also serves as a member of the Compensation Committee, was appointed Chief Executive Officer on March 19, 2013, he is not considered to be independent as a result of the appointment. The Compensation Committee met 2 times during the financial year ended December 31, 2014.

Other Board Committees

The Board has no standing committee other than the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

Assessments

The Board, its committees and individual directors are not regularly assessed with respect to their effectiveness and contribution, as the Board believes that such assessments are generally more appropriate for corporations of significantly larger size and complexity than the Corporation and which may have significantly larger boards of directors. A more formal assessment process will be instituted as, if, and when the Board deems necessary.

Director Tenure

It is proposed that each of the persons elected as a director at the Meeting will serve until the close of the next annual meeting of the Corporation or until his or her successor is elected or appointed. The Board has not adopted a term limit for directors. The Board believes that the imposition of director term limits on a board may discount the value of experience and continuity amongst board members and runs the risk of excluding experienced and potentially valuable board members. The Board does not follow a formal director assessment procedure in evaluating Board members. However, the Board believes that it can best strike the right balance between continuity and fresh perspectives without mandated term limits.

Representation of Women on the Board and in Executive Officer Positions

The Corporate Governance and Nominating Committee's Charter encourages diversity in the composition of the Board and requires periodic review of the composition of the Board as a whole to recommend, if necessary,

measures to be taken so that the Board reflects the appropriate balance of diversity, knowledge, experience, skills and expertise required for the Board as a whole. Accordingly, while the Board has not adopted a written policy nor targets relating to the identification and nomination of women directors, the Board does take into consideration a nominee's potential to contribute to diversity within the Board. Given that diversity is part of determining the overall balance, which includes gender, the Board has not adopted a gender specific policy target.

The Corporate Governance and Nominating Committee recognizes the value of diversity. Currently, the Board is comprised of male directors. The Board does not follow a formal process for proposing female nominees for Board vacancies. Rather the Board focuses on the qualification and professional or business experience of each individual nominee.

Consistent with the Corporation's approach to diversity at the Board level, the Corporation's hiring practices include consideration of diversity across a number of areas, including gender. None of the current executive officer positions of the Corporation are held by women. The Corporation does not have a target number of women executive officers. Given the small size of its executive team, the Corporation believes that implementing targets would not be appropriate. However, in its hiring practices, the Corporation considers the level of representation of women in executive officer positions.

APPOINTMENT AND REMUNERATION OF AUDITORS

Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote for the re-appointment of BDO Canada LLP, Chartered Accountants, Licensed Public Accountants, of Toronto, Ontario, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration. BDO Canada LLP were first appointed auditors of the Corporation on December 13, 2010.

RATIFICATION, CONFIRMATION AND APPROVAL OF THE CORPORATION'S STOCK OPTION PLAN

Approval of the Stock Option Plan

On the graduation to the Toronto Stock Exchange ("**TSX**") from the TSX Venture Exchange ("**TSXV**"), the Corporation's stock option plan (the "**2014 Stock Option Plan**"), which was approved at the last annual meeting of Shareholders on May 21, 2014, has been amended and restated (the "**2015 Stock Option Plan**") to conform with the TSX's rules.

Shareholders will be asked to vote on a resolution to approve the 2015 Stock Option Plan at the Meeting (the "**Stock Option Plan Resolution**"). A copy of the complete 2015 Stock Option Plan is attached as Schedule "A" to this Circular, with blacklines highlighting all of the amendments to the 2014 Stock Option Plan. The following is a summary of the 2015 Stock Option Plan, which is qualified in its entirety by reference to the text of the 2015 Stock Option Plan. All capitalized terms used in this section under the heading, "*Approval of the Stock Option Plan*", that are not specifically defined herein shall have the meanings ascribed to them in the 2015 Stock Option Plan.

Terms of the Plan

Directors, officers and employees of the Corporation, as well as persons or companies engaged by the Corporation to provide services on a continuous basis for an initial, renewable or extended period of twelve months or more (and may include persons or companies such as consulting researchers, doctors and other consultants), are eligible to be granted options under the 2015 Stock Option Plan even if they are not full time employees of the Corporation. The purpose of the 2015 Stock Option Plan is to advance the interests of the Corporation by closely aligning the participants' personal interests with those of the Corporation's shareholders generally.

Options granted under the 2015 Stock Option Plan are granted at the discretion of the Board of Directors and are typically granted in such numbers as reflect the level of responsibility and participation of the particular optionee as determined over the course of the year. The terms of the plan provide that the aggregate number of common shares issuable thereunder (and under any other employee stock option plans or other share compensation arrangements)

cannot, at the time of the option grant, exceed 10% of the total number of common shares issued and outstanding. The aggregate number of common shares issued to Insiders, within any one year period, and issuable to Insiders, at any time, under the 2015 Stock Option Plan and any other security-based compensation arrangement of the Corporation may not exceed 10% of the total number of common shares issued and outstanding.

The aggregate number of common shares that may be reserved for issuance to any one participant under the plan or under any other plan of the corporation may not exceed 5% of the total number of common shares issued and outstanding (calculated on a non-diluted basis) in any 12-month period.

The price at which common shares may be issued upon exercise of options granted under the plan cannot be lower than the volume weighted average trading price of the common shares on the TSX over the period of five days immediately preceding the date of the grant. Options issued under the plan may be exercised during a period determined by the Board, which shall not exceed ten years. In addition, notwithstanding the expiration date applicable to any option, if an option would otherwise expire during or immediately after a Blackout Period (as defined in the plan), then the expiration date of such option shall be the 10th business day following the expiration of the Blackout Period, provided that in no event shall the period during which said Option is exercisable be extended beyond 10 years from the date such option is granted to the optionee. Options granted under the plan are subject to immediate termination upon the dismissal of an employee with cause. If an optionee ceases to hold any position as an optionee, by reason of retirement, resignation, or termination other than for cause, the vested options terminate the earlier of the normal expiry date of the option or 90 days from cessation. Under the plan, in the event of death or disability of the optionee, his or her options may be exercised during the period of one year following the date to the extent the options were exercisable on the date of such event. The options vest over a period determined by the Board of Directors. The options are non-transferable and non-assignable unless permitted by the Board or unless such transfers are to Eligible Assignees (as defined in the plan). There is no agreement under which financial assistance will be provided by the Corporation to facilitate the purchase of shares under the plan.

The Board has the discretion to make amendments to the 2015 Stock Option Plan and any options granted thereunder which it may deem necessary, without having to obtain shareholder approval. Such changes include, without limitation:

(a) Minor changes of a “housekeeping nature”;

(b) Amending the options under the plan, including with respect to the option period (provided that the period during which an Option is exercisable does not exceed ten years from the date the Option is granted and that such Option is not held by an Insider), vesting period, exercise method and frequency, subscription price (provided that such option is not held by an Insider), and method of determining the subscription price, assignability and effect of termination of an optionee’s employment or cessation of the optionee’s directorship;

(c) Changing the class of optionees eligible to participate under the plan;

(d) accelerating vesting or extending the expiration date of any Option (provided that such option is not held by an Insider), and where such option is held by an Insider in such case, shareholder approval shall be obtained in connection with the extension;

(e) changing the terms and conditions of any financial assistance which may be provided by the Corporation to optionees to facilitate the purchase of common shares under the plan; and

(f) adding a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying common shares from the plan reserve.

Shareholder approval will be required in the case of: (i) any amendment to the amendment provisions of the plan; (ii) any increase in the maximum number of common shares issuable under the plan; and (iii) any reduction in the exercise price or extension of the option period benefiting an Insider; and (iv) any amendment to remove or to

exceed the Insider Participation Limit (as defined in the plan), in addition to such other matters that may require shareholder approval under the rules and policies of the TSX.

The 2015 Stock Option Plan permits the Board of Directors to suspend or terminate the plan, as well as to amend or revise the terms of the plan, subject to any applicable regulatory approval, provided that no such amendment or revisions shall alter the terms of any options theretofore granted under the plan.

Outstanding Stock Options Available for Issuance

The following table summarizes, as of May 8, 2015, the number of stock options that have been exercised under the 2015 Stock Option Plan since its inception, the number of stock options outstanding as of May 8, 2015, and the number of stock options remaining available for grant as of May 8, 2015.

Stock Options	Number	Percentage of Currently Outstanding Common Shares
Stock options exercised, expired or cancelled since inception	4,516,106	4.4%
Stock options outstanding	2,224,604	2.2%
Stock options available for grant	8,025,930	7.8%

Resolution for Approval of the 2015 Plan

The Board recommends that the shareholders vote FOR the following resolution ratifying, confirming and approving the 2015 Stock Option Plan.

"**RESOLVED THAT:**

1. the stock option plan of the Corporation (the "**2015 Stock Option Plan**"), as amended, be and the same is hereby ratified, confirmed and approved, subject to such changes as may be required to be made in order to comply with the requirements of the TSX;

1. all options outstanding under the Corporation's 2015 Stock Option Plan or any previous form of stock option plan shall remain valid and outstanding and be governed by the terms of the applicable previous form of stock option plan as it existed when they were granted;

2. notwithstanding the approval of the shareholders of the Corporation as herein provided the Board of Directors of the Corporation, may, in its sole discretion, at any time suspend or terminate the 2015 Stock Option Plan or revoke this resolution before it is acted upon, without further approval of the shareholders of the Corporation; and

3. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver or file such documents and instruments and to do all such other acts and things as are required or as such director or officer, in such director's or officer's sole discretion, may deem necessary to give full effect to or carry out the provisions of the above resolution."

Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote for the ratification, confirmation and approval of the Plan.

RATIFICATION, CONFIRMATION AND APPROVAL OF STOCK OPTIONS GRANTED SUBSEQUENT TO TSX LISTING

Subsequent to the Corporation becoming listed on the TSX and the adoption of the 2015 Stock Option Plan by the Board, the Corporation granted 19,746 options ("**Post Listing Options**") pursuant to the plan to members of the Corporation's Surgeon Advisory Board, subject to ratification by shareholders. Members of the Surgeon Advisory Board who received Post Listing Options are not insiders of the Corporation. Each Post Listing Option entitles the holder to purchase one common share of the Corporation at Cdn.$1.39 and expires on December 16, 2019. These options were granted on December 16, 2014 as part of compensation arrangements for the members of the Surgeon

Advisory Board in respect of their services to the Corporation. Should shareholders not ratify these options, these options will be cancelled forthwith.

Resolution for Approval of the Post Listing Options

The Board recommends that the shareholders vote FOR the following resolution ratifying, confirming and approving the Post Listing Options.

"**RESOLVED THAT:**

1. The grant and issuance of 19,746 stock options by the Corporation pursuant to the 2015 Stock Option Plan to five members of the Corporation's Surgeon Advisory Board, as further described in the Corporation's Management Information Circular dated May 8, 2015, each option entitling its holder to purchase one common share of the Corporation for an exercise price of Cdn$1.39 on or before expiry on December 16, 2019 and vesting immediately upon grant be and is hereby ratified, approved and confirmed.

2. Any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver or file such documents and instruments and to do all such other acts and things as are required or as such director or officer, in such director's or officer's sole discretion, may deem necessary to give full effect to or carry out the provisions of the above resolution."

Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote for the ratification, confirmation and approval of the Plan.

CONFIRMATION OF THE AMENDMENT TO THE CORPORATION'S BY-LAW NO. 1

On March 20, 2015, the Board of Directors approved an amendment to By-Law No. 1 of the Corporation (the "**By-Law Amendment**") to add an advance notice requirement in circumstances where nominations of persons for election to the Board of Directors are made by shareholders of the Corporation other than pursuant to: (a) a requisition to call a shareholders meeting made pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "**Act**"); or (b) a shareholder proposal made pursuant to the provisions of the Act; (the "**Advance Notice Requirement**").

The By-Law Amendment became effective upon its approval by the Board of Directors. However, pursuant to the provisions of the Act, the By-Law Amendment will cease to be effective unless confirmed by a resolution adopted by a simple majority of the votes cast by shareholders at the Meeting. The full text of the By-Law Amendment is set forth in Schedule "B" to this Circular.

Among other things, the Advance Notice Requirement fixes a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Corporation must be given not less than 30 and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 40 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Corporation and the Board of Directors believe that the Advance Notice Requirement provides a clear process for shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information, allowing the Corporation and the shareholders to evaluate all

nominees' qualifications and suitability as a director of the Corporation. The purpose of the Advance Notice Requirement is to treat all shareholders fairly by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and sufficient information with respect to all nominees and can thereby exercise their voting rights in an informed manner. In addition, the Advance Notice Requirement should assist in facilitating an orderly and efficient meeting process.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Requirement.

Resolution for Confirmation of the Amendment to the Corporation's By-Law No. 1

At the Meeting, shareholders will be asked to consider and to adopt a resolution in substantially the form set out below (the "**By-Law Amendment Resolution**"), confirming the By-Law Amendment. The Board recommends that the shareholders vote FOR the By-Law Amendment Resolution:

"**RESOLVED THAT:**

1. the amendment to By-Law No. 1 of the Corporation, substantially in the form set out in the Management Information Circular of the Corporation dated May 8, 2015, be and is hereby confirmed;

2. the restatement of the Corporation's By-Law No. 1 to reflect the foregoing amendment be and is hereby authorized; and

3. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver or file such documents and instruments and to do all such other acts and things as are required or as such director or officer, in such director or officer's sole discretion, may deem necessary to give full effect to or carry out the provisions of the above resolution."

To be effective, the By-Law Amendment Resolution must be approved by not less than a majority of the votes cast by the holders of common shares of the Corporation present in person, or represented by proxy, at the Meeting.

Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote for the confirmation of the By-Law Amendment.

APPROVAL OF SHAREHOLDER RIGHTS PLAN

At the Meeting, the shareholders will be asked to pass an ordinary resolution confirming the adoption of a shareholder rights plan agreement (the "**Rights Plan**") dated as of May 8, 2015 between the Corporation and Computershare Investor Services Inc.

The Board has determined that the Rights Plan is in the best interests of the Corporation and unanimously recommends that the shareholders vote in favour of the Rights Plan. The Rights Plan was not adopted in response to any specific proposal or intention to acquire control of the Corporation.

Purpose of the Rights Plan

Many public companies in Canada have shareholder rights plans in effect. While securities legislation in Canada requires a take-over bid to be open for at least 35 days, the Board is concerned that this is too short a time for companies that are subject to unsolicited take-over bids to be able to respond to ensure that shareholders are offered full and fair value for their shares. The Rights Plan is designed to give the Corporation's shareholders sufficient time to properly assess a take-over bid without undue pressure and to give the Board time to consider alternatives designed to allow the Corporation's shareholders to receive full and fair value for their common shares.

The Board is also concerned that current Canadian take-over bid rules permit a person or company to obtain control or effective control of the Corporation without treating all shareholders equally.

The Rights Plan is not intended to prevent a take-over bid or deter offers for common shares. It is designed to encourage any bidder to provide shareholders with equal treatment and full and fair value for their common shares. A summary of the Rights Plan is found below.

Board Review of the Rights Plan

In adopting the Rights Plan and recommending that shareholders vote in favour of the Rights Plan, the Board considered matters including experience of other issuers with rights plans in the context of take-over bids, judicial and regulatory consideration of shareholder rights plans, the terms and conditions of rights plans adopted by other Canadian companies and the commentary of the investment community on rights plans, including the published proxy voting guidelines.

It is not the intention of the Board, in adopting the Rights Plan and proposing that it be approved by shareholders, to secure the continuance in office of the existing members of the Board or management, or to avoid an acquisition of control of the Corporation in a transaction that is fair and in the best interests of shareholders. The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board will continue to have the duty and power to take such actions and make such recommendations to shareholders of the Corporation as are considered appropriate.

Summary of the Rights Plan

The following is a summary of the principal terms of the Rights Plan, which is qualified in its entirety by reference to the text of the Rights Plan. A copy of the complete Rights Plan has been filed with the Canadian Securities Administrators and is available on SEDAR at www.sedar.com. All capitalized terms used in this summary without definition have the meanings attributed to them in the Rights Plan.

Effective Date and Term

The Rights Plan came into effect on its approval by the Board on May 8, 2015. Subject to approval and periodic confirmation by shareholders of the Corporation as discussed below, it will remain in effect until the termination of the annual meeting of the Corporation in the year 2018.

Shareholder Approval

The Rights Plan must be approved by more than 50% of the votes cast at the Meeting by shareholders present or voting by proxy. In addition, the Rights Plan must be reconfirmed by more than 50% of the votes cast at each of the third and sixth annual meetings of the Corporation's shareholders following the Meeting.

Issue of Rights

Immediately upon the Rights Plan coming into effect, one Right was issued and attached to each common share outstanding and will attach to each common share subsequently issued.

Rights Exercise Privilege

The Rights will separate from the common shares and will be exercisable on the close of business on the tenth trading day (the "Separation Time") after the earlier of the date on which a person has acquired 20% or more of, or a person commences or announces a take-over bid for, the Corporation's outstanding common shares, other than by an acquisition pursuant to a Permitted Bid or a Competing Permitted Bid. The acquisition by a person (an "**Acquiring Person**") of 20% or more of the common shares is referred to as a "**Flip-in Event**". When a Flip-in Event occurs each Right (except for Rights beneficially owned by an Acquiring Person or certain transferees of an Acquiring Person, which Rights will be void pursuant to the Rights Plan) becomes a right to purchase from the Corporation,

upon exercise thereof in accordance with the terms of the Rights Plan, that number of common shares having an aggregate market price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price. The Exercise Price for the Rights provided for in the Rights Plan is $100. As an example, if at the time of the Flip-in Event the common shares have a market price of $25.00, the holder of each Right would be entitled to receive $200 (twice the Exercise Price) in market value of the common shares (8 common shares) for $100, i.e. at a 50% discount.

The issue of the Rights is not initially dilutive. However, upon a Flip-in Event occurring and the Rights separating from the common shares, reported earnings per share may be affected. Holders of Rights not exercising their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Any offer other than a Permitted Bid, a competing Permitted Bid or a bid for which the Board has waived the application of the Rights Plan to a particular Flip-in Event (see "**Waiver**" below) will become prohibitively expensive for the Acquiring Person. The Rights Plan is therefore designed to require any person interested in acquiring more than 20% of the common shares to do so by way of a Permitted Bid or a Competing Permitted Bid or to make an offer which the Board considers to represent the full and fair value of the common shares.

Exemptions for Portfolio Managers, etc.

Portfolio managers (for fully managed accounts), mutual funds and their managers, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds, administrators of registered pension plans and crown agents acquiring greater than 20% of the common shares are exempted from triggering a Flip-in Event, provided that they are not making, and are not part of a group making, a take-over bid.

Grandfathered Person

A person (a "**Grandfathered Person**") who was the beneficial owner of more than 20% of the outstanding common shares on May 8, 2015 is deemed not to be an Acquiring Person until it ceases to own more than 20% of the common shares or increases its beneficial ownership by more than 1% of the outstanding common shares on May 8, 2015 except in specified circumstances. To the knowledge of the senior officers of the Corporation, the Corporation does not have any Grandfathered Person.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on the common share certificates of the Corporation and will not be transferable separately from the common shares. Common share certificates do not need to be exchanged to entitle a shareholder to these Rights. The legend will be on all new certificates issued by the Corporation after the Effective Date. From and after the Separation Time, the Rights will be evidenced by Rights certificates and will be transferable separately from the common shares.

Permitted Bid Requirements

The Permitted Bid requirements include the following:

(a) the take-over bid must be made by way of a take-over bid circular;

(b) the take-over bid must be made to all holders of common shares (other than the bidder);

(c) the take-over bid provides that no common shares tendered pursuant to the take-over bid may be taken up prior to the expiry of a 60 day period following the date of the bid and unless at such date more than 50% of the common shares held by the Independent Shareholders (i.e. the shareholders, other than the bidder, its affiliates and persons acting jointly or in concert and certain other persons), have been tendered to the take-over bid and not withdrawn;

(d) the take-over bid must be open for acceptance for a minimum period of 60 days;

(e) the common shares deposited pursuant to the bid may be withdrawn until taken up or paid for; and

(f) if the minimum deposit condition described in (c) above has been satisfied, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of common shares for an additional 10 business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that no common shares will be taken up or paid for pursuant to the Competing Permitted Bid prior to the close of business on a date that is no earlier than the later of:

(a) 35 days after the date of the Competing Permitted Bid; and

(b) the 60th day after the earliest date on which any other Permitted Bid that is then in existence was made.

Waiver

The Board, acting in good faith may, prior to the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event (an "**Exempt Acquisition**") where the take-over bid is made by a take-over bid circular to all holders of common shares. Where the Board of Directors exercises the waiver power for one take-over bid, the waiver will also apply to any other take-over bid for the Corporation made by a take-over bid circular to all holders of common shares prior to the expiry of any other bid for which the Rights Plan has been waived.

Redemption

The Board, with the approval of the majority of votes cast by shareholders (or the holders of the Rights if the Separation Time has occurred) voting in person and by proxy, at a meeting duly called for that purpose, may redeem all of the then outstanding Rights at $0.000001 per Right as adjusted by the terms of the Rights Plan. Rights shall be automatically redeemed following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

Protection Against Dilution

The Rights Plan contains detailed provisions regarding adjustments to the Exercise Price and the number and nature of the securities that may be purchased upon exercise of Rights outstanding to prevent dilution in the event of certain declarations of dividends, or consolidation of outstanding common shares, issuances of common shares (or other securities or rights) in respect of or in lieu of an exchange for existing common shares or other changes in the common shares.

Amendment

The Board may amend the Rights Plan with the approval of a majority of votes cast by shareholders (or the holders of the Rights if the Separation Time has occurred) voting in person and by proxy at a meeting duly called for that purpose. The Board, without such approval, may correct clerical or typographical errors and, subject to the subsequent approval as noted above at the next meeting of the shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.

Certain Canadian Federal Income Tax Considerations of the Rights Plan

The following commentary summarizes certain Canadian federal income tax consequences of the issuance of the Rights. It is of a general nature only and is not intended to constitute nor should it be construed to constitute legal or tax advice to any particular holder of common shares. Such shareholders are advised to consult their own tax

advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their Rights, taking into account their own particular circumstances and any applicable foreign, provincial or territorial legislation.

The Corporation did not receive any income for the purposes of the *Income Tax Act* (Canada) (the "**ITA**") as a result of the issuance of the Rights. The ITA provides that the value of a right to acquire additional shares of a corporation is not a taxable benefit which must he included in computing income of a shareholder, and is not subject to non-resident withholding tax, if the right is conferred on all holders of common shares. Although the Rights are to be so conferred, the Rights could become void in the hands of certain holders of common shares upon certain triggering events occurring (such as a Flip-in Event) and, consequently, whether or not the issuance of the Rights is a taxable event is not entirely free from doubt. In any event, only the amount or value of such benefit must be included in computing income of a shareholder. The Corporation considers that the Rights have negligible monetary value because there is only a remote possibility that the Rights will ever be exercised. If the Rights are disposed of (except on exercise thereof), a holder of Rights may be subject to tax in respect of the proceeds of disposition of such Rights.

Eligibility for Investment in Canada

The issue of Rights will not affect the status under the *Income Tax Act* (Canada) (the "**ITA**") of the common shares as "qualified investments" (as defined in the ITA) for a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan or a registered education savings plan.

Resolution

At the Meeting, shareholders will be asked to consider and adopt a resolution in substantially the form set out below (the "**Rights Plan Resolution**") confirming the Rights Plan. The Board recommends that Shareholders vote FOR the Rights Plan Resolution:

"**RESOLVED THAT:**

1. the shareholder rights plan, the terms and conditions of which are set out in the Shareholders Rights Plan Agreement dated May 8, 2015 between Titan Medical Inc. (the "**Corporation**") and Computershare Investor Services Inc. (the "**Rights Agreement**"), and the distribution and continued existence of the rights distributed pursuant to the Rights Agreement, as more particularly described in the management information circular of the Corporation dated May 8, 2015 be and is hereby confirmed;

2. any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation to execute and deliver or file such documents and instruments and to do all such other acts and things are required or as such director or officer, in such director or officer's sole discretion, may deem necessary to give full effect to or carry out the provisions of the above resolution."

The TSX has accepted notice from the Corporation of the issue of the Rights and the common shares made subject to issuance on the exercise of the Rights, subject to shareholder ratification of the Rights Plan at the Meeting.

To be effective, the resolution must be passed by a simple majority of the votes cast thereon by the shareholders present in person or by (a) proxy at the Meeting; and (b) a simple majority of the votes cast thereon by the Shareholders present in person or by proxy at the Meeting without giving effect to any votes cast by any Grandfathered Person and any associate, affiliate and insider of a Grandfathered Person.

Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote for confirmation of the Rights Plan Resolution.

OTHER ITEMS OF BUSINESS

Management is not aware of any other matters which are to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any matters other than those referred to herein should be presented at the Meeting, the persons named in the enclosed proxy are authorized to vote the shares represented by the proxy in accordance with their best judgement.

ADDITIONAL INFORMATION

Financial information for the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for the most recently completed financial year. This information and additional information relating to the Corporation can be found on the SEDAR website at *www.sedar.com* and on the Corporation's website at *www.titanmedicalinc.com*.

Copies of the above and other disclosure documents of the Corporation may also be obtained from the Secretary of the Corporation upon request.

DIRECTORS' APPROVAL

The contents and the distribution of this Circular have been approved by the Board of Directors.

DATED the 8th day of May, 2015.

(signed) John T. Hargrove

John T. Hargrove
Chair and Chief Executive Officer
Titan Medical Inc.

SCHEDULE "A"

2015 STOCK OPTION PLAN

TITAN MEDICAL INC.

STOCK OPTION PLAN

1. ~~1.~~ The Plan and Definitions

A stock option plan (~~the "~~this "**Plan**~~"~~"), pursuant to which options to purchase common shares~~, or such other shares as may be substituted therefor ("Shares"),~~ in the capital of Titan Medical Inc. (the ~~"~~"**Corporation**~~"~~") may be granted to the directors, officers and employees of the Corporation and to ~~consultants~~Service Providers retained by the Corporation, is hereby established on the terms and conditions set forth herein.

The trading price of the Common Shares may vary from time to time and the advantage conferred by the granting of an Option may not be guaranteed. Accordingly, each person who has been granted an Option must decide, in accordance with his own estimate and financial situation, if it is appropriate to exercise any Option granted under this Plan. The decision to exercise or to not exercise an Option shall not affect in any way the status of the option holder within the Corporation or its subsidiaries.

The following capitalized terms used herein shall have the meanings ascribed thereto as follows:

(i) "**Black Out Period**" means the period during which the Corporation has imposed trading restrictions on its insiders and certain other persons pursuant to its insider trading and disclosure policies;

(ii) "**Board**" means the Board of Directors of the Corporation;

(iii) "**control**" and "**controlled**" shall have the meanings ascribed thereto in the *Securities Act* (Ontario);

(iv) "**Common Shares**" means the common shares in the capital of the Corporation;

(v) "**Disability**" means any disability with respect to a Participant which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Participant from:

(a) being employed or engaged by the Corporation, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Corporation or its subsidiaries; or

(b) acting as a director or officer of the Corporation or its subsidiaries;

(vi) "**Eligible Assignee**" means, in respect of a Participant, that person's spouse, minor children or minor grandchildren, Eligible Retirement Plan, Eligible Corporation or Eligible Family Trust;

(vii) "**Eligible Corporation**" means, in respect of a Participant, a corporation controlled by that person and all the shares of which are held by that person and/or Eligible Assignees of that person;

(viii) "**Eligible Family Trust**" means, in respect of a Participant, a trust of which the Eligible Person is a trustee and of which all beneficiaries are that person and/or Eligible Assignees;

(ix) "**Eligible Retirement Plan**" means, in respect of a Participant in Canada, a registered retirement

savings plan or registered retirement income fund established by that person or under which the beneficiary or annuitant is that person, and in respect of a Participant in the United States, a 401(k) plan or individual retirement account established by that person or under which the beneficiary or annuitant is that person;

(x) "**Exchange**" means the Toronto Stock Exchange and/or such other stock exchange upon which the Common Shares may become listed;

(xi) "**Insider**" means a "reporting insider" (as such term is defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*) and "associates" and "affiliates" thereof (as such terms are defined in the rules of the Exchange or where they are not so defined, as such terms are defined in the *Securities Act* (Ontario));

(xii) "**Insider Participation Limit**" means the number of Common Shares:

(a) issued to Insiders, within any one year period, and

(b) issuable to Insiders, at any time,

under this Plan, and when combined with all of the Corporation's other security based compensation arrangements (if any), do not exceed 10% of the Corporation's total issued and outstanding Common Shares.

(xiii) "**Option Period**" shall mean the period during which an Option may be exercised;

(xiv) "**Options**" shall mean options to purchase Common Shares granted under this Plan;

(xv) "**Participant**" shall have the meaning ascribed to in Section 1(a)6(a);

(xvi) "**Service Providers**" persons or companies engaged by the Corporation to provide services on a continuous basis for an initial, renewable or extended period of twelve months or more; and

(xvii) "**VWAP**" means the volume weighted average trading price of the Common Shares on the Exchange, calculated by dividing the total value by the total volume of Common Shares traded for the relevant period.

2. ~~2.~~ Purpose

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of the Corporation and ~~consultants~~Service Providers retained by the Corporation to acquire Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation~~'~~'s shareholders generally; (iii) encouraging such persons to remain associated with the Corporation and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation.

3. ~~3.~~ Administration

(a) This Plan shall be administered by the ~~board of directors of the Corporation (the "~~Board~~")~~.

(b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options ~~(as defined in paragraph 3(d) below)~~, all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan and (iii) make all other determinations necessary or advisable for the administration of

this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries and permitted assignees hereunder.

(c) The Board's authority to make amendments to this Plan without shareholder approval shall be in accordance with paragraph 18 below.

(d) ~~(c)~~ Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the ~~President~~Chief Executive Officer or any other officer of the Corporation. Whenever used herein, the term ~~"~~"Board~~"~~" shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated responsibility and/or authority relating to the Plan or the administration and operation of this Plan pursuant to this Section 3.

(e) ~~(d)~~ Options ~~to purchase the Shares granted hereunder ("Options")~~ shall be evidenced by (i) an agreement, signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve, or (ii) a written notice or other instrument, signed by the Corporation, setting forth the material attributes of the Options.

(f) ~~(e)~~ The Board shall not grant Options to residents of the United States unless such Options are registered under the United States Securities Act of 1933, *as amended*, (the "**U.S. Securities Act**") or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

4. ~~4.~~ Shares Subject to Plan

(a) Subject to Section 15 below, the securities that may be acquired by Participants upon the exercise of Options shall be deemed to be fully authorized and issued Common Shares ~~of the Corporation~~. Whenever used herein, the term ~~"~~"Common Shares~~"~~" shall be deemed to include any other securities that may be acquired by a Participant upon the exercise of an Option the terms of which have been modified in accordance with Section 15 below.

(b) The aggregate number of Common Shares reserved for issuance under this Plan, or any other plan of the Corporation, shall not, at the time of the stock option grant, exceed ten percent (10%) of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis) unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are then listed to exceed such ~~threshold.~~ limit.

(c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any un-purchased Common Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

5. ~~5.~~ Maintenance of Sufficient Capital

The Corporation shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the Corporation~~'~~'s obligations under all outstanding Options granted pursuant to this Plan.

6. ~~6.~~ Eligibility and Participation

(a) The Board may, in its discretion, select any of the following persons to participate in this Plan and to receive Options under this Plan:

(i) directors of the Corporation;

(ii) officers of the Corporation;

(iii) employees of the Corporation; and

(iv) ~~consultants retained by the Corporation, provided such consultants have performed and/or continue to perform services for the Corporation on an ongoing basis or are expected to provide a service of value to the Corporation;~~Service Providers;

(any such person having been selected for participation in this Plan by the Board is herein referred to as a ~~"~~"**Participant**~~"~~").

(b) ~~(b)~~ The Board may from time to time, in its discretion, grant an Option to any Participant, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein, provided that Options granted to any Participant shall be approved by the shareholders of the Corporation if the rules of any stock exchange on which the Shares are listed require such approval.

~~(c) The Corporation represents that, for any Options granted to an officer, employee or consultant of the Corporation, such Participant is a *bona fide* officer, employee or consultant of the Corporation.~~

7. ~~**7.**~~ **Exercise Price**

The Board shall, at the time an Option is granted under this Plan, fix the exercise price at which Common Shares may be acquired upon the exercise of such Option provided that such exercise price ~~shall~~may not be ~~less~~lower than ~~that from time to time permitted under the rules of any stock exchange or exchanges on which the Shares are then listed.~~ the VWAP of the Common Shares on the Exchange over the period of five days immediately preceding the date of the grant. In addition, the exercise price of an Option must be paid in cash. Disinterested shareholder approval shall be obtained by the Corporation prior to any reduction to the exercise price if the affected Participant is an ~~insider (as defined in the *Securities Act* (Ontario)) of the Corporation at the time of the proposed amendment.~~Insider.

8. ~~**8.**~~ **Number of Optioned Shares**

The number of Common Shares that may be acquired under an Option granted to a Participant shall be determined by the Board as at the time the Option is granted, provided that the aggregate number of Shares reserved for issuance to any one Participant under this Plan or any other plan of the Corporation, shall not exceed five percent (5%) of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis) in any 12~~ month period unless the Corporation receives the permission of the stock exchange or exchanges on which the Shares are listed to exceed such threshold and provided further that~~ month period.

This Plan limits the number of Options which may be granted to ~~any one consultant in a 12 month period shall not exceed 2% of the total number of issued and outstanding Shares and the aggregate number of Options granted to persons employed to provide investor relations activities shall not exceed 2% of the total number of issued and outstanding Shares in any 12 month period. The Corporation shall obtain~~Insiders to the Insider Participation Limit except in circumstances where the Corporation has obtained disinterested shareholder approval for grants of Options to ~~insiders (as defined in the *Securities Act* (Ontario)), of a number of Options exceeding 10% of the issued Shares, within any 12 month period.~~Participants who are Insiders where any such grant or grants would result in the Insider Participation Limited being exceeded.

9. ~~**9.**~~ **Term**

The ~~period during which an Option may be exercised (the "~~Option Period~~")~~ shall be determined by the Board at the time that the Option is granted, subject to any vesting limitations which may be imposed by

the Board in its sole and unfettered discretion at the time that such Option is granted and Sections 11, 12 and 16 below, provided that:

(a) no Option shall be exercisable for a period exceeding ~~five~~ten (~~5~~10) years from the date that the Option is granted unless the Corporation receives the ~~permission~~required approval of the stock exchange or exchanges on which the Common Shares are then listed and as specifically provided by the Board and as permitted under the rules of any stock exchange or exchanges on which the Shares are then listed~~, and in any event, no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted~~;

(b) no Option in respect of which shareholder approval is required under the rules of any stock exchange or exchanges on which the Common Shares are then listed shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation;

(c) the Board may, subject to the receipt of any necessary regulatory approvals, in its sole discretion, accelerate the time at which any Option may be exercised, in whole or in part; and

(d) ~~any Options granted to any Participant must expire within 90 days after the Participant ceases to be a Participant, and within 30 days for any Participant engaged in investor relation activities after such Participant ceases to be employed to provide investor relation activities.~~notwithstanding the expiration date applicable to any Option, if an Option would otherwise expire during a Black Out Period or during the period of ten business days immediately following the last day of a Black Out Period, the expiration date of such Option shall be the tenth business day following the expiration of the Black Out Period, provided that in no event shall the period during which said Option is exercisable be extended beyond 10 years from the date such Option is granted to the Participant.

10. ~~**10.**~~ **Method of Exercise of Option**

(a) ~~(a)~~ Except as set forth in Sections 11 and 12 below or as otherwise determined by the Board, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a director, officer, employee or ~~consultant~~Service Provider of the Corporation or an Eligible Assignee.

(b) ~~(b)~~ Options that are otherwise exercisable in accordance with the terms thereof may be exercised in whole or in part from time to time.

(c) ~~(c)~~ Any Participant (or his legal, personal representative) or Eligible Assignee wishing to exercise an Option shall deliver to the Corporation, at its principal office in the City of Toronto, Ontario:

(i) a written notice expressing the intention of such Participant (or his legal, personal representative) or Eligible Assignee to exercise ~~his~~the Option and specifying the number of Common Shares in respect of which the Option is exercised; and

(ii) a cash payment, certified cheque or bank draft, representing the full purchase price of the Common Shares in respect of which the Option is exercised.

(d) ~~(d)~~ Upon the exercise of an Option as aforesaid, the Corporation shall use reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Common Shares to deliver, to the relevant Participant (or his legal, personal representative) or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Common Shares in respect of which the Option has been duly exercised.

(e) ~~(e)~~ No Option holder who is resident in the United States may exercise Options unless the Common Shares to be issued upon exercise are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

(f) ~~(f)~~ The Corporation shall be entitled to take all steps necessary to ensure that sufficient funds are provided to the Corporation by the Participant or Eligible Assignee to enable the Corporation to satisfy all withholding tax and other source deduction requirements in respect of the exercise of an Option by the Participant or Eligible Assignee that are imposed by any applicable law, including:

(i) deducting and withholding any amount from any payments made to the Participant or Eligible Assignee, whether hereunder or otherwise;

(ii) requiring from the Participant or Eligible Assignee a cash payment, certified cheque or bank draft in the amount specified by the Corporation; and

(iii) requiring that the Participant or Eligible Assignee enter into a same-day sale in respect of some or all of the Common Shares received on the exercise of an Option, with a portion of the sale proceeds being remitted directly to the Corporation.

11. ~~**11.**~~ **Ceasing to be a Director, Officer, Employee or ~~Consultant~~Service Provider**

Unless the Board otherwise determines:

(a) if a Participant is dismissed for cause as a director, officer or employee of, or Service Provider to, the Corporation or one of its subsidiaries, all unexercised Option rights of that Participant or such Participant's Eligible Assignee (where the Participant has assigned the Option to such Eligible Assignee) under this Plan shall immediately become terminated and shall lapse notwithstanding the original term of the Option granted to such Participant under this Plan; and

(b) if any Participant shall cease to hold the position or positions of director, officer, employee or Service Provider of the Corporation (as the case may be) as a result of (i) retirement at the normal retirement age prescribed by the Corporation, if any; (ii) resignation; or (iii) termination other than for cause; such Participant or such Participant's Eligible Assignee (where the Participant has assigned the Option to such Eligible Assignee) shall have the right for a period to be determined by the Board not exceeding 90 days from the date of the Participant ceasing to be a director, officer, employee or Service Provider to exercise his Options under this Plan with respect to all Common Shares issuable thereunder to the extent that the Options were exercisable on the date of such Participant ceasing to hold any such position with the Corporation, or until the normal expiry date of the Option, whichever is earlier. Upon the expiration of such period, all unexercised Option rights of that Participant and any Eligible Assignee thereof under this Plan shall immediately become terminated and shall lapse notwithstanding the original term of the Option granted to such Participant under this Plan.

~~If any Participant shall cease to hold the position or positions of director, officer, employee or consultant of the Corporation (as the case may be) for any reason other than death, his Option will terminate at 4:00 p.m. (Toronto time) on the earlier of the date of the expiration of the Option Period and 90 days after the date such Participant ceases to hold the position or positions of director, officer, employee or consultant of the Corporation as the case may be, and ceases to actively perform services for the Corporation. An Option granted to a Participant who performs investor relations services on behalf of the Corporation shall terminate at 4:00 p.m. (Toronto time) on the earlier of the date of the expiration of the Option Period and 30 days after the date of termination of the employment or cessation of services being provided and shall be subject to Exchange policies and procedures for the termination of Options for investor relations services.~~ For greater certainty, the termination of any Options held by the Participant or his Eligible Assignee, and the period during which the Participant or his Eligible Assignee may exercise any Options, shall be without regard to any notice period arising from the Participant's ceasing to hold the position or positions of director, officer, employee or ~~consultant~~Service Provider of the Corporation (as the case may be).

Neither the selection of any person as a Participant nor the granting of an Option to any Participant under this Plan shall: (i) confer upon such Participant any right to continue as a director, officer, employee or

~~consultant~~Service Provider of the Corporation, as the case may be; or (ii) be construed as a guarantee that the Participant will continue as a director, officer, employee or ~~consultant~~Service Provider of the Corporation, as the case may be.

12. ~~**12.**~~ **Death or Disability of a Participant**

In the event of the death of a Participant, any Option previously granted to him shall be exercisable until the end of the Option Period or until the expiration of 12 months after the date of death of such Participant, whichever is earlier, and then~~, in the event of death,~~ only:

(a) ~~(a)~~ by the person or persons to whom the Participant~~'~~'s rights under the Option shall pass by the Participant~~'~~'s will or applicable law; and

(b) ~~(b)~~ to the extent that he was entitled to exercise the Option as at the date of his death.

Notwithstanding Section 11, in the event of the Disability of a Participant, any Option previously granted to him shall be exercisable until the end of the Option Period or until the expiration of 12 months after the determination by the Board of the Disability, whichever is earlier.

13. ~~**13.**~~ **Rights of Participants**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Common Shares issuable upon exercise of such Option until such Common Shares have been paid for in full and issued to such person.

14. ~~**14.**~~ **Proceeds from Exercise of Options**

The proceeds from any ~~sale~~issuance of Common Shares ~~issued~~ upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

15. ~~**15.**~~ **Adjustments**

(a) ~~(a)~~ The number of Common Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of the outstanding Common Shares of the Corporation, and in any such event a corresponding adjustment shall be made to the number of Common Shares deliverable upon the exercise of any Option granted prior to such event without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Common Share that may be acquired upon the exercise of the Option. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under this Plan and to prevent any dilution or enlargement of the same.

(b) ~~(b)~~ Adjustments under this Section 15 shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Common Shares shall be issued upon the exercise of an Option following the making of any such adjustment.

16. ~~**16.**~~ **Change of Control**

Notwithstanding ~~the provisions of section 11 or~~ any vesting restrictions otherwise applicable to the relevant Options, in the event of a sale by the Corporation of all or substantially all of its assets or in the event of a change of control of the Corporation, each Participant or his Eligible Assignee shall be entitled to exercise, in whole or in part, the Options granted to such Participant hereunder, either during the term of the Option or within 90 days after the date of the sale or change of control, whichever first occurs.

For the purpose of this Plan, ~~"~~"change of control of the Corporation~~"~~" means and shall be deemed to have occurred upon:

(a) ~~(a)~~ the acceptance by the holders of Common Shares of the Corporation, representing in the aggregate, more than 50 percent (50%) of all issued Common Shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Common Shares of the Corporation; or

(b) ~~(b)~~ the acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares acquired), directly or indirectly, of beneficial ownership of such number of Common Shares or rights to Common Shares of the Corporation, which together with such person~~'~~'s then owned Common Shares and rights to Common Shares, if any, represent (assuming the full exercise of such rights to voting securities) more than fifty percent (50%) of the combined voting rights of the Corporation~~'~~'s then outstanding Common Shares; or

(c) ~~(c)~~ the entering into of any agreement by the Corporation to merge, consolidate, amalgamate, initiate an arrangement or be absorbed by or into another corporation; or

(d) ~~(d)~~ the passing of a resolution by the Board or shareholders of the Corporation to substantially liquidate the assets or wind-up the Corporation~~'~~'s business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and where the shareholdings remain substantially the same following the re-arrangement); or

(e) ~~(e)~~ individuals who were members of the Board ~~of the Corporation~~ immediately prior to a meeting of the shareholders of the Corporation involving a contest for or an item of business relating to the election of directors, not constituting a majority of the Board following such election.

17. ~~**17.**~~ **Transferability**

(a) ~~All~~Subject to sub-section 17(b), all Options and all benefits, interests and rights ~~and Options~~ accruing to any Participant (or such Participant's Eligible Assignee) in accordance with the terms and conditions of this Plan may only be exercised by the Participant (or such Participant's Eligible Assignee) during the lifetime of a Participant and shall be non-transferrable and non-assignable ~~unless specifically provided herein. During the lifetime of a Participant, any Options granted hereunder may only be exercised by the Participant and~~and may not be made subject to execution, attachment or similar process, save and except with the prior written permission of the Board, or in the event of the death of a Participant, by the person or persons to whom the Participant~~'~~'s rights under the Option pass by the Participant~~'~~'s will or applicable ~~law.~~laws of descent and distribution.

(b) Notwithstanding section 17(a) but subject to obtaining any necessary approvals in advance from the Corporation and from each Exchange on which the Common Shares are listed and which reserves the right to approve such assignments, a Participant may assign Options granted to him under the Plan to Eligible Assignees and Eligible Assignees may, in turn, assign such Options to the original Participant or to other Eligible Assignees of the original Participant. Notwithstanding any such assignment, (i) all Options granted under the Plan shall be deemed to be the Option of the original Participant for the purposes of applying the rules and policies of the Exchange on which the Common Shares are listed and (ii) the Corporation shall continue to treat the original Participant as the holder of the assigned Options unless and until such time as the Corporation is provided with notice in writing from the original Participant or its legal representative and the Eligible Assignee, together with such other documentation as the Corporation may require, confirming that the assignee is an Eligible Assignee.

18. ~~18.~~ Amendment and Termination of Plan

~~The Board may, at any time, suspend or terminate this Plan.~~ The Board may also, at any time, amend or revise the terms of this Plan, subject to the receipt of all necessary shareholder, Exchange and regulatory approvals, ~~provided that no~~and any such amendment or revision shall ~~alter the terms of~~apply to any Options theretofore granted under this Plan.

The Board has the discretion to make amendments to this Plan which it may deem necessary, without having to obtain shareholder approval including, without limitation:

(a) minor changes of a "housekeeping nature";

(b) amending Options under this Plan, including with respect to the Option Period (provided that the period during which an Option is exercisable does not exceed 10 years from the date the Option is granted and that such Option is not held by an Insider), vesting period, exercise method and frequency, subscription price (provided that such Option is not held by an Insider) and method of determining the subscription price, assignability and effect of termination of a Participant's employment or cessation of the Participant's directorship;

(c) changing the class of Participants eligible to participate under this Plan;

(d) accelerating the vesting of any Option;

(e) extending the expiration date of any Option provided that the period during which an option is exercisable does not exceed 10 years from the date the Option is granted and provided that such Option is not held by an Insider, and where such Option is held by an Insider in such case, shareholder approval shall be obtained in connection with the extension;

(f) changing the terms and conditions of any financial assistance which may be provided by the Corporation to Participants to facilitate the purchase of Common Shares under this Plan; and

(g) adding a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying Common Shares from this Plan reserve.

Shareholder approval will be required in the case of: (i) any amendment to the amendment provisions of this Plan; (ii) any increase in the maximum number of Common Shares issuable under this Plan; (iii) any reduction in the exercise price or extension of the Option Period benefiting an insider of the Corporation; and (iv) any amendment to remove or to exceed the Insider Participation Limit, in addition to such other matters that may require shareholder approval under the rules and policies of the Exchange.

19. ~~19.~~ Necessary Approvals

The obligation of the Corporation to issue and deliver Common Shares in accordance with this Plan and Options granted hereunder is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Common Shares cannot be issued to a Participant upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Common Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant (or his Eligible Assignee) as soon as practicable.

20. ~~20.~~ Stock Exchange Rules

This Plan and any option agreements entered into hereunder shall comply with the requirements from time to time of the ~~stock exchange or exchanges on which the Shares are listed~~Exchange.

21. Market Fluctuations

No amount will be paid to, or in respect of, a Participant (or any Eligible Assignee) under the Plan to compensate for a downward fluctuation in the price of Common Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant (or any Eligible Assignee) for such purpose.

The Corporation makes no representations or warranties to Participants (or any Eligible Assignee) with respect to the Plan or the Options whatsoever. Participants (and any Eligible Assignees) are expressly advised that the value of any Options in the Plan will fluctuate as the trading price of Common Shares fluctuates.

In seeking the benefits of participation in the Plan, a Participant (and each Eligible Assignee) agrees to exclusively accept all risks associated with a decline in the market price of Common Shares whether before or after the exercise of Options and all other risks associated with participation in the Plan.

22. ~~21.~~ Right to Issue Other Shares

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

23. ~~22.~~ Notice

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid or delivered by courier or by facsimile transmission addressed, if to the Corporation, at its principal address in Toronto, Ontario (Attention: ~~The Chairman~~Chief Financial Officer); or if to a Participant (or to an Eligible Assignee), to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing then to the last known address of such Participant; or if to any other person, to the last known address of such person.

24. ~~23.~~ Gender

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

25. ~~24.~~ Interpretation

This Plan will be governed by and construed in accordance with the laws of the Province of Ontario.

This Plan is subject to the approval of the stock exchange or exchanges on which the Common Shares are listed and, if applicable, of the shareholders of the Corporation.

26. Effective Date of Plan

This amended and restated Plan has been adopted by the Board on September 22, 2014 and it became effective on the date of its initial approval by shareholders of the Corporation on June 9, 2015.

SCHEDULE "B"

BY-LAW AMENDMENT

ADVANCE NOTICE BY-LAW AMENDMENT

4.20 Nomination of Directors

Subject to the provisions of the Act and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of an individual for election to the board may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which such meeting was called is the election of directors of the Corporation:

(a) by or at the discretion of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition to call a shareholders meeting made in accordance with the provisions of the Act; or

(c) by any person (a "**Nominating Shareholder**") who, (i) at the close of business on the date of the giving of the notice provided for below in this Section 4.20 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting, and (ii) complies with the notice procedures set forth below in this Section 4.20.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the registered office of the Corporation in accordance with this Section 4.20.

To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

(a) in the case of an annual general meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 40 days after the date on which the initial Public Announcement (as defined below) of the date of the annual general meeting of shareholders was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following such Public Announcement; and

(b) in the case of a special meeting of shareholders that is not also an annual general meeting but is called for the purpose of electing directors of the Corporation (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the initial Public Announcement of the special meeting of shareholders was made.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Section 4.20. In no event shall any adjournment or postponement of a meeting of shareholders of the Corporation or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice.

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:

(a) as to each individual whom the Nominating Shareholder proposes to nominate for election as a director:

(i) his or her name, age, business address and residence address;

(ii) his or her principal occupation or employment;

(iii) the class or series and number of shares in the capital of the Corporation which are controlled or over which direction is exercised, directly or indirectly, or which are owned beneficially or of record by him or her as of the record date for the meeting of shareholders (if such date shall then have been made publicly available by the Corporation and shall have occurred) and as of the date of such notice;

(iv) a statement as to whether he or she would be "independent" of the Corporation (within the meaning of Sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, as such provisions may amended from time to time) if elected as a director of the Corporation at such meeting and the reasons and basis for such determination; and

(v) any other information relating to him or her that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the notice:

(i) any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has the right to vote any shares in the capital of the Corporation;

(ii) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and

(iii) the class or series and number of shares in the capital of the Corporation which are controlled or over which direction is exercised, directly or indirectly, or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available by the Corporation and shall have occurred) and as of the date of such notice.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

No individual shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 4.20; provided, however, that nothing in this Section 4.20 shall be deemed to preclude discussions by a shareholder of the Corporation (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not determined to be in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

For purposes of this Section 4.20:

(a) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies,

statements, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada; and

(b) "Public Announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

Notwithstanding any other provision of the by-laws, notice given to the Secretary of the Corporation pursuant to this Section 4.20 may only be given by personal delivery or by facsimile transmission, and shall be deemed to have been given and made only at the time it is served by personal delivery or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary of the Corporation at the address of the registered office of the Corporation; provided, that if such delivery or transmission is made on a day which is not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or transmission shall be deemed to have been made on the subsequent day that is a business day.

SCHEDULE "C"

BOARD OF DIRECTORS MANDATE

Introduction

The board of directors (the "**Board**") of Titan Medical Inc. (the "**Company**") is elected by the shareholders of the Company and is responsible for the stewardship of the Company. The purpose of this mandate is to describe the principal duties and responsibilities of the Board, as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

Chair of the Board of Directors

The Chair of the Board (the "**Chair**") will be appointed by the Board, after considering the recommendation of the Company's Corporate Governance and Nomination Committee, for such term as the Board may determine.

Independence

The Board will be comprised of a majority of independent directors, as established by applicable laws and the rules of any stock exchanges upon which the Company's securities are listed, including section 3.1 of National Policy 58-201 – *Corporate Governance Guidelines*.

Where the Chair is not independent, the independent directors may select one of their number to be appointed lead director of the Board for such term as the independent directors may determine. The Chair or lead director, if appointed, will chair regular meetings of the independent directors and assume other responsibilities that the independent directors as a whole have designated.

Role and Responsibilities of the Board

The role of the Board is to act honestly and in good faith and act in the best interest of the Company, and each member of the Board must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board is ultimately accountable and responsible for providing independent, effective leadership in supervising the management of the business and affairs of the Company.

The responsibilities of the Board include:

- adopting a strategic planning process;
- risk identification and ensuring that procedures are in place for the management of those risks;
- the Company's internal control and management information systems;
- review and approve annual operating plans and budgets;
- corporate social responsibility, ethics and integrity;
- review the integrity of the Chief Executive Officer (CEO) and the other executive officers and ensure that the CEO and other executive officers create a culture of integrity;
- succession planning, including the appointment, training and supervision of management;
- delegations and general approval guidelines for management;

- monitoring financial reporting and management;
- monitoring internal control and management information systems;
- corporate disclosure and communications including the adoption of a Corporate Disclosure Policy, which shall serve as the communication policy for the Company;
- adopting measures for receiving feedback from stakeholders;
- adopting key corporate policies designed to ensure that the Company, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct their business ethically and with honesty and integrity;
- developing the Company's approach to governance; and
- such other items as required by law including the *Business Corporations Act* (Ontario).

Meetings of the Board will be held at least quarterly, with additional meetings to be held depending on the state of the Company's affairs and in light of opportunities or risks which the Company faces. After each meeting of the Board, the directors will meet without management being present. In addition, separate meetings of the independent directors of the Board may be held at which members of management and the non-independent directors are not present.

The Board will delegate responsibility for the day-to-day management of the Company's business and affairs to the Company's senior officers and will supervise such senior officers appropriately.

The Board may delegate certain matters it is responsible for to Board committees, presently consisting of the Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee.

Strategic Planning Process and Risk Management

The Board will adopt a strategic planning process to establish objectives and goals for the Company's business and will review, approve and modify as appropriate the strategies proposed by senior management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business and affairs.

The Board, in conjunction with management, will identify the principal risks of the Company's business and oversee management's implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks.

Succession Planning, Appointment and Supervision of Management

The Board will approve the succession plan for the Company, including the selection, appointment, supervision and evaluation of the CEO or any person acting in such capacity, and the other senior officers of the Company, and will also approve the compensation of the CEO or any person acting in such capacity, and the other senior officers of the Company.

In furtherance of the succession plan, the Board shall monitor senior management and oversee their training.

Delegations and Approval Authorities

The Board will delegate to the CEO, or any person acting in such capacity, senior management authority over the day-to-day management of the business and affairs of the Company.

Corporate Disclosure and Communications

The Board will seek to ensure that all corporate disclosure complies with all applicable laws, rules and regulations and the rules and regulations of the stock exchanges upon which the Company's securities are listed and the Corporate Disclosure Policy. In addition, the Board will adopt procedures that seek to ensure the security holders have a direct contact to a designated individual in order to provide them with corporate information.

Corporate Policies

The Board will adopt and monitor compliance of the policies and procedures, which are designed to ensure that the Company, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct the Company's business ethically and with honesty and integrity. Principal policies consist of:

- Code of Conduct;
- Insider Trading Policy;
- Whistleblower Policy

Review of Mandate

The Corporate Governance and Nominating Committee will annually review and assess the adequacy of this mandate and recommend any proposed changes to the Board for consideration. The Board may, from time to time, amend this Mandate.

The Board may, from time to time, permit departures from the terms of this Mandate, either prospectively or retrospectively. The terms of this Mandate are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

Effective: February 10, 2015