Titanium Transportation Group Holdings Ltd.
(previously Titanium Transportation Group Inc.)

Management's Discussion and Analysis

For the first quarter ended
March 31, 2015

Dated May 25, 2015

GENERAL INFORMATION

The following is Titanium Transportation Group Holdings Ltd.'s (formerly "Titanium Transportation Group Inc.") management discussion and analysis ("MD&A"), which provides a comparative overview of the Company's performance for its three month period ended March 31, 2015 and the Company's financial position as at March 31, 2015. Throughout this MD&A, the term "Company" shall mean Titanium Transportation Group Holdings Ltd. and all of its wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes as at and for the years ended December 31, 2014 and 2013 as well as the Company's unaudited condensed consolidated interim financial statements for the first quarter ended March 31, 2015 ("consolidated interim financial statements").

The consolidated interim financial statements of the Company and extracts from those consolidated interim financial statements contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's presentation currency is the Canadian dollar. Unless otherwise stated, dollar amounts expressed in this MD&A are in Canadian dollars. The Company's consolidated interim financial statements were approved by its Board of Directors on May 25, 2015. Readers are cautioned that this MD&A contains certain forward looking information. Please refer to the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A.

Unless otherwise indicated, the information in this report is dated as of May 25, 2015.

FORWARD LOOKING STATEMENTS

This MD&A contains forward looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, forward looking statements can be identified by the use of words such as "may", or by such words as "will", "intend", "believe", "estimate", "consider", "expect", "anticipate", "objective" and similar expressions or variations of such words. Forward looking statements are, by their nature, not guarantees of the Company's future operational or financial performance and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. No representation or warranty is intended with respect to anticipated future results or that estimates or projections will be sustained.

Readers are cautioned not to place undue reliance on these forward looking statements, which reference issues only as of the date made. The following factors could cause the Company's actual financial performance to differ materially from that expressed in any forward looking statement: highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, the Company's ability to identify suitable acquisitions as well as to successfully complete the purchase and integrate operations, fuel price variation and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in Canadian and US government regulations applicable to the Company's operations, changes in key personnel, adverse weather conditions, accidents and litigation, the market for used equipment, changes in interest rates, changes in the cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers and availability of financing on reasonable commercial terms. The Company expressly disclaims any obligation to update forward looking statements if circumstances or management's views or estimates change, except as otherwise required pursuant to applicable law.

OVERVIEW

The Company is a truck transportation and logistics company servicing Canada and the United States with operations based in Woodbridge, Ontario, terminals in Bracebridge, Orillia and Napanee, Ontario and additional parking/switch yards in Barrie, Bolton, Brantford, Brockville, Burlington, Penetanguishene and Trenton, Ontario. The Company has over 800 customers across various industries, including large multinational corporations.

Revenue for the three months ended March 31, 2015 was $24 million compared to $14.3 million for the three months ended March 31, 2014. Similarly, EBITDA for the three months ended March 31, 2015 was $2.8 million compared to $1.1 million for the three months ended March 31, 2014. EBITDA is a non-IFRS financial measure. For a definition of EBITDA and an explanation of the use of this measure herein refer to "Non-IFRS Financial Measure".

The Company continued to see significant growth in its workforce and fleet from December 31, 2014 to March 31, 2015. Independent owner operators and full-time employees, working for the Company as of March 31, 2015 totaled 441 compared to 239 as of December 31, 2014. Similarly, power units and trailers being used by the Company as of March 31, 2015 were 326 and 1,109, respectively, compared to 176 and 647, respectively, as of December 31, 2014.

Most of the recent growth in the truck transportation segment can be attributed to the Company's acquisition of Muskoka Transport Limited ("MTL") on March 1, 2015 and prior year acquisitions of Wm. H. Cain Agency Limited ("CAIN") and Georgian Bay Transport ("GBT"). The Company's truck transportation segment has grown mainly through business acquisitions while growth in the logistics segment has been organic.

RESULTS OF OPERATIONS

Financial Highlights
For the three months ended March 31 (unaudited)

	2015	2014
Revenue	22,426,936	13,000,525
Fuel surcharge	1,583,944	1,320,993
	24,010,880	14,321,518
Operating expenses	21,212,758	13,179,651
EBITDA(1)	2,798,122	1,141,867
EBITDA(1) as a % of revenue before fuel surcharge	12.5 %	8.8 %
Depreciation	1,204,501	589,394
Gain on sale of property and equipment	(109,958)	(65,801)
Finance costs	321,381	160,770
Finance income	(39,654)	(8,542)
Reverse takeover costs	380,589	-
Income before income taxes	1,041,263	466,046
Income tax expense	299,541	101,408
Net income and comprehensive income attributable to the owners of the Company	741,722	364,638
Net income per share (basic and diluted)(2)	0.03	0.02

(1) Refer to "Non-IFRS Financial Measure".

(2) Reflects subdivision of shares that took place on March 31, 2015.

RESULTS OF OPERATIONS - continued

Selected Segmented Financial Information (unaudited)

	Truck Transportation	Logistics	Corporate	Elimination	Total
For the three months ended March 31, 2015					
Revenue	13,443,269	9,098,395	-	(114,728)	22,426,936
Fuel surcharge	1,236,617	347,327	-	-	1,583,944
	14,679,886	9,445,722	-	(114,728)	24,010,880
Operating expenses	12,540,839	8,487,313	299,334	(114,728)	21,212,758
EBITDA(1)	2,139,047	958,409	(299,334)	-	2,798,122
EBITDA(1) as a % of revenue(2)	15.9 %	10.5 %			12.5 %
For the three months ended March 31, 2014					
Revenue	8,029,045	5,069,272	-	(97,792)	13,000,525
Fuel surcharge	961,804	359,189	-	-	1,320,993
	8,990,849	5,428,461	-	(97,792)	14,321,518
Operating expenses	8,065,143	5,113,790	98,510	(97,792)	13,179,651
EBITDA(1)	925,706	314,671	(98,510)	-	1,141,867
EBITDA(1) as a % of revenue	11.5 %	6.2 %			8.8 %

(1) Refer to "Non-IFRS Financial Measures".
(2)As a percentage of revenue before fuel surcharge.

Revenue

For the three months ended March 31, 2015, total revenue increased by $9,689,362 compared to the three months ended March 31, 2014, as a result of increases in the truck transportation and logistics segments of $5,689,037 and $4,017,261, respectively. The increase in the truck transportation segment was largely a result of three acquisitions made between the end of Q1 2014 and Q1 2015: CAIN on July 1, 2014, GBT on October 1, 2014 and MTL on March 1, 2015.

The increase in the logistics segment can be attributed to new business generated and growth with existing customers.

RESULTS OF OPERATIONS - continued

EBITDA

EBITDA as a percentage of revenue before fuel surcharge increased to 12.5% from 8.8% for the three months ended March 31, 2015, when comparing to the three months ended March 31, 2014. This is a result of both the truck transportation and logistics segments, whose EBITDA's more than doubled and tripled, respectively.

The logistics segment EBITDA as a percentage of revenue before fuel surcharge increased from 6.2% to 10.5% as a result of a higher volume of revenue compared to relatively stable fixed costs. EBITDA as a percentage of revenue before fuel surcharge for the truck transportation segment increased from 11.5% to 15.9%. The increase is due primarily to the Company operating newer equipment (which resulted in fewer equipment rentals, better fuel consumption and fewer repairs) and milder weather conditions (which allowed for increased driver utilization and decreased fuel consumption). The strong American dollar and lower fuel prices also affected EBITDA positively.

Expenses

Operating expenses increased by $8,033,107 for the three month period ended March 31, 2015 over the same period in 2014. The increase is primarily a result of the acquisition of CAIN, GBT and MTL as well as higher commissions on larger logistics sales volumes.

Depreciation increased for the three month period ended March 31, 2015 when comparing to the three month period ended March 31, 2014 primarily as a result of the acquisition of equipment both through business combinations and financed purchases. As a result, finance costs have increased as well.

Reverse takeover costs pertain to costs the Company incurred during the three months ended March 31, 2015 in order to complete a reverse takeover of a "reporting issuer" and become a publicly traded company on the TSX Venture Exchange. Total reverse takeover costs incurred to March 31, 2015 were $773,388.

SUMMARY OF QUARTERLY RESULTS

The following table sets out quarterly financial information for the Company's five most recently completed quarters. Quarterly financial information prior to 2014 has not been presented as the Company was a not a reporting issuer and did not prepare quarterly financial statements for these periods.

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	22,426,936	19,540,652	18,118,025	15,636,799	13,000,525
Fuel surcharge	1,583,944	1,391,796	1,290,244	1,438,428	1,320,993
	24,010,880	20,932,448	19,408,269	17,075,227	14,321,518
Operating expenses(1)	21,212,758	18,742,206	17,907,527	15,474,141	13,179,651
EBITDA(2)	2,798,122	2,190,242	1,500,742	1,601,086	1,141,867
EBITDA(2) as a % of revenue(3)	12.5 %	11.2 %	8.3 %	10.2 %	8.8 %
Net income and comprehensive income attributable to the owners of the Company	741,722	450,035	436,642	721,127	364,638
Net income per share (basic and diluted)(4)	0.03	0.02	0.02	0.03	0.02

(1) Q4 2014 operating expenses have been adjusted to reflect $392,799 in RTO transaction costs.
(2) Refer to "Non-IFRS Financial Measures".
(3) As a percentage of revenue before fuel surcharge.
(4) Reflects subdivision of shares that took place on March 31, 2015 for all periods.

Overall, the Company's revenue continued to grow through acquisitions and organic growth. Generally, EBITDA has been growing as well, although the Company saw a decrease in Q3 2014 as a result of the acquisition of CAIN. However, as synergies from this acquisition were realized, EBITDA growth resumed in Q4 2014 and Q1 2015.

The activities of the Company are subject to fluctuating demand for truck transportation. Historically, demand has been weakest in the first quarter, strong in the second quarter, weaker in the third quarter and strongest in the fourth quarter. Furthermore, during the winter months, fuel consumption and maintenance costs tend to rise.

LIQUIDITY AND CAPITAL RESOURCES

	March 31 2015	December 31 2014
Working capital (deficit)(1)	(6,863,649)	1,595,165
Total assets	60,845,222	41,716,496
Debt(2)	34,530,720	22,312,430
Shareholders' equity	7,958,256	6,748,686
Debt to equity ratio(3)	4.34	3.31

(1) Working capital (deficit) is defined as current assets less current liabilities. Private placement funds held in trust have been excluded from liabilities in working capital.
(2) Debt is defined as loans payable and finance lease liabilities, both current and long-term portions, as well as bank indebtedness and due to corporate shareholder.
(3) Debt to equity ratio is defined as debt divided by shareholders' equity.

LIQUIDITY AND CAPITAL RESOURCES - continued

The decrease in working capital can be entirely attributed to the acquisition of MTL on March 1, 2015. The Company acquired a working capital deficit of approximately $6 million and repaid debt of $3,756,185 on acquisition. The Company actively seeks debt refinancing when possible, especially with respect to debt acquired through business acquisitions, to the extent that penalties for early retirement of debt are not significant and lower cost financing is available. Working capital from continuing operations remained relatively flat as the Company reinvested operating cash flows into acquiring MTL as well as new equipment in order to support its growth strategy. The working capital deficit was partially remedied subsequent to March 31, 2015 through the conversion of $5 million in short-term debt to long-term debt. Management believes that the Company's operating cash flows are sufficient to fund daily operating activities, meet regular debt repayment obligations and further remedy the working capital deficit.

Total assets and debt increased significantly as a result of the acquisition of MTL. In addition, the Company purchased $5,312,158 in new equipment during the period. The Company regularly reinvests in new equipment to keep maintenance costs low and to ensure quality service for its customers. The Company's equipment vendors as well as financial institutions have historically provided direct funding towards the purchase of new equipment, which results in acquisitions of property and equipment not having an impact on cash flows until the commencement of lease and loan payments. As of March 31, 2015, the Company has committed $3,230,080 towards the purchase of additional equipment. Management believes there is sufficient financing available to fund planned capital expenditures in the future and to provide for the future growth of the business.

The Company limits the use of off-balance sheet financing, by way of operating leases, to the extent practical. Operating leases mainly pertain to the use of the Company's terminals, warehouse and office space but do include some power units and trailers to the extent that the Company's owned and subcontracted fleet is not able to meet customer demands. These leases expire between June 2015 and March 2020.

The Company's portion of credit facilities which are unused as of March 31, 2015 are as follows: approximately $6 million under a revolving demand operating facility, $5 million under a non-revolving acquisition facility, $5 million under an f/x forward contract facility and approximately $3 million under a finance lease loan facility.

Common Shares

As of March 31, 2015, there were 24,200,001 common shares of the Company outstanding, of which an estimated 288,102 in escrow shares are subject to cancellation due to an estimated purchase price adjustment relating to the Company's acquisition of MTL.

On December 19, 2014, the Company completed a non-brokered private placement of subscription receipts for gross proceeds of approximately $6.7 million. Each subscription receipt was sold at a price of $1.50 and was exchanged, for no additional consideration, for one unit of Titanium Transportation Group Inc. (formerly Northeastern Group Inc.) ("TTGI") on April 1, 2015. Each unit is comprised of one common share of TTGI and one warrant to acquire a common share of TTGI. Each warrant entitles the holder to acquire a common share of TTGI at an exercise price of $2.50 per common share until April 16, 2018. The warrants will be subject to accelerated expiry if the volume weighted average price of the common shares of TTGI is no less than $3.00 per common shares (subject to customary adjustments) for 20 consecutive trading days.

LIQUIDITY AND CAPITAL RESOURCES - continued

On April 1, 2015, the Company completed the reverse takeover ("RTO") of TTGI by way of a "three-cornered" amalgamation under the provisions of the Canada Business Corporations Act. The RTO resulted in the Company amalgamating with 9050400 Canada Inc. ("CanCo") and 9105352 Canada Inc., a wholly-owned subsidiary of TTGI. The resulting amalgamated entity continued as a wholly-owned subsidiary of TTGI. Immediately following the RTO, TTGI changed its name from "Northeastern Group Inc." to "Titanium Transportation Group Inc." The common shares of TTGI commenced trading on the TSX Venture Exchange on April 16, 2015.

In addition, TTGI issued 1,240,000 stock options on April 1, 2015. Each stock option entitles the holder to acquire a common share of TTGI at an exercise price of $1.50 per common share. The stock options have vesting periods varying from zero to six years and expiration dates varying from five to ten years following issue.

As of May 25, 2015, there are 30,288,088 common shares of TTGI outstanding, of which an estimated 288,102 in escrow shares are subject to cancellation.

NON-IFRS FINANCIAL MEASURES

This MD&A includes the following financial measures that do not have any standardized meaning under IFRS and may not be comparable to similar measures employed by other companies:

"Earnings before interest, income taxes, depreciation and amortization" ("EBITDA") is calculated as net income before finance income and costs, income tax expense, depreciation, amortization, asset impairments, gains or losses on the sale of equipment and reverse takeover costs.

"EBITDA as a percentage of revenue before fuel surcharge."

Management of the Company believes that these financial measures are useful for investors and other readers when used in conjunction with other IFRS financial measures. However, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

TRANSACTIONS WITH RELATED PARTIES

The Company provides transportation services to companies under common control. These companies include Vision Extrusions Group Limited, Vision Ecoproducts Limited and Sunview Patio Doors Ltd., and aggregate revenues from these companies totaled $734,430 and $639,575, respectively, for the three months ended March 31, 2015 and 2014. The Company also rents its head office and Woodbridge distribution terminal from Vaughan West II Limited and its Woodbridge parking yard from Roybridge Holdings Limited, both companies under common control. Total rent paid to these companies for the three months ended March 31, 2015 and 2014 was $104,277 and $98,592, respectively.

Trunkeast, the Company's controlling shareholder as of March 31, 2015, had provided financing to the Company, as needed, to fund business acquisitions and any working capital shortfalls. During March, this funding was replaced with financing provided by the Company's bank. Interest charged by Trunkeast during the three months ended March 31, 2015 and 2014 was $94,514 and $47,137, respectively. Trunkeast also provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged $15,000 and $21,600, respectively, for the three months ended March 31, 2015 and 2014. The Company is committed to payment for these services until December 31, 2018.

These transactions were carried out in the normal course of business and were measured at the exchange amount, which management has concluded approximates an arm's-length arrangement.

In addition, the Company is expected to lease property for a new facility being constructed at 12725 Coleraine Drive, Caledon, Ontario, which will accommodate the Company’s head office operations and include an integrated yard, warehousing and third party mechanical shop. The lease agreement is expected to be with Caledon First Investments Limited, a company under common control. It is expected that the Company will lease approximately 68,900 square feet of gross floor area for an initial term of 15 years. The lease is expected to commence in early 2016 and continue in effect for 15 years. The terms of the lease are currently under independent review.

CHANGES IN ACCOUNTING POLICIES

The following new standards and amendments to standards are not yet effective for the three months ended March 31, 2015 and have not been applied in preparing the consolidated interim financial statements. The full description of each of these recent pronouncements is available in our consolidated interim financial statements.

IFRS 9, Financial Instruments
IFRS 15, Revenue from Contracts with Customers

Titanium Transportation Group Holdings Ltd.
(previously Titanium Transportation Group Inc.)

Unaudited Condensed Consolidated Interim Financial Statements

For the first quarter ended
March 31, 2015

Titanium Transportation Group Holdings Ltd.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(in Canadian dollars)

	March 31 2015	December 31 2014
Assets		
Current		
Trade and other receivables (note 6 and 15)	16,205,251	14,793,088
Finance lease receivables (note 7)	569,534	504,052
Prepaid expenses and deposits	946,557	569,514
Restricted cash (note 8)	5,632,165	5,632,165
	23,353,507	21,498,819
Finance lease receivables (note 7)	1,120,503	921,372
Property and equipment (note 9)	33,366,524	16,566,433
Deferred tax assets	145,779	31,361
Goodwill (note 5)	2,858,909	2,698,511
	60,845,222	41,716,496
Liabilities		
Current		
Bank indebtedness (note 10)	14,270,109	1,120,541
Trade and other payables	9,814,678	5,140,975
Current taxes payable	200,534	414,037
Loans payable (note 11)	2,274,137	2,469,109
Finance lease liabilities (note 12)	3,407,698	1,508,992
Due to corporate shareholder (note 10)	-	9,000,000
Due to related parties	250,000	250,000
Private placement funds held in trust (note 8)	5,632,165	5,632,165
	35,849,321	25,535,819
Loans payable (note 11)	5,348,700	5,001,163
Finance lease liabilities (note 12)	9,230,076	3,212,625
Due to related parties	200,000	200,000
Deferred tax liabilities	2,258,869	1,018,203
	52,886,966	34,967,810
Commitments (note 17)		
Shareholders' Equity		
Share capital (note 13)	2,547,848	2,080,000
Retained earnings	5,410,408	4,668,686
	7,958,256	6,748,686
	60,845,222	41,716,496

On behalf of the Board

"Ted Daniel"
Director

"Bill Chyfetz"
Director

Titanium Transportation Group Holdings Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income

three months ended March 31 (unaudited)

(in Canadian dollars)

	2015	2014
Revenue	22,426,936	13,000,525
Fuel surcharge	1,583,944	1,320,993
	24,010,880	14,321,518
Operating expenses		
Carriers and independent contractors	11,048,796	7,911,805
Vehicle operating	4,129,359	2,402,343
Wages and casual labour	4,514,091	2,241,345
Other operating	1,520,512	624,158
	21,212,758	13,179,651
Income before the following	2,798,122	1,141,867
Depreciation	1,204,501	589,394
Gain on sale of property and equipment (note 14)	(109,958)	(65,801)
Finance costs (note 15)	321,381	160,770
Finance income	(39,654)	(8,542)
Reverse takeover costs	380,589	-
	1,756,859	675,821
Income before income taxes	1,041,263	466,046
Income tax expense	299,541	101,408
Net income and comprehensive income attributable to owners of the Company	741,722	364,638
Earnings per share:		
Basic	0.03	0.02
Diluted	0.03	0.02
Weighted average number of shares outstanding:		
Basic (note 13)	23,703,966	23,033,600
Diluted (note 13)	23,703,966	23,033,600

Titanium Transportation Group Holdings Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

three months ended March 31 (unaudited)

(in Canadian dollars)

	Share Capital	Retained earnings	Total
Balances at December 31, 2014	2,080,000	4,668,686	6,748,686
Share issuance (note 13)	467,848	-	467,848
Net income and comprehensive income	-	741,722	741,722
Balances at March 31, 2015	2,547,848	5,410,408	7,958,256
Balances at December 31, 2013	1,680,000	2,696,244	4,376,244
Net income and comprehensive income	-	364,638	364,638
Balances at March 31, 2014	1,680,000	3,060,882	4,740,882

Titanium Transportation Group Holdings Ltd.

Condensed Consolidated Interim Statements of Cash Flows

three months ended (unaudited)

(in Canadian dollars)

	2015	2014
Cash flows from operating activities		
Cash received from customers	23,417,683	13,321,560
Cash paid to suppliers and employees	(19,551,451)	(11,020,898)
Finance lease receivables	150,828	36,370
Income taxes	(460,800)	-
Interest paid	(321,381)	(160,770)
Interest received	39,654	8,542
	3,274,533	2,184,804
Cash flows from investing activities		
Acquisition of property and equipment (note 9)	-	(155,705)
Disposition of property and equipment	255,029	28,300
Acquisition of subsidiary	(2,000,000)	-
	(1,744,971)	(127,405)
Cash flows from financing activities		
Bank indebtedness	12,784,117	(480,952)
Demand loans	(914,580)	-
Loans payable	(1,589,799)	(790,918)
Finance lease liabilities	(2,809,300)	(379,454)
Due to corporate shareholder	(9,000,000)	(300,000)
Due to related parties	-	69,629
	(1,529,562)	(1,881,695)
Increase in cash	-	175,704
Cash, beginning	5,632,165	-
Cash, ending	5,632,165	175,704

1. CORPORATE INFORMATION

Titanium Transportation Group Holdings Ltd. (the "Company") was incorporated on April 7, 2013 under the Canada Business Corporations Act. The Company is a truck-based carrier and logistics broker servicing all of North America with distribution terminals based in Woodbridge, Bracebridge, Orillia and Napanee, Ontario. The condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries. The Company changed its name from "Titanium Transportation Group Inc." to "Titanium Transportation Group Holdings Ltd." on March 31, 2015.

Titanium Logistics Inc. ("TLI") was incorporated on May 10, 2002 under the Canada Business Corporations Act. The Company acquired all of the common shares of TLI on July 31, 2013 and continued under the same business.

The Company's registered head office is at 400 Zenway Boulevard, Unit 4, Woodbridge, Ontario, L4H 0S7.

For the reporting period, the parent of the Company was Trunkeast Investments Canada Limited ("Trunkeast") and the ultimate parent was De Zen Investments Canada Limited.

2. BASIS OF PRESENTATION

The condensed consolidated interim financial statements have been prepared on a going concern basis using historical cost, except for assets and liabilities acquired in business combinations, which are measured at fair value at the acquisition date. These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Company.

These unaudited condensed consolidated interim financial statements have been prepared by and are the sole responsibility of the Company's management. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants of Canada for the review of interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 25, 2015.

2. BASIS OF PRESENTATION - continued

Seasonality of interim operations

The activities of the Company are subject to fluctuating demand for truck transportation. Historically, demand has been weakest in the first quarter, strong in the second quarter, weaker in the third quarter and strongest in the fourth quarter. Furthermore, during the winter months, fuel consumption and maintenance costs tend to rise. Consequently, the results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses for the period. Management makes estimates based on specific facts or circumstances as well as past experiences. Management periodically reviews its estimates and underlying assumptions relating to provisions for receivables, depreciation, deferred taxes, impairment testing, determining the fair value of identifiable assets acquired and liabilities assumed in a business combination and determining fair values of financial instruments. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. As adjustments become necessary, they are reported in earnings in the period in which they become known.

Use of judgment

The preparation of these condensed consolidated interim financial statements in accordance with IFRS, requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards. Management periodically reviews its judgments and underlying assumptions relating to the classification of leases, determining income tax provisions, assessing impairment of assets, allocating the purchase price and goodwill determination in a business combination and determining fair values of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described in the Company's annual consolidated financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated. The accounting policies have been applied consistently by all subsidiaries.

New standards not yet adopted

IFRS 9, Financial Instruments, was issued by the IASB on November 12, 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The mandatory effective date for IFRS 9 of January 1, 2015 has been removed and January 1, 2018 has been proposed with early adoption being permitted. Management does not intend to adopt IFRS 9 until this standard becomes effective. The impact of IFRS 9 has not yet been determined.

IFRS 15, Revenue from Contracts with Customers, which will replace IAS 18, Revenue, will become effective for periods beginning on or after January 1, 2017. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The extent of the impact of adoption of the standard has not yet been determined.

4. OPERATING SEGMENTS

The Company's business activities are made up of two main segments: truck transportation and logistics. The truck transportation segment entails the pickup and delivery of goods across Canada and the United States. The logistics segment entails the brokering of freight across North America. For each operating segment, the Company's CEO reviews internal management reports on a monthly basis. Operating segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items ("Corporate") comprise mainly of head office expenses.

	Truck Transportation	Logistics	Corporate	Elimination	Total
As at March 31, 2015					
Total assets	52,713,355	7,989,630	142,237	-	60,845,222
Total liabilities	47,596,074	4,298,481	992,411	-	52,886,966
Three months ended March 31, 2015					
Revenue - external	14,565,158	9,445,722	-	-	24,010,880
Revenue - internal	114,728	-	-	(114,728)	-
Total revenue	14,679,886	9,445,722	-	(114,728)	24,010,880
Depreciation	1,204,501	-	-	-	1,204,501
Finance costs	321,381	-	-	-	321,381
Finance income	39,654	-	-	-	39,654
Income before income taxes	762,777	958,409	(679,923)	-	1,041,263
Income taxes (recoveries)	224,325	255,396	(180,180)	-	299,541
Capital expenditures	18,557,058	-	-	-	18,557,058
Goodwill acquisitions	160,398	-	-	-	160,398
As at March 31, 2014					
Total assets	19,523,245	4,157,957	-	-	23,681,202
Total liabilities	16,268,455	2,671,869	-	-	18,940,324
Three months ended March 31, 2014					
Revenue - external	8,893,057	5,428,461	-	-	14,321,518
Revenue - internal	97,792	-	-	(97,792)	-
Total revenue	8,990,849	5,428,461	-	(97,792)	14,321,518
Depreciation	579,499	9,895	-	-	589,394
Finance costs	160,770	-	-	-	160,770
Income before income taxes	259,780	304,776	(98,510)	-	466,046
Income taxes (recoveries)	46,747	80,766	(26,105)	-	101,408
Capital expenditures	3,246,425	-	-	-	3,246,425
Goodwill acquisitions	-	-	-	-	-

4. OPERATING SEGMENTS - continued

Revenue is attributed to geographical locations based on the location of the origin of the service. All of the Company's assets are located in Canada.

	2015	2014
Canada	15,935,241	7,749,583
United States	8,075,639	6,571,935
	24,010,880	14,321,518

5. BUSINESS COMBINATIONS

On March 1, 2015, the Company acquired all of the outstanding shares of Muskoka Transport Limited ("MTL"), an asset-based transportation and logistics company based in Bracebridge, as well as the land and building from which the company operated. The acquisition allowed the Company to expand its customer based and take advantage of customer synergies.

From the date of acquisition, MTL contributed revenue of $2,829,025 and a net loss of $285,915. If the company were acquired January 1, 2015, management estimates that the company would have contributed revenue of $7,802,574 and a net loss of $964,629.

As of the reporting date, the Company has not completed the purchase price allocation over the identifiable net assets and goodwill of MTL as the Company is still in the process of confirming the fair value of certain assets and liabilities and finalizing the purchase price. The table below presents the purchase price allocation based on the best available information to the Company to date.

Trade and other receivables	818,967
Prepaid expenses and deposits	690,037
Property and equipment	13,244,900
Bank indebtedness	(365,451)
Demand loans	(914,580)
Trade and other payables	(2,936,757)
Loans payable	(942,363)
Finance lease liabilities	(5,413,299)
Deferred tax liabilities	(1,074,004)
Total identifiable net assets	3,107,450
Total consideration	3,267,848
Goodwill	160,398
Cash	2,000,000
Issuance of shares	467,848
Loan payable	800,000
Total consideration transferred	3,267,848

5. BUSINESS COMBINATIONS - continued

As market prices for shares issued as part of the acquisition of MTL were not available at the time of acquisition, the fair value of the equity instruments issued was based on an arm's length transaction between knowledgeable, willing parties. The valuation was based on the price of subscription receipts that the Company issued as part of its non-brokered private placement. All relevant factors and knowledge of the Company and industry at the time of acquisition were considered when making assumptions as part of the valuation of these shares.

Goodwill represents expected synergies from combining operations of MTL with the Company as well as customer relationships acquired. No portion of goodwill acquired is deductible for tax purposes. The entire portion has been allocated to the truck transportation segment, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Transactions costs of $215,429 have been expensed in relation to this business acquisition, which were recorded in other operating expenses on the condensed consolidated interim statements of comprehensive income.

Trade and other receivables acquired include gross contractual amounts of $844,123, of which $46,991 was expected to be uncollectable at the acquisition date.

6. TRADE AND OTHER RECEIVABLES

As part of the Company's acquisition of MTL, the Company assumed a factoring arrangement that expires on August 1, 2015. During the period from acquisition to March 31, 2015, the Company factored $2,835,390 in trade receivables and incurred $47,653 in factoring fees, which are included in finance costs on the condensed consolidated interim statement of comprehensive income. Factored trade receivables are subject to recourse if amounts are outstanding for more than 90 days. As of March 31, 2015, the carrying value and fair value of factored trade receivables with which the Company has continuing involvement was $215,157 and the total amount of accounts receivable subject to recourse was $2,359,286.

7. FINANCE LEASE RECEIVABLES

During the period, the Company entered into new finance leases totaling $407,395, which are receivable over 60 months with interest ranging from 5.08% to 6.55%.

8. RESTRICTED CASH AND PRIVATE PLACEMENT FUNDS HELD IN TRUST

On December 19, 2014, the Company completed a non-brokered private placement of subscription receipts for gross proceeds of approximately $6.7 million. Each subscription receipt was sold at a price of $1.50 and was exchanged, for no additional consideration, for one unit of Titanium Transportation Group Inc. (formerly Northeastern Group Inc.) ("TTGI") on April 1, 2015. Each unit is comprised of one common share of TTGI and one warrant to acquire a common share of TTGI. Of the total $6.7 million collected, $1.1 million was being held, in trust, by a third party and was released on April 1, 2015.

9. PROPERTY AND EQUIPMENT

	Land and building	Furniture and equipment	Rolling stock	Total
Cost				
Balance, December 31, 2014	406,671	2,169,400	22,751,685	25,327,756
Additions through business combinations	1,500,000	300,000	11,444,900	13,244,900
Other additions	-	-	5,312,158	5,312,158
Disposals	-	(28,410)	(758,622)	(787,032)
Balance, March 31, 2015	1,906,671	2,440,990	38,750,121	43,097,782
Accumulated depreciation				
Balance, December 31, 2014	4,167	1,364,838	7,392,318	8,761,323
Depreciation	2,917	87,876	1,113,708	1,204,501
Disposals	-	(28,410)	(206,156)	(234,566)
Balance, March 31, 2015	7,084	1,424,304	8,299,870	9,731,258
Net carrying amounts				
At December 31, 2014	402,504	804,562	15,359,367	16,566,433
At March 31, 2015	1,899,587	1,016,686	30,450,251	33,366,524

During the period, rolling stock totaling $5,312,158 was acquired by way of finance leases.

10. BANK INDEBTEDNESS

During the period, a Schedule II bank (the "bank") made the following credit facilities available to the Company:

a) a CDN$15,000,000 revolving demand operating facility, subject to margin requirements, bearing interest at the bank's prime rate plus 0.75% to 1.5% per annum, depending on the Company's debt to tangible net worth ratio, with interest payable monthly;

b) a CDN$5,000,000 non-revolving acquisition facility, subject to prefunding conditions, bearing interest at either the bank's prime rate plus 1.75% to 2.5% or the bank's fixed rate plus 3% to 3.75% per annum, depending on the Company's debt to tangible net worth ratio, with interest payable monthly and principal payable equally over 16 quarters beginning after the first year;

c) a US$5,000,000 (face value) F/X forward contract facility, based on market pricing at the time of booking and to be retired on the respective maturity dates;

d) a CDN$10,000,000 finance lease loan facility, based on pricing and repayment terms determined at the time of leasing; and

e) a CDN$100,000 Mastercard loan facility, repayable in accordance with monthly statements.

10. BANK INDEBTEDNESS - continued

The credit facilities are secured by the following:

(i) General Security Agreement providing a first charge over all the assets of the Company and its subsidiaries;

(ii) Corporate unlimited guarantee from each subsidiary;

(iii) Subordination, postponement and assignment of all shareholder and related party loans;

(iv) Assignment of all risk insurance over all assets of the Company.

After the credit facilities were made available, the Company repaid all outstanding debt owing to its corporate shareholder, Trunkeast.

11. LOANS PAYABLE

As part of the Company's acquisition of MTL, the Company acquired the land and building from which MTL operated. Part of the purchase price was a $1 million interest free loan secured by the property. The fair value of the loan was determined to be $800,000 using a discount rate of 4.5%. The loan is repayable over monthly installments of $8,333 and is due March 2025.

In addition, as part of the acquisition of MTL, the Company acquired a $229,898 loan payable which is unsecured, bears interest at 5% and is repayable in quarterly installments of $22,405 until October 2017.

The composition of loans payable as of March 31, 2015 was as follows:

Loan payable relating to MTL land and building	800,000
Assumed loan payable as part of acquisition of MTL	229,898
Loans payable existing on December 31, 2014	6,592,939
	7,622,837
Current portion	2,274,137
	5,348,700

In addition to the above, loans payable of $712,465 were assumed as part of the acquisition of MTL. These loans were repaid in full on March 1, 2015.

12. FINANCE LEASE LIABILITIES

During the period, the Company entered into $5,312,158 in new finance leases. Interest on these leases range from 3.07% to 3.7% and the leases are repayable in blended monthly installments totaling $95,941 until January 2020.

In addition, the Company assumed the following finance lease liabilities upon acquisition of MTL:

Liability relating to rolling stock, bearing interest at 5.87%, repayable in blended monthly installments of $10,168 until August 2017, with a final payment of $130,297 due September 2017	386,821
Liabilities relating to rolling stock, bearing interest ranging from 5.65% to 7.05%, repayable in blended monthly installments totaling $15,830, with final payments due between June 2016 and November 2017	326,941
Liabilities relating to rolling stock, bearing interest ranging from 5.47% to 5.58%, repayable in blended monthly installments totaling $37,012, with final payments due April 2019	1,621,460
Liabilities relating to rolling stock, bearing interest ranging from 5.5% to 5.86%, repayable in blended monthly installments totaling $21,154 until November 2017, with a final payment of $271,245 due December 2017	861,400
	3,196,622
Finance lease liabilities existing on December 31, 2014	4,338,617
New finance lease liabilities, as described above	5,102,535
	12,637,774
Current portion	3,407,698
	9,230,076

In addition to the above, $2,129,140 in finance lease liabilities were assumed as part of the acquisition of MTL. These liabilities were repaid in full on March 1, 2015.

13. SHARE CAPITAL

Authorized

Unlimited number of common shares with no par value

	Common shares	
	Shares	**Amount**
Issued		
Balance December 31, 2014	11,028,032	2,080,000
Shares issued on acquisition of MTL	145,747	467,848
Share subdivision	12,738,120	-
Balance March 31, 2015	23,911,899	2,547,848

On March 1, 2015, the Company acquired MTL for cash and 145,747 newly issued common shares from treasury with a stated amount of $467,848. A total of 280,374 common shares were originally issued into escrow, of which an estimated 134,627 (288,102 post-subdivision) are subject to cancellation. As the purchase price has not yet been finalized, the number of shares to be cancelled is still subject to change.

On March 31, 2015, the Company subdivided its common shares at a ratio of approximately 2.14 post-subdivision shares for each pre-subdivision share.

The weighted average number of common shares outstanding reflect the subdivision and has been calculated as follows:

	2015	**2014**
Issued common shares, beginning	23,600,000	23,033,600
Effect of issued shares	103,966	-
Weighted average number of shares	23,703,966	23,033,600

No additional adjustments to earnings or the weighted average number of shares for the effects of dilutive common shares were necessary.

On April 1, 2015, the Company completed the reverse takeover ("RTO") of TTGI by way of a "three-cornered" amalgamation under the provisions of the Canada Business Corporations Act. The RTO resulted in the Company amalgamating with 9050400 Canada Inc. ("CanCo") and 9105352 Canada Inc., a wholly-owned subsidiary of TTGI. The resulting amalgamated entity continued as a wholly-owned subsidiary of TTGI. Immediately following the RTO, TTGI changed its name from "Northeastern Group Inc." to "Titanium Transportation Group Inc." The common shares of TTGI commenced trading on the TSX Venture Exchange on April 16, 2015.

13. SHARE CAPITAL - continued

The RTO will be accounted for as a reverse acquisition that does not constitute a business in accordance with IFRS 2, Share-Based Payment, in which the Company is being identified as the acquirer of TTGI and CanCo. In accordance with IFRS 2, all of the outstanding common shares of TTGI were acquired by the Company in exchange for 133,322 common shares valued at $1.50 per share. The Company has not completed the purchase price allocation over the identifiable net assets of TTGI but estimates the fair value of net assets acquired and the resulting reverse takeover costs incurred as follows:

Trade and other receivables	3,561
Trade and other payables	(40,384)
Total identifiable net assets acquired	(36,823)
Total share consideration	199,983
Reverse takeover cost	236,806

In accordance with IFRS 2, all of the outstanding common shares of CanCo were acquired by the Company in exchange for 1,466,667 common shares valued at $1.50 per share. The Company completed the purchase price allocation over the identifiable net assets of CanCo and has determined that the fair value of net assets acquired and the resulting reverse takeover costs incurred are as follows:

Cash	350,000
Total identifiable net assets acquired	350,000
Total share consideration	2,200,001
Reverse takeover cost	1,850,001

As market prices for shares issued as part of the reverse takeover of TTGI and CanCo were not available at the time of acquisition, the fair value of the equity instruments issued was based on an arm's length transaction between knowledgeable, willing parties. The valuation was based on the price of subscription receipts that the Company issued as part of its non-brokered private placement. All relevant factors and knowledge of the Company and industry at the time of acquisition were considered when making assumptions as part of the valuation of these shares.

As part of the Company's non-brokered private placement described in note 8, the Company issued 4,532,665 warrants on April 1, 2015. Each warrant entitles the holder to acquire a common share of TTGI at an exercise price of $2.50 per common share until April 16, 2018. The warrants will be subject to accelerated expiry if the volume weighted average price of the common shares of TTGI is no less than $3.00 per common shares (subject to customary adjustments) for 20 consecutive trading days.

In addition, TTGI issued 1,240,000 stock options on April 1, 2015. Each stock option entitles the holder to acquire a common share of TTGI at an exercise price of $1.50 per common share. The stock options have vesting periods varying from zero to six years and expiration dates varying from five to ten years following issue.

Management is in the process of determining the fair value of the warrants and stock options.

14. NON-CASH TRANSACTIONS

Included in gain on sale of property and equipment are the following sales of tractors under finance leases:

	2015	2014
Sale of tractors under finance leases	407,395	536,440
Cost of sales of tractors under finance leases	(398,538)	(493,939)
	8,857	42,501

15. RELATED PARTY TRANSACTIONS

As of the reporting date, Trunkeast held a controlling interest in the Company. Neither Trunkeast nor the ultimate parent produce consolidated financial statements available for public use.

	2015	2014
Provided truck transportation services to Vision Extrusions Group Limited, Vision Ecoproducts Limited and Sunview Patio Doors Ltd., companies under common control	734,430	639,575
Paid rent for premises to Vaughan West II Limited and rent for yard to Roybridge Holdings Limited, companies under common control	(104,277)	(98,592)
Paid interest to 1525359 Ontario Limited, a company under common control	-	(13,200)
Paid interest to Trunkeast	(94,514)	(47,137)
Paid management fees to Trunkeast	(15,000)	(21,600)
	520,639	459,046

Included in trade and other receivables as at March 31, 2015 is a total of $225,986 due from these related companies. Also included in trade and other receivables as at March 31, 2015 is $80,000 due from 1260356 Ontario Limited, a company under common control.

These transactions were carried out in the normal course of business and were measured at the exchange amount, which management has concluded approximates an arm's-length arrangement.

16. WAGES AND CASUAL LABOUR

Included in wages and casual labour are key management compensation and employee benefits as follows:

	2015	2014
Key management compensation	180,136	153,435
Employee benefits	79,587	27,256

17. COMMITMENTS

a) The Company is committed to the leasing of its rolling stock and office and storage space. Minimum lease payments on these operating leases are as follows:

Less than one year	1,272,327
Between one and five years	1,995,757

Operating leases that were charged to income during the three months ended March 31, 2015 totaled $664,709 (2014 - $367,401).

b) As at March 31, 2015, the Company was committed to purchasing rolling stock for $3,230,080.

18. COMPARATIVE FIGURES

The condensed consolidated interim statement of financial position as at December 31, 2014 has been reclassified to present cash and bank indebtedness on a net basis. In addition, bank indebtedness has been broken out as a seperate financing activity on the condensed consolidated interim statement of cash flows for the three months ended March 31, 2015. This presentation has been adopted to better reflect how the Company now manages cash flow given the change in financing during the current period.

In addition, the presentation of revenue on the condensed consolidated interim statements of comprehensive income has changed from the presentation on the Company's previous financial statements. In order to provide financial statement users with more information on the composition of revenue, the fuel surcharge component of revenue has been broken out.