TITANIUM
Transportation Group Inc.

Management's Discussion and Analysis

For the first quarter ended
March 31, 2018

Dated May 8, 2018

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated May 8, 2018 ("MD&A"), which provides a comparative overview of the Company's performance for its three month period ended March 31, 2018 with the corresponding three month period ended March 31, 2017, and it reviews the Company's financial position as at March 31, 2018. Throughout this MD&A, the term "Company" or "Titanium" shall mean Titanium Transportation Group Inc. and all of its direct and indirect 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 year ended December 31, 2017 as well as the unaudited condensed consolidated interim financial statements of the Company for the first quarter ended March 31, 2018 ("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 consolidated interim financial statements comply with IAS 34, Interim Financial Reporting, and do not include all of the information required for annual financial statements. The Company's presentation currency is the Canadian dollar. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated. The Company's consolidated interim financial statements for the first quarter ended March 31, 2018 were approved by its Board of Directors on May 8, 2018. Readers are cautioned that certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumption prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, the information in this report is dated as of May 8, 2018. Additional information relating to the Company is available on SEDAR at www.sedar.com.

OVERVIEW

The Company is an asset-based transportation and logistics company servicing Canada and the United States with terminals in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario and with additional parking/switch yards in Sudbury, Brantford, Brockville and Trenton, Ontario. The Company has over 1,000 customers across various industries, including large multinational corporations, with no one customer accounting for more than 6% of revenue. The Company has approximately 450 power units, 1,500 trailers, and 550 independent owner operators and full-time employees.

The Truck Transportation segment provides transport of general merchandise by long-haul, dedicated and local trucking services throughout Canada and the U.S. with a variety of trailer types, including 53' dry vans and flatbeds that support both heated and multi-axle services. Through the use of a modern fleet, the Truck Transportation segment provides reliable and timely service to various customers, attains a high asset utilization through its network of terminals and yards across Ontario, and creates a platform for revenue growth and cost efficiencies through the integration of acquisitions.

The Logistics segment is a non-asset-based broker that provides ancillary transportation services, such as third-party logistics services and freight forwarding across all of North America. Through its network, the Logistics segment offers customers a variety of transportation services, including intermodal service, international shipping, specialty services, and expedited services. The Logistics segment succeeds due to the extensive experience and expertise of the Company's dedicated personnel, up to date and innovative information technology infrastructure, and strong strategic relationships with third-party providers.

The Company's operational results are influenced by industry-wide economic factors and by capital allocation, operating and spending decisions. Industry-wide economic factors which impact operational results include freight demand, trucking capacity, fuel prices, driver shortage, exchange rates, government regulation and weather. The Company makes key decisions when allocating capital between its Truck Transportation and Logistics segments, hiring employees or independent contractors and determining compensation, investing in new equipment and technology, and considering business acquisitions. Operating and spending decisions are made after the analysis of numerous important financial and operational metrics including EBITDA[1] and operating income, revenue generated per truck and per mile, empty miles, driver retention and fuel efficiency.

Key Highlights

Revenue (including fuel surcharge) was $45.5 million for the three month period ended March 31, 2018, a 52.5% increase over the three month period ended March 31, 2017 and a 28.3% increase over the three month period ended December 31, 2017. Similarly, operating income was $1.9 million for the quarter, 6 times operating income in the same period last year and 4 times fourth quarter 2017 operating income.

Growth occurred in both the Logistics and Truck Transportation segments, reflecting broadly improved industry conditions driven by economic growth and the persistent shortage of drivers. In particular, the introduction of mandatory Electronic Logging Devices ("ELDs") in the United States, effective in December 2017, resulted in a material constraint on industry capacity during the quarter. Titanium remains well positioned to capitalize on these favourable market trends, with the infrastructure, culture and capacity to support increased customer demand.

These favourable industry conditions are expected to continue in the immediate term, and based on these conditions, the Company is adjusting its revenue and EBITDA run rates upwards to $170 million and $18 million, respectively, from $155 million and $16 million.

The Logistics segment grew dramatically this quarter with year over year revenue growth of 115.3% and operating income growth of 4.5 times. This growth was driven by a significant increase in demand for brokerage services given a sudden decrease in industry wide carrier availability. The Company was uniquely well positioned to take advantage of the increased demand through its custom-built technology platform and strong carrier relationships. Consequently, the Logistics segment was able to double EBITDA margins from 5.1% to 10.9% as a result of a significant growth in volumes over relatively fixed costs.

The Truck Transportation segment also posted strong growth this quarter, with year over year revenue growth of 26.0% and EBITDA growth of 15.3%. This growth was primarily a result of the Company's acquisition of Xpress Group ("Xpress") on October 1, 2017. Revenue growth was additionally supported by improvements in contract rates and organic growth in volumes. Year over year, the Truck Transportation segment generated organic revenue growth of $1.6 million. In order to take advantage of current market conditions and to support the segment's ability to capture further organic growth, a significant driver pay increase was implemented at the start of the quarter, which was partially offset by initial rate improvements and better asset utilization.

Revenue by Industry	
Manufactured Goods	34.0%
Retail	18.5%
Automotive	10.1%
Logistics/ Trucking	9.9%
Metals	8.7%
Food & Beverage	5.9%
Forest Products	4.1%
Services	3.7%
Other	5.1%

Based on Q1 2018 revenue

[1] Refer to "Results of Operations" on page 3 and "Non-IFRS Financial Measures" on page 11 for more information about EBITDA and for a reconciliation of EBITDA to net income.

RESULTS OF OPERATIONS

Financial Highlights (unaudited)

	3 months ended March 31 2018	3 months ended March 31 2017
Revenue	42,407,298	28,050,767
Fuel surcharge	3,068,560	1,778,659
	45,475,858	29,829,426
Operating expenses	40,501,724	26,919,709
EBITDA(1)	4,974,134	2,909,717
EBITDA margin(1)	11.7 %	10.4 %
Depreciation	3,057,606	2,570,463
Amortization of customer lists	57,150	30,360
Operating income(1)	1,859,378	308,894
Operating margin(1)	4.4 %	1.1 %
Gain on sale of property and equipment	(67,614)	(275,925)
Finance costs	566,500	494,102
Finance income	(77,240)	(104,050)
Foreign exchange gain	(59,178)	(25,813)
Income tax expense	378,779	91,296
Net income and comprehensive income attributable to owners of the Company	1,118,131	129,284
Net income per share - basic	0.03	0.00
Net income per share - diluted	0.03	0.00

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

Selected Segmented Financial Information (unaudited)

	3 months ended March 31 2018	3 months ended March 31 2017
Truck Transportation		
Revenue	23,902,500	19,260,058
Fuel surcharge	2,088,883	1,371,789
	25,991,383	20,631,847
Operating expenses		
Carriers and independent contractors	9,330,390	6,873,560
Vehicle operating	6,263,156	5,009,300
Wages and casual labour	5,974,511	4,777,002
Other operating	1,174,052	1,154,982
	22,742,109	17,814,844
EBITDA(1)	3,249,274	2,817,003
EBITDA margin(1)	13.6 %	14.6 %
Depreciation	2,943,710	2,495,017
Amortization of customer lists	57,150	30,360
Operating income(1)	248,414	291,626
Operating margin(1)	1.0 %	1.5 %
Gain on sale of property and equipment	(67,614)	(275,925)
Finance costs	536,812	494,102
Finance income	(77,240)	(104,050)
Foreign exchange loss (gain)	16,972	(21,256)
Income tax expense (recovery)	(61,655)	66,516
Net income (loss)	(98,861)	132,239
Logistics		
Revenue	19,420,149	9,069,954
Fuel surcharge	979,677	406,870
	20,399,826	9,476,824
Operating expenses		
Carriers and independent contractors	15,977,478	7,810,593
Wages and casual labour	1,781,341	884,043
Other operating	523,467	317,204
	18,282,286	9,011,840
EBITDA/ Operating income(1)	2,117,540	464,984
EBITDA/ Operating margin(1)	10.9 %	5.1 %
Depreciation	113,896	75,446
Finance costs	29,688	-
Foreign exchange gain	(76,150)	(4,557)
Income tax expense	540,744	107,436
Net income	1,509,362	286,659

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

Revenue (unaudited)

	3 months ended March 31 2018	3 months ended March 31 2017
Truck Transportation		
Revenue	23,902,500	19,260,058
Fuel surcharge	2,088,883	1,371,789
	25,991,383	20,631,847
Logistics		
Revenue	19,420,149	9,069,954
Fuel surcharge	979,677	406,870
	20,399,826	9,476,824

For the three month period ended March 31, 2018, the Company's consolidated revenues increased by $15.6 million or 52.5%, when compared to the three month period ended March 31, 2017. The increase in revenue was a result of an increase in revenue in both segments.

The Truck Transportation segment experienced an increase in revenue of $5.4 million or 26.0%, for the three month period ended March 31, 2018 when compared to that of 2017. The increase is mainly a result of the acquisition of Xpress on October 1 2017. Improved industry conditions further augmented revenue growth both through increased demand and volumes as well as improved contract rates.

The Logistics segment saw an increase in revenue of $10.9 million or 115.3% for the three month period ended March 31, 2018, when compared to that of 2017. Tightening of trucking capacity significantly increased reliance on freight brokerage this quarter and the Company was able to capitalize on the increased demand through prior investments in infrastructure and technology as well as its strong carrier relationships.

Operating Expenses and Income (unaudited)

	3 months ended March 31 2018	3 months ended March 31 2017
Truck Transportation		
Revenue	25,991,383	20,631,847
Operating expenses	22,742,109	17,814,844
EBITDA(1)	3,249,274	2,817,003
EBITDA margin(1)	13.6 %	14.6 %
Depreciation and amortization	3,000,860	2,525,377
Operating income(1)	248,414	291,626
Operating margin(1)	1.0 %	1.5 %
Logistics		
Revenue	20,399,826	9,476,824
Operating expenses	18,282,286	9,011,840
EBITDA/ Operating income(1)	2,117,540	464,984
EBITDA/ Operating margin(1)	10.9 %	5.1 %
Corporate		
Operating expenses	392,680	372,271

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

For the Truck Transportation segment, operating expenses increased by $4.9 million or 27.7%, for the three month period ended March 31, 2018, when compared to the same period in 2017. The increase was driven by the acquisition of Xpress, a significant driver pay increase, and organic volume growth. The driver pay increase had a negative impact on margins this quarter but drove organic growth. This impact was offset by contract rate improvements that became effective partway through the quarter as well as improved asset utilization.

For the Logistics segment, operating expenses increased by $9.3 million or 102.9% for the three month period ended March 31, 2018. The increase was primarily driven by a higher volume of orders resulting in higher carrier costs and sales commissions. The improvement in operating margin from 5.1% to 10.9% for the three month period is a product of both a higher volume of revenue over relatively fixed cost, as well as increasing margins as a result of tightening capacity.

SUMMARY OF QUARTERLY RESULTS

The following table sets out quarterly financial information for the Company's eight most recently completed quarters:

(in thousands)

	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16
Revenue	45,476	35,445	31,516	32,794	29,829	28,647	29,839	29,967
EBITDA(1)	4,974	3,497	2,833	3,376	2,910	3,061	3,235	3,165
EBITDA margin(1)	11.7 %	10.5 %	9.5 %	10.9 %	10.4 %	11.3 %	11.4 %	11.1 %
Operating income(1)	1,859	475	222	733	309	374	570	515
Operating margin(1)	4.4 %	1.4 %	0.7 %	2.4 %	1.1 %	1.4 %	2.0 %	1.8 %
Adjusted net income (loss)(1)	1,118	(12)	17	299	129	119	130	(126)
Per share - basic	0.03	(0.00)	0.00	0.01	0.00	0.00	0.00	(0.00)
Per share - diluted	0.03	(0.00)	0.00	0.01	0.00	0.00	0.00	(0.00)
Net income (loss) and comprehensive income (loss) attributable to the owners of the Company	1,118	(3,533)	17	299	129	119	130	(126)
Per share - basic	0.03	(0.10)	0.00	0.01	0.00	0.00	0.00	(0.00)
Per share - diluted	0.03	(0.10)	0.00	0.01	0.00	0.00	0.00	(0.00)

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

Changes from quarter to quarter are mainly the result of acquisitions, seasonality of operations and changes in industry conditions. Industry conditions began to worsen during 2016 and then further deteriorated into 2017, which resulted in reduced revenue, margins and profitability. The Company combated these changes with an increased focus on its sales force and organic growth as well as better asset utilization and operating cost savings. Industry conditions began to improve at the end of 2017, particularly in the United States, reflecting strong economic growth, which along with the persistent shortage of drivers and the introduction of mandatory ELDs, put a squeeze on truck capacity. The Logistics division reacts much faster to industry change as it is entirely reliant on spot rates.

The activities of the Company are also subject to seasonal demand for truck transportation. Historically, the Company has experienced weak demand in the first quarter, moderate demand in the third and fourth quarters and stronger demand in the second quarter. Harsher winter conditions also generally result in lower fuel economy and increased repair costs during the first quarter.

In addition, there has historically been an increase in revenue and a decrease in margins in quarters following an acquisition. Following the quarter in which an acquisition has occurred, revenues have often decreased, stabilized and then increased while EBITDA margins have increased. This historical trend can be observed in Q4 2017 following the acquisition of Xpress. It may be difficult to isolate this impact if the integration process of two or more acquisitions overlap or if there are significant changes in industry conditions.

LIQUIDITY AND CAPITAL RESOURCES

	March 31 2018	December 31 2017
Working capital (deficit)[1]	(13,642,719)	(14,225,568)
Total assets	122,336,146	114,210,256
Net debt[2]	60,789,064	56,235,822
Shareholders' equity	33,923,328	32,639,307
Net debt to equity ratio[3]	1.79	1.72

(1) Working capital (deficit) is defined as current assets less current liabilities.

(2) Net debt is defined as bank indebtedness, loans payable and finance lease liabilities, net of cash, finance lease receivables and assets held for sale, both current and long-term portions.

(3) Net debt to equity ratio is defined as net debt divided by shareholders' equity.

The Company's working capital position increased as at March 31, 2018 when compared to December 31, 2017, primarily as a result of the Company's strong profitability this quarter. Net debt and net debt to equity ratio increased this quarter as a result of the rapid growth of the Logistics segment, where customer collections significantly lag payments to vendors. Although due on demand and classified as current, the Company uses its bank indebtedness and acquisition loan to finance long-term assets.

Minimal investment in replacement equipment was required during the quarter ended March 31, 2018, as the Company has been improving asset utilization and significant replenishments were made during 2015 and 2016 following the acquisitions of Muskoka Transport Limited and ProNorth. In terms of growth spending, 13 new power units were purchased during the first quarter of 2018 and up to 21 are expected to be purchased in the second quarter depending on increases in driver capacity. Titanium keeps the average age of its fleet low in order to take advantage of extended warranty periods, reduce driver downtime and keep overall repair costs low. The Company has a policy of replacing trucks after 6 years, vans after 10 years and flatbeds after 15 years. 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 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. Management believes that the Company's operating cash flows are sufficient to fund daily operating activities and meet regular debt repayment obligations.

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 head office terminal but do include some power units and trailers to the extent that the Company assumes these commitments as part of business acquisitions. Excluding the Company's Bolton head office, these leases expire between June 2018 and February 2022. The lease for the Company's head office expires September 2031, with an option to purchase in March 2026.

Given the rapid growth of the Company's Logistics segment, the Company's revolving demand facility was increased from $15 million to $20 million. The portion of the Company's bank credit facilities which were unused as of March 31, 2018 include approximately $2.9 million under the revolving demand operating facility, $2 million under a non-revolving acquisition facility, $7.5 million under an accordion acquisition facility and $6 million under a finance lease loan facility. In addition, the Company has available approximately $17.7 million in finance leasing and loan facilities through other institutions.

The Company's credit facility agreement requires the Company to maintain two covenants on a quarterly basis. These covenants are measured on a consolidated rolling twelve-month basis. The first covenant requires the Company's debt to tangible net worth ratio to be less than 3.5. Debt to tangible net worth is a ratio of total liabilities plus future minimum lease payments on non-realty operating leases to shareholder's equity less goodwill, customer lists and deferred tax assets. The second covenant requires the Company's debt service coverage ratio to be greater than 1.0 for the first and second quarter of 2018, 1.1 for the third quarter of 2018 and 1.15 thereafter. Debt service coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, depreciation, amortization and non-cash items, less unfinanced capital expenditures, plus proceeds of sale of equipment, to contractually required principal and interest payments made over the last twelve months. The Company was in compliance with all covenant as of March 31, 2018 and believes it will be in compliance with all required covenants for the next twelve months.

Common Shares

In September 2017, the Company implemented a share purchase plan (the "Plan"), which allows all employees and independent contractors, but excluding insiders of the Company, to contribute up to 5% of their compensation towards the purchase of Titanium common shares. Contributions are matched at a rate of 100% by the Company and shares are issued from treasury in order to fund the Plan. In the case of employees, matched shares are subject to a three year vesting period. In the case of independent contractors, matched shares are issued after three years of service. The maximum number of shares which have been approved for issuance under the Plan is 1,500,000. Of the shares issued to date, 163,834 have not yet vested.

On April 13, 2018, 4,426,665 outstanding warrants to acquire commons shares of the Company expired.

As of May 8, 2018, there are 36,431,405 common shares of the Company outstanding. In addition, there are 1,824,000 stock options outstanding, of which 208,666 are exercisable.

TRANSACTIONS WITH RELATED PARTIES

The Company provides truck transportation services to companies under common control. These companies include Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd. Aggregate revenues from these companies totaled $1,077,132 for the three month period ended March 31, 2018 (2017 - $874,959).

The Company also currently rents its head office from Caledon First Investments Limited, a company under common control with the Company. Total rent paid to this company for the three month period ended March 31, 2018 was $488,031 (2017 - $481,469). The Company has committed to annual base rent of $1,701,875, which will increase to $2,413,123 over a 14 year period.

Trunkeast Investments Canada Limited, the Company's controlling shareholder as of March 31, 2018, provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged $7,500 (2017 - $15,000) for the three month period ended March 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.

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 are necessarily based on a number of estimates and assumptions that, while considered reasonable by management as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. 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, successfully complete and integrate suitable acquisitions, 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.

From time to time, the Company will disclose its current annual run rate revenue and EBITDA. Although not intended as such, this may be interpreted as forward looking information. Run rates are presented in order to provide investors with insight into the current size of the Company and do not take into account expected future growth or changes in economic conditions. Historical figures may not be a good indicator of the Company's size, due to acquisitions that are completed each year and the time that it takes to fully realize synergies. After releasing Q1 2017 results, the Company estimated that post synergy annualized revenue and EBITDA would be $120 million and $13 million, respectively. Actual revenue and EBITDA for the last four quarters, excluding revenue and EBITDA contributions from Xpress, was $138 million and $13.7 million, respectively. The difference is primarily a result of a much more rapid improvement in industry conditions than expected. As industry conditions continue to be positive, the Company is adjusting its revenue and EBITDA run rates upwards to $170 million and $18 million, respectively.

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 depreciation, amortization, asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"EBITDA margin" is calculated as EBITDA as a percentage of revenue before fuel surcharge.

"Operating income" is calculated as net income before asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"Operating margin" is calculated as operating earnings as a percentage of revenue before fuel surcharge.

"Adjusted net income" is calculated as net income before items that are not in the normal course of business, such as accelerated customer list amortization and goodwill impairment, net of tax.

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, as they are measurers used internally by management to evaluate performance. 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.

RISKS AND UNCERTAINTIES

The Company's business is subject to a number of risk factors which are described in our most recently filed annual information form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

CHANGES IN ACCOUNTING POLICIES

The following new standards and amendments to standards are not yet effective for the period ended March 31, 2018 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 16, Leases
IFRIC 23, Uncertainty over Income tax Treatments

Unaudited Condensed Consolidated Interim Financial Statements

For the first quarter ended
March 31, 2018

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(in Canadian dollars)

	March 31 2018	December 31 2017
Assets		
Current		
Cash	223,042	479,012
Trade and other receivables (note 13)	33,790,747	24,302,160
Current taxes recoverable	69,542	62,305
Finance lease receivables (note 5, 12)	2,099,416	2,109,129
Prepaid expenses and deposits	1,894,408	1,727,554
Assets held for sale (note 6)	364,940	342,138
	38,442,095	29,022,298
Finance lease receivables (note 5, 12)	4,151,505	4,551,541
Property and equipment (note 7)	76,062,169	76,875,398
Deferred tax assets	226,391	249,883
Customer lists (note 8)	1,485,700	1,542,850
Goodwill (note 8)	1,968,286	1,968,286
	122,336,146	114,210,256
Liabilities		
Current		
Bank indebtedness (note 9, 12)	17,108,669	11,361,611
Acquisition loan (note 9)	3,000,000	3,000,000
Trade and other payables	15,310,389	12,636,579
Current taxes payable	445,672	105,492
Loans payable (note 9, 12)	8,783,414	8,696,749
Finance lease liabilities (note 9, 12)	7,436,670	7,447,435
	52,084,814	43,247,866
Loans payable (note 9, 12)	16,747,275	16,875,601
Finance lease liabilities (note 9, 12)	14,551,939	16,336,246
Deferred tax liabilities	5,028,790	5,111,236
	88,412,818	81,570,949
Commitments and contingencies (note 15)		
Shareholders' Equity		
Share capital (note 10)	22,686,522	22,585,503
Contributed surplus (note 11)	7,404,986	7,340,115
Retained earnings	3,831,820	2,713,689
	33,923,328	32,639,307
	122,336,146	114,210,256

On behalf of the Board

"Ted Daniel"
Director

"Bill Chyfetz"
Director

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

Three months ended March 31, 2018 and 2017 (unaudited)

(in Canadian dollars)

	2018	2017
Revenue (note 13)	42,407,298	28,050,767
Fuel surcharge	3,068,560	1,778,659
	45,475,858	29,829,426
Operating expenses		
Carriers and independent contractors	24,392,517	14,404,908
Vehicle operating	6,263,156	5,009,300
Wages and casual labour (note 14)	7,998,987	5,855,470
Other operating (note 13)	1,847,064	1,650,031
	40,501,724	26,919,709
Income before the following	4,974,134	2,909,717
Depreciation (note 7)	3,057,606	2,570,463
Gain on sale of property and equipment	(67,614)	(275,925)
Finance costs	566,500	494,102
Finance income	(77,240)	(104,050)
Foreign exchange gain	(59,178)	(25,813)
Amortization of customer lists (note 8)	57,150	30,360
	3,477,224	2,689,137
Income before income taxes	1,496,910	220,580
Income tax expense	378,779	91,296
Net income and comprehensive income attributable to owners of the Company	1,118,131	129,284
Earnings per share:		
Basic	0.03	0.00
Diluted	0.03	0.00
Weighted average number of shares outstanding:		
Basic (note 10)	36,172,854	37,388,510
Diluted (note 10)	36,330,171	37,388,510

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Three months ended March 31, 2018 and 2017 (unaudited)

(in Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balances at December 31, 2017	22,585,503	7,340,115	2,713,689	32,639,307
Share issuance (note 10)	101,019	-	-	101,019
Share-based compensation expense (note 11)	-	64,871	-	64,871
Net income and comprehensive income	-	-	1,118,131	1,118,131
Balances at March 31, 2018	22,686,522	7,404,986	3,831,820	33,923,328
Balances at December 31, 2016	26,754,964	3,681,674	5,801,648	36,238,286
Share-based compensation expense	-	81,309	-	81,309
Net income and comprehensive income	-	-	129,284	129,284
Balances at March 31, 2017	26,754,964	3,762,983	5,930,932	36,448,879

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

Three months ended March 31, 2018 and 2017 (unaudited)

(in Canadian dollars)

	2018	**2017**
Cash flows from operating activities		
Net income	1,118,131	129,284
Adjustments:		
Depreciation	3,057,606	2,570,463
Gain on sale of property and equipment	(67,614)	(275,925)
Finance costs	566,500	494,102
Finance income	(77,240)	(104,050)
Amortization of customer lists	57,150	30,360
Share-based compensation expense	64,871	81,309
Income tax expense	378,779	91,296
	5,098,183	3,016,839
Net change in non-cash operating working capital	(6,901,512)	(70,081)
	(1,803,329)	2,946,758
Interest paid	(538,099)	(500,075)
Interest received	77,240	104,050
Income taxes paid	(104,790)	(196,267)
	(2,368,978)	2,354,466
Cash flows from investing activities		
Proceeds from finance lease receivables	478,148	515,890
Acquisition of property and equipment (note 7, 12)	(296,964)	(140,334)
Disposition of property and equipment (note 6, 7)	240,996	875,600
	422,180	1,251,156
Cash flows from financing activities		
Proceeds from bank indebtedness (note 12)	5,769,377	600,959
Repayment of loans payable (note 12)	(2,253,657)	(1,780,114)
Repayment of finance lease liabilities (note 12)	(1,925,911)	(2,372,648)
Issuance of shares (note 10)	101,019	-
	1,690,828	(3,551,803)
Increase (decrease) in cash	(255,970)	53,819
Cash, beginning	479,012	152,808
Cash, ending	223,042	206,627

Refer to note 12 for supplemental cash flow information.

1. REPORTING ENTITY

Titanium Transportation Group Inc. (the "Company" or "Titanium") commenced operations as a transportation company on July 3, 2002. The Company is a truck-based carrier and logistics broker servicing all of North America with distribution terminals based in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario. The registered head office of the Company is at 32 Simpson Rd, Bolton, Ontario, L7E 1G9. Titanium was incorporated on July 11, 1989 under the Canada Business Corporations Act.

The controlling shareholder of the Company is Trunkeast Investments Canada Limited ("Trunkeast") and the ultimate controlling shareholder is De Zen Investments Canada Limited.

The condensed consolidated interim financial statements include the accounts of the Company and all of its subsidiaries.

2. BASIS OF PRESENTATION

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, including the notes thereto, for the year ended December 31, 2017.

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 condensed consolidated interim 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 8, 2018.

Basis of Measurement

These 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.

Functional and Presentation Currency

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, except per share amounts and where otherwise indicated.

2. BASIS OF PRESENTATION - continued

Seasonality of Interim Operations

The activities of the Company are subject to seasonal demand for truck transportation. Historically, the Company has experienced weaker demand in the first quarter, moderate demand in the third and fourth quarters and stronger demand in the second quarter. In addition, harsher winter conditions generally result in lower fuel economy and increased repair costs. Furthermore, the timing of acquisitions and variations in industry conditions could have a considerable impact on quarterly results. 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, legal settlements, impairment testing, determining the fair value of identifiable assets acquired and liabilities assumed in a business combination, determining the risk free rate of return, expected volatility, expected dividends, expected forfeitures and future market conditions when calculating fair value of stock options and warrants, 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 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 Adopted

IFRS 9, Financial Instruments, was issued by the IASB on November 12, 2009 and replaced 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. This standard became effective on January 1, 2018 and the adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

IFRS 15, Revenue from Contracts with Customers, which replaced IAS 18, Revenue, became effective on January 1, 2018. 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. Adoption of this standard did not have a material impact on the Company's condensed consolidated interim financial statements.

New Standards not yet Adopted

IFRIC 23, Uncertainty over Income Tax Treatments, was issued by IASB on June 7, 2017. The interpretation provides guidance on the accounting for current and deferred tax assets and liabilities in circumstances in which there is uncertainty over income tax treatments. IFRIC 23 requires the entity to contemplate whether uncertain tax treatments should be considered separately or as a group based on the predictability of the resolution. In addition, the entity should assess if the tax authority will accept uncertain tax treatments, and in the case where it is not probable, the interpretation requires the entity to reflect the uncertainty with disclosure of the most likely amount and the expected value of the income tax payable or recoverable. The interpretation is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company will be conducting a detailed assessment of the effect of this standard on the condensed consolidated interim financial statements over the next six months.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

IFRS 16, Leases, was issued by the IASB on January 13, 2016, superseding IAS 17, Leases and IFRIC 4, Determining Whether an Arrangement Contains a Lease. The standard applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The standard removes the distinction between operating and finance leases with assets and liabilities recognized in respect of all leases. The standard is effective for annual periods beginning on or after January 1, 2019. Although early adoption is permitted, the Company does not intend to adopt IFRS 16 until this standard becomes effective. The Company intends to adopt this standard retrospectively, without modifications, to allow for comparability of operating results. The Company has conducted a preliminary assessment of the effect of this standard and determined that the standard will have the following impact:

	As Reported	Adjustments	Restated
As at March 31, 2018			
Property and equipment	76,062,169	35,296,375	111,358,544
Trade and other payables	15,310,389	(618,263)	14,692,126
Finance lease liabilities	21,988,609	35,938,308	57,926,917
Deferred tax liabilities	5,028,790	(6,272)	5,022,518
Retained earnings	3,831,820	(17,398)	3,814,422
Three months ended March 31, 2018			
Operating expenses	1,847,064	(425,469)	1,421,595
Depreciation	3,057,606	137,327	3,194,933
Finance costs	566,500	337,472	903,972
Income tax expense	378,779	(13,072)	365,707

The above adjustments pertain largely to the lease of the Company's head office terminal and assume that the purchase option in 2026 will be exercised. Until the Company presents its first financial statements on the date of initial application, the actual impact of adopting IFRS 16 may differ as the new accounting policy is still subject to change and adjustments were based on preliminary estimates.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company’s condensed consolidated interim financial statements.

4. OPERATING SEGMENTS

The Company's business activities are made up of two main segments: Truck Transportation and Logistics. The Truck Transportation segment represents the pickup and delivery of full loads across Canada and the United States using a van, flatbed or other specialized equipment. The Logistics segment represents the brokering of freight across North America. The Company's CEO reviews internal management reports for each operating segment on a monthly basis. Operating segment results that are reported include items directly attributable to each operating segment, as well as those that can be allocated on a reasonable basis. Unallocated items ("Corporate") are comprised mainly of expenses required to operate a publicly traded and multi-entity organization.

	Truck Transportation	**Logistics**	**Corporate**	**Elimination**	**Total**
Three months ended March 31, 2018					
Revenue - external	25,076,032	20,399,826	-	-	45,475,858
Revenue - internal	915,351	-	-	(915,351)	-
Total revenue	25,991,383	20,399,826	-	(915,351)	45,475,858
Depreciation	2,943,710	113,896	-	-	3,057,606
Finance costs	536,812	29,688	-	-	566,500
Finance income	(77,240)	-	-	-	(77,240)
Income (loss) before income taxes	(160,516)	2,050,106	(392,680)	-	1,496,910
Income taxes (recoveries)	(61,655)	540,744	(100,310)	-	378,779
Capital expenditures	2,508,960	-	-	-	2,508,960
Three months ended March 31, 2017					
Revenue - external	20,352,602	9,476,824	-	-	29,829,426
Revenue - internal	279,245	-	-	(279,245)	-
Total revenue	20,631,847	9,476,824	-	(279,245)	29,829,426
Depreciation	2,495,017	75,446	-	-	2,570,463
Finance costs	494,102	-	-	-	494,102
Finance income	(104,050)	-	-	-	(104,050)
Income (loss) before income taxes	198,755	394,095	(372,270)	-	220,580
Income taxes (recoveries)	66,516	107,436	(82,656)	-	91,296
Capital expenditures	562,314	85,020	-	-	647,334

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.

	2018	**2017**
Canada	25,351,910	19,214,523
United States	20,123,948	10,614,903
	45,475,858	29,829,426

5. FINANCE LEASE RECEIVABLES

During the three month period ended March 31, 2018, the Company entered into new finance leases totaling $554,548, which are receivable over 48 to 72 months with interest rates of 6%.

6. ASSETS HELD FOR SALE

Assets held for sale are comprised of excess and aged rolling stock that is inactive and awaiting sale. These assets are expected to be sold over the next six months. No gain or loss was recognized on reclassification of these assets to assets held for sale. These assets relate entirely to the Truck Transportation segment.

Balance, December 31, 2017	342,138
Disposals	(165,234)
Reclassification from property and equipment	188,036
Balance, March 31, 2018	364,940

7. PROPERTY AND EQUIPMENT

	Land, Buildings and Leaseholds	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2017	10,759,543	5,703,938	85,200,245	101,663,726
Reacquisition of rolling stock relating to finance lease receivables	-	-	447,297	447,297
Other additions	6,798	53,347	2,448,815	2,508,960
Sale of rolling stock relating to finance lease receivable	-	-	(604,640)	(604,640)
Other disposals	-	(10,579)	-	(10,579)
Reclassification to assets held for sale	-	-	(316,363)	(316,363)
Balances, March 31, 2018	10,766,341	5,746,706	87,175,354	103,688,401
Accumulated depreciation				
Balances, December 31, 2017	763,185	2,906,748	21,118,395	24,788,328
Depreciation	121,261	303,913	2,632,432	3,057,606
Sale of rolling stock relating to finance lease receivable	-	-	(86,009)	(86,009)
Other disposals	-	(5,366)	-	(5,366)
Reclassification to assets held for sale	-	-	(128,327)	(128,327)
Balances, March 31, 2018	884,446	3,205,295	23,536,491	27,626,232
Net carrying amounts				
At December 31, 2017	9,996,358	2,797,190	64,081,850	76,875,398
At March 31, 2018	9,881,895	2,541,411	63,638,863	76,062,169

8. GOODWILL AND INTANGIBLES

	Goodwill	Customer Lists	Total
Balances, December 31, 2017	1,968,286	1,542,850	3,511,136
Amortization	-	(57,150)	(57,150)
Balances, March 31, 2018	1,968,286	1,485,700	3,453,986

9. LONG-TERM DEBT

Terms and conditions of outstanding long-term debt are as follows:

	Effective Interest Rate	Year of Maturity	Carrying Amount
Bank indebtedness	PRIME+1.00%	N/A	17,108,669
Acquisition loan	PRIME+1.50%	2020	3,000,000
Loans payable	2.95% - 5.75%	2018-2031	25,530,689
Finance lease liabilities	2.56% - 3.83%	2018-2022	21,988,609
			67,627,967
Current portion			36,328,753
			31,299,214

During the three month period ended March 31, 2018, the Company's credit facility was temporarily amended to reflect an increase in the revolving demand operating facility from $15 million to $17.5 million. Subsequent to the reporting period, the credit facility was permanently amended to reflect an increase in the revolving demand operating facility to $20 million.

The Company was in compliance with all financial covenants as of March 31, 2018.

10. SHARE CAPITAL

Authorized
Unlimited number of common shares with no par value

	Common Shares #	Share Capital $
Issued		
Balances, December 31, 2017	36,191,828	22,585,503
Shares issued as part of share purchase plan	176,020	101,019
Balances, March 31, 2018	36,367,848	22,686,522

In September 2017, the Company implemented a share purchase plan (the "Plan"), which allows all employees and independent contractors, but excluding insiders of the Company, to contribute up to 5% of their compensation towards the purchase of Titanium common shares. Contributions are matched at a rate of 100% by the Company and shares are issued from treasury in order to fund the Plan. In the case of employees, matched shares are subject to a three year vesting period. In the case of independent contractors, matched shares are issued after three years of service. The maximum number of shares which have been approved for issuance under the Plan is 1,500,000. Of the shares issued to date, 142,843 have not vested. During the three month period ended March 31, 2018, the Company recognized an expense of $15,477 relating to the Plan, with a corresponding increase to contributed surplus.

The weighted average number of common shares outstanding has been calculated as follows:

	2018	2017
Issued common shares, beginning	36,191,828	37,388,510
Effect of unvested shares	(71,126)	-
Effect of issued common shares	52,152	-
Weighted average number of common shares	36,172,854	37,388,510
Dilutive effect of restricted common shares, stock options and warrants	157,317	-
Weighted average number of diluted common shares	36,330,171	37,388,510

11. CONTRIBUTED SURPLUS

The Company offers a stock option plan for the benefit of certain of its directors, employees and consultants. The maximum number of shares which may be issued under this plan may not exceed 6% of the number of issued and outstanding shares of the Company. Each stock option entitles its holder to receive one common share upon exercise. The majority of options vest over a period of six years, with half vesting three years from issuance and the other half vesting six years from issuance.

During the three month period ended March 31, 2018, 288,000 stock options were issued to various directors and employees. Each stock option entitles the holder to acquire a common share of the Company at an exercise price of $1.50 per common share. During the period, 15,000 stock options were forfeited. No other stock options expired, were exercised or were forfeited during the reporting period. As at March 31, 2018, there were 1,809,000 (December 31, 2017 - 1,536,000) stock options outstanding with a weighted average exercise price of $1.78 (December 31, 2017 - $1.83) and weighted average remaining life of 7.8 years (December 31, 2017 - 7.7 years). Of the stock options outstanding as at March 31, 2018, 1,034,000 were held by key management personnel. In addition, of the total options outstanding, 208,666 are fully vested and exercisable at a price of $1.50.

The estimated fair value of stock options was calculated using the Black-Scholes option pricing model with the following assumptions: i) the expected life of each stock option is between 3.5 and 8.5 years; ii) the risk free rate is between 1.89% and 2.17%; iii) the dividend yield will be $NIL; and iv) expected volatility is 60.21%. Volatility was determined using the Company's trading data from the first day of trading to January 22, 2018. Variables used in the Black-Scholes option pricing model are based on highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The total number of warrants outstanding as of March 31, 2018 was 4,426,665 with an exercise price of $2.50. All outstanding warrants expired on April 13, 2018.

12. SUPPLEMENTAL CASH FLOW INFORMATION

a) A reconciliation of assets arising from investing activities is as follows:

		Cash Flows	**Non-Cash Changes**		
	Balance Dec 31 2017		**New Leases**	**Reacquired Leases**	**Balance March 31 2018**
Finance lease receivables	6,660,670	(478,148)	554,548	(486,149)	6,250,921

b) A reconciliation of liabilities arising from financing activities is as follows:

		Cash Flows	**Non-Cash Changes**		
	Balance December 31 2017		**New Leases /Loans**	**Foreign Exchange Movement**	**Balance March 31 2018**
Bank indebtedness	11,361,611	5,769,377	-	(22,319)	17,108,669
Loan payable	25,572,350	(2,253,657)	2,211,996	-	25,530,689
Finance lease liabilities	23,783,681	(1,925,911)	-	130,839	21,988,609
	60,717,642	1,589,809	2,211,996	108,520	64,627,967

13. RELATED PARTY TRANSACTIONS

During the period, Trunkeast held a significant portion of the shares of the Company and had de facto control. Neither Trunkeast nor the ultimate parent produce consolidated financial statements available for public use.

	2018	2017
Provided truck transportation services to Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd., companies under common control	1,077,132	874,959
Paid rent to Caledon First Investments Limited, a company under common control	(488,031)	(481,469)
Paid management fees to Trunkeast	(7,500)	(15,000)
	581,601	378,490

Included in trade and other receivables as at March 31, 2018 is a total of $457,852 due from these related companies.

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.

14. WAGES AND CASUAL LABOUR

Included in wages and casual labour are the following:

	2018	2017
Share-based compensation expense	64,871	81,309
Employee benefits	174,381	132,385
Key management personnel:		
Salaries and benefits	232,766	216,323
Share-based compensation expense	26,290	32,914

Board members and executive officers are deemed to be key management personnel.

15. COMMITMENTS AND CONTINGENCIES

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

Less than one year	1,855,211
Between one and five years	7,461,517
More than five years	18,474,864

Operating leases that were charged to income during the three month period ended March 31, 2018 totaled $636,415 (2017 - $623,152).

b) As at March 31, 2018, the Company was committed to purchasing $2 million in rolling stock.

c) The Company has a letter of credit outstanding for $665,843 in favour of Caledon First Investments Limited, a company under common control, as a security deposit required under the lease for its Bolton head office.

d) The Company is regularly subject to litigation in the normal course of business. In the opinion of management, the outcome of current pending claims, in aggregate, is not likely to be material to the financial condition or results of operations of the Company.