



TITANIUM TRANSPORTATION GROUP INC.

FORM 2B LISTING APPLICATION

**Listing Application in respect of the Common Shares of
Titanium Transportation Group Inc.**

March 31, 2015

*No securities regulatory authority or the TSX Venture Exchange has expressed
an opinion about the securities which are the subject of this listing application*

TABLE OF CONTENTS

Item 2A: Glossary of Terms	3
Item 2B: Description of the RTO	8
Item 3: Summary of Listing Application	17
Item 4: Corporate Structure	19
Item 5: Description of the Business.....	19
Item 6: Financings	26
Item 7: Dividends and Other Distributions	27
Item 8: Management's Discussion and Analysis	27
Item 9: Disclosure of Outstanding Security Data on Fully-Diluted Basis	28
Item 10: Description of Securities to be Listed	28
Item 11: Consolidated Capitalization	29
Item 12: Stock Option Plan.....	29
Item 13: Prior Sales	31
Item 14: Escrowed Securities	31
Item 15: Principal Securityholders	34
Item 16: Directors and Executive Officers	34
Item 17: Executive Compensation.....	37
Item 18: Indebtedness of Directors and Executive Officers	38
Item 19: Audit Committee and Corporate Governance	39
Item 20: Agent, Sponsor or Advisor	44
Item 21: Risk Factors.....	44
Item 22: Promoters	50
Item 23: Legal Proceedings and Regulatory Actions.....	50
Item 24: Interests of Management and Others in Material Transactions	50
Item 25: Investor Relations Arrangements	51
Item 26: Auditors, Transfer Agents and Registrars	52
Item 27: Material Contracts	52
Item 28: Interests of Experts	52
Item 29: Other Material Facts.....	52
Item 30: Additional Information – Mining or Oil and Gas Applicants.....	53
Item 31: Exemptions.....	53
Item 32: Financial Statement Disclosure	53
Item 33: Significant Acquisitions	53
Item 34: Certificates and Consents	54
SCHEDULE "A" Titanium Financial Statements	A-1
SCHEDULE "B" Titanium MD&A	B-1
SCHEDULE "C" CanCo Financial Statements	C-1
SCHEDULE "D" Resulting Issuer Pro-Forma Financial Statements	D-1

Item 2A: Glossary of Terms

In this Listing Application, the following words and terms shall have the following meanings:

“**1892957**” means 1892957 Ontario Limited;

“**2430101**” means 2430101 Ontario Limited;

“**2453001**” means 2453001 Ontario Limited;

“**AcquisitionCo**” means 9105352 Canada Inc., a wholly-owned subsidiary of Northeastern;

“**Act**” means the *Securities Act* (Ontario);

“**affiliate**” has the meaning ascribed thereto in the Act;

“**Amalco**” means the entity formed from the Amalgamation of Titanium, CanCo and AcquisitionCo;

“**Amalgamation**” means the amalgamation of Titanium, CanCo and AcquisitionCo, in accordance with the terms of the Amalgamation Agreement;

“**Amalgamation Agreement**” means the agreement to be entered into by Titanium, CanCo, Northeastern and AcquisitionCo to effect the Amalgamation pursuant to the terms of the Definitive Agreement;

“**associate**” has the meaning ascribed thereto in the Act;

“**Audit Committee**” means the audit committee of the Resulting Issuer, as defined by NI 52-110;

“**Board**” means the board of directors of Northeastern, Titanium or the Resulting Issuer, as the context requires;

“**Cain**” means Wm. H. Cain Agency Limited;

“**CanCo**” means 9050400 Canada Inc.;

“**CanCo Financial Statements**” means the audited financial statements of CanCo for the period from October 14, 2014 (date of incorporation) to December 31, 2014, which are attached to this Listing Application as Schedule “C”;

“**CanCo Shares**” means the common shares in the capital of CanCo;

“**CBCA**” means the *Canada Business Corporations Act*, including the regulations promulgated thereunder;

“**Certificate**” means a certificate of amalgamation issued by the Director pursuant to Section 185 of the CBCA;

“**Closing**” means the closing of the RTO, being when a Certificate giving effect to the Amalgamation is issued, with the Amalgamation being effective on the date of such Certificate;

“**Code**” means the code of business conduct to be adopted by the Resulting Issuer’s Board following the completion of the RTO;

“**Consolidation**” has the meaning ascribed thereto in “Item 2B: Description of the RTO”;

“**Contacts**” has the meaning ascribed thereto in “Item 25: Investor Relations Arrangements”;

“**Conversion Debt**” has the meaning ascribed thereto in “Item 2B: Description of the RTO – The Definitive Agreement – The Debt Conversion and Repayment”;

“**Cormark**” means Cormark Securities Inc.;

“**Deadline**” has the meaning ascribed thereto in “Item 6: Financings”;

“**Debt Conversion**” has the meaning ascribed thereto in “Item 2B: Description of the RTO – The Definitive Agreement – The Debt Conversion and Repayment”;

“**Debt Repayment**” has the meaning ascribed thereto in “Item 2B: Description of the RTO – The Definitive Agreement – The Debt Conversion and Repayment”;

“**Definitive Agreement**” means the definitive agreement dated as of November 20, 2014 between Northeastern, Titanium and CanCo pursuant to which such parties have agreed to complete the RTO on the terms and conditions set forth therein;

“**Director**” means the Director appointed under Section 260 of the CBCA;

“**Dorian**” means Dorian Financial Limited, a corporation established under the laws of Barbados;

“EBITDA” means net income before finance income and costs, income tax expense, depreciation, amortization, asset impairments and gains or losses on the sale of equipment;

“Eligible Persons” means directors, senior officers, or employees of Titanium or any of its subsidiaries, a corporation that is wholly-owned by any of the foregoing, or consultants of Titanium;

“Employment Agreements” has the meaning ascribed thereto in “Item 17: Executive Compensation”;

“Escrow Agent” means Equity Financial Trust Company, as escrow agent in the Escrow Agreement;

“Escrow Agreement” means the TSXV Form 5D escrow agreement to be entered into among Northeastern, the Escrowed Parties and the Escrow Agent;

“Escrow Release Conditions” means the satisfaction of following conditions: (i) the Definitive Agreement shall have been entered into, and the completion or satisfaction of all conditions precedent to the RTO shall have occurred or have been waived by the party in whose favour the condition was made, other than the filing of Articles of Amalgamation to form Amalco and (ii) the receipt of all regulatory, shareholder and third-party approvals, if any, required to complete the RTO, including receipt of TSXV approval for the Listing;

“Escrowed Funds” has the meaning ascribed thereto in “Item 6: Financings”;

“Escrowed Parties” has the meaning ascribed thereto in “Item 14: Escrowed Securities”;

“Executive Officers” has the meaning assigned to such term in “Item 16: Directors and Executive Officers”;

“Final Exchange Bulletin” means the TSXV Bulletin which is issued following the submission of all required documentation and that evidences the final TSXV acceptance of the Listing;

“Finders” has the meaning ascribed thereto in “Item 6: Financings”;

“Finder’s Warrants” has the meaning ascribed thereto in “Item 6: Financings”;

“Flatliners” means Flatliners Express Inc.;

“FFSI” means Flexmor Financial Services Inc.;

“FM Industries” means Flex-Mor Industries Ltd.;

“GBT” means Georgian Bay Transport Inc.;

“GJT” means Gary Jackson Transportation Ltd.;

“IFRS” means the International Financial Reporting Standards, as issued by the International Accounting Standards Board;

“Investor Relations Agreement” has the meaning ascribed thereto in “Item 25: Investor Relations Arrangements”;

“IR Options” has the meaning ascribed thereto in “Item 25: Investor Relations Arrangements”;

“Issue Price” has the meaning ascribed thereto in “Item 6: Financings”;

“JTS” means JTS Inc.;

“Kin” means Kin Communications Inc.;

“Listing” means the listing on the TSXV of the RI Shares;

“Lock-Up Agreements” has the meaning ascribed thereto in “Item 14: Escrowed Securities”;

“Material Transaction” has the meaning ascribed thereto in “Item 25: Investor Relations Arrangements”;

“MTL” means Muskoka Transport Limited;

“MWL” means Muskoka Warehousing Limited;

“NI 52-110” means National Instrument 52-110 - *Audit Committees*;

“NI 58-101” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;

“Northeastern” means Northeastern Group Inc., prior to the completion of the RTO;

“Northeastern Financial Statements” means the audited consolidated financial statements of Northeastern for the years ended March 31, 2014 and March 31, 2013 and the unaudited condensed consolidated interim financial statements of Northeastern for the nine months ended December 31, 2014, which are available on Northeastern’s SEDAR profile at www.sedar.com and incorporated by reference herein;

“Northeastern Meeting” means the annual and special meeting of Northeastern shareholders held on December 31, 2014;

“Northeastern Meeting Matters” means the approval by Northeastern shareholders of the conditional appointment of Williams & Partners as the auditors of the Resulting Issuer, the Option Plan, the Debt Conversion, the Consolidation and the election of the Titanium Nominees;

“Northeastern Shares” means the common shares in the capital of Northeastern, prior to the Amalgamation;

“Operating Debt” has the meaning ascribed thereto in “Item 2B: Description of the RTO – The Definitive Agreement – The Debt Conversion and Repayment”;

“Option Plan” means the 10% rolling stock option plan of Northeastern approved by Northeastern shareholders at the Northeastern Meeting;

“Options” means options to purchase Northeastern Shares granted under the Option Plan;

“Private Placement” has the meaning ascribed thereto in “Item 6: Financings”;

“Pro Forma Consolidated Financial Statements” means the unaudited pro-forma consolidated financial statements of the Resulting Issuer as at December 31, 2014, which are attached to this Listing Application as Schedule “D”;

“Restricted Action” means, in respect of a company, to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the RTO, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or “takeover bid,” exempt or otherwise, within the meaning of the Act, for securities of such company (including its Subsidiaries, if applicable), or to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the RTO, including, without limitation, allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations;

“Resulting Issuer” means Northeastern (which shall then be named “Titanium Transportation Group Inc.” or such other name as determined by Titanium) following the completion of the RTO;

“RI Shares” means the common shares in the capital of the Resulting Issuer;

“RI Units” means the units of the Resulting Issuer, each comprised of one RI Share and one RI Warrant, to be issued to former holders of Subscription Receipts pursuant to the Amalgamation;

“RI Warrants” means the warrants of the Resulting Issuer to be issued to former holders of Subscription Receipts in connection with the RTO;

“Royal Group” means Royal Group Technologies Limited;

“RTO” means the business combination of Northeastern, Titanium and CanCo by way of a “three-cornered” amalgamation under the provisions of the CBCA;

“Services Agreement” has the meaning ascribed thereto in “Item 24: Interests of Management and Others in Material Transactions”;

“Subdivision” has the meaning ascribed thereto in “Item 2B: Description of the RTO”;

“Subscription Receipts” means the subscription receipts of Titanium sold pursuant to the Private Placement, with each Subscription Receipt entitling its holder to acquire, for no additional consideration, one Titanium Unit;

“Subsidiary” includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

“Titanium” means TTGI, its predecessors and all of its current Subsidiaries;

“Titanium Financial Statements” means the audited consolidated financial statements of Titanium for the years ended December 31, 2014, December 31, 2013 and December 31, 2012, which are attached to this Listing Application as Schedule “A”;

“Titanium Nominees” has the meaning ascribed thereto in “Item 2B: Description of the RTO – The Definitive Agreement – Directors and Officers of the Resulting Issuer”;

“Titanium Reorganization” means such corporate reorganization or other transactions as are deemed appropriate by the Titanium Board to accommodate efficiencies for various legal structures, tax and accounting treatment and securities regulation (including any tax planning transaction undertaken by any shareholder of Titanium in the context of the RTO (including without limitation any “safe income” crystallization transaction), subject to the prior approval of such matters by Northeastern and CanCo, which consent shall not be unreasonably withheld if the proposed transaction is not adverse to the shareholders of Northeastern or CanCo;

“Titanium Shares” means the common shares in the capital of Titanium;

“Titanium Unit” means the units of Titanium, each comprised of one Titanium Share and one Titanium Warrant, to be issued to holders of Subscription Receipts upon the satisfaction of the Escrow Release Conditions prior to the Deadline;

“Titanium Warrant” has the meaning ascribed thereto in “Item 6: Financings”;

“TMW” means TMW Systems Inc.;

“Transaction Documents” has the meaning ascribed thereto in “Item 2B: Description of the RTO – The Definitive Agreement – Directors and Officers of the Resulting Issuer”;

“TLI” means Titanium Logistics Inc.;

“TTGI” means Titanium Transportation Group Inc., prior to the completion of the RTO;

“TTSI” means Titanium Trucking Services Inc.;

“Trunkeast” means Trunkeast Investments Canada Limited;

“TSXV” means the TSX Venture Exchange; and

“U.S.A.” means the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Listing Application contains forward-looking statements. These statements relate to future events including the future performance of Titanium or the Resulting Issuer. All statements other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, or the negative of these terms or other similar terminology. These statements are only predictions. Actual events or results may differ materially. In addition, this Listing Application may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this Listing Application include, but are not limited to, statements with respect to:

- the anticipated closing and effective date of the RTO;
- and the anticipated use of the Escrowed Funds (following the release thereof) by the Resulting Issuer;
- the Resulting Issuer’s anticipated capital structure, directors, officers and insiders; and
- the future growth, results of operations, performance and business prospects and opportunities of Titanium (and therefore, the Resulting Issuer).

The forward looking statements contained in this Listing Application reflect Titanium’s current views and are based on certain assumptions, including assumptions regarding:

- the ability of Northeastern, CanCo and Titanium to satisfy all conditions precedent and obtain all regulatory approvals for the RTO, including by the dates indicated;
- the anticipated costs to complete the RTO; and
- that Titanium (and, therefore, the Resulting Issuer), will be able to execute its business strategy successfully such that the future growth, results of operations, performance and business prospects and opportunities of Titanium (and, therefore, the Resulting Issuer) will be as anticipated.

Although management of Titanium believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Titanium cannot guarantee future results, levels of activity, performance, or achievements.

Some of the risks and other factors, some of which are beyond the control of Titanium, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Listing Application include, but are not limited to:

- Northeastern, CanCo and Titanium may not be able to satisfy all conditions precedent or obtain all regulatory approvals for the RTO, including by the dates indicated;
- the anticipated costs to complete the Private Placement and RTO may exceed the current expectation of Northeastern, CanCo and Titanium; and
- Titanium (and therefore, the Resulting Issuer), may not be able to execute its business strategy successfully such that the future growth, results of operations, performance and business prospects and opportunities of Titanium (and therefore, the Resulting Issuer), may not be as currently anticipated due to various risks including, but not limited to, risks discussed in “Item 21: Risk Factors”.

Readers are cautioned that the foregoing list of factors is not exhaustive. Except as required by applicable securities legislation, neither Titanium nor the Resulting Issuer is under any duty to update any of the forward-looking statements after the date of this Listing Application so as to conform such statements to actual results or to changes in the expectations of Titanium. The forward-looking statements contained in this Listing Application are expressly qualified by this cautionary statement.

MARKET AND INDUSTRY DATA

The market and industry data contained in this Listing Application are based upon information from independent industry and other publications and Titanium’s management’s knowledge of, and experience in, the industry in which Titanium operates. None of the sources of market and industry data has provided any form of consultation,

advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the RTO. Market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Neither Northeastern nor Titanium has independently verified any of the data from third party sources referred to in this Listing Application or ascertained the underlying assumptions relied upon by such sources.

Item 2B: Description of the RTO

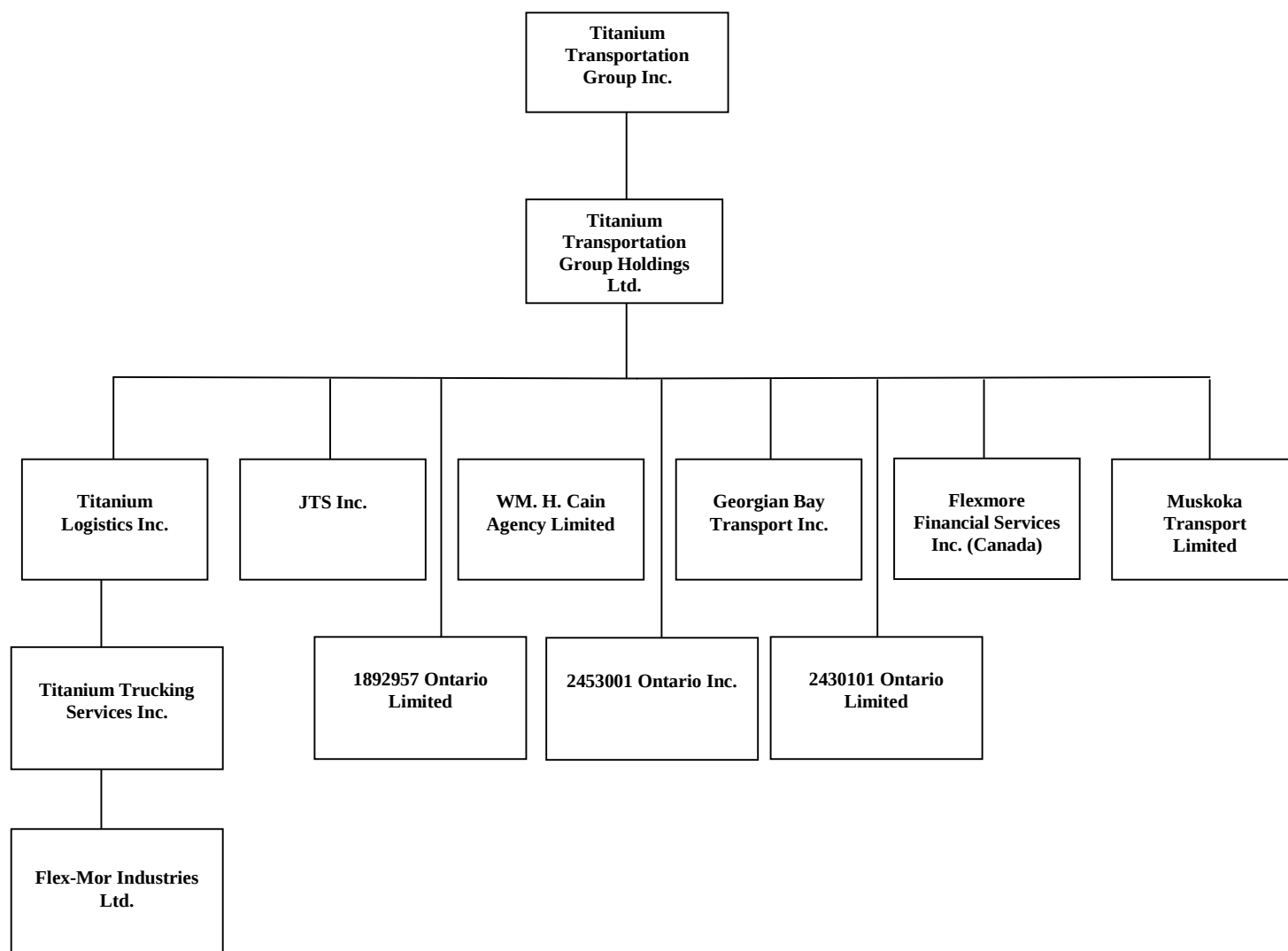
SUMMARY OF THE RTO AND RELATED TRANSACTIONS

Titanium, Northeastern and CanCo propose to complete the following transactions, including the Amalgamation, in the following order:

- (a) the Titanium Reorganization shall be completed, if applicable;
- (b) each of the Debt Conversion and the Debt Repayment shall be completed;
- (c) the Subdivision shall be completed;
- (d) the Consolidation shall be completed;
- (e) the Subscription Receipts shall be exchanged for Titanium Units;
- (f) the Escrowed Funds shall be released from escrow, and the Finder's cash compensation and Finder's Warrants shall be issued to the Finders;
- (g) Northeastern shall then acquire Titanium and CanCo via the Amalgamation pursuant to which, on the effective date of the Amalgamation:
 - (i) Titanium, CanCo and AcquisitionCo, a wholly-owned subsidiary of Northeastern, shall amalgamate and continue as one corporation, such amalgamated corporation (referred to herein as "**AmalCo**"):
 - (A) to have the name "Titanium Transportation Group Holdings Ltd.";
 - (B) to be a wholly owned subsidiary of the Resulting Issuer; and
 - (C) to own all of the assets, properties, rights, privileges and licences, and be subject to all of the liabilities, contracts and obligations of each of the amalgamating corporations;
 - (ii) each shareholder of Titanium (including the holders of Titanium Units) shall be deemed to have exchanged such shareholder's post-Subdivision Titanium Shares for RI Shares and shall receive an equivalent number of fully paid and non-assessable RI Shares;
 - (iii) each shareholder of CanCo shall be deemed to have exchanged such shareholder's CanCo Shares for RI Shares and shall receive an equivalent number of fully paid and non-assessable RI Shares; and
 - (iv) each holder of Titanium Warrants or Finder's Warrants shall be deemed to have exchanged such securityholder's Titanium Warrants or Finder's Warrants, as applicable, for like warrant securities of the Resulting Issuer, entitling the holder thereof to acquire an equivalent number of RI Shares and exercisable on or before the expiry date of the Titanium Warrants, as applicable, for which they were exchanged and at the same exercise price; and
- (h) the Resulting Issuer shall be renamed "Titanium Transportation Group Inc.", or such other name determined by Titanium.

The RTO will be completed prior to Listing, and will result in the reverse-takeover of Northeastern by the shareholders of Titanium. Completion of the RTO is subject to compliance with the terms and conditions set forth in the Definitive Agreement, which are discussed further below under the heading “Item 2B: Description of the RTO – The Definitive Agreement – Conditions of the RTO.” If the terms and conditions of the Definitive Agreement are satisfied (or waived, as applicable), it is expected that the RTO will be completed and become effective on or about April 1, 2015 or such other date as may be determined by the parties thereto. However, the effective date of the RTO could be delayed for a number of reasons. See “Item 21: Risk Factors”.

A corporate organizational chart reflecting the expected corporate structure of the Resulting Issuer following Closing is set forth below. Each Subsidiary of the Resulting Issuer will be, unless indicated otherwise, incorporated or formed pursuant to the laws of the province of Ontario.



The terms of the RTO, as set out in the Definitive Agreement and summarized below, were established through arm’s length negotiations between the management of Titanium, Northeastern and CanCo.

BACKGROUND OF THE RTO

Northeastern was incorporated on July 7, 1989 under the CBCA and is a “reporting issuer” in Ontario. The company was subsequently listed on the Canadian Dealing Network (now the TSXV) and in January 1990, raised \$1.02 million at \$1.00 per share (unadjusted for any subsequent consolidations) by way of a prospectus offering. The

proceeds were used to finance the development of certain hotels in Canada, but the project was subsequently discontinued. Thereafter, Northeastern was delisted and a cease trade order on the Northeastern Shares was issued by the Ontario Securities Commission for Northeastern's failure to file audited financial statements for its financial year ended March 31, 2003, as well as subsequent interim financial statements and MD&A. Northeastern remained inactive and did not carry on any active business from 2003 until 2009, when a new group "reactivated" the company and funded the preparation and filing of continuous disclosure materials with the Ontario Securities Commission to reinstate Northeastern's standing as a reporting issuer under the Act. Once reinstated as a reporting issuer, Northeastern explored business combination opportunities, none of which were executed upon, until it commenced negotiations with Titanium and CanCo in the fall of 2014. Its controlling shareholders advanced monies from time to time to finance Northeastern's disclosure and governance obligations.

On October 20, 2014, Northeastern and Titanium announced that they had signed a non-binding letter of intent with CanCo with respect to the RTO. Effective November 20, 2014, Titanium, Northeastern and CanCo entered into the Definitive Agreement for the RTO.

Reasons for the RTO

The RTO, together with the release of the Escrowed Funds, will provide Titanium with additional capital to pursue its business objectives. The RTO will also provide Titanium with potentially greater access to capital markets in the future and may facilitate the completion of acquisitions on accretive terms in the future. Further, the RTO provides the potential for liquidity to Titanium's existing shareholders.

THE DEFINITIVE AGREEMENT

The Definitive Agreement provides for the reverse takeover of Northeastern by Titanium by way of a "three-cornered" amalgamation under the provisions of the CBCA, pursuant to which Titanium and CanCo will amalgamate with AcquisitionCo to form AmalCo, and AmalCo will continue as a wholly-owned subsidiary of the Resulting Issuer. The following is a summary of the Definitive Agreement and is qualified in its entirety by the full text of the Definitive Agreement, which has been filed on SEDAR and is incorporated by reference herein.

Representations, Warranties and Covenants

The Definitive Agreement contains certain customary representations and warranties of each of the parties thereto relating to, among other things, their respective organization, capitalization, qualification, operations, compliance with laws and regulations and other matters, including their authority to enter into the Definitive Agreement and to consummate the RTO. Pursuant to the Definitive Agreement, the parties have agreed to use their commercially reasonable efforts to consummate the RTO in a timely manner, prepare this Listing Application, and agree to any Transaction Documents required in connection with the RTO.

Under the Definitive Agreement, each party has agreed not to engage in any Restricted Actions. In the event either Titanium, Northeastern or CanCo or any of their respective affiliates, including any of their respective officers or directors, receives any form of offer or inquiry in respect of any Restricted Action, such party will forthwith (and in any event, within one business day following receipt) notify each of the other parties of such offer or inquiry and provide each of the other parties with such details as they may reasonably request.

In addition, pursuant to the Definitive Agreement, each of the parties has covenanted, among other things, until the completion of the RTO, to maintain their respective businesses and not to take certain actions outside the ordinary course without the consent of the other parties, and to hold information exchanged between the parties and their representatives in confidence.

The Debt Conversion and Debt Repayment

As of the date hereof, Northeastern has certain non-interest bearing indebtedness in the aggregate amount of \$93,154.85 (the "**Conversion Debt**") owing to the shareholders of Northeastern identified in the table below for advances made by such individuals to Northeastern to fund Northeastern's working capital requirements. Such individuals and Northeastern have agreed to convert the Conversion Debt into an aggregate of 9,315,407 (on a pre-Consolidation basis) Northeastern Shares (the "**Debt Conversion**"), allocated on a pro rata basis based on the amount of indebtedness held such individuals relative to the Conversion Debt.

A further \$21,731.10 (the "**Operating Debt**") aggregate amount of non-interest bearing indebtedness is expected to be owed and outstanding immediately prior to the date of Closing by Northeastern to the shareholders of

Northeastern identified in the table below for advances made by such individuals to Northeastern to repay amounts owing by Northeastern to persons acting at arm's length to Northeastern (within the meaning of the *Income Tax Act* (Canada)). The repayment of the Operating Debt in full by CanCo (the "**Debt Repayment**") prior to Closing is a condition precedent to the RTO in favour of Northeastern under the Definitive Agreement.

<u>Shareholder</u>	<u>Shareholder Debt</u>	<u>Operating Debt</u>
Robert Stikeman	\$45,000.85	\$10,866.10
Michael Pasternack	\$25,577.00	\$ 5,867.00
Lenore Goodwin	\$22,577.00	\$ 4,998.00

Also, completion of the Debt Conversion is a condition precedent under the Definitive Agreement. Approval for the Debt Conversion was sought and received from Northeastern shareholders at the Northeastern Meeting. The Debt Conversion and the Debt Repayment are expected to be effected prior to Closing.

The Subdivision and Consolidation

Prior to the exchange of the Subscription Receipts for Titanium Units, Titanium will subdivide the outstanding Titanium Shares so that following such subdivision and prior to the Amalgamation, there will be 24,200,001 Titanium Shares issued and outstanding (the "**Subdivision**").

Immediately prior to the completion of the Amalgamation, Northeastern will consolidate the outstanding Northeastern Shares (which shall include, for certainty, the Northeastern Shares issued pursuant to the Debt Conversion) at a ratio of 267 pre-Consolidation Northeastern Shares for each post-Consolidation Northeastern Share, which is expected to result in the Northeastern Shares issued and outstanding immediately prior to Closing being consolidated into approximately 133,333 Northeastern Shares (post-Consolidation), subject to rounding (the "**Consolidation**"). Approval for the Consolidation was sought and received from Northeastern Shareholders at the Northeastern Meeting.

Conditions of the RTO

The Definitive Agreement contains a number of conditions precedent to the obligations of Titanium, Northeastern and CanCo thereunder. Unless all such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the RTO will not proceed. There is no assurance that these conditions will be satisfied or waived on a timely basis, or at all. The conditions to the RTO becoming effective are set out in the Definitive Agreement and are summarized below.

Mutual Conditions Precedent

The obligations of the parties to consummate the RTO is subject to the satisfaction or waiver, on or before the effective date of the RTO or such other time specified, of the following conditions:

- (a) Northeastern, Titanium, CanCo and their respective affiliates entering into the Amalgamation Agreement and any other documents, agreements or instruments required in connection with the RTO (the "**Transaction Documents**"), which are not inconsistent with the terms and conditions set forth in the Definitive Agreement;
- (b) receipt of all required approvals and consents for the RTO and all related matters and the Transaction Documents, including without limitation:
 - (i) the approval of the TSXV;
 - (ii) the approval of the shareholders of Titanium and CanCo of the RTO and related matters required in connection with the RTO, and the approval of the shareholders of Northeastern of the Northeastern Meeting Matters; and
 - (iii) the approval of any third parties from whom Titanium, Northeastern or CanCo must obtain consent in connection with the consummation of the RTO, the failure of which to obtain would result in either the RTO not being able to be consummated or have a material adverse effect on the Resulting Issuer;
- (c) completion of the Debt Conversion, the Consolidation and the Subdivision;

- (d) upon completion of the RTO, the Resulting Issuer meeting the applicable Minimum Listing Requirements of the TSXV as an Industrial Issuer (pursuant to Policy 2.1 – *Initial Listing Requirements* of the TSXV Corporate Finance Manual), including, without limitation, the public float requirements;
- (e) immediately prior to Closing, each of the parties required by the TSXV having entered into an escrow agreement (such parties and such terms and conditions being reflected in the Escrow Agreement) upon the terms and conditions imposed pursuant to the policies of the TSXV;
- (f) there being no prohibition at law against the completion of the RTO; and
- (g) the Definitive Agreement not having been terminated in accordance with its terms.

Titanium Conditions

The obligation of Titanium to consummate the RTO is subject to the satisfaction, on or before the effective date of the RTO or such other time specified, of the following conditions:

- (a) the representations and warranties of Northeastern and CanCo contained in the Definitive Agreement and in any Transaction Document being true and correct in all material respects as of the date of Closing (without giving effect to, applying, or taking into consideration, any materiality or material adverse effect qualification already contained within any representation or warranty);
- (b) no material adverse change having occurred in the business, operations, results of operations, assets, liabilities, condition (financial or otherwise) or affairs of Northeastern or CanCo between the date of the Definitive Agreement and the date of Closing, other than a reduction of its cash position in order to pay professional fees or other expenses in connection with the Transaction;
- (c) there being no legal proceedings or regulatory charges, actions or proceedings or pending, against Northeastern or CanCo or any of its directors, officers or principal shareholders at the date of Closing which would have a material adverse effect on the Resulting Issuer;
- (d) material compliance of Northeastern and CanCo with the terms of the Definitive Agreement;
- (e) no material breach of the covenants of Northeastern and CanCo or AcquisitionCo contained in the Definitive Agreement or in any Transaction Document, including the Amalgamation Agreement;
- (f) resignations and releases from the former directors and officers of Northeastern, along with the Lock-Up Agreements, shall have been obtained by Northeastern and delivered to Titanium;
- (g) no inquiry or investigation (whether formal or informal) in relation to Northeastern or CanCo or their respective directors or officers, shall have been commenced or threatened by the TSXV or any relevant securities commission or similar regulatory body having jurisdiction, such that the outcome of such inquiry or investigation would have a material adverse effect on the Resulting Issuer;
- (h) completion of the Private Placement on terms acceptable to Titanium, in its sole discretion;
- (i) Titanium being satisfied in its sole discretion that: (A) CanCo has made an equity contribution or investment in CanCo so that at the time of the completion of the Transaction, CanCo has a cash balance of not less than \$350,000, less amounts paid by CanCo as contemplated by the Definitive Agreement; and (B) CanCo has no liabilities;
- (j) the holders of Titanium Shares (including investors under the Private Placement) receiving the number of RI Shares pursuant to the RTO based on the value of Titanium and CanCo implied by the final pricing of the Titanium Shares on the closing of the Private Placement, and such RI Shares issued to such holders pursuant to the RTO being freely-tradeable (subject to the usual restrictions under NI 45-102) and being issued as fully paid and non-assessable RI Shares, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature, except

those imposed pursuant to escrow restrictions of the TSXV or otherwise agreed to by such holders;

- (k) Titanium being satisfied, in its sole discretion, with the Lock-Up Agreements;
- (l) there being no legal proceeding or regulatory actions or proceedings against any person to enjoin, restrict or prohibit the RTO or which could reasonably be expected to result in a material adverse effect on Northeastern or CanCo; and
- (m) completion of the Titanium Reorganization, if applicable.

Northeastern Conditions

The obligation of Northeastern to consummate the RTO is subject to the satisfaction, on or before the effective date of the RTO or such other time specified, of the following conditions:

- (a) the representations and warranties of Titanium and CanCo contained in the Definitive Agreement and in any Transaction Document being true and correct in all material respects as of the date of Closing (without giving effect to, applying, or taking into consideration, any materiality or material adverse effect qualification already contained within any representation or warranty);
- (a) no material adverse change having occurred in the business, operations, results of operations, assets, liabilities, condition (financial or otherwise) or affairs of Titanium or CanCo between the date of the Definitive Agreement and the date of Closing;
- (b) there being no legal proceedings or regulatory charges, actions or proceedings or pending, against Titanium or CanCo or any of their respective directors, officers or principal shareholders at the date of Closing which would have a material adverse effect on the Resulting Issuer;
- (c) no inquiry or investigation (whether formal or informal) in relation to Titanium or CanCo or any of their respective directors, officers or principal shareholders, shall have been commenced or threatened by the TSXV or any relevant securities commission or similar regulatory body having jurisdiction, such that the outcome of such inquiry or investigation would have a material adverse effect on the Resulting Issuer;
- (d) material compliance by Titanium and CanCo with the terms of the Definitive Agreement;
- (e) no material breach of the covenants of Titanium or CanCo contained in the Definitive Agreement or in any Transaction Document, including the Amalgamation Agreement;
- (f) completion of the Private Placement;
- (g) completion of the Debt Repayment by CanCo;
- (h) payment by CanCo of reasonable third-party costs and expenses incurred by Northeastern necessary to facilitate and complete the RTO up to a maximum aggregate amount of \$20,000.00 plus HST and reasonable disbursements; and
- (i) there being no legal proceeding or regulatory actions or proceedings against any person to enjoin, restrict or prohibit the RTO or which could reasonably be expected to result in a material adverse effect on Titanium or CanCo.

CanCo Conditions

The obligation of CanCo to consummate the RTO is subject to the satisfaction, on or before the effective date of the RTO or such other time specified, of the following conditions:

- (a) the representations and warranties of Titanium and Northeastern contained in the Definitive Agreement and in any Transaction Document being true and correct in all material respects as of the date of Closing (without giving effect to, applying, or taking into consideration, any

materiality or material adverse effect qualification already contained within any representation or warranty);

- (b) no material adverse change having occurred in the business, operations, results of operations, assets, liabilities, condition (financial or otherwise) or affairs of Titanium or Northeastern between the date of the Definitive Agreement and the date of Closing;
- (c) there being no legal proceedings or regulatory charges, actions or proceedings or pending, against Titanium or Northeastern or any of its directors, officers or principal shareholders at the date of Closing which would have a material adverse effect on the Resulting Issuer;
- (d) material compliance by Titanium and Northeastern with the terms of the Definitive Agreement;
- (e) no material breach of the covenants of Titanium, Northeastern or AcquisitionCo contained in the Definitive Agreement or in any Transaction Document, including the Amalgamation Agreement and;
- (f) the resignations and releases from the former directors and officers of Northeastern, along with the Lock-Up Agreements, shall have been obtained by Northeastern and delivered to CanCo;
- (g) no inquiry or investigation (whether formal or informal) in relation to Titanium or Northeastern or any of their respective directors, officers or principal shareholders, shall have been commenced or threatened by the TSXV or any relevant securities commission or similar regulatory body having jurisdiction, such that the outcome of such inquiry or investigation would have a material adverse effect on the Resulting Issuer;
- (h) completion of the Private Placement on terms acceptable to CanCo, in its sole discretion;
- (i) the holders of CanCo Shares receiving the number of RI Shares pursuant to the RTO based on the value of Titanium and CanCo implied by the final pricing of the Titanium Shares on the closing of the Private Placement, and such RI Shares issued to such holders pursuant to the RTO being freely-tradeable (subject to the usual restrictions under NI 45-102) and being issued as fully paid and non-assessable RI Shares, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature, except those imposed pursuant to escrow restrictions of the TSXV or otherwise agreed to by such holders;
- (j) CanCo being satisfied, in its sole discretion, with the Lock-Up Agreements; and
- (k) there being no legal proceeding or regulatory actions or proceedings against any person to enjoin, restrict or prohibit the RTO or which could reasonably be expected to result in a material adverse effect on Titanium or Northeastern.

Termination of Agreement

The Definitive Agreement will terminate with each party having no obligations to the other, other than obligations relating to the payment of fees and confidentiality, on the date on which any of the following events occurs:

- (a) Titanium, Northeastern and CanCo mutually agree in writing to terminate the Definitive Agreement;
- (b) at the option of any party, if a condition precedent in its favour has not been satisfied or waived on or prior to June 15, 2015;
- (c) at Titanium's option, as a result of a material inaccuracy in Northeastern's or CanCo's representations or a material breach of covenant, subject to a 10 day cure period;
- (d) at Northeastern's option, as a result of a material inaccuracy in Titanium's or CanCo's representations or a material breach of covenant, subject to a 10 day cure period;
- (e) at CanCo's option, as a result of material inaccuracy in Northeastern's or Titanium's representations or a material breach of covenant, subject to a 10-day period;

- (f) by either Titanium or CanCo, if the Private Placement is terminated or abandoned (including if the Escrow Release Conditions are not satisfied);
- (g) at the option of any party, if the RTO has not been completed by June 30, 2015; or
- (h) at the option of any party, if any applicable regulatory or governmental authority having notified in writing either party of its determination to not permit the RTO to proceed, in whole or in part, and the parties have used commercially reasonable efforts to appeal or reverse such determination, or modify the RTO on a basis that is not prejudicial to any party in order to address such determination.

Directors and Officers of the Resulting Issuer

At the Northeastern Meeting, Northeastern's shareholders conditionally elected Theodor (Ted) Daniel, Luciano (Lu) Galasso, Ari Levy and William (Bill) Chyfetz (the "**Titanium Nominees**") as directors of the Resulting Issuer, subject to the completion of the RTO. In addition, pursuant to the Definitive Agreement, Northeastern has agreed to cause the resignation of its existing officers. Accordingly, immediately prior to Closing, all officers and directors of Northeastern shall resign and effective following Closing they shall be replaced by the Titanium Nominees and officer appointees of Titanium to constitute the Board and officers of the Resulting Issuer. For information in respect of the proposed Board and management of the Resulting Issuer, see "Item 16: Directors and Executive Officers."

Procedure for the RTO to Become Effective

Procedural Steps

The RTO will be carried out pursuant to the provisions of the CBCA. The following procedural steps must be taken in order for the RTO to become effective:

- (a) the satisfaction of all conditions precedent to the RTO as set forth in the Definitive Agreement, including receipt of TSXV approval for the Listing;
- (b) the Amalgamation Agreement must be entered into between Titanium, CanCo, Northeastern and AcquisitionCo; and
- (c) articles of amalgamation in the form prescribed by the CBCA must be filed. The RTO will become effective when a certificate of amalgamation issued in respect of the Amalgamation.

Approvals Necessary for the Qualifying Transaction

Shareholder Approval

No approval of the RTO by the Northeastern shareholders is required for the RTO, however, Northeastern was required to convene and hold the Northeastern Meeting to approve (in each case subject to the completion of the RTO) the Northeastern Meeting Matters. The Northeastern Meeting was held on December 31, 2014, and each of the Northeastern Meeting Matters was approved by the shareholders of Northeastern.

Pursuant to the provisions of the CBCA, the Amalgamation requires the approval of the Titanium and CanCo shareholders and the approval of Northeastern, in its capacity as the sole shareholder of AcquisitionCo. Shareholders of each of Titanium, AcquisitionCo and CanCo have approved the Amalgamation.

TSXV Approval

The TSXV conditionally approved the Listing of the RI Shares, including those to be issued pursuant to the Amalgamation to the former shareholders of Titanium and CanCo. Listing is subject to the fulfillment of all of the requirements of the TSXV on or before June 1, 2015.

Legally, the effective date of the Amalgamation will be on the date that a certificate of amalgamation is issued in respect of the Amalgamation. However, the Listing will be completed on the date that the TSXV issues a Final Exchange Bulletin in respect of the Listing, which is expected to be within a week after Closing, provided that all required documentation is filed with the TSXV.

CanCo

On October 14, 2014, CanCo was incorporated as “9050400 Canada Inc.” under the CBCA. CanCo is an affiliate of Dorian. Dorian is a company engaged in venture capital and merchant banking activities.

Since August, 2012, Dorian has provided strategic advice with respect to Titanium becoming a public company, including advice regarding issues that its business operations and management team would face in the context of seeking a “going public” transaction. In July, 2014, following the announcement of the acquisition by Transforce Inc. of Contrans Group Inc. and as a consequence of that transaction, Titanium began to re-evaluate the benefits of becoming a public company. In August, 2014, Titanium determined it would be in the best interests of Titanium and its shareholders to pursue the Listing, and Titanium began working with Dorian in order to identify suitable public company targets that would complete a reverse takeover transaction between such public company at a valuation of Titanium acceptable to Titanium and its shareholders. Numerous public company candidates for this transaction with Titanium were considered by Dorian, in consultation with Titanium. In 2014, Dorian began discussions with Northeastern about the proposed RTO. On October 21, 2014, Northeastern and Titanium announced that they had signed a non-binding letter of intent with CanCo with respect to the RTO. Effective November 20, 2014, Titanium, Northeastern and CanCo entered into the Definitive Agreement for the RTO.

Item 3: Summary of Listing Application

Business of Titanium

Titanium commenced operations as a provider of freight transportation services in 2002 and is currently a leading asset-based transportation and logistics company servicing North America. Its operations are based in Vaughan, Ontario, with additional office locations in Bracebridge, Ontario, Orillia, Ontario and Napanee, Ontario, and additional parking yards in Barrie, Ontario, Bolton, Ontario, Brantford, Ontario, Brockville, Ontario, Burlington, Ontario, Penetanguishene, Ontario and Trenton, Ontario. With over 300 power units, 1,000 trailers, and 400 employees, Titanium provides freight transportation services to over 600 customers, including large multinational corporations across various industries, with truckload, dedicated, and cross-border trucking services, freight logistics, and warehousing and distribution services.

See Item 5: Description of the Business“.

Description of Securities to be Listed

The authorized capital of Titanium consists of an unlimited number of Titanium Shares. Holders of Titanium Shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of Titanium. Each Titanium Share carries the right to one vote in person or by proxy at all shareholder meetings of Titanium. The holders of Titanium Shares are entitled to receive dividends as and when declared by the Titanium Board and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Titanium, are entitled to receive the remaining property of Titanium in the event of liquidation, dissolution or winding-up.

There are currently 11,308,406 Titanium Shares issued and outstanding, on a pre-Subdivision basis.

The authorized capital of the Resulting Issuer will consist of an unlimited number of RI Shares. Holders of RI Shares will be entitled to receive notice of, attend and vote at all meetings of the shareholders of the Resulting Issuer. Each RI Share carries the right to one vote in person or by proxy at all shareholder meetings of the Resulting Issuer. The holders of RI Shares will be entitled to receive dividends as and when declared by the Resulting Issuer Board and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Resulting Issuer will be entitled to receive the remaining property of the Resulting Issuer in the event of liquidation, dissolution or winding-up.

There are expected to be 30,288,099 RI Shares issued and outstanding immediately following the completion of the RTO.

Neither the Titanium Shares nor the Northeastern Shares are currently listed on any stock exchange. The TSXV has conditionally approved the Listing of the RI Shares. Listing is subject to the fulfillment of all of the requirements of the TSXV on or before June 1, 2015.

See “Item 10: Description of Securities to be Listed”.

Financings

In connection with the RTO and as contemplated by the Definitive Agreement, on December 19, 2014, Titanium completed a non-brokered private placement of Subscription Receipts for gross proceeds of approximately \$6.7 million.

The gross proceeds of the Private Placement are currently held in escrow, and when released, the aggregate net proceeds of the Private Placement are expected to be approximately \$6.6 million, representing the gross proceeds of the Private Placement less \$66,850 in Finder’s cash compensation and \$50,000 in costs.

Subject to the release thereof, the aggregate net proceeds of the Private Placement are expected to be used to fund future acquisitions and for general working capital purposes. The following table represents the principal purposes for which the aggregate net proceeds of the Private Placement are expected be used by the Resulting Issuer:

Principal Purpose	Estimated Amount
Fees and expenses payable in connection with the Listing ⁽¹⁾	\$428,269
Unallocated (future acquisitions and general working capital)	\$6.2 million
Total:	\$6.6 million

Notes

(1) Includes accounting, sponsorship, TSXV and legal fees.

Although the Resulting Issuer intends to spend the funds available to it as stated above, there may be circumstances where, for sound business reasons, the reallocation of funds may be necessary.

As of December 31, 2014, after giving effect to the RTO, the pro forma working capital of Titanium is estimated to be approximately (\$5,819,791).

See “Item 6: Financings”.

Principal Securityholders The principal securityholders of Titanium are Theodor (Ted) and Marilyn Daniel (approximately 15.4%, collectively), and Trunkeast (approximately 51.9%). The principal shareholders of the Resulting Issuer are expected to be Theodor (Ted) and Marilyn Daniel (approximately 12.3%, collectively), and Trunkeast (approximately 41.5%).

See “Item 15: Principal Securityholders”.

Risk Factors The securities of the Resulting Issuer will be subject to significant risks, which include but are not limited to risks related to (i) the effect of general economic conditions on the transportation industry, (ii) competition, (iii) regulation of the transportation industry, (iv) the lack of long-term customer commitments in the transportation industry, (v) failure of technology, (vi) currency exchange, (vii) the price of fuel, (viii) its concentrated ownership, (ix) environmental matters, (x) loss of key personnel, (xi) conflicts of interests, (xii) unavailability of financing, (xiii) rapid growth, (xiv) its dividend policy, (xv) and the other risk factors set forth in “Item 21: Risk Factors”.

Financial Information The financial information should be read in conjunction with the financial statements listed in “Item 32: Financial Statement Disclosure” and in the Schedules attached hereto.

**Pro Forma
Resulting Issuer as
at December 31,
2014
(\$)**

Assets	
Current assets	\$22,380,751
Non-current assets	\$31,517,677
Total Assets	\$53,898,428
Liabilities	\$40,072,533
Shareholder’s Equity	\$13,825,895

See “Item 32: Financial Statement Disclosure”.

Item 4: Corporate Structure

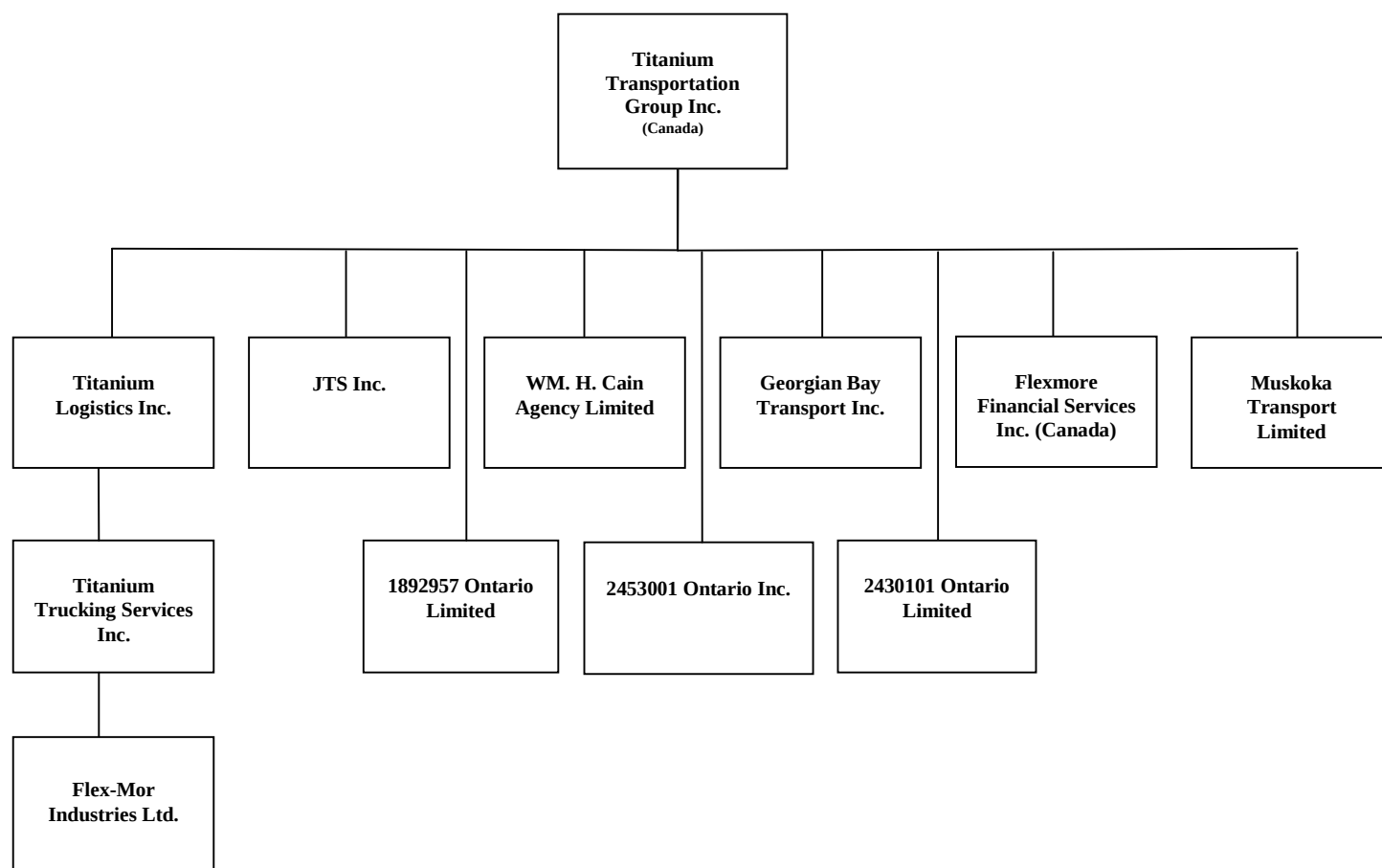
Incorporation

TLI was formed on May 10, 2002 and TTSI, its subsidiary, was formed on January 11, 2005. On April 17, 2013, TTGI was incorporated as “Titanium Transportation Group Inc.” under the CBCA and, on July 31, 2013, TLI, TTSI and their respective shareholders completed a reorganization with TTGI, resulting in the shareholders of TLI and TTSI becoming shareholders of Titanium, and TLI (directly) and TTSI (indirectly) becoming wholly-owned Subsidiaries of TTGI. The registered and head office of TTGI is located at 400 Zenway Boulevard, Suite 4, Vaughan, Ontario L4H 0S7 (Greater Toronto Area).

The Titanium Shares are not listed or quoted for trading on any stock exchange and Titanium is not a reporting issuer in any province or territory of Canada. Titanium maintains a website at www.ttgi.com. Information relating to Titanium included on its website does not form part of this Listing Application.

Intercorporate Relationships

TTGI has eleven direct and indirect wholly-owned Subsidiaries, TLI, TTSI, MTL, FM Industries, JTS, Cain, GBT, FFSI, 1892957, 2430101 and 2453001. A corporate organizational chart reflecting the existing corporate structure of Titanium is set forth below. Each Subsidiary of TTGI is, unless indicated otherwise, incorporated or formed pursuant to the laws of the province of Ontario:



Item 5: Description of the Business

The General Development of the Business

Titanium commenced operations as a provider of freight transportation services in 2002. Titanium’s key areas of focus in the development of its business are:

- to provide a wide range of specialized transportation services;
- steady growth by gaining greater market share and through acquisitions;

- to maintain a highly diversified customer base; and
- to maintain a conservative capital structure.

Titanium has acquired seven asset-based transportation companies since 2011. With each acquisition, Titanium has been able to retain the key sales and management personnel of the companies purchased, and has been able to maintain or increase profitability of these companies through integration with the business operations of Titanium.

Through internal growth and these acquisitions, Titanium has significantly increased the geographic scope of its freight transportation services. Titanium services clients throughout North America through its base operations in Vaughan, Ontario, its office locations in Bracebridge, Ontario, Orillia, Ontario and Napanee, Ontario, and its parking yards in Barrie, Ontario, Bolton, Ontario, Brantford, Ontario, Brockville, Ontario, Burlington, Ontario, Penetanguishene, Ontario and Trenton, Ontario.

History

TLI was formed on May 10, 2002 and TTSI, its subsidiary, was formed on January 11, 2005. In May and June, 2007, an affiliate of Trunkeast acquired a majority equity ownership interest in TLI. On January 1, 2008, this equity ownership interest was transferred to Trunkeast. Since it commenced operations in 2002, Titanium has rapidly developed and expanded its business, with a focus during this time period on its trucking services operations.

On April 4, 2011, TTSI acquired all of the shares of FM Industries. The acquisition of the FM Industries business significantly expanded Titanium's fleet, introducing a much larger service capability to Titanium.

On February 1, 2013, TTSI acquired all of the shares of Flatliners, which at that time was operating out of Kingston, Ontario. The acquisition of Flatliners introduced a new service division to Titanium, including flatbeds, roll-tites, drop-decks and 6-axle service.

On April 1, 2013, TTSI acquired all of the shares of GJT, which at that time was operating out of Napanee, Ontario. The acquisition of GJT further expanded Titanium's presence in the asset-based flatbed sector and expanded Titanium's relationship with certain of its existing flatbed customers.

On April 17, 2013, TTGI was formed pursuant to the federal laws of Canada and, on July 31, 2013, TLI, TTSI and their respective shareholders completed a reorganization with TTGI resulting in the shareholders of TLI and TTSI becoming shareholders of Titanium, and TLI (directly) and TTSI (indirectly) becoming wholly-owned Subsidiaries of TTGI. .

On September 1, 2013, Titanium acquired all of the shares of JTS, an asset-based transportation company based in Orillia, Ontario. JTS added approximately 47 power units to Titanium's existing fleet, as well as two new specialty product lines providing HAZMAT and heated-service capabilities.

On July 1, 2014, Titanium acquired all of the shares of Cain, which was based in Burlington, Ontario. By acquiring Cain, Titanium primarily gained a multinational customer. Titanium will also be integrating the warehousing services of Cain into Titanium's new warehousing facility, which is expected to be completed in the fourth quarter of 2015.

On October 1, 2014, Titanium acquired all of the shares of GBT, an asset-based transportation company based in Penetanguishene, Ontario. GBT is expected to add further growth in Titanium's trucking services in the Penetanguishene/Midland area.

On March 1, 2015, Titanium acquired all of the shares of MTL, an asset-based transportation and logistics company based in Bracebridge, Ontario with additional terminals in Barrie and Bolton, Ontario. In addition, Titanium acquired the land and building owned by MWL (an affiliate of MTL). Through this acquisition, Titanium gained a well-established customer base in the greater Muskoka region, as well as MTL's 170+ employees and fleet of over 400 trailers and over 100 power units.

Subsequent Events

Consistent with its past practice and in the normal course of business, Titanium may have outstanding non-binding letters of intent or may otherwise be engaged in discussions with respect to possible acquisitions of new businesses, which may or may not be material. There can be no assurance that any of these letters and/or discussions will result in an acquisition and, if they do, what the final terms or timing of any acquisition would be. Titanium expects to continue to actively pursue other acquisition and investment opportunities.

Overview of the Business

Titanium is a leading asset-based transportation and logistics company servicing North America. Its operations are based in Vaughan, Ontario, with additional office locations in Bracebridge, Ontario, Orillia, Ontario and Napanee, Ontario, and additional parking yards in Barrie, Ontario, Bolton, Ontario, Brantford, Ontario, Brockville, Ontario, Burlington, Ontario, Penetanguishene, Ontario and Trenton, Ontario. With over 300 power units, 1,000 trailers, and 400 employees, Titanium provides freight transportation services to over 600 customers, including large multinational corporations across various industries, with truckload, dedicated, and cross-border trucking services, freight logistics, and warehousing and distribution services.

Titanium has identified three key objectives essential to its strategic plan: (i) increase revenues from profitable business segments and customers; (ii) strengthen Titanium's position in the North American transportation market; and (iii) achieve a more balanced revenue mix. To date, Titanium has successfully pursued its strategic plan, in large part by acquiring companies offering services throughout Canada in segments of the transportation industry not traditionally served by Titanium, such as heated and HAZMAT services, as well as flatbed services and specialized truckload services. Titanium expects to continue pursuing its plan of acquiring companies that complement its business operations.

Titanium's diverse team offers its clients efficient and global transportation solutions, supported by its specialized operations and the competence of its management and employees, in the following operational segments: (i) truckload services; (ii) logistics; and (iii) warehousing.

Titanium has enjoyed growth in recent years (both organically and through acquisitions) and management of Titanium believes that the focus of its employees and staff on service quality, meeting customers' specialized needs, adopting technology innovation made available in the freight transportation industry and ensuring compliance with industry safety standards, have contributed to its success when competing with carriers that offer similar services.

Trucking

Titanium provides long-haul, dedicated and local trucking services throughout North America. Titanium satisfies diverse customer needs through a wide array of trailer types, including 53' dry vans, flatbeds, step-decks, heavy axle trailers and other specialty equipment, totaling over 300 power units and 1,000 trailers.

Titanium's trucking services provide full-load transport of general merchandise in North America through company-owned vehicles and owner-operators. Owner-operators are independent operators who own or lease their own trucks and who provide services to larger carriers such as Titanium. Management of Titanium believes a key success factor in the truckload services market is the constant drive for reliable customer service and efficiency of operations. To this end, Titanium has implemented a number of measures designed to improve customer service, particularly through investments in technology. All of Titanium's vehicles are equipped with global positioning tracking systems (GPS), so that Titanium is able to monitor the location of its vehicles at all times. This enables Titanium to issue new dispatch orders based on real-time information. To increase efficiency, Titanium has implemented important productivity initiatives throughout its trucking services operations, designed to monitor fuel costs, reduce waiting time and minimize empty mileage. Growth opportunities in the truckload services market continue to arise from increased trans-border Canada/U.S.A. trade.

Supplying effective specialized truckload transportation services requires a thorough understanding of the diverse needs of a client's business and the ability to offer value-added solutions through proper equipment. Titanium's specialized truckload services offer its diverse customer-base with a wide variety of value-added services. Titanium offers expedited delivery services via an extensive network of owner-operators based across Canada and the United States, flatbed transportation, multi-axle freight service, tandem service and other specialized trailers. Titanium's strategy in specialized truckload services is based on providing customers with equipment that fulfills their service needs and offers extensive reliability.

In each of these groups, Titanium's customers benefit from infrastructure and technology-led solutions, including satellite tracking on all highway units, 24-hour dispatch support, internet tracking, on-line proof-of-delivery service, and late model equipment. Through technology utilized by Titanium, customers can track deliveries at all times.

They can also receive rate inquiries, estimated transit times and document requests, including signed delivery slips which are scanned into an imaging system. See “Item 5: Description of the Business – Operations – Technology Led Transportation Solutions”.

Titanium’s trucking services represented approximately 60% of its total revenue during its financial year ended December 31, 2014.

Logistics

Titanium’s logistics group, which is a non-asset based broker, provides a variety of ancillary transportation services such as third-party logistics and freight forwarding. The logistics team moves truckload and less than truckload (LTL) freight all over North America on vans, flatbeds and other specialty equipment. In addition to truckload and LTL freight, Titanium’s network of carrier partners offers its customers reliable and varied transportation services, including intermodal service across North America, international shipping (ocean and air), specialty services (such as for hazardous and fragile products), and expedited services. Shipments coordinated by Titanium’s logistics team are assessed on applicable safety and equipment maintenance compliance, and shipments are consistently monitored using its online management system and electronic tracking. Emergency and expedited services are also offered by Titanium to its customers.

Titanium’s logistics services represented approximately 39% of its total revenue during its financial year ended December 31, 2014.

Warehousing

Titanium’s warehousing group provides customers with inventory warehousing and distribution services. These services complement Titanium’s transportation capabilities by enabling its customers to store and move goods efficiently through their supply chain. The combination offers customers a supply chain network that permits them to grow their businesses without adding assets. Features of Titanium’s warehousing and distribution services include order management and fulfillment, shipment consolidation/de-consolidation, cross dock, pick ‘n pack (packaging, kitting, and sub-assembly), and reverse logistics (refurbished and restock processes). In addition, Titanium offers inventory management capabilities that improve customer service and cost savings, including features such as inventory reporting at SKU level online, documented processes unique to each customer, line of sight visibility through the life of the order, and radio frequency bar code scanning capability. All such services are offered by Titanium at the existing warehouse facilities and will also be provided at its new facility.

Titanium’s warehousing and distribution services represented approximately 1% of its total revenue during its financial year ended December 31, 2014.

Markets and Competition

Markets

There is a positive industry outlook on the Canadian freight transportation market owing to improving industry margins and increasing economic activity in North America.¹ The size of the trucking industry is estimated to be approximately \$40 billion in Canada² and approximately \$650 billion in the U.S.A., and growing.³ According to a collaboration between ATA and IHS Global Insight overall freight tonnage and freight volumes are expected to grow 24% and 72%, respectively, from 2013-2025.⁴ Trucking is expected to maintain its position as the dominant mode of freight transportation, with its share of total freight tonnage expected to grow from 69% in 2013 to 71% in 2025.⁵

Canada’s main trading partner is the U.S.A., accounting for roughly two thirds of trade (~75%+ of exports and ~50% of imports); more than 75% of the goods traded between these countries travel by truck.⁶ The Canadian manufacturing sector was previously challenged by a rising Canadian dollar, but recent weakness in the currency could stimulate new activity. As at November 2014, the Canadian Purchasing Manager’s Index (PMI) is at its highest level since September 2013.⁷

¹ Business Monitor International, “Canada Freight Transport Report Q1 2015”, <<http://www.marketresearch.com/Business-Monitor-International-v304/Canada-Freight-Transport-Q1-8494646/>>, (November 5, 2014).

² Government of Alberta, “Trucking”, <<http://www.albertacanada.com/business/overview/trucking.aspx>> (June 11, 2012).

³ John D. Schultz, “Vital and Dynamic Trucking Industry Plots Road to Sustainable Future”, <<http://www.forbescustom.com/EconomicDevelopmentPgs/TruckingIndustryP1.html>>.

⁴ American Trucking Association, “ATA Forecast Projects Continued Growth for Trucking”, <<http://www.trucking.org/itemcontent.aspx?uid=561f8cda-f778-45cb-8818-f1f910336b85>>, (July 21, 2014).

⁵ Ibid.

⁶ Western Canadian Transportation Executives, “Transportation by Road”, <<http://www.westac.com/transportation/transroad.pdf>>

⁷ RBC and Supply Chain Management Association, “RBC Canadian Manufacturing PMI”, <<http://www.rbc.com/newsroom/news/2014/20141201->

The freight markets have improved throughout 2014, according to various freight monitors and other economic indicators.⁸ Through October 2014, the American Trucking Association (ATA) Truck Tonnage Index is up 4.5% year-over-year vs. the same period in 2013, on a seasonally adjusted basis.⁹ This improvement in freight volumes is being driven by strength in the American economy.¹⁰ Since the end of the recession in 2009, the American GDP has averaged between 1.8% to 2.8% annually¹¹, with more than half of this figure, or approximately 1.5%, being driven by consumer spending, according to the National Retail Federation.¹² The Institute of Supply Management (ISM) New Orders Index has registered 18 consecutive months of growth (to November 2014).¹³ The index typically leads freight shipments by about 6-9 months, pointing towards continuing strength in American manufacturing and the freight markets generally.¹⁴

On the supply side, carrier capacity is growing increasingly tight, driving pricing and margin improvement. It is estimated that almost 20% of trucking capacity has been removed due to a tougher regulatory environment (e.g. The Compliance, Safety, Accountability (CSA) 2010 program; the Federal Motor Carrier Safety Administration's (FMCSA) Hours-of-Service (HOS) rules; and legislation regarding the use of electronic logging devices to eliminate driver manipulation of log books).¹⁵ Increased regulation, combined with an aging workforce, could lead to significant driver shortages in the U.S.A. and Canada.¹⁶

Competition

The Canadian truck freight transportation service industry is highly competitive and consists of both large and small businesses. In addition, Titanium and other truck freight transportation operators compete with other modes of transportation such as rail, airfreight, and maritime transportation.

Titanium's competitors for trucking services include a large number of large and small asset-based trucking companies, with many larger carriers offering a wide variety of these services on a national basis, and with many smaller carriers operating to service point-to-point locations or specific industries. Titanium and these carriers compete primarily on both price and their ability to provide reliable, efficient and safe transportation services.

In the logistics services business, Titanium competes with a large number of non-asset based logistics companies, third party freight brokers and forwarders and asset-based trucking companies offering logistics services throughout North America.

In the warehousing services business, Titanium competes with a large number of third party freight brokers and asset-based trucking companies offering warehousing services, such competition being based primarily in Canada.

Customer Diversification

In each of the trucking and logistics sectors, Titanium maintains a diverse, high-quality customer base consisting of both large and small companies that span a variety of industries. Titanium transports general freight. Due to the breadth of its client base, any downturn in the activities of individual customers or in a particular industry is not expected to have a material adverse impact on Titanium's operations.

[pmi.html](#)>, (December 1, 2014).

⁸ Trucking Info, "DAT Freight Index Remains Higher Versus a Year Ago", <<http://www.truckinginfo.com/channel/fleet-management/news/story/2014/11/dat-freight-index-remains-higher-versus-a-year-ago.aspx>>, (November 13, 2014).

⁹ PR Newswire-USNewswire, "ATA Truck Tonnage Index Increased 0.5% in October", <<http://news.yahoo.com/ata-truck-tonnage-index-increased-0-5-october-170000524.html>>, (November 18, 2014).

¹⁰ William B. Cassidy, "'Phenomenal' truck orders show strength of U.S. economic recovery", <http://www.joc.com/trucking-logistics/trucking-equipment/%E2%80%98phenomenal%E2%80%99-truck-orders-show-strength-us-economic-recovery_20141108.html>, (November 8, 2014).

¹¹ The World Bank, "GDP growth (annual %)", <<http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>>.

¹² Lou Smyrlis, "Sunny outlook for US economy and trucking", <<http://www.trucknews.com/transportation/sunny-outlook-us-economy-trucking/1003060696>>, (October 13, 2014).

¹³ Steve Clouter, "Manufacturing ISM Report on Business Indicates Growth in Manufacturing for the 18th Consecutive Month", <http://www.arcweb.com/Blog/Post/176/Manufacturing-ISM-Report-on-Business-Indicates-Growth-In-Manufacturing-for-the-18th-Consecutive-Month?Page=TRUE&p_PublishedDate=20141201%2020%3a38%3a00&p_ID=175&PageFirstRow=11&&View=14b93ab8-281b-4b67-8997-ff2ed7e2f00c>, (December 1, 2014).

¹⁴ David Newman and Konark Gupta, "2012 Shipper-Carrier Survey", <<http://www.businessinformationgroup.ca/mktgimages/tm030713/201303051342310j5msdk45h42n0t2jfr4oiny3.pdf>>, (February 28, 2013).

¹⁵ James Menzies, "Continued economic strength ahead, senior Scotiabank economist predicts", <<http://www.trucknews.com/business-management/continued-economic-strength-ahead-senior-sciotiabank-economist-predicts/1003060731>>, (October 15, 2014).

¹⁶ NITIC, "TCA Chairman tells delegates trucking 'not simple anymore'", <<https://www.truckinsurancenitic.com/company-news/138-tca-chairman-tells-delegates-trucking-not-simple-anymore.html>>, (April 2, 2014).

Growth Strategy

Titanium's revenue has increased from approximately \$12.9 million in fiscal 2010 to approximately \$71.7 million in fiscal 2014. Its EBITDA has increased from less than \$1.0 million in fiscal 2010 to approximately \$6.0 million in fiscal 2014. Titanium has completed seven acquisitions since 2011.

Titanium's key strategies for the continued development of its business include:

- *Continued Acquisitions of Complementary Businesses.* Management of Titanium believes there are significant opportunities for further consolidation in the trucking and logistics sector. Management believes there are a number of privately-owned companies located in Ontario providing freight transportation services that are potential acquisition targets, and management of Titanium intends to continue to acquire complementary businesses. Titanium has identified a number of prospective acquisition targets, located primarily in Ontario. Such targets must meet Titanium's strict acquisition criteria, which include having opportunities for gaining operating efficiencies, product lines where Titanium has existing expertise, management expertise, customer relationships that can be retained, and similarities with Titanium's corporate culture. Management of Titanium seeks to identify synergies and potential cost-cutting opportunities within such targets with respect to customer lane consolidation, freight optimization, implementation of leading technologies and fuel efficiency programs.
- *Continued Domestic and International Expansion.* Management of Titanium intends to expand its presence in Canada and the U.S.A. by strengthening relationships with existing customers and expanding its customer base through continued sales and marketing.

Alongside its growth objectives and in order to remain competitive, Titanium recognizes a need to make significant investments in its information technology and operations. See "Item 5: Description of the Business – Operations - Technology Led Transportation Solutions".

Operations

Head Office and Service Locations

Titanium currently has its head office and distribution terminal in Vaughan, Ontario, maintains additional office space in Bracebridge, Ontario, Orillia, Ontario and Napanee, Ontario, and additional parking yards in Barrie, Ontario, Bolton, Ontario, Brantford, Ontario, Brockville, Ontario, Burlington, Ontario, Penetanguishene, Ontario and Trenton, Ontario. All locations are leased premises, other than the location in Napanee, Ontario, which is owned by 1892957 and 2430101, and the location in Bracebridge, Ontario, which is owned by 2453001.

Titanium leases additional premises in Caledon, Ontario, on which it is building a new 60,000 square foot facility. The new facility will accommodate Titanium's head office operations and will include an integrated yard, warehousing and third party mechanical shop. The new facility is expected to be completed in the fourth quarter of 2015.

See also "Item 24: Interests of Management and Others in Material Transactions".

Licenses

In Canada, passenger and merchandise road transport licences are issued by provincial authorities. With respect to interprovincial transport, provincial authorities are delegated the right to issue licences according to the *Canada Transportation Act*. Provincial authorities exercise control over the issuance, modification and transfer of licences and govern in a general manner various aspects of licence-holders' activities. In the U.S.A., the Department of Transportation exercises similar authority. As at the date hereof, the operating entities of the Titanium have all licences necessary to conduct their operations in Canada and the U.S.A.

Equipment

As at March 1, 2015, Titanium owned or leased over 300 power units, approximately 90% of which are "bunk-trucks", and approximately 1,000 trailers.

Technology Led Transportation Solutions

Titanium offers its customers technology solutions comparable to those of much larger transportation companies. Many of these technology solutions have been customized by Titanium for its customers. Titanium's information technology systems offer customers the following benefits:

- *Integrated Satellite Tracking.* This solution integrates satellite tracking with Titanium's dispatch systems, which allows more efficient, real-time management of freight loads.
- *Integrated Accounting.* This solution integrates the customer's accounting and billing systems with Titanium's dispatch system and customer electronic data interchange (EDI), facilitating the electronic exchange of documents such as purchase orders, invoices and delivery notices, thereby increasing reliability and accuracy.
- *In-truck Scanners.* Titanium's in-truck scanners are capable of real-time documentation processing to facilitate electronic invoicing.
- *Integrated Inventory Management.* This solution allows customers to electronically access secure customer portals to confirm their warehouse inventory online and to facilitate distribution.

Titanium has licensing arrangements in place in respect of software applications that are integral to its business, particularly in the context of acquiring and retaining customers and maximizing revenue and lane optimization. In particular, Titanium has a licence to use certain software that provides order entry, dispatch operations, invoicing and settlement of accounts, and accounting for trucking and transportation services. Titanium is using this software for the management of its trucks and power units, and for general management of its business. In addition, Titanium has a licence to use certain software for sales quotations, dispatch operations, financial management, and general administration. All of Titanium's third-party software/intellectual technology arrangements are subject to customary termination provisions, and these arrangements are capable of being replaced if needed. Titanium's technology systems are also scalable to support expanded operations and the integration of businesses acquired by Titanium.

Human Resources: Drivers and Personnel

As at March 1, 2015, Titanium's workforce totals over 400 full-time employees, comprised of company drivers, owner operators, operations personnel, and administrative personnel. Management of Titanium believes the company has an extremely low turnover rate among its drivers and other employees when compared to its industry peers and that its drivers and other employee relations are very good. Titanium contributes to group life insurance, hospital and benefits for substantially all of its employees. Titanium has no unionized employees.

The recruiting, hiring and retention of company drivers and owner-operators is critical to the success of Titanium. Titanium maintains high standards and exercises due care in the hiring process. Company drivers and owner-operators are interviewed, screened, tested and trained by professional safety staff. Ongoing monitoring and training programs help ensure that Titanium's high standards are adhered to and help ensure the safety of company drivers, owner-operators and the public.

In conjunction with its continuous investments in new technologies, such as the use of on-board computers, Titanium has extended its driver training programs to maximize the use of such technological tools. Titanium also works to ensure the successful integration and training of the employees of its newly-acquired businesses.

Environmental Matters

Titanium received the SmartWay Excellence Award from the Environmental Protection Agency of the U.S.A. (the "EPA") in 2014. Titanium was one of 44 carriers to receive the SmartWay Excellence Award in 2014, and the only carrier in Ontario to receive the award, representing the best environmental performers of SmartWay's nearly 3000 partners. The SmartWay Program is a public-private initiative between the EPA and transportation companies, large and small trucking companies, rail carriers, logistics companies, commercial manufacturers, retailers, and other federal and state agencies. Its purpose is to improve fuel efficiency and environmental performance (reduction of both greenhouse gas emissions and air pollution) in relation to supply chain management.

The operations and property of Titanium are subject to environmental laws and requirements in both Canada and the U.S.A. relating to, among other things, air emissions and the management of contaminants. A risk of environmental liabilities is inherent in transportation operations, historic activities associated with such operations, and the ownership, management or control of real estate.

The cargo carried by Titanium in its freight-transportation operations can be classified as either non-regulated freight or regulated freight such as hazardous materials. Strict parameters must be met before Titanium and its drivers are permitted to transport regulated freight. This involves specific insurance requirements, training programs, and registration permits with the various provinces and states in which Titanium operates.

Titanium's service locations provide full maintenance service and fuel facilities. Each service location has a series of operational systems that have been implemented to control environmental impact relating to its operation.

Intangible Properties

Titanium has a total of 4 registered trademarks in Canada. The trademarks are owned by TLI and include "STRENGTH BEYOND BORDERS" (Registration No. 1621529), "TITANIUM Design" (Registration No. 1621527), "TLI Design" (Registration No. 1621528) and "TITANIUM" (Registration No. 1621526). In addition, Titanium uses a number of unregistered trademarks. To the extent it has not registered trademarks, Titanium may instead, as necessary, rely on a combination of trade secret, copyright law, nondisclosure agreements, passing-off laws and other common law intellectual property protections in Canada and the U.S.A. Titanium re-evaluates its intellectual property portfolio on a regular basis and, in this regard, may deem it advisable to register additional trademarks in the future.

In addition, Titanium uses confidentiality procedures and other contractual rights and technical measures to protect its intellectual property.

Seasonality

The seasonality and cyclicity of Titanium's revenues will depend upon the seasonality and cyclicity of the businesses of its customers. For example, certain manufacturing customers close their plants during the summer and many customers either shut down their production facilities or otherwise reduce shipments during the Christmas holiday season. Accordingly, Titanium's gross revenue have historically been higher in its fourth quarter, followed by its second quarter, third quarter and first quarter.

Item 6: Financings

The Private Placement

In connection with the RTO and as contemplated by the Definitive Agreement, on December 19, 2014, Titanium completed a non-brokered private placement of Subscription Receipts for gross proceeds of approximately \$6.7 million (the "**Private Placement**"). The Subscription Receipts were offered to purchasers resident in all provinces of Canada and certain international jurisdictions other than the U.S.A. and United Kingdom.

Each Subscription Receipt was sold at a price of \$1.50 (the "**Issue Price**") and shall be exchanged, for no additional consideration, for one Titanium Unit following the satisfaction of the Escrow Release Conditions, which must be satisfied prior to 5:00 p.m. (Toronto time) on the date that is 90 days following the closing of the Private Placement (which period may be extended by Titanium for up to an additional 30 days) (the "**Deadline**"). If the Escrow Release Conditions are not satisfied prior to the Deadline, Titanium will repurchase the Subscription Receipts for cancellation at a repayment price per Subscription Receipt equal to the Issue Price.

Each Titanium Unit will be comprised of one Titanium Share and one warrant to acquire a Titanium Share (a "**Titanium Warrant**"). As a part of the RTO, the Titanium Units issued pursuant to conversion of the Subscription Receipts will be exchanged for an equivalent number of RI Units. Assuming the Escrow Release Conditions are satisfied, each Subscription Receipt will ultimately entitle the holder thereof to one RI Unit, comprised of one RI Share and one RI Warrant. Each RI Warrant will entitle the holder to acquire an RI Share at the exercise price of \$2.50 per share for a period of up to 36 months following the date the RI Shares are listed on the TSXV. The RI Warrants will be subject to accelerated expiry if the volume weighted average price of the RI Shares is no less than \$3.00 per RI Share (subject to customary adjustments) for 20 consecutive trading days.

The Subscription Receipts are subject to the hold period and resale restrictions prescribed by NI 45-102. In addition, the RI Warrants and Finder's Warrants will be subject to contractual restrictions on transfer.

The gross proceeds of the Private Placement (the “**Escrowed Funds**”), are currently being held in escrow until the Escrow Release Conditions have been satisfied.

In connection with the Private Placement, Titanium has agreed to pay certain registered dealers (“**Finders**”), Finder’s compensation in respect of Private Placement subscribers referred to Titanium by such dealers, comprised of (i) an aggregate cash Finder’s fee of approximately \$66,850, equal to 5.0% of the aggregate gross proceeds from the sale of Subscription Receipts to purchasers referred to Titanium by Finders, (ii) an aggregate of 44,567 warrants to acquire RI Shares (each, a “**Finder’s Warrant**”), equal to 5.0% of the number of Subscription Receipts sold to purchasers referred to Titanium by Finders. Each Finder’s Warrant will, following the RTO, entitle the holder to acquire an RI Share on the same terms as the RI Warrants. The aggregate Finder’s compensation shall only be paid by Titanium following the satisfaction of the Escrow Release Conditions on or before the Deadline.

The TSXV has conditionally approved the Listing of the RI Shares, including those comprising the RI Units to be issued upon the exchange of the Subscription Receipts. Listing is subject to the fulfillment of all of the requirements of the TSXV on or before June 1, 2015.

Use of Proceeds

The aggregate net proceeds of the Private Placement are expected to be approximately \$6.6 million, representing the gross proceeds of the Private Placement less \$66,850 in Finder’s cash compensation and \$50,000 in costs.

Subject to the release thereof, the aggregate net proceeds of the Private Placement are expected to be used to fund future acquisitions and for general working capital purposes. The following table represents the principal purposes for which the aggregate net proceeds of the Private Placement are expected to be used by the Resulting Issuer:

Principal Purpose	Estimated Amount
Fees and expenses payable in connection with the Listing ⁽¹⁾	\$428,269
Unallocated (future acquisitions and general working capital)	\$6.2 million
Total:	\$6.6 million

Notes

(1) Includes accounting, sponsorship, TSXV and legal fees.

Although the Resulting Issuer intends to spend the funds available to it as stated above, there may be circumstances where, for sound business reasons, the reallocation of funds may be necessary. Unallocated funds will be added to the working capital of the Resulting Issuer.

Business Objectives and Milestones

See “Item 5: Description of the Business – Growth Strategy” for a description of the business objectives Titanium intends to accomplish using the net proceeds of the Private Placement.

Item 7: Dividends and Other Distributions

Titanium has not declared or paid any cash dividends to its shareholders during its three most recently completed financial years or during its current financial year. Titanium’s current policy is to retain earnings to finance the growth and the development of its business, and it is expected that such policy will continue to be applied by the Resulting Issuer. This policy may be reviewed in the future. Titanium and Northeastern are not aware of any restrictions that could prevent the Resulting Issuer from paying dividends. However, the Resulting Issuer will be subject to customary restrictive covenants under its banking and lending arrangements that may restrict or limit the payment of dividends.

Item 8: Management’s Discussion and Analysis

Titanium’s management’s discussion and analysis of its financial results for the financial years ended December 31, 2014, 2013 and 2012 are set forth in Schedule “B” attached hereto, and should be read in conjunction with the Titanium Financial Statements and notes thereto, which are attached as Schedule “A” to this Listing Application.

Item 9: Disclosure of Outstanding Security Data on Fully-Diluted Basis

The following table sets forth the expected fully-diluted share capital of the Resulting Issuer as at March 1, 2015, based on the share capital of Titanium, Northeastern and CanCo as at the same date:

	Number of RI Shares	Percentage of RI Shares
	(Diluted)	(Diluted)
Northeastern Shares outstanding prior to the RTO ⁽¹⁾	133,333	0.4%
RI Shares to be issued to existing Titanium shareholders pursuant to the RTO ⁽²⁾	24,200,001	67.0%
RI Shares to be issued to existing CanCo shareholders pursuant to the RTO	1,466,667	4.1%
RI Shares to be issued pursuant to the deemed exchange of all outstanding Subscription Receipts	4,488,098	12.4%
Subtotal⁽¹⁾⁽³⁾	30,288,099	83.9%
RI Shares reserved for issuance pursuant to RI Warrants ⁽¹⁾⁽⁴⁾	4,488,098	12.4%
RI Shares reserved for issuance pursuant to Finder's Warrants ⁽¹⁾⁽⁴⁾	44,567	0.1%
RI Shares reserved for issuance pursuant to IR Options ⁽¹⁾⁽⁵⁾	250,000	0.7%
RI Shares reserved for issuance pursuant to Options (other than IR Options) ⁽¹⁾⁽⁶⁾	1,025,000	2.8%
Fully-Diluted Total⁽³⁾	36,095,764	100.00%

Note:

- (1) After giving effect to the Consolidation (approximate figure, subject to rounding).
- (2) After giving effect to the Subdivision.
- (3) Up to an additional 50,000 RI Shares may be issuable to the vendors of MTL in respect of working capital adjustments.
- (4) See "Item 6: Financings".
- (5) See "Item 25: Investor Relations Arrangements".
- (6) Titanium proposes to grant Options immediately following Closing to certain officers, directors, employees and consultants. See Item 12.

Item 10: Description of Securities to be Listed

The authorized capital of Titanium consists of an unlimited number of Titanium Shares. Holders of Titanium Shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of Titanium. Each Titanium Share carries the right to one vote in person or by proxy at all shareholder meetings of Titanium. The holders of Titanium Shares are entitled to receive dividends as and when declared by the Titanium Board and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of Titanium, are entitled to receive the remaining property of Titanium in the event of liquidation, dissolution or winding-up.

There are currently 11,308,406 Titanium Shares issued and outstanding, on a pre-Subdivision basis. The following securities of Titanium are expected to be outstanding immediately following the Subdivision and prior to the completion of the RTO:

1. 24,200,001 Titanium Shares; and
2. 4,488,098 Subscription Receipts. Contemporaneously with the completion of the RTO, each Subscription Receipt will be deemed to be exchanged, for no additional consideration, for one RI Unit, comprised of one RI Share and one RI Warrant.

Following the RTO, the authorized capital of the Resulting Issuer will consist of an unlimited number of RI Shares. Holders of RI Shares will be entitled to receive notice of, attend and vote at all meetings of the shareholders of the Resulting Issuer. Each RI Share carries the right to one vote in person or by proxy at all shareholder meetings of the Resulting Issuer. The holders of RI Shares will be entitled to receive dividends as and when declared by the Resulting Issuer Board and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Resulting Issuer will be entitled to receive the remaining property of the Resulting Issuer in the event of liquidation, dissolution or winding-up.

There are expected to be 133,333 Northeastern Shares issued and outstanding (on a post-Consolidation basis) immediately prior to the completion of the RTO. There are expected to be 30,288,099 RI Shares issued and

outstanding immediately following the completion of the RTO. In addition to the Resulting Issuer securities issued in exchange for the above-listed Titanium securities, the following securities of the Resulting Issuer are expected to be outstanding immediately following the completion of the RTO:

1. 1,466,667 RI Shares issued to existing CanCo shareholders pursuant to the RTO;
2. 44,567 Finder's Warrants. See "Item 5: Description of the Business – The Private Placement";
3. 250,000 IR Options; and
4. 1,025,000 Options (other than IR Options).

Neither the Titanium Shares nor the Northeastern Shares are currently listed on any stock exchange. The TSXV has conditionally approved the Listing of the RI Shares, including those issuable pursuant to the RTO in exchange for Titanium Shares. Listing is subject to the fulfillment of all of the requirements of the TSXV on or before June 1, 2015.

Item 11: Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer, as at September 30, 2014 after giving pro forma effect to the RTO. The financial information below should be read in conjunction with the Titanium Financial Statements attached as Schedule "A", the CanCo Financial Statements attached as Schedule "C", the Northeastern Financial Statements available on Northeastern's SEDAR profile at www.sedar.com, and the Pro Forma Consolidated Financial Statements for the Resulting Issuer as at December 31, 2014 attached as Schedule "D".

Designation	Pro Forma as at December 31, 2014 ⁽¹⁾
Assets	
Current assets	\$22,380,751
Non-current assets	\$31,517,677
Total Assets	\$53,898,428
Liabilities	\$40,072,533
Shareholder's Equity	\$13,825,895

Item 12: Stock Option Plan

Titanium does not currently have a stock option plan. The Resulting Issuer will adopt the Option Plan of Northeastern, which was approved by Northeastern shareholders at the Northeastern Meeting. In connection with, and after the completion of, the RTO, it is expected that an aggregate of 1,275,000 Options will be issued to existing directors, officers, employees and consultants of Titanium or of related entities of Titanium. Details of the aforementioned grants that individually exceed 50,000 Options are set out in the table below.

Name of Securityholder	Number of Options Expected to be held Following the Completion of the RTO	Expected Exercise Price of Options
Zzen Group of Companies Limited ⁽¹⁾	200,000	\$1.50
Kin ⁽²⁾	250,000	\$1.50
William (Bill) Chyfet ⁽³⁾	100,000	\$1.50
Ari Levy ⁽³⁾	100,000	\$1.50
Luciano (Lu) Galasso ⁽¹⁾	100,000	\$1.50
Theodor (Ted) Daniel ⁽¹⁾	200,000	\$1.50
Marilyn Daniel ⁽¹⁾	50,000	\$1.50
Other officers, employees and consultants ⁽¹⁾	275,000	\$1.50
Total	1,275,000	

Note:

1. 50% of the Options awarded to such persons will vest on the third anniversary of grant, with the remaining 50% to vest on the sixth anniversary of grant. These Options will expire 10 years from the date of grant, subject to the terms of the Option Plan.
2. See “Item 25: Investor Relations Arrangements” for further information. The IR Options will vest and become exercisable as to 20% on the date of grant and as to 20% every 6 months thereafter. These IR Options will expire on the earlier of 5 years from the date of Listing and 90 days from the date of termination of the Investor Relations Agreement, subject to the terms of the Option Plan.
3. 50% of the Options awarded to such persons will vest immediately on grant. The remaining 50% will vest as to 25% on January 1, 2016 and as to 25% on January 1, 2017, if the person is a non-executive director of the Resulting Issuer at the relevant time. These Options will expire 10 years from the date of grant, subject to the terms of the Option Plan.

The following is a summary of the material terms of the Option Plan:

1. The maximum number of RI Shares with respect to which Options may be granted pursuant to the Option Plan shall not exceed 10% of the outstanding RI Shares from time to time (on a non-diluted basis);
2. The purpose of the Option Plan is to give to Eligible Persons the opportunity to participate in the success of the Resulting Issuer by granting to such individuals Options in accordance with the terms of the Option Plan, thereby giving such Eligible Persons an ongoing proprietary interest in the Resulting Issuer;
3. Options may be granted to Eligible Persons only;
4. No Options shall be granted to any optionee if such grant could result, at any time, in:
 - i. the issuance to any one individual, within a one-year period, of a number of RI Shares exceeding 5% of the issued and outstanding RI Shares;
 - ii. the issuance to any one consultant, within any 12 month period, of a number of RI Shares exceeding 2% of the issued and outstanding RI Shares; and
 - iii. the issuance to employees conducting investor relations activities, within any 12 month period, of an aggregate number of RI Shares exceeding 2% of the issued and outstanding RI Shares;unless permitted otherwise by any applicable stock exchange.
5. An Option shall vest and may be exercised (in each case to the nearest full RI Share) in whole or in part at any time during the term of such Option after the date of the grant as determined by the resolution of the RI Board granting the Option;
6. An option shall vest and may be exercised (in each case to the nearest full RI Share) in whole or in part at any time during the term of such option after the date of the grant as determined by the resolution of the RI Board granting the option, provided that if an option expires during a black-out period, then the exercise period for the option shall be extended in certain circumstances;
7. Options may be granted by the Resulting Issuer pursuant to the recommendations of the RI Board or the committee appointed to administer the Option Plan from time to time provided and to the extent that such decisions are approved by the Resulting Issuer Board;
8. An Option shall be personal to the optionee and shall be non-assignable and non-transferable (whether by operation of law or otherwise), except that an Option may be assigned between a company that is wholly-owned by an Eligible Person and the Eligible Person associated with the company;
9. An Option and all rights to purchase RI Shares pursuant thereto shall expire and terminate immediately upon the optionee who holds such Option ceasing to be an Eligible Person provided that, in the case of termination of employment not for cause, such Option and all rights to purchase RI Shares thereto shall expire and terminate: i) in the case of an optionee who is an Eligible Person, 90 days following notice of termination of employment or on the expiry time, whichever is earlier; and ii) in the case of an optionee who is engaged in investor relations activities, 30 days following notice of termination to provide such investor relation activities or on the expiry time, whichever is earlier;
10. If an optionee dies before the expiry of an Option, the optionee’s legal representative(s) may, subject to the terms of the Option and the Option Plan, exercise the Option to the extent that the optionee was entitled to do so at the date of the optionee’s death at any time up to and including, but not after, a date twelve months following the date of the optionee’s death or on the expiry time, whichever is earlier;
11. The Option Plan will terminate automatically on the 10th anniversary of the date the plan was approved by both shareholders and the Resulting Issuer Board. The Resulting Issuer Board may suspend or terminate the Option Plan at any time, or from time to time amend the terms of the Option Plan or of any Option granted under the Option Plan and any Option agreement relating thereto, provided, that any such suspension, termination or amendment: (1) complies with applicable law and the requirements of the

TSXV, including applicable requirements relating to requisite shareholder approval and prior approval of the TSXV or any other relevant regulatory body; (2) is, in the case of an amendment that materially adversely affects the rights of any holder of Options, made with consent of such holder; and (3) is, in the case of any reduction in the exercise price of Options held by insiders at the time of the proposed reduction, subject to approval by disinterested shareholders of the Resulting Issuer in accordance with the TSXV Corporate Finance Manual; and

12. If a bona fide offer to purchase all of the issued RI Shares is made by a third party; the Resulting Issuer proposes to sell all or substantially all of its assets and undertakings; the Resulting Issuer proposes to merge, amalgamate or be absorbed by or into any other corporation (save and except for a subsidiary) under any circumstances which involve or may involve or require the liquidation of the Resulting Issuer, a distribution of its assets among its shareholders, or the termination of the corporate existence of the Resulting Issuer; the Resulting Issuer proposes an arrangement as a result of which all of the outstanding RI Shares would be acquired by a third party; or any other form of transaction is proposed which the majority of the Resulting Issuer Board determines is reasonably likely to have a similar effect as any of the foregoing (each, a **“Change of Control Event”**), then upon completion of any of the foregoing transactions, the Resulting Issuer Board may require that an Option granted under the Option Plan may be exercised (whether or not such Option has vested), as to all or any of the Optioned RI Shares in respect of which such Option has not previously been exercised, by the Optionee at any time up to and including (but not after) the expiry time of the Option; and the Resulting Issuer may require the acceleration of the time for the exercise of the said Option and of the time for the fulfillment of any conditions or restrictions on such exercise, and all such changes shall be final and binding on all Options granted under the Option Plan. Upon completion of a Change of Control Event, an Optionee who thereafter shall exercise an Option granted under the Option Plan shall accept in lieu of the number of RI Shares to which such Optionee was entitled upon such exercise, the aggregate number of shares, other securities or other property which such optionee would have been entitled to receive as a result of such transaction if, on the effective date, the optionee had been the registered holder of the number of RI Shares to which such optionee was entitled to upon exercise, except that if the Resulting Issuer is not able to procure compliance with this provision by optionee or payee of the shares, securities or other property then the optionee shall accept the RI Shares that the optionee would be entitled to receive on exercise of the option.

Item 13: Prior Sales

Titanium has issued the following securities within the 12 months before the date hereof:

- (a) 158,804 Titanium Shares on July 1, 2014 to Patrick Cain as partial consideration for purchase of the shares of Cain, at a deemed value of \$0.66 per Titanium Share;
- (b) 105,869 Titanium Shares on July 1, 2014 to Cheryl Cain as partial consideration for purchase by Titanium of the shares of Cain, at a deemed value of \$0.66 per Titanium Share;
- (c) 51,726 Titanium Shares on March 1, 2015 to Darcy R. Hammond as partial consideration for the purchase by Titanium of the shares of MTL, at a deemed value of \$3.21 per Titanium Share; and
- (d) 228,648 Titanium Shares on March 1, 2015 to Paul G. Hammond as partial consideration for the purchase by Titanium of the shares of MTL, at a deemed value of \$3.21 per Titanium Share.

No securities have been issued by Northeastern within the 12 months before the date hereof.

Item 14: Escrowed Securities

TSXV Value Security Escrow

On Closing, the Resulting Issuer will enter into a TSXV Tier 2 surplus Escrow Agreement with the parties listed in the table below (the **“Escrowed Parties”**) and the Escrow Agent.

Pursuant to the Escrow Agreement, the Escrowed Parties will agree to deposit an aggregate of 18,318,283 RI Shares and 700,000 Options (when issued) into escrow with the Escrow Agent. The RI Shares and Options to be deposited into escrow will be held by the Escrowed Parties as follows:

Name of Shareholder	Number of RI Shares held in escrow	Percentage of RI Shares Outstanding (undiluted)
Theodor (Ted) Daniel President and Chief Executive Officer Toronto, Canada	3,701,195 ⁽¹⁾	12.2%
Katarzyna (Kasia) Malz Chief Financial Officer Toronto, Canada	15,000 ⁽²⁾	0.05%
Marilyn Daniel Vice President, Trucking Division Toronto, Ontario	29,428 ⁽³⁾	0.10%
Doug Billau Vice President, Logistics Division Toronto, Canada	1,972,043 ⁽⁴⁾	6.5%
Luciano (Lu) Galasso Director Toronto, Ontario	Nil ⁽⁵⁾	Nil
Ari Levy Director Toronto, Ontario	33,334 ⁽⁶⁾	0.11%
William (Bill) Chyfetz Director Toronto, Ontario	Nil ⁽⁷⁾	Nil
Associates and affiliates of Trunkeast	1,630,000	5.4%
Trunkeast	12,567,282	41.5%
TOTAL	19,948,283	65.9%

Notes:

- (1) In addition, Mr. Daniel is expected to hold 200,000 Options following the completion of the RTO, and his spouse, Mrs. Daniel, is expected to hold an additional 50,000 Options following the completion of the RTO. All such Options will also be subject to the Escrow Agreement.
- (2) Mrs. Malz is expected to hold 25,000 Options following the completion of the RTO. All such Options will be subject to the Escrow Agreement.
- (3) Held through Sodor Trucking Services Inc., which is wholly owned by Mrs. Daniel. Mrs. Daniel is expected to hold 50,000 Options following the completion of the RTO. All such Options will be subject to the Escrow Agreement.
- (4) In addition, Mr. Billau is expected to hold 25,000 Options following the completion of the RTO. All such Options will also be subject to the Escrow Agreement.
- (5) Mr. Galasso is expected to hold 100,000 Options following the completion of the RTO. All such Options will be subject to the Escrow Agreement.
- (6) Mr. Levy is expected to hold 100,000 Options following the completion of the RTO. All such Options will be subject to the Escrow Agreement.
- (7) Mr. Chyfetz is expected to hold 100,000 Options following the completion of the RTO. All such Options will be subject to the Escrow Agreement.

Pursuant to the policies of the TSXV, the RI Shares placed in escrow will be released in accordance with the following timeline assuming the Resulting Issuer continues to be a Tier 2 Issuer:

% of Titanium Shares Released from Escrow	Release Date
5%	On the date of the Exchange Bulletin
5%	6 months from the date of the Exchange Bulletin
10%	12 months from the date of the Exchange Bulletin
10%	18 months from the date of the Exchange Bulletin

<u>% of Titanium Shares Released from Escrow</u>	<u>Release Date</u>
15%	24 months from the date of the Exchange Bulletin
15%	30 months from the date of the Exchange Bulletin
40%	36 months from the date of the Exchange Bulletin

TSXV Seed Share Resale Restrictions

In addition, the following securities of the Resulting Issuer held by various persons will be subject to hold periods or escrow in accordance with TSXV Policy 5.4:

<u>Length of Hold Period or Escrow under Seed Share Resale Restriction</u>	<u>Number of RI Shares</u>	<u>Percentage of RI Shares Outstanding (undiluted)</u>
Escrow of 36 months in accordance with a Tier 2 Value Security Agreement	3,215,021	10.6%
Hold period of 24 months	1,466,667	4.8%
Hold period of 4 months	481,441	1.6%

Lock-Up Agreements

As contemplated by the Definitive Agreement, Trunkeast and each proposed executive officer of the Resulting Issuer is expected to enter into an agreement (each, a “**Lock-Up Agreement**”) with the Resulting Issuer under which, among other things, Trunkeast and each such executive officer agrees not to directly or indirectly, offer, sell or otherwise dispose of all of the RI Shares issued to it pursuant to the RTO (excluding any RI Shares issued on the conversion of the Subscription Receipts) (the “**Locked-Up Shares**”) except those Locked-Up Shares that are released by the Resulting Issuer to such executive officer or to Trunkeast, as applicable, as described below, unless such executive officer or Trunkeast, as applicable, first obtains the written consent of the Resulting Issuer.

Subject to the escrow conditions set forth in the Escrow Agreement (including the release conditions thereof), the Locked-Up Shares are to be released to each such executive officer and Trunkeast as follows:

- (a) from the date of the completion of the RTO until the date that is two years following the issuance of the Final Exchange Bulletin, no Locked-Up Shares will be released to any executive officer or to Trunkeast;
- (b) on the date that is two years following the issuance of the Final Exchange Bulletin, all of Trunkeast’s Locked-Up Shares will be released to Trunkeast;
- (c) on the date that is two years following the issuance of the Final Exchange Bulletin, 20% of each executive officer’s Locked-Up Shares will be released to such executive officer;
- (d) on the date that is three years following the issuance of the Final Exchange Bulletin, 20% of each executive officer’s Locked-Up Shares will be released to such executive officer;
- (e) on the date that is four years following the issuance of the Final Exchange Bulletin, 15% of each executive officer’s Locked-Up Shares will be released to such executive officer;
- (f) on the date that is five years following the issuance of the Final Exchange Bulletin, 15% of each executive officer’s Locked-Up Shares will be released to such executive officer;
- (g) on the date that is six years following the issuance of the Final Exchange Bulletin, 15% of each executive officer’s Locked-Up Shares will be released to such executive officer; and
- (h) on the date that is seven years following the issuance of the Final Exchange Bulletin, the remaining 15% of each executive officer’s Locked-Up Shares will be released to such executive officer.

Item 15: Principal Securityholders

Except as set out below, no person beneficially owns, directly or indirectly, or exercises control or direction over 10% or more of the outstanding Titanium Shares, or will, to the best of Titanium's knowledge, beneficially own, directly or indirectly, or exercise control or direction over 10% or more of the outstanding RI Shares following the RTO.

Name of Shareholder	Type of Ownership	Number of Titanium Shares ⁽¹⁾	Percentage of Titanium Shares Outstanding (undiluted)	Number of RI Shares	Percentage of RI Shares Outstanding (undiluted)
Theodor (Ted) Daniel President and Chief Executive Officer	Direct and Indirect	1,743,281	15.4%	3,730,623	12.3%
Marilyn Daniel Vice President, Trucking Division					
Trunkeast	Direct	5,872,559	51.9%	12,567,282	41.5%

Notes:

(1) As at March 1, 2015.

(2) In addition, Mr. Daniel is expected to hold 200,000 Options following the completion of the RTO, and his spouse, Mrs. Daniel, is expected to hold an additional 50,000 Options following the completion of the RTO.

Item 16: Directors and Executive Officers

Name, Occupation and Security Holding

The following table sets forth the name, province or state of residence, position held with the Resulting Issuer, principal occupation and number of RI Shares that are expected to be beneficially owned, directly or indirectly, or which control or direction is exercised, by each person who is expected to be a director and/or an executive officer of the Resulting Issuer.

Name, Office Held and Residence ⁽¹⁾	Start Date	RI Shares Beneficially Owned or Controlled and Percentage (Diluted) ⁽¹⁾⁽²⁾	Principal Occupation ⁽¹⁾
Theodor (Ted) Daniel President, Chief Executive Officer and Director Toronto, Ontario	On Closing	3,701,195 RI Shares 200,000 Options 11.3%	President and Chief Executive Officer of Titanium
Luciano (Lu) Galasso ⁽³⁾ Director Toronto, Ontario	On Closing	100,000 Options 0.3%	Partner, Zzen Group of Companies Limited
Ari Levy ⁽³⁾ Director Toronto, Ontario	On Closing	33,334 RI Shares 100,000 Options 33,334 RI Warrants 0.5%	Corporate Director, Private Investor, and/or Strategic Advisor to the CEO of several early stage energy, resource and disruptive technology growth companies
William (Bill) Chyfet ⁽³⁾ Director Toronto, Ontario	On Closing	100,000 Options 0.3%	Corporate Director
Katarzyna (Kasia) Malz Chief Financial Officer Toronto, Ontario	On Closing	15,000 RI Shares 25,000 Options 15,000 RI Warrants 0.2%	Chief Financial Officer of Titanium

Name, Office Held and Residence⁽¹⁾	Start Date	RI Shares Beneficially Owned or Controlled and Percentage (Diluted)⁽¹⁾⁽²⁾	Principal Occupation⁽¹⁾
Marilyn Daniel Vice President, Trucking Division Toronto, Ontario	On Closing	29,428 RI Shares 50,000 Options 0.2%	Vice President, Trucking Division of Titanium
Douglas Billau Vice President, Logistics Division Toronto, Ontario	On Closing	1,972,043 RI Shares 25,000 Options 5.7%	Vice President, Logistics Division of Titanium

Notes:

- (1) The information as to residence and principal occupation, not being within the knowledge of Titanium, has been furnished by the respective directors and officers individually.
- (2) The Resulting Issuer's directors and executive officers are expected to hold an aggregate of 5,751,000 RI Shares, representing approximately 19.4% of the RI Shares expected to be issued and outstanding following the RTO.
- (3) Member of the Audit Committee.

It is expected that the term of each director listed above will conclude at the end of the Resulting Issuer's next annual meeting, subject to reappointment by the shareholders of the Resulting Issuer at such meeting. Biographical information regarding each such director and executive officer is presented below.

Theodor (Ted) Daniel: Mr. Daniel founded TLI in May of 2002. He began his career at KPMG LLP, where he completed his designation requirements. He then furthered his career at Schwartz Levitsky Feldman LLP in accounting, tax, and mergers and acquisitions corporate finance capacities. He then spent approximately 10 years on various turnaround assignments in a Chief Financial Officer capacity. Prior to the establishment of TLI, he worked as Chief Financial Officer of a mid-sized transportation company for six years, gaining extensive experience in the trucking industry. Mr. Daniel then established TLI and led Titanium to successful partnership with the Zzen Group of Companies in 2007. His strong financial leadership and passion for efficiency via technology has resulted in Titanium being recognized by Profit Magazine as one of Canada's Fastest-Growing Companies for the past six consecutive years. Further, he has led the company to the successful completion of six company acquisitions since April 2011. Mr. Daniel is a CPA, Chartered Accountant by profession and holds a BA (Computer Science) and a Honours BA (Business and Administrative Studies) from York University.

Luciano (Lu) Galasso: Mr. Galasso is a Partner with the Zzen Group of Companies in Vaughan, Ontario. The Zzen Group owns and operates companies in land development, real estate, services, hospitality, and manufacturing sectors. He is the Chief Financial Officer for the manufacturing and service companies, and is responsible for financing and acquisitions for that sector. He is also asset manager for the international hospitality business. Prior to Zzen Group, he was a Vice President of Royal Group participating in the taxation and finance areas. He was a member of the "going public" transaction involving Royal Group, Royal Group's acquisition team, and responsible for implementing Royal Group's ownership structures for its international investments. Mr. Galasso is a CPA, Chartered Accountant and worked with Arthur Andersen prior to Royal Group. He is the President of the Meta Foundation, a charitable organization dedicated to people with special needs, and is a Director and fundraiser for the St. Christopher Children's Home, an orphanage on the Island of St. Kitts.

Ari Levy: Mr. Levy is a Corporate Director, Private Investor, and/or Strategic Advisor to the chief executive officers of several early stage energy, resource, and disruptive technology growth companies. He was Vice President and Director of TD Asset Management for 11 years, from 2002 to 2013. During his tenure he became the Lead Portfolio Manager for TD Energy, Resource and Precious Metals Funds, led the Resource team providing global analytical support for all TDAM active equity mandates, and was Co-Manager of the flagship TD Canadian Equity Fund. He joined TDAM in early 2002 as an Analyst, and to co-manage the TD Resource Funds. He took on the additional role of Product Specialist for all active equities into the institutional channel for several years beginning in 2007. Most recently, he also served as the Chair of the TDAM Engagement Committee. He continued to serve on the TD Waterhouse Private Giving Foundation Board of Directors through September 2014. Previously, he spent several years as the Global Energy, Industrials and Transportation/Autos Analyst for Goodman & Co. Investment Counsel and as the Co-Lead Analyst on several of their top performing sector funds. Prior to this, he was Senior Analyst, Canadian Equities for a major Canadian pension fund. He has been extensively involved in the education and training sector in finance and investment management. Mr. Levy is a graduate of the combined Law/MBA program (BCL, LL.B. and MBA) and has a BA (Economics) from McGill University. He is a CFA charter holder, a Certified Patent Valuation Analyst (CPVA), a Chartered Business Valuator (CBV) and a member in good standing of the Law Society of Upper Canada.

William (Bill) Chyfetz: Mr. Chyfetz was Vice President and Secretary of Progressive Waste Solutions Ltd. (TSX: BIN) and its predecessors from July 2000 to September 2014. He was also General Counsel from July 2000 to July 2010 and Associate General Counsel from July 2010 to September 2014. While General Counsel, Mr. Chyfetz was involved in the listing of the company on the Toronto Stock Exchange in 2002, its conversion from an income trust in 2008, listing on the New York Stock Exchange in 2009 and approximately 40 acquisitions in Canada over that period. During his career at Progressive Waste Solutions Ltd., he was at times responsible for the Canadian Tax, Insurance and Human Resource functions. Mr. Chyfetz is a chartered accountant with a CPA, CA designation as well as a Barrister & Solicitor called to the Ontario bar. Mr. Chyfetz obtained his LL.B. from Osgoode Hall Law School and his B. Comm. from McGill University. Mr. Chyfetz was the 2010 Canadian General Counsel Awards Mid-Market Excellence Award recipient.

Katarzyna (Kasia) Malz: Ms. Malz joined Titanium in October 2014. Prior to joining Titanium, she was an assurance manager at William and Partners with extensive experience in quality control and tax compliance. She has years of experience with Titanium while at Williams and Partners as a consolidation specialist. She has been instrumental in developing resources to create efficiencies within the firm. Having taken steps toward her CBV designation, she has experience with business valuations. Ms. Malz is a CPA, Chartered Accountant and holds a Master of Accounting and an Honours Bachelor of Mathematics from the University of Waterloo.

Marilyn Daniel: Ms. Daniel assisted in founding TLI in May of 2002. Her role has been fundamental in sales development, recruiting and development of internal processes for Titanium. Prior to the establishment of TLI, Ms. Daniel worked at the Ministry of the Attorney General for eight years. Her last position was as a policy analyst to the Assistant Deputy Minister. Since entering the transportation industry in 2002, she has completed her NATMI Director of Safety Certification from the University of Florida, and has completed level II of the CITT logistics management program. Her quest for knowledge and passion for challenge of regulations and insurance forums has led her to participate in national safety councils across Ontario. Most recently, she has been appointed to the Northbridge Insurance Best Practices Council. Northbridge Insurance recently purchased Markel Insurance, which was the largest transportation insurance provider in Canada. Through good management and dedication, she has successfully grown Titanium's fleet from one to presently over 200 power units. Ms. Daniel holds an Honours BA (Political Science/History) from the University of Toronto.

Douglas Billau: Mr. Billau is the Executive Vice President of the Logistics Division at Titanium. He started with Titanium as an account executive in September 2004 and quickly became its top sales executive in 2005. He was promoted to his current position in 2007. During this time, he developed many of the sales strategies still used by its sales executives today. He hired and mentored a strong new sales team that has allowed the Logistics revenue to grow from \$3.8 million in 2008 to an expected \$25 million in 2014. He has also served as an information technology advisor and database programmer for numerous Titanium information technology projects, such as the Titanium warehouse management system, transportation costing software and training modules for sales associates. Prior to working in sales at Titanium, Mr. Billau was a Visual Basic and SQL Server programmer at ASI Technologies Inc. for two years. He also served as a member of the Tri-Committee for utilization of information technology for public works from 2002 to 2004. From 2000 to 2002, he worked as a computer programming instructor at CDI College. For 3 years prior to 2000, he was a manager at General Customs Brokers Inc. Mr. Billau is a Microsoft Certified Professional and college-trained computer programmer and holds a Programmer Analyst Diploma from CDI College.

Corporate Cease Trade Orders

No person who is expected to be a director or executive officer of the Resulting Issuer, or a shareholder holding a sufficient number of shares to materially affect control of the Resulting Issuer, is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

No person who is expected to be a director or executive officer of the Resulting Issuer is, as of the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any

proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No person who is expected to be a director or executive officer of the Resulting Issuer, or a shareholder holding a sufficient number of shares to materially affect control of the Resulting Issuer, or a personal holding company of any such persons, has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No proposed director of the Resulting Issuer is, as at the date hereof, or have been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are no existing or potential material conflicts of interest between the Resulting Issuer and a person who is a director or executive officer of the Resulting Issuer.

Other Reporting Issuer Experience

The following table sets out each director's and executive officer's personal experience as a director or executive officer of any other reporting issuer (or the equivalent of a reporting issuer) in the last five year period:

Name	Name and Jurisdiction of Reporting Issuer	Trading Market	Position	From	To
Ari Levy	Emerge Resources Corp.	TSXV	Director	August 2013	Present
Bill Chyfetz	Progressive Waste Solutions Ltd.	TSX	Vice President and Secretary	July 2000	September 2014

Item 17: Executive Compensation

Compensation Philosophy and Objectives

The objectives of Titanium's executive compensation policy are to attract and retain individuals of high calibre to serve as executive officers of Titanium, to motivate their performance in order to achieve Titanium's strategic objectives, and to align the interests of executive officers with the long-term interests of Titanium shareholders. Titanium's primary compensation policy is to pay for performance and, accordingly, the performance of Titanium and of its executive officers are both examined by the Titanium Board.

Titanium's Board does not set specific performance objectives in assessing the performance of its senior management; rather, the Board uses its experience and judgment in determining an overall compensation package for such individuals.

Titanium's executive officers are entitled to participate in Titanium's bonus plan pursuant to the terms of their respective employment agreements. Executive bonuses are accrued at December 31 and paid annually, subject to Titanium's financial performance and the discretion of the Titanium Board.

The Resulting Issuer is expected to adopt and maintain Titanium's executive compensation policy following the completion of the RTO.

Summary of Executive Compensation

Disclosure regarding executive compensation is required for Titanium's Chief Executive Officer, Chief Financial Officer, and three other most highly compensated executive officers, regardless of the amount of their compensation. Titanium has only four such individuals, namely Theodor (Ted) Daniel, Katarzyna (Kasia) Malz, Marilyn Daniel and Douglas Billau (collectively, the "**Executive Officers**").

Outstanding Share-based Awards and Option-based Awards

The Executive Officers have not received any share-based awards or option-based awards during the most recently completed year, and no such awards were outstanding during the same period.

Pension and Retirement Plans

Titanium has no retirement plans, pension plans or other forms of retirement compensation for its directors, executive officers or employees.

Termination of Employment and Employment Agreements

Titanium is party to employment agreements (the “**Employment Agreements**”) with each of the Executive Officers. The terms of such Employment Agreements are outlined below.

Theodor (Ted) Daniel: The Employment Agreement with Mr. Daniel has been entered into for an indefinite term. Mr. Daniel is entitled to an annual base salary of \$240,000 and is eligible to receive a discretionary bonus. Titanium is obliged to provide Mr. Daniel with its current health benefit package and its car/fleet package. Mr. Daniel’s employment may be terminated at any time by Titanium for just cause, without any further compensation (other than accrued compensation). In the event Mr. Daniel’s employment is (or is deemed to be) terminated by Titanium without cause, he is entitled to receive in lieu of notice a lump sum equal to 30 months of his then current base salary from the date of termination, or such higher amount prescribed by applicable law. Mr. Daniel’s Employment Agreement also includes provisions regarding non-competition, non-solicitation, non-disparagement and confidentiality.

Katarzyna (Kasia) Malz: The Employment Agreement with Ms. Malz has been entered into for an indefinite term. Ms. Malz is entitled to an annual base salary of \$96,000. Ms. Malz’s employment may be terminated by the parties in accordance with applicable Canadian labour law. In the event Ms. Malz’s employment is (or is deemed to be) terminated by Titanium without cause or in connection with the disability of Ms. Malz, she is entitled to receive any amounts due pursuant to the requirements of applicable law. Ms. Malz’s Employment Agreement also includes provisions regarding non-solicitation and confidentiality.

Marilyn Daniel: The Employment Agreement with Ms. Daniel has been entered into for an indefinite term. Ms. Daniel is entitled to an annual base salary of \$168,000 and is eligible to receive a discretionary bonus. Titanium is obliged to provide Ms. Daniel with its current health benefit package and its car/fleet package. Ms. Daniel’s employment may be terminated at any time by Titanium for just cause, without any further compensation (other than accrued compensation). In the event Ms. Daniel’s employment is (or is deemed to be) terminated by Titanium without cause, she is entitled to receive in lieu of notice a lump sum equal to 30 months of her then current base salary from the date of termination, or such higher amount prescribed by applicable law. Ms. Daniel’s Employment Agreement also includes provisions regarding non-competition, non-solicitation, non-disparagement and confidentiality.

Douglas Billau: The Employment Agreement with Mr. Billau has been entered into for an indefinite term. Mr. Billau is entitled to an annual base salary of \$168,000 and is eligible to receive a discretionary bonus. Titanium is obliged to provide Mr. Billau with its current health benefit package and its car/fleet package. Mr. Billau’s employment may be terminated at any time by Titanium for just cause, without any further compensation (other than accrued compensation). In the event Mr. Billau’s employment is (or is deemed to be) terminated by Titanium without cause, he is entitled to receive in lieu of notice a lump sum equal to 30 months of his then current base salary from the date of termination, or such higher amount prescribed by applicable law. Mr. Billau’s Employment Agreement also includes provisions regarding non-competition, non-solicitation, non-disparagement and confidentiality.

Compensation of Directors

Since the incorporation of Titanium, no compensation has been paid or accrued to Mr. Daniel, the sole director of Titanium, in his capacity as director, and he has not been reimbursed for expenses incurred in carrying out his duties as a director.

Directors of the Resulting Issuer will be compensated through the grant of Options. Directors of the Resulting Issuer will not be provided with fees for attendance at meetings or other cash compensation, but shall be reimbursed for all actual reasonable and appropriate expenditures (including business travel expenses, if applicable) incurred by them in carrying out their respective duties and responsibilities as directors of the Resulting Issuer.

Item 18: Indebtedness of Directors and Executive Officers

No director, executive officer or senior officer of Titanium, or expected director, executive officer or senior officer of the Resulting Issuer, or any associates of such persons, is indebted to Titanium or is expected to be indebted to the Resulting Issuer immediately following the completion of the RTO and no indebtedness of such persons is the

subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by Titanium or the Resulting Issuer.

Item 19: Audit Committee and Corporate Governance

Corporate Governance

Corporate governance relates to the activities of the Resulting Issuer Board, the members of which will be elected by and are accountable to the Resulting Issuer shareholders, and takes into account the role of the individual members of management who are appointed by the Resulting Issuer Board and who are charged with the day to day management of the Resulting Issuer. The Resulting Issuer Board will be committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Independence of Members of the Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Resulting Issuer. A “material relationship” is a relationship that could, in the view of the Resulting Issuer Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Resulting Issuer’s Board is expected to consist of four directors. Messrs. Levy and Chyfetz will be independent directors within the meaning of NI 52-110. Mr. Daniel will serve as an executive officer of the Resulting Issuer and therefore will not be independent within the meaning of NI 52-110. Mr. Galasso has an indirect equity interest in Trunkeast, the principal shareholder of Titanium, and will therefore also not be independent within the meaning of NI 52-110.

The Titanium Board is of the opinion that its proposed size of the Resulting Issuer Board is adequate, given the purpose of the Resulting Issuer, and will further the efficiency of its deliberations, while ensuring a diversity of opinion and experience. Titanium believes that each and every proposed director of the Resulting Issuer is eager to fulfill his obligations and assume his responsibilities in the best interests of the Resulting Issuer and of all the shareholders and not in the best interests of himself or a particular group of shareholders.

Board Mandate and Position Descriptions

The Resulting Issuer Board will adopt a written mandate which will be annually reviewed by the board which may assess the adequacy of the mandate and recommend any proposed changes to the Resulting Issuer Board for consideration. The purpose of the mandate is to describe the principal duties and responsibilities of the Resulting Issuer Board, as well as some policies and procedures that apply to the Resulting Issuer Board in discharging its duties and responsibilities.

The roles and responsibilities of the Resulting Issuer Board include but are not limited to:

- (a) adopting a strategic planning process;
- (b) risk identification and ensuring that procedures are in place for the management of those risks;
- (c) review and approve annual operating plans and budgets;
- (d) corporate social responsibility, ethics and integrity;
- (e) succession planning, including the appointment, training and supervision of management;
- (f) delegations and general approval guidelines for management;
- (g) monitoring financial reporting and management;
- (h) monitoring internal control and management information systems;
- (i) corporate disclosure and communications;
- (j) adopting measures for receiving feedback from stakeholders;
- (k) adopting key corporate policies designed to ensure that the Resulting Issuer, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct their business ethically and with honesty and integrity;

- (l) developing corporate governance guidelines and principles for the Resulting Issuer;
- (m) identifying individuals qualified to be nominated as members of the Board;
- (n) determining compensation levels for directors and officers; and
- (o) the structure and composition of Board committees.

Position Descriptions

The Resulting Issuer Board will hold quarterly meetings and will delegate responsibility for the day-to-day management of Titanium's business and affairs to the Resulting Issuer's senior officers. Pursuant to the mandate the Resulting Issuer Board will also adopt a strategic planning process to establish objectives and goals for the Resulting Issuer's business, approve the succession plan for the Resulting Issuer, seek to ensure that all corporate disclosure complies with all applicable laws, rules and regulations, adopt and annually review policies and procedures and seek to approve all regulatory filings, including the annual audited financial statements, interim financial statements, quarterly and annual reports, management proxy circulars, annual information forms, prospectuses, and all capital investments, equity financings, borrowings and all annual operating plans and budgets.

Orientation and Continuing Education

New directors will be provided with an information package regarding the business and operations of the Resulting Issuer which will fully apprise each of them of such matters and of the duties and responsibilities of the directors pursuant to applicable law and policy.

New directors will also receive access to senior management through an orientation session to discuss operations, current business strategies and historical information about the Resulting Issuer.

The Resulting Issuer will encourage and support members of the Resulting Issuer Board to pursue available continuing education opportunities, including opportunities within the trucking and logistics industry and with respect to their corporate governance responsibilities.

Ethical Business Conduct

The Resulting Issuer Board will adopt a code of business conduct ("**Code**"), a copy of which will be filed on the Resulting Issuer's website and on SEDAR.

The purpose of the Code is to show the Resulting Issuer's commitment to conducting its business and affairs with honesty, integrity and in accordance with the highest ethical and legal standards. The Code provides a set of ethical standards to guide each director, officer, employee, consultant and contractor of the Resulting Issuer in the conduct of their business, and for each director, officer and employee constitutes conditions of employment, and for each consultant and contractor constitutes conditions of providing services to the Resulting Issuer.

Each officer and director of the Resulting Issuer will be required to confirm his or her understanding, acceptance and compliance of the Code. Any reports of variance from the Code will be reported to the Resulting Issuer Board. Any director or executive officer that has a material interest in a transaction or agreement that is being considered by the Resulting Issuer is required to declare a conflict of interest and is excluded from voting and from the decision making process with respect to that issue.

In addition, the Resulting Issuer Board must comply with the conflict of interest provisions of the CBCA in addition to the relevant securities regulatory instruments and TSXV policies, in order to ensure that the directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

In accordance with the board's written mandate, the Resulting Issuer Board as a whole will review the composition of the board and its committees and recommend changes, if appropriate, evaluate potential candidates and propose nominees.

Compensation

In determining compensation levels for directors and officers, the Resulting Issuer Board will assess the age, experience and qualifications of the individuals involved and evaluate these factors in light of corporate resources, objectives and performance.

No compensation consultant or advisor has been retained by Titanium to date.

Assessments

It is proposed that annual assessments be completed to assess the effectiveness of the Resulting Issuer Board as a whole, the committees of the Resulting Issuer Board and the contribution of individual directors, including considering the appropriate size of the Resulting Issuer Board.

Audit Committee

Charter of the Audit Committee

Please refer to the Northeastern management information circular dated December 1, 2014 for the full text of the Audit Committee Charter. The full text of the foregoing circular is not incorporated by reference herein.

Mandate

The primary function of the Resulting Issuer's audit committee (the "**Audit Committee**") will be to assist the Resulting Issuer Board in fulfilling its financial oversight responsibilities by reviewing: (i) the Resulting Issuer's financial reports and other financial information provided by Resulting Issuer to regulatory authorities and shareholders; (ii) systems of internal controls regarding finance and accounting; and (iii) auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, Titanium's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities will be to:

- (a) serve as an independent and objective party to monitor the Resulting Issuer's financial reporting and internal control system and review the Resulting Issuer's financial statements;
- (b) review and appraise the performance of the Resulting Issuer's external auditors; and
- (c) provide an open avenue of communication among the Resulting Issuer's auditors, financial and senior management and the Resulting Issuer Board.

Composition

The Audit Committee shall be comprised of three directors as determined by the Resulting Issuer Board, the majority of whom shall be free from any relationship that, in the opinion of the Titanium Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate and obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Resulting Issuer's financial statements.

The members of the Audit Committee shall be elected by the Resulting Issuer Board at its first meeting following the RTO, and thereafter, following each annual shareholders' meeting of the Resulting Issuer. Unless a Chair is elected by the full Resulting Issuer Board, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

Meetings

The Audit Committee shall meet twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

Documents/Reports Review

- (a) Review and update its Charter annually.
- (b) Review the Resulting Issuer's financial statements, MD&A and any annual and interim earnings, press releases before the Resulting Issuer publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Resulting Issuer Board and the Audit Committee as representatives of the shareholders of the Resulting Issuer.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Resulting Issuer, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Resulting Issuer Board take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Resulting Issuer Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Resulting Issuer's accounting principles, internal controls and the completeness and accuracy of the Resulting Issuer's financial statements.
- (g) Review and approve the Resulting Issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Resulting Issuer.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Resulting Issuer's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Resulting Issuer constitutes not more than five (5) percent of the total amount of revenues paid by the Resulting Issuer to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Resulting Issuer at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Audit Committee by the Resulting Issuer and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Resulting Issuer Board to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented at the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Resulting Issuer's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of Titanium' accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to Titanium' auditing and accounting principles and practices as suggested by the external auditors and management.

- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review the certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Resulting Issuer of concerns regarding questionable accounting or auditing matters.

Other

- (a) Review any related-party transactions.

Composition of the Audit Committee

The following are the proposed members of the Audit Committee:

Luciano (Lu) Galasso	Not Independent ⁽¹⁾	Financially literate ⁽¹⁾
Ari Levy	Independent ⁽¹⁾	Financially literate ⁽¹⁾
William (Bill) Chyfetz	Independent ⁽¹⁾	Financially literate ⁽¹⁾

Note:

(1) As defined by NI 52-110.

Relevant Education and Experience

A general description of the education and experience of each expected Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set out in the biographical information presented under “Item 16: Directors and Executive Officers.”

External Auditor Service Fees

Titanium’ auditors are Williams & Partners. The following table sets out the aggregate fees billed by the Company’s external auditor in each of the last three fiscal years for the services indicated:

Year	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2012	nil	nil	nil	\$3,000
2013	\$15,000 ⁽¹⁾	nil	nil	nil
2014	\$48,000	nil	\$12,000	\$13,350

Notes:

(1) Comprised of fees incurred in connection with the preparation of audited financial statements for Titanium’s financial year ended December 31, 2012.

Exemption from NI 52-110

As the Resulting Issuer will be listed on the TSXV, it will be a “venture issuer” and may avail itself of exemptions from the requirements of Part 3 Composition of the Audit Committee and Part 5 Reporting Obligations of NI 52-110, which require the independence of each member of an audit committee, subject to limited exceptions and the disclosure of audit committee information in an annual information form, respectively. It is expected that the

Resulting Issuer will rely on the exemption in Part 3 because not all the members of its audit committee will be independent, and it will rely on the exemption in Part 5 because, as a venture issuer, it is not required to file an annual information form.

Item 20: Agent, Sponsor or Advisor

Cormark has agreed to act as the Resulting Issuer's sponsor in connection with its Listing and is entitled to a fee of \$30,000, as well as reimbursement for out-of-pocket and legal expenses. Titanium (or the Resulting Issuer, as applicable) has agreed to pay Cormark's fees and expenses. No other agent, sponsor or advisor has been retained by Titanium in connection with this Listing Application.

Item 21: Risk Factors

An investment in the securities of Titanium or the Resulting Issuer is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Resulting Issuer and its financial position.

The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer may face. Management of Titanium believes that factors set out below could cause actual results to be different from expected and historical results. Other sections of this Listing Application include additional factors that could have an effect on the business and financial performance of the Resulting Issuer's business following the completion of the RTO. New risks may emerge from time to time and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

General Economic Conditions

Titanium is affected by economic cycles, as demand for transportation services is closely linked to the state of the overall economy. The price of fuel, insurance costs, interest rates, fluctuations in customers' business cycles and national and regional economic conditions, including the current weakness in the worldwide economy, are economic factors over which Titanium has little or no control. Significant increases in fuel prices, interest rates or increases in insurance costs, to the extent not offset by increases in freight rates, or disruptions in fuel supply, would reduce profitability (and therefore reduce income flowing to Titanium). Difficulty in attracting and retaining qualified drivers could also have a material adverse effect on the profitability of Titanium. There is no assurance that the operations of Titanium will continue to be profitable.

Competition

Deregulation in the transport industry has increased the number of competitors, as well as competition with respect to pricing. Competition is strong within the Canadian market. In addition, Titanium faces competition from other transporters in the U.S.A. There can be no assurance that Titanium will be able to compete successfully against its competitors or that competition will not affect Titanium's results of operations and financial condition.

Regulation

Notwithstanding the fact that the transportation industry is largely deregulated in the area of operating authorities, each carrier must obtain a license issued by each provincial transport board in order to carry goods extra-provincially or to transport goods within any province. Licensing from U.S.A. regulatory authorities is also required for the transportation of goods between Canada and the U.S.A. Any change in these regulations could impact on the scope of Titanium's activities and have a material adverse effect on its operations and financial condition.

The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and laws. Although Titanium is committed to a continuous improvement program in respect of its safety record, there is no assurance that Titanium will be in full compliance at all times. As a result, Titanium could be required, at some future date, to incur significant costs in order to maintain or improve its compliance record.

In addition, Titanium is subject to applicable law relating to hours of service by its drivers. These laws limit the number of driving hours per day, and the number of driving and working hours per week. Any change in these laws

could materially increase the number of drivers that Titanium would be required to employ in its operations, which could have a material adverse effect on Titanium's operations and financial condition.

No Long-Term Customer Commitments

Because Titanium does not have long-term contracts with its current customers, management may not be able to accurately predict future revenue streams and there can be no assurance that current customers will continue to use Titanium's services, or that Titanium will be able to replace departing customers with new customers that provide Titanium with comparable revenue.

Titanium's success is dependent upon its ability to outperform competitors and win repeat business from existing customers, while continually expanding the number of customers for whom it provides services. In addition, it is relatively easy for customers to seek an alternative provider for their freight transportation services because there are no significant switching costs, and customers often have relationships with many different providers.

Operating Environment

Titanium is subject to changes in its general operating environment. Titanium is exposed to the following elements affecting its operating environment: the cost of liability insurance, the market for used equipment, adverse weather conditions, accidents involving its equipment, and route disruptions.

Cross Border Travel and Political Risks

Cross border travel is required to service many of Titanium's customers. Border crossings and customs clearances affect these shipments. Border security and cross border regulations affect cross border traffic. In the event border security or cross border regulations increase, additional delays may be experienced, and which may also affect equipment utilization and customer service.

Technology Risks

Titanium depends upon the sustained and uninterrupted performance of its technology solutions to operate its business. Any disruptions in Titanium's technology solutions could negatively impact its business and results of operations, and harm its reputation. In addition, Titanium may not carry sufficient business interruption insurance to compensate for the losses that may occur. Any such losses or damages could have a material adverse effect on Titanium's business, financial condition and results of operations.

Although Titanium already offers technologically advanced features throughout its business, further advancements in head office information technology and infrastructure may be necessary to appropriately serve larger customers that require more in-depth real time data, tracking, automated billing and integrated inventory systems. Advancements may also be required if reporting requirements related to cross-border security are changed. Finally, equipment upgrades may also be required if existing new environmental standards and regulations are changed. Any such advancements may involve significant costs to Titanium, which if incurred could have a material adverse effect on Titanium's business, financial condition and results of operations.

Currency Risks

Titanium's financial results are reported in Canadian dollars and a portion of its revenue and operating costs are realized in currencies other than Canadian dollars, primarily U.S.A. dollars. This exposes Titanium to exchange rate and currency risks. Changes in the relative value of the Canadian dollar against the U.S.A. dollar also affect the flow of goods between the two countries as well as competition for freight. The results of operations are therefore affected by movements of this currency against the Canadian dollar. Significant fluctuations in relative currency values against the Canadian dollar could therefore have a significant impact on Titanium's future profitability.

Price of Fuel

Fuel costs represent a major expense to those operating in the trucking industry. Variations in the price of fuel could have a major impact in the profitability of Titanium's business. Titanium strives to ensure that fuel consumption of its fleet is as efficient as possible. While Titanium is generally able to recover the majority of additional fuel costs by implementing surcharges to its customers, time lags prior to such surcharges being implemented can represent a significant loss of profit.

Concentration of Ownership

Trunkeast will beneficially own over approximately 41.5% of the RI Shares following the RTO. As a result, it will be able to influence or control matters requiring approval by the Resulting Issuer's shareholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. Trunkeast may also have interests that differ from those of other shareholders and may vote in a manner that is adverse to other shareholders' interests. This concentration of ownership may have the effect of deterring, delaying or preventing a change of control of the Resulting Issuer, could deprive the Resulting Issuer's shareholders of an opportunity to receive a premium for their RI Shares as part of a sale of the Resulting Issuer and might ultimately affect the market price of the RI Shares.

Significant Sales of RI Shares

Sales of a substantial number of the RI Shares in the public market after the expiry of applicable lock-up or escrow restrictions, or the perception that these sales could occur, could adversely affect the market price of the RI Shares and may make it more difficult for investors to sell RI Shares at a favourable time and price.

Insurance

While management believes that it maintains prudent levels of insurance coverage and high safety standards, Titanium's operations are subject to risks inherent in the transportation industry. Potential liability could result from personal injury or property damage arising from accidents or incidents involving trucks operated by Titanium if in respect of risks for which it cannot obtain insurance or for which it chooses not to obtain insurance as a result of high premiums or other reasons, or if damages exceed the maximum coverage provided for in the insurance policies. There is also the risk that insurance coverage will not be available at a reasonable price with sufficient limits.

Litigation

Legal proceedings may arise from time to time in the course of Titanium's business. All industries, including the transportation industry, are subject to legal claims, with and without merit. The rights, obligations and privileges of companies in the transportation industry have been the subject of litigation. Such litigation may be brought against Titanium in the future from time to time. Also, defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, such process could take away from management time and effort and the resolution of any particular legal proceeding to which Titanium may become subject could have a material effect on Titanium's financial position and results of operations.

Environmental Matters

Titanium has fuel tanks at certain of its terminals, which exposes Titanium to potential liability arising from contamination. There can be no assurance that Titanium will not be required, at some future date, to incur significant costs to comply with environmental laws, nor that its operations will not be materially affected by current or future environmental laws.

Titanium, its operations and properties are subject to extensive federal, provincial, state, municipal and local environmental laws and requirements in both Canada and the U.S.A. relating to, among other things, air emissions, the management of contaminants including hazardous materials (including the generation, handling, storage, transportation and disposal of such contaminants), discharges and the remediation of environmental impacts (such as the contamination of soil and water, including ground water). The risk of environmental liability is inherent in transportation operations, associated maintenance and servicing activities associated with such operations, including the historic or current ownership, management or control, of real estate.

Titanium may attract liability where contamination has occurred, whether on Titanium's property or on other property where Titanium has caused or permitted a release of a contaminant into the environment. Titanium could, for example, become subject to an order requiring immediate remediation of the contaminated property, a civil or common law action or a penal proceeding relating to the release of contaminants into the environment. Although management of Titanium is not aware of any such contamination which, if remediation or clean-up were required, would have a material adverse effect on Titanium, there can be no assurance that Titanium will not be required, at some future date, to incur significant costs to comply with environmental laws, including to remediate contamination of property, or that its operations, business, assets or cash flow will not be materially adversely affected by current or future environmental laws, including changes to the laws of increased enforcements, or proceedings brought against Titanium by governmental agencies or other interested parties such as neighbours.

Key Personnel

Titanium depends on certain management personnel for the successful operation of its business. The continued success of Titanium will be dependent upon its ability to retain the services of such personnel and recruit and retain other key employees for its business. The failure to attract and retain a sufficient number of qualified drivers and owner-operators could also have a material adverse effect on the profitability of Titanium. Any shortage of qualified drivers and/or owner-operators may result in the inability of Titanium to accept new customers or the inability of Titanium to meet existing customer obligations. It could also result in an escalation of compensation levels for drivers, owner-operators and other hourly paid employees, which Titanium may not be successful in offsetting through transportation rate increases. Any of the foregoing could result in a material adverse effect on the business of Titanium.

Conflicts of Interest

Certain of the proposed directors and officers of the Resulting Issuer are or may become directors or officers of, or have significant shareholdings in, other companies and, to the extent that such other companies may participate in ventures in which the Resulting Issuer may participate, the directors and officers of the Resulting Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with the Resulting Issuer. In the event that any such conflict of interest arises, a director who has such a conflict will disclose the conflict to a meeting of the directors of the Resulting Issuer and will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer. In determining whether or not the Resulting Issuer will participate in a particular transaction, the directors will primarily consider the potential benefits to the Resulting Issuer, the degree of risk to which the Resulting Issuer may be exposed and its financial position at that time.

Availability of Financing

Titanium's principal sources of funds are its cash on hand (i.e. cash generated from its operating activities) and its borrowing capacity under its credit facilities. Management believes that funds from these sources will provide Titanium with sufficient liquidity and capital resources to meet its current and reasonably foreseeable financing needs. Titanium, however, may require additional equity or debt financing to meet its financing requirements. There can be no assurance that this financing will be available when required or available on terms that are satisfactory to Titanium.

Titanium's future growth may be dependent on its ability to fund a portion of its capital expenditures and working capital with its current credit facilities and financing arrangements. There can be no assurance that sufficient capital will be available on acceptable terms to Titanium for necessary or desirable capital expenditures or working capital requirements.

Failure to Properly Manage Growth

Titanium's business has grown rapidly since its inception. Continued rapid growth may strain Titanium's management, financial, and other resources. Titanium relies heavily on information technology, or IT, systems to manage critical functions such as management and operations, data storage and retrieval, revenue recognition, budgeting, forecasting and financial reporting. If the Resulting Issuer continues Titanium's rapid growth, it will incur additional expenses, and its growth may continue to place a strain on resources, infrastructure and ability to maintain the quality of its services. Accordingly, the Resulting Issuer may not be able to effectively manage and coordinate growth so as to achieve or maximize future profitability.

Acquisitions by the Resulting Issuer

As part of its business strategy, the Resulting Issuer intends to acquire businesses that it believes are a strategic fit with its business. It may not be possible to find suitable acquisition candidates, and the Resulting Issuer may not be able to complete such acquisitions on favourable terms, if at all. Any future acquisition may result in unforeseen operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of its business. Since the Resulting Issuer may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value it realizes from a future acquisition. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence

of debt, contingent liabilities, amortization of expenses related to other intangible assets and the incurrence of large, immediate write-offs.

Credit Risks

Titanium provides services to clients primarily in Canada and the U.S.A. The concentration of credit risk to which Titanium is exposed is limited due to the significant number of customers that make up its client base and the distribution of customers across different geographic areas. Furthermore, no client accounted for more than 10% of Titanium's total accounts receivable for the period ended on December 31, 2013.

Payment of Dividends

Any dividend declaration is at the discretion of Titanium's Board. Future dividends, if any, will depend on results of operations, capital requirements, financial condition, contractual restrictions, including those restrictions under Titanium's various debt instruments, business opportunities, provisions of applicable law and other factors that the Board may deem relevant. Accordingly, the payment, if any, of dividends by Titanium and the level thereof is uncertain.

Debt Obligations

Titanium's debt obligations under its current credit facilities and financing agreements are either payable on demand or payable at the end a specified term (unless the lender under such credit facilities or financing agreements elects to accelerate the repayment of amounts owing thereunder prior to the end of such term as a result of a breach or default by Titanium under such credit facilities or financing arrangements). Therefore, there is a risk that lenders who have made or advanced credit or loans to Titanium that are payable on demand may demand repayment at any time, resulting in Titanium having to refinance such credit or loans at potential higher interest rates. Similarly, in the event that Titanium is found to be in breach of, or in non-compliance with, covenants or obligations under its term credit facilities or term financing arrangements and the lender thereunder accelerates repayment, Titanium would be subject to this refinancing risk. Titanium's ability to meet its obligations under its current credit facilities and financing agreements or to refinance such facilities/arrangements will be affected by many factors, including Titanium's future operating performance, general economic conditions and market availability of credit.

Reporting Issuer Status

As a reporting issuer, the Resulting Issuer will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Resulting Issuer will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and results of operations. The Resulting Issuer may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of Titanium expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Resulting Issuer to retain qualified directors and executive officers.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Titanium bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in Titanium's management's discussion and analysis of its financial results for the financial years ended December 31, 2012, 2013 and 2014 set forth in Schedule "A", the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Titanium's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Titanium's operating results to fall below the expectations of securities analysts and

investors, resulting in a decline in the share price of the Resulting Issuer. Significant assumptions and estimates used in preparing the financial statements are outlined therein.

Internal Controls over Financial Reporting

As a venture issuer, the Resulting Issuer will not be required to certify the design and evaluation of its disclosure controls and procedure (“**DC&P**”) and internal controls over financial reporting (“**ICFR**”), and as such Titanium has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 Certification of Disclosure In Issuers’ Annual and Interim Filings may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Market for RI Shares

There can be no assurance that an active trading market for the RI Shares will develop or, if developed, that any market will be sustained. Titanium cannot predict the prices at which the RI Shares will trade. The price of the Subscription Receipts may not bear any relationship to the market price at which the RI Shares will trade or to any other established criteria of the value of Titanium’s business. Fluctuations in the market price of the RI Shares could cause an investor to lose all or part of its investment in RI Shares. Factors that could cause fluctuations in the trading price of the RI Shares include (i) announcements of new services or technologies, commercial relationships, acquisitions or other events by the Resulting Issuer or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of transportation companies in general; (iv) fluctuations in the trading volume of the RI Shares or the size of the Resulting Issuer’s public float; (v) actual or anticipated changes or fluctuations in the Resulting Issuers results of operations; (vi) whether Titanium’s results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving the Resulting Issuer, its industry, or both; (ix) regulatory developments in the Canada, the U.S.A., and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the RI Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on Titanium from any of the other risks cited herein.

Analyst Coverage

The trading market for the RI Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about the Resulting Issuer or its business. The Resulting Issuer will not have any control over these analysts. If one or more of the analysts who covers the Resulting Issuer should downgrade the RI Shares or change their opinion of the Resulting Issuer’s business prospects, the Resulting Issuer’s share price would likely decline. If one or more of these analysts ceases coverage of the Resulting Issuer or fails to regularly publish reports on the Resulting Issuer, the Resulting Issuer could lose visibility in the financial markets, which could cause the Resulting Issuer’s share price or trading volume to decline.

Completion of the RTO is Subject to Conditions Precedent

The completion of the RTO is subject to a number of conditions precedent, including the approval by the TSXV and regulatory authorities. Certain of such conditions precedent are outside the control of Titanium, Northeastern or CanCo, and there can be no assurance that these conditions will be satisfied.

Termination of the Definitive Agreement

The Definitive Agreement specifies that the parties’ obligation to effect the RTO is conditional upon the satisfaction of a number of conditions, including receipt of all required regulatory approvals. If any of these conditions are not satisfied or waived, the Definitive Agreement may not be completed. Each of Titanium, Northeastern and CanCo has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of Closing, to terminate the Definitive Agreement. Accordingly, none of Titanium, Northeastern or CanCo can provide any assurance, that the Definitive Agreement will not be terminated by any one of them prior to the completion of the RTO.

Potential Undisclosed Liabilities Associated with the RTO

Upon completion of the RTO, Titanium will be a direct and indirect wholly-owned subsidiary of the Resulting Issuer and will continue to have the liabilities that existed prior to completion of the RTO. There may be liabilities of Northeastern that Titanium failed to discover or was unable to accurately assess or quantify in its due diligence.

Growth Forecasts

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. For more information regarding the third-party forecasts of market growth included in this Listing Application, see the section entitled “Market and Industry Data.”

Tax Issues

There may be income tax consequences in relation to the RI Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Item 22: Promoters

Not applicable.

Item 23: Legal Proceedings and Regulatory Actions

Titanium is not aware of any existing or contemplated legal proceedings or regulatory actions material to Titanium to which Titanium is a party or to which any of its property is subject since the beginning of its most recently completed financial year.

Item 24: Interests of Management and Others in Material Transactions

Other than services as directors, executive officers and employees of Titanium or as disclosed below, Titanium has not acquired any assets or been provided any services in any material transaction, or in any proposed material transaction, from any director, executive officer, insider or promoter of Titanium, the proposed nominees for election as directors of the Resulting Issuer, the proposed executive officers, insiders or promoters of the Resulting Issuer, or their associates and affiliates. Other than as disclosed below, no director, executive officer, insider or promoter of Titanium or any associate or affiliate of any such person or company has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect Titanium.

Services Agreement

Trunkeast, a significant shareholder of Titanium, provides advisory services to Titanium under a services agreement dated as of July 1, 2013 (the “**Services Agreement**”). The services provided by Trunkeast to Titanium under the Services Agreement include: (i) assisting in the development and implementation of strategic plans for Titanium at the corporate level and at the local operating unit level; (ii) assisting in the identification, support and analysis of acquisitions and dispositions by Titanium; (iii) assisting in the support, negotiation and analysis of financing alternatives in connection with acquisitions, capital expenditures, refinancing of existing indebtedness and equity issuances; (iv) assisting in the monitoring and support of finance, sales and marketing functions; (v) assisting in the monitoring of the operations and integration of acquisitions completed by Titanium; (vi) consulting services pertaining to corporate financing, real estate matters, tax matters, marketing, human resources, business operations, governance and risk management; and (vi) other monitoring and/or advisory services for Titanium agreed to between Trunkeast and Titanium. Some of the services provided to Titanium under the Services Agreement are provided by affiliates of Trunkeast, including Zzen Group of Companies Limited in the context of consulting services relating to the design and construction of Titanium’s new facility being constructed at 12725 Coleraine Drive, Caledon, Ontario. Zzen Group of Companies Limited is an entity that may be considered a “related party” of Titanium under applicable securities laws.

In consideration of the services provided by Trunkeast under the Services Agreement, Titanium pays to Trunkeast, on a quarterly basis within 10 business days after the commencement of the applicable quarter, \$5,000 plus applicable taxes. In addition, Titanium reimburses Trunkeast for all reasonable out-of-pocket expenses incurred in the ordinary course of business by Trunkeast in connection with Trunkeast’s obligations under the Services Agreement.

The Services Agreement has an initial term (the “**Initial Term**”) ending December 31, 2018, and will continue under the same terms and conditions after the Initial Term for successive one year periods (each such renewal period being a “**Renewal Term**”), in each case, unless and until terminated. The Services Agreement may be terminated by either party on written notice provided that such written notice is given at least 180 days prior to the expiry of the Initial Term or any Renewal Term, with such termination to take effect at the end of the Initial Period or the Renewal Period, as applicable. In addition: (i) either party may terminate the Services Agreement by written notice in the event of a material breach by the other that is not cured within 90 days of receiving written notice from the party claiming such breach; and (ii) upon the insolvency of either party, the other party will have the right to terminate the Services Agreement immediately.

Lease of Properties in Vaughan, Ontario

Head Office and Distribution Terminal

TLI leases the premises for its head office and distribution terminal, known municipally as Unit 4, 400 Zenway Boulevard, Vaughan, Ontario, from Vaughan West II Limited, which entity may be considered a “related party” of Titanium under applicable securities law. The lease commenced on September 1, 2009. The gross floor area of the building within the premises is approximately 23,600 square feet. The term of the lease is for 10 years and four months, expiring on December 31, 2019. The rent payable by TLI under this lease reflects market rates.

Yard Lease

TTSI entered into a lease with Roybridge Holdings Limited, an entity that may be considered a “related party” of Titanium under applicable securities law, for the premises located at 72 Rainbow Creek Boulevard, Vaughan, Ontario. The term of the lease was for a period of five (5) years; it commenced on January 1, 2009 and ended December 31, 2013. However, the parties continue to operate their affairs under the terms of the lease. The premises are approximately 3.17 acres in size. The rent payable by TTSI under this lease reflects market rates.

Lease of Property in Caledon, Ontario

Titanium is expected to lease property for a new facility being constructed at 12725 Coleraine Drive, Caledon, Ontario, which will accommodate Titanium’s head office operations and include an integrated yard, warehousing and third party mechanical shop. Titanium’s lease agreement is expected to be with Caledon First Investments Limited, an entity that may be considered a “related party” of Titanium under applicable securities law. It is expected that Titanium will lease approximately 68,900 square feet of gross floor area for an initial term of 15 years. The commencement date of the fixturing portion of the lease is November 1, 2015, and the lease itself is expected to commence on January 1, 2016 and continue in effect until December 31, 2031. The rent payable by Titanium under this lease is expected to reflect market rates.

Freight Transportation Services

Titanium has provided and continues to provide freight transportation services at market rates to Vision Extrusions Group Limited, Vision Ecoproducts Limited, Sunview Patio Doors Ltd., and Waltham Extrusions Limited, and to affiliates of these companies. Each of these companies and their respective affiliates may be considered a “related party” of Titanium under applicable securities laws.

Item 25: Investor Relations Arrangements

Except as disclosed below, no written or oral agreement or understanding has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer.

Kin has agreed to provide investor relation services to the Resulting Issuer following the completion of the RTO Transaction pursuant to an agreement dated November 17, 2014 between Kin and Titanium (the “**Investor Relations Agreement**”). Kin is an arm’s length party to each of Titanium, Northeastern, CanCo and the Resulting Issuer. The Investor Relations Agreement will take effect following the completion of the RTO Transaction for an initial term of 12 months thereafter, following which it will continue on a monthly basis. Titanium may terminate the agreement immediately upon a material breach or in other specified events, and after the initial term, the agreement may be terminated by Titanium on 30 days’ notice. Kin may terminate the agreement on 30 days’ notice, or immediately on Titanium’s failure to pay the fees outlined below to Kin.

Established in 2007, Kin is a full-service investor relations firm located at Suite 100 – 736 Granville Street, Vancouver, British Columbia, Canada. Under the Investor Relations Agreement, Kin will, among other things,

following the completion of the RTO Transaction: (i) assist the Resulting Issuer with the coordination and dissemination of news and information of the Resulting Issuer to the public and to the shareholders of the Resulting Issuer; (ii) initiate and maintain contact with brokers, investors, prospective investors, brokerage houses, analysts and newsletter writers, and provide them with the news regarding the Resulting Issuer; (iii) notify the Resulting Issuer of any major inquiry, complaint or request made by the general public or any regulatory authority; and (iv) in general, operate and manage the promotional activities of the Resulting Issuer in accordance with applicable law.

As a compensation for services rendered by Kin under the Investor Relations Agreement, Titanium has agreed to pay Kin a fee of \$6,500 per month (exclusive of applicable taxes) payable upon invoice. In addition, Titanium has agreed to cause the grant of Options (the “**IR Options**”) to Kin to purchase 250,000 RI Shares at a price of \$1.50 per share, such IR Options being granted on the date of Listing and expiring on the earlier of 5 years from the date of Listing and 90 days from the date of termination of the Investor Relations Agreement. The IR Options will vest and become exercisable as to 20% on the date of grant and as to 20% every 6 months thereafter. Following the completion of the RTO Transaction, Titanium and Kin have agreed to use reasonable commercial efforts to have the Investor Relations Agreement amended and restated to have the Resulting Issuer become a party thereto in place of Titanium so that, among other things, such options are granted by the Resulting Issuer to Kin.

In the event that Kin introduces contacts (“**Contacts**”) that participate in any material equity financing undertaken by Titanium, merger or acquisition (a “**Material Transaction**”) during the term of the Investor Relations Agreement, and the participation of such Contacts in the Material Transaction is greater than 10% of the total value of such Material Transaction, then the initial term of the Investor Relations Agreement will be extended by a further 12 month period, which shall not be cancellable by notice.

Item 26: Auditors, Transfer Agents and Registrars

No transfer agent or registrar has been appointed by Titanium. The Resulting Issuer’s Transfer Agent and Registrar is expected to be Equity Financial Trust Company, located at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1.

Titanium’s auditors are Williams & Partners, Chartered Accountants LLP, Licensed Public Accountants, 675 Cochrane Drive, East Tower, Suite 505, Markham, Ontario, L3R 0B8.

At the Northeastern Meeting, the appointment of Williams & Partners as the auditors of the Resulting Issuer was approved, conditional upon the completion of the RTO.

Item 27: Material Contracts

Except for contracts entered into by Titanium in the ordinary course of business, the only current material contracts entered into or currently anticipated to be entered into by Titanium which can reasonably be regarded as presently material are:

- the Definitive Agreement;
- the Subscription Receipt Certificates;
- the banking arrangements with a Schedule II bank described in Schedule "B"; and
- the Escrow Agreement.

Copies of these contracts may be inspected during regular business hours at Titanium’s head office in Vaughan, Ontario until the closing of the RTO and for a period of thirty (30) days thereafter.

Item 28: Interests of Experts

Titanium’s and CanCo’s auditors are Williams & Partners and the Resulting Issuer’s auditors are expected to be Williams & Partners. Williams & Partners is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Northeastern auditors are Harris & Partners LLP. Harris & Partners LLP is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Item 29: Other Material Facts

There are no other material facts about the securities being distributed that are not disclosed under any other Item of this Listing Application and are necessary in order for this Listing Application to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

Item 30: Additional Information – Mining or Oil and Gas Applicants

There is no additional information to be included under this part.

Item 31: Exemptions

No discretionary exemptions were received by Titanium from any securities regulator within the 12 months preceding this Listing Application.

Item 32: Financial Statement Disclosure

The following financial statements are attached to, or incorporated by reference, herein:

- the Titanium Financial Statements, attached as Schedule “A”;
- the Northeastern Financial Statements, available on Northeastern’s SEDAR profile at www.sedar.com;
- the CanCo Financial Statements, attached as Schedule “C”; and
- the Pro Forma Consolidated Financial Statements, attached as Schedule “D”.

Item 33: Significant Acquisitions

The Resulting Issuer has not completed any “Significant Acquisitions” within the meaning of item 35.1(4) of Form 41-101F1 since January 1, 2014.

Item 34: Certificates and Consents

Date: March 31, 2015

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

(signed) "Kasia Malz"
Chief Financial Officer

(signed) "Marilyn Daniel"
Vice President, Trucking Division

On Behalf of the Board of Directors

(signed) "Ted Daniel"
Director

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

CORMARK SECURITIES INC.

By: (signed) "Jeff Kennedy"
Managing Director
Equity Capital Markets and Operations

Acknowledgement – Personal Information "Personal Information" means any information about an identifiable individual.

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the Exchange of the Personal Information contained in or submitted pursuant to this Listing Application for the purposes described in Appendix "A" to this Listing Application.

TITANIUM TRANSPORTATION GROUP INC.

Per: (signed) "Ted Daniel"
President and Chief Executive Officer

FORM 2B PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the “**Exchange**”) collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals’ involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

SCHEDULE "A"
Titanium Financial Statements

See attached.



Consolidated Financial Statements

December 31, 2014, 2013 and 2012

INDEPENDENT AUDITORS' REPORT

To the Directors of Titanium Transportation Group Inc.

We have audited the accompanying consolidated financial statements of Titanium Transportation Group Inc., which comprise the consolidated statements of financial position as at December 31, 2014, 2013, and 2012 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Titanium Transportation Group Inc. as at December 31, 2014, 2013, and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Williams & Partners

Chartered Accountants LLP
Licensed Public Accountants

Markham, Ontario
March 19, 2015

Titanium Transportation Group Inc.

Consolidated Statements of Financial Position

December 31

(in Canadian dollars)

	2014	2013	2012
Assets			
Current			
Cash (note 7)	350,763	812,231	2,777,648
Trade and other receivables (note 4, 8 and 21)	14,793,088	7,320,372	5,016,555
Current taxes recoverable	-	33,549	-
Finance lease receivables (note 9)	504,052	237,689	192,563
Prepaid expenses and deposits	569,514	914,635	183,644
Restricted cash (note 7 and 10)	5,632,165	-	-
	21,849,582	9,318,476	8,170,410
Finance lease receivables (note 9)	921,372	537,950	454,113
Property and equipment (note 11)	16,566,433	9,210,280	3,288,203
Deferred tax assets (note 12)	31,361	32,261	22,504
Goodwill (note 6 and 13)	2,698,511	2,172,910	-
	42,067,259	21,271,877	11,935,230
Liabilities			
Current			
Bank indebtedness (note 7 and 14)	1,471,304	1,293,183	150,168
Trade and other payables	5,140,975	2,803,061	2,521,808
Current taxes payable	414,037	210,862	147,438
Loans payable (note 15)	2,469,109	1,165,112	367,848
Finance lease liabilities (note 16)	1,508,992	821,772	248,657
Due to corporate shareholder (note 17)	9,000,000	-	-
Due to related parties (note 18)	250,000	298,000	350,000
Private placement funds held in trust (note 10)	5,632,165	-	-
	25,886,582	6,591,990	3,785,919
Loans payable (note 15)	5,001,163	2,535,769	1,264,631
Finance lease liabilities (note 16)	3,212,625	1,820,622	268,540
Due to corporate shareholder (note 17)	-	4,000,000	3,000,000
Due to related parties (note 18)	200,000	1,280,000	980,000
Deferred tax liabilities (note 12)	1,018,203	667,252	334,702
	35,318,573	16,895,633	9,633,792
<i>Commitments and contingencies (note 24)</i>			
Shareholders' Equity			
Share capital (note 19)	2,080,000	1,680,000	680,000
Retained earnings	4,668,686	2,696,244	1,519,208
	6,748,686	4,376,244	2,199,208
Non-controlling interest (note 19)	-	-	102,230
	6,748,686	4,376,244	2,301,438
	42,067,259	21,271,877	11,935,230

On behalf of the Board

Director

See accompanying notes

Titanium Transportation Group Inc.

Consolidated Statements of Comprehensive Income

years ended December 31

(in Canadian dollars)

	2014	2013	2012
Revenue (note 21)	71,737,462	42,040,258	32,707,705
Expenses			
Carriers and independent contractors	38,621,179	22,776,793	19,943,858
Vehicle operating	11,448,574	7,211,502	3,878,163
Wages and casual labour (note 22)	11,645,423	7,004,106	4,831,502
Other operating (note 21)	3,981,148	2,338,339	1,448,085
	65,696,324	39,330,740	30,101,608
Income before the following	6,041,138	2,709,518	2,606,097
Depreciation (note 11)	2,741,473	1,105,907	1,075,911
Gain on sale of property and equipment (note 20)	(225,831)	(261,417)	-
Finance costs (note 21)	739,725	389,953	288,734
Finance income	(85,420)	-	-
	3,169,947	1,234,443	1,364,645
Income before income taxes	2,871,191	1,475,075	1,241,452
Income tax expense (note 23)	898,749	400,269	330,903
Net income and comprehensive income	1,972,442	1,074,806	910,549
Net income and comprehensive income attributable to non-controlling interests	-	36,273	42,176
Net income and comprehensive income attributable to owners of the Company	1,972,442	1,038,533	868,373
Earnings per share attributable to the owners of the company:			
Basic	0.18	0.10	0.09
Diluted	0.18	0.10	0.09
Weighted average number of shares outstanding:			
Basic (note 19)	10,895,696	10,078,782	9,699,948
Diluted (note 19)	10,895,696	10,078,782	9,699,948

See accompanying notes

Titanium Transportation Group Inc.

Consolidated Statements of Changes in Equity

years ended December 31

(in Canadian dollars)

	<i>Share capital</i>	<i>Non- controlling interest</i>	<i>Retained earnings</i>	<i>Total</i>
Balances at December 31, 2013	1,680,000	-	2,696,244	4,376,244
Share issuance (note 19)	400,000	-	-	400,000
Net income and comprehensive income	-	-	1,972,442	1,972,442
Balances at December 31, 2014	2,080,000	-	4,668,686	6,748,686
Balances at December 31, 2012	680,000	102,230	1,519,208	2,301,438
Share issuance (note 19)	1,000,000	-	-	1,000,000
Reorganization (note 19)	-	(138,503)	138,503	-
Net income and comprehensive income	-	36,273	1,038,533	1,074,806
Balances at December 31, 2013	1,680,000	-	2,696,244	4,376,244
Balances at December 31, 2011	680,000	60,054	1,063,335	1,803,389
Net income and comprehensive income	-	42,176	868,373	910,549
Dividends	-	-	(412,500)	(412,500)
Balances at December 31, 2012	680,000	102,230	1,519,208	2,301,438

See accompanying notes

Titanium Transportation Group Inc.

Consolidated Statements of Cash Flows

years ended December 31

(in Canadian dollars)

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Cash flows from operating activities			
Cash received from customers	66,239,477	41,852,110	34,313,853
Cash paid to suppliers and employees	(63,430,031)	(39,859,590)	(29,497,928)
Finance lease receivables	422,890	447,411	413,294
Income taxes	(234,230)	(123,975)	(575,431)
Interest paid	(739,725)	(389,953)	(288,734)
Interest received	85,420	-	-
	<u>2,343,801</u>	<u>1,926,003</u>	<u>4,365,054</u>
Cash flows from investing activities			
Acquisition of property and equipment (note 11 and 20)	(432,939)	(2,670,830)	(906,032)
Disposition of property and equipment	721,067	585,043	37,997
Acquisition of subsidiaries, net of cash acquired or bank indebtedness assumed	(2,025,431)	(2,583,843)	-
	<u>(1,737,303)</u>	<u>(4,669,630)</u>	<u>(868,035)</u>
Cash flows from financing activities			
Loans payable	(2,181,960)	(937,984)	(812,985)
Finance lease liabilities	(2,142,733)	(755,983)	(243,104)
Due to corporate shareholder	5,000,000	1,081,162	1,000,000
Due to related parties	(1,921,394)	248,000	(400,000)
Private placement	5,632,165	-	-
Dividends paid	-	-	(412,500)
	<u>4,386,078</u>	<u>(364,805)</u>	<u>(868,589)</u>
Increase (decrease) in cash and bank indebtedness	4,992,576	(3,108,432)	2,628,430
Cash and bank indebtedness, beginning	<u>(480,952)</u>	<u>2,627,480</u>	<u>(950)</u>
Cash and bank indebtedness, ending (note 7)	<u>4,511,624</u>	<u>(480,952)</u>	<u>2,627,480</u>

See accompanying notes

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

1. CORPORATE INFORMATION

Titanium Transportation Group Inc. ("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, Orillia and Napanee, Ontario. The consolidated financial statements of the Company comprise the Company and its subsidiaries.

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.

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

2. BASIS OF PRESENTATION

The consolidated 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 consolidated 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. SIGNIFICANT ACCOUNTING POLICIES

New standards adopted during the year

Effective January 1, 2014, amendments were made to IAS 32 Financial Instruments: Presentation ("IAS 32") and IAS 36 Impairment of Assets ("IAS 36"). These standards were applied retrospectively by the Company. The amendments made to IAS 32 clarified existing requirements for offsetting financial assets and financial liabilities. The amendments made to IAS 36 changed certain disclosure requirements regarding the recoverable amount of goodwill and indefinite lived intangible assets. The amendments made to these standards did not have a material effect on the Company.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Consolidation

The consolidated financial statements consolidate the accounts of the Company and all of its subsidiaries. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company, and are de-consolidated from the date control ceases. Fully consolidated means that all transactions with subsidiaries and any intercompany balances, gains or losses with subsidiaries have been eliminated on consolidation. The accounting policies have been applied consistently by all subsidiaries.

All of the Company's subsidiaries are wholly owned, are domiciled in Canada and are in the truck transportation or logistics industries.

The acquisition method of accounting is used to account for business combinations. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed as incurred. The excess of the cost of the acquisition over the fair value of the acquisition's identifiable net assets is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated statement of income and comprehensive income. Contingent consideration is included in total consideration and is recognized at its fair value as at the acquisition date.

Non-controlling interests

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between itself and the non-controlling interests based on their respective ownership interests.

The Company's non-controlling interest at the end of December 31, 2012 pertained to a 10% interest in Titanium Trucking Services Inc. ("TTSI"). On July 31, 2013, TLI purchased all the non-controlling interest shares of TTSI in exchange for 10,208 shares of TLI. The Company's non-controlling interest did not impose any significant restrictions on the Company's ability to access or use assets, and settle liabilities.

Revenue recognition

The Company recognizes revenue upon acceptance of shipment at the final destination. Revenue is measured at the fair value of the consideration received or receivable, to the extent collection is probable.

The Company recognizes sales under financing type leases when the significant risks and rewards of ownership are transferred to the drivers and the Company ceases to have effective control over the assets.

Finance income is recognized as it accrues in income, using the effective interest method.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date. Bank indebtedness forms an integral part of the Company's cash management and is included as a component of cash and cash equivalents in the consolidated statement of cash flows.

Finance lease receivables

The Company provides financing to its truck drivers through financing leases.

Financing leases are contracts under terms that provide for the transfer of substantially all the benefits and risks of the equipment ownership to the drivers and are carried at amortized cost. These leases are recorded at the aggregate minimum payments plus guaranteed residual value less unearned finance income. Financing leases are recognized as being impaired when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest. When amounts are considered impaired, their book value is adjusted to their estimated realizable value based on the fair value of any collateral underlying the receivable, net of any costs of realization, by totally or partially writing off the loan and/or establishing a provision for credit losses.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is provided on a straight line basis over the estimated useful lives of the property and equipment as follows:

Building	25 years
Furniture and equipment	2 - 5 years
Rolling stock	5 - 11 years

Depreciation methods, useful lives and residual values are reviewed each year and adjusted prospectively, if appropriate. Property and equipment is assessed for impairment when events or changes in circumstance indicate that the Company may not be able to recover its carrying value. The Company calculates impairment by comparing the carrying value against the higher of the value in use and the fair value less costs to sell. Value in use is calculated based on discounted cash flows expected from its use and disposition, and fair value is the expected price in a binding sale agreement in an arm's length transaction. Any excess is a charge against earnings. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that it does not exceed the amount that would have been determined had the impairment loss not been recognized.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or circumstances indicate that the asset might be impaired. Impairment is determined by assessing whether the carrying value of a cash-generating unit, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or the value in use. Any goodwill impairment is charged against income in the period in which the impairment is determined. An impairment loss recognized for goodwill cannot be reversed in subsequent periods.

Finance lease liabilities

Leases which transfer substantially all benefits and risks associated with ownership of property are treated as acquisitions of assets, measured initially at the lower of the fair value of the asset and the present value of the minimum lease payments, and the corresponding obligations as liabilities. Finance lease liabilities are reduced by lease payments net of imputed interest.

Income taxes

The Company records an income tax asset or liability by calculating the amounts expected to be recovered from, or paid to, the taxation authorities. Current taxes are based on taxable income for the period which may differ from the income which has been reported on the consolidated statement of income and comprehensive income and the consolidated statement of changes in equity due to the treatment of certain amounts for tax purposes. Enacted or substantively enacted tax rates were used to compute current taxes. Subsequent changes in taxes arising from a change in tax rates will be recognized in the period in which the change is effective.

Deferred tax assets and liabilities, when presented, reflect temporary differences between the accounting and tax basis of an asset and liability, or both. The deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is only recognized to the extent that it is probable that the future tax benefit will be realized.

Leases

Operating lease payments are recognized as an expense on a straight-line basis unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Foreign currency translation

Transactions denominated in a foreign currency have been translated at the rate of exchange in effect on the date of the transaction. Monetary items included in the balance sheet have been translated at the rate of exchange in effect as at the balance sheet date. Gains and losses on translations of foreign currencies are included in income.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

All of the Company's financial assets are classified as loans and receivables and all of the Company's financial liabilities are classified as other liabilities and measured at amortized cost. Financial instruments measured at amortized cost are initially recognized at fair value, plus adjustments for transaction costs, and then subsequently at amortized cost using the effective interest rate method with gains and losses recorded as a charge against earnings. Transaction costs related to financial assets measured at fair value through the consolidated statement of comprehensive income are expensed as incurred.

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset and that the estimated future cash flow of that asset can be estimated reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the consolidated statement of comprehensive income and reflected in an allowance account against accounts receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all potentially dilutive common shares.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's chief executive officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Sales between the Company's segments are measured at the exchange amount. Transactions, other than sales, are measured at carrying value. Segment capital expenditure is the total cost incurred during the period to acquire equipment including those acquired by way of finance lease.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Use of estimates

The preparation of consolidated 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 consolidated 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 judgement

The preparation of these consolidated financial statements in accordance with IFRS, requires management to make judgements that affect the application of accounting policies and the interpretation of accounting standards. Management periodically reviews its judgements 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.

4. FINANCIAL INSTRUMENTS

Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework but has delegated to management the responsibility for monitoring and managing the risks that the Company faces. The Company manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with the Risk Management Policy of the Company's management. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to market conditions in relation to the Company's activities. Financial instruments present a number of specific risks as identified below:

Fair value of financial assets and financial liabilities

The fair value of a financial instrument is the estimated amount that the Company would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, trade and other receivables, restricted cash, bank indebtedness, trade and other payables and private placement funds held in trust approximate their fair values due to their nature or capacity for prompt liquidation.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

4. FINANCIAL INSTRUMENTS - continued

Fair value of financial assets and financial liabilities - continued

The fair values of all other financial assets and liabilities are as follows:

	<i>2014</i>	
	<i>Carrying Value</i>	<i>Fair Value</i>
Finance lease receivables	1,425,424	1,453,310
Loans payable	(7,470,272)	(7,498,837)
Finance lease liabilities	(4,721,617)	(4,759,787)
Due to corporate shareholder	(9,000,000)	(9,032,284)
Due to related parties	(450,000)	(431,885)
	<u>(20,216,465)</u>	<u>(20,269,483)</u>
	<i>2013</i>	
	<i>Carrying Value</i>	<i>Fair Value</i>
Finance lease receivables	775,639	749,465
Loans payable	(3,700,881)	(3,686,486)
Finance lease liabilities	(2,642,394)	(2,622,554)
Due to corporate shareholder	(4,000,000)	(4,018,105)
Due to related parties	(1,578,000)	(1,563,899)
	<u>(11,145,636)</u>	<u>(11,141,579)</u>
	<i>2012</i>	
	<i>Carrying Value</i>	<i>Fair Value</i>
Finance lease receivables	646,676	628,553
Loans payable	(1,632,479)	(1,630,000)
Finance lease liabilities	(517,197)	(528,086)
Due to corporate shareholder	(3,000,000)	(3,013,579)
Due to related parties	(1,330,000)	(1,338,190)
	<u>(5,833,000)</u>	<u>(5,881,302)</u>

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

4. FINANCIAL INSTRUMENTS - continued

Fair value of financial assets and financial liabilities - continued

Level 2 valuation methods have been used to determine the fair values noted above. Level 1 uses quoted prices in active markets for identical assets or liabilities. Level 2 uses inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Interest rates used to discount estimated cash flows are based on the rates at which the Company is able to access credit at the reporting dates plus an adequate credit spread and were as follows:

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Finance lease receivables	6.00 %	6.65 %	7.20 %
Loans payable	4.00 %	4.65 %	5.20 %
Finance lease liabilities	4.00 %	4.65 %	5.20 %
Due to corporate shareholder	3.60 %	4.75 %	4.75 %
Due to related parties	3.60 %	4.75 %	4.75 %

A 1% increase in interest rates for all other financial assets and liabilities would have the following effect:

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Finance lease receivables	1,431,648	734,590	615,780
Loans payable	(7,384,261)	(3,620,272)	(1,597,804)
Finance lease liabilities	(4,690,002)	(2,577,249)	(522,553)
Due to corporate shareholder	(9,010,619)	(3,981,896)	(2,986,422)
Due to related parties	(427,118)	(1,550,681)	(1,329,310)
	<u>(20,080,352)</u>	<u>(10,995,508)</u>	<u>(5,820,309)</u>

Credit risk

Credit risk arises from the potential that debtors will fail to satisfy their obligations as they come due. The Company is exposed to credit risk on its trade receivables from its customers, on its finance lease receivables from its drivers and on its other receivables. The Company's maximum exposure to credit risk is the carrying value of trade receivables and finance lease receivables. In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. The Company does not have a significant exposure to any individual customer or counterpart.

The Company does not have any collateral security on its outstanding trade and other receivables. Finance lease receivables are secured by the respective equipment being leased. No provision was established for finance lease receivables as historically the amount of collateral has been sufficient to offset any amounts receivable. No provision was established for other receivables. In determining the amount of provision for trade and other receivables and finance lease receivables, management considers historical trends and the financial health of individual customers.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

4. FINANCIAL INSTRUMENTS - continued

Credit risk - continued

The movement in the provision for trade receivables during the respective year was as follows:

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Balance, beginning	231,000	200,000	130,000
Bad debt expenses	271,759	64,811	107,876
Provision acquired	19,650	31,000	-
Amount written off and recoveries	(21,409)	(64,811)	(37,876)
Balance, ending	501,000	231,000	200,000

The aging of trade receivables at the reporting date was as follows:

	<i>2014</i>		
	<i>Gross</i>	<i>Impairment</i>	<i>Carrying Value</i>
Not past due	5,021,224	-	5,021,224
Past due 0-30 days	4,811,937	-	4,811,937
Past due 31-60 days	2,053,565	-	2,053,565
Past due more than 60 days	2,657,326	501,000	2,156,326
	14,544,052	501,000	14,043,052

	<i>2013</i>		
	<i>Gross</i>	<i>Impairment</i>	<i>Carrying Value</i>
Not past due	3,582,434	-	3,582,434
Past due 0-30 days	2,599,307	-	2,599,307
Past due 31-60 days	706,177	-	706,177
Past due more than 60 days	663,454	231,000	432,454
	7,551,372	231,000	7,320,372

	<i>2012</i>		
	<i>Gross</i>	<i>Impairment</i>	<i>Carrying Value</i>
Not past due	1,666,489	-	1,666,489
Past due 0-30 days	2,225,738	-	2,225,738
Past due 31-60 days	669,646	-	669,646
Past due more than 60 days	654,682	200,000	454,682
	5,216,555	200,000	5,016,555

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

4. FINANCIAL INSTRUMENTS - continued

Liquidity risk

Liquidity risk is the risk that the Company cannot settle its obligations as they come due. The Company's exposure to liquidity risk is minimal as management maintains sufficient levels of liquid assets to meet its continuing obligations. The Company manages liquidity risk by monitoring cash balances on a daily basis. The current assets reflected on the statement of financial position are highly liquid as they are comprised primarily of cash and trade and other receivables. Trade and other receivables are normally settled within several months.

The following summarises contractual cash flows pertaining to financial liabilities, including estimated interest payments.

	<i>Carrying amount</i>	<i>Contractual cash-flows</i>	<i>Less than 1 year</i>	<i>1 to 2 years</i>	<i>2 to 5 years</i>
December 31, 2014					
Bank indebtedness	1,471,304	1,471,304	1,471,304	-	-
Trade and other payables	5,140,975	5,140,975	5,140,975	-	-
Loans payable	7,470,272	7,995,464	2,731,391	2,347,195	2,916,878
Finance lease liabilities	4,721,617	5,051,282	1,673,865	1,667,218	1,710,199
Due to corporate shareholder	9,000,000	9,112,500	9,112,500	-	-
Due to related parties	450,000	450,000	250,000	200,000	-
Private placement funds held in trust	5,632,165	5,632,165	5,632,165	-	-
	33,886,333	34,853,690	26,012,200	4,214,413	4,627,077
Other liabilities requiring the use of cash:					
Current taxes payable	414,037	414,037	414,037	-	-
	34,300,370	35,267,727	26,426,237	4,214,413	4,627,077

	<i>Carrying amount</i>	<i>Contractual cash-flows</i>	<i>Less than 1 year</i>	<i>1 to 2 years</i>	<i>2 to 5 years</i>
December 31, 2013					
Bank indebtedness	1,293,183	1,293,183	1,293,183	-	-
Trade and other payables	2,803,061	2,803,061	2,803,061	-	-
Loans payable	3,700,881	4,018,000	1,313,252	1,099,887	1,604,861
Finance lease liabilities	2,642,394	2,849,088	922,186	722,801	1,204,101
Due to corporate shareholder	4,000,000	4,200,000	200,000	4,000,000	-
Due to related parties	1,578,000	1,630,800	350,800	1,080,000	200,000
	16,017,519	16,794,132	6,882,482	6,902,688	3,008,962
Other liabilities requiring the use of cash:					
Current taxes payable	210,862	210,862	210,862	-	-
	16,228,381	17,004,994	7,093,344	6,902,688	3,008,962

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

4. FINANCIAL INSTRUMENTS - continued

Liquidity risk - continued

	<i>Carrying amount</i>	<i>Contractual cash-flows</i>	<i>Less than 1 year</i>	<i>1 to 2 years</i>	<i>2 to 5 years</i>
December 31, 2012					
Bank indebtedness	150,168	150,168	150,168	-	-
Trade and other payables	2,521,808	2,521,808	2,521,808	-	-
Loans payable	1,632,479	1,812,687	443,923	443,923	924,841
Finance lease liabilities	517,197	558,283	280,584	238,542	39,157
Due to corporate shareholder	3,000,000	3,150,000	150,000	3,000,000	-
Due to related parties	1,330,000	1,382,800	402,800	980,000	-
	9,151,652	9,575,746	3,949,283	4,662,465	963,998
Other liabilities requiring the use of cash:					
Current taxes payable	147,438	147,438	147,438	-	-
	9,299,090	9,723,184	4,096,721	4,662,465	963,998

Market risk

Market risk refers to the risk that a change in one or more general market conditions will result in losses. The Company is exposed to interest rate risk and foreign exchange risk and manages these risks by daily monitoring of its financial instruments. The Company is not exposed to other price risk as it does not hold any assets or liabilities at fair value.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will have a negative affect on the value of financial instruments. The Company is exposed to interest rate cash flow risk on certain debts bearing interest at a floating rate and interest rate price risk on certain debts bearing interest at a fixed rate.

The interest rate profile of the Company's carrying amount of interest-bearing financial instruments was as follows:

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Net fixed rate financial instruments	(11,216,465)	(7,145,636)	(2,833,000)
Net variable rate financial instruments	(10,471,304)	(5,293,183)	(3,150,168)
	(21,687,769)	(12,438,819)	(5,983,168)

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

4. FINANCIAL INSTRUMENTS - continued

Market risk - continued

As all of the Company's financial instruments bearing interest at a fixed rate are measured at amortized cost, a change in interest rates would not affect the Company's earnings.

Finance costs consist entirely of interest paid on financial instruments measured at amortized cost.

A 1% change in interest rates on variable rate instruments at the reporting date would have increased or decreased equity and net income and comprehensive income by \$78,822 (2013 - \$30,767; 2012 - \$21,978). This analysis assumes that all other variables are held constant. The analysis is performed on the same basis for all periods presented.

(ii) Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in the price of foreign currencies will result in a decline in carrying values. A significant portion of the Company's sales and purchases are denominated in US dollars ("USD"). As a result, the Company is exposed to foreign exchange risk as certain assets and liabilities are denominated in this currency.

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Cash (bank indebtedness)	(30,143)	261,233	2,529,128
Trade and other receivables	3,864,198	1,627,435	1,085,543
Trade and other payables	(459,197)	(92,484)	(312,063)
	<u>3,374,858</u>	<u>1,796,184</u>	<u>3,302,608</u>
Average USD	1.1047	1.0301	0.9994
Closing USD	<u>1.1601</u>	<u>1.0636</u>	<u>0.9949</u>

As at December 31, 2014, had the foreign exchange rate between the US dollar and the Canadian dollar changed by 5-cents, with all other variables held constant, the increase or decrease in net income before income taxes would have amounted to approximately \$168,743 (2013 - \$89,809; 2012 - \$165,130). In practice, the actual results may differ from this sensitivity analysis and the difference may be material.

There has been no significant changes in risk exposures during the year.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

5. 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.

	<i>Truck Transportation</i>	<i>Logistics</i>	<i>Corporate</i>	<i>Elimination</i>	<i>Total</i>
As at December 31, 2014					
Total assets	35,573,719	6,493,540	-	-	42,067,259
Total liabilities	31,180,889	4,137,684	-	-	35,318,573

Year ended December 31, 2014

Revenue - external	42,768,635	28,968,827	-	-	71,737,462
Revenue - internal	442,076	-	-	(442,076)	-
Total revenue	43,210,711	28,968,827	-	(442,076)	71,737,462
Depreciation	2,701,893	39,580	-	-	2,741,473
Finance costs	739,725	-	-	-	739,725
Finance income	85,420	-	-	-	85,420
Income before income taxes	1,475,990	2,385,442	(990,241)	-	2,871,191
Income taxes (recoveries)	529,021	632,142	(262,414)	-	898,749
Capital expenditures	11,621,918	-	-	-	11,621,918
Goodwill acquisitions	525,601	-	-	-	525,601

As at December 31, 2013

Total assets	17,413,546	3,858,331	-	-	21,271,877
Total liabilities	15,189,017	1,706,616	-	-	16,895,633

Year ended December 31, 2013

Revenue - external	25,446,733	16,593,525	-	-	42,040,258
Revenue - internal	252,785	-	-	(252,785)	-
Total revenue	25,699,518	16,593,525	-	(252,785)	42,040,258
Depreciation	1,020,463	85,444	-	-	1,105,907
Finance costs	288,113	101,840	-	-	389,953
Income before income taxes	889,455	991,094	(405,474)	-	1,475,075
Income taxes (recoveries)	240,140	267,580	(107,451)	-	400,269
Capital expenditures	7,927,984	-	-	-	7,927,984
Goodwill acquisitions	2,172,910	-	-	-	2,172,910

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

5. OPERATING SEGMENTS - continued

	<i>Truck Transportation</i>	<i>Logistics</i>	<i>Corporate</i>	<i>Elimination</i>	<i>Total</i>
As at December 31, 2012					
Total assets	6,039,900	5,895,330	-	-	11,935,230
Total liabilities	7,978,101	1,655,691	-	-	9,633,792
Year ended December 31, 2012					
Revenue - external	16,952,094	15,755,611	-	-	32,707,705
Revenue - internal	284,183	-	-	(284,183)	-
Total revenue	17,236,277	15,755,611	-	(284,183)	32,707,705
Depreciation	937,308	138,603	-	-	1,075,911
Finance costs	230,751	57,983	-	-	288,734
Income before income taxes	766,236	691,809	(216,593)	-	1,241,452
Income taxes (recoveries)	204,060	184,240	(57,397)	-	330,903
Capital expenditures	2,523,975	93,368	-	-	2,617,343

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

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Canada	56,021,906	32,953,500	26,289,727
United States	15,715,556	9,086,758	6,417,978
	71,737,462	42,040,258	32,707,705

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

6. BUSINESS COMBINATIONS

Consistent with the Company's growth strategy and to gain more distribution channels in the transportation industry, the Company made the following acquisitions:

During the year ended December 31, 2014:

On July 1, 2014, the Company acquired all of the outstanding shares of Wm. H. Cain Agency Limited ("Cain"), a company in the transportation industry. The acquisition allowed the Company to gain a multinational customer and expand its warehousing capacity and customer base.

From the date of acquisition, Cain contributed revenue of \$4,420,928 and a net loss of \$235,604. If the company were acquired January 1, 2014, the company would have contributed revenue of \$9,389,633 and a net loss of \$576,162.

On October 1, 2014, the Company acquired all of the outstanding shares of Georgian Bay Transport Inc. ("GBT"). The acquisition allowed the Company to further grow within the Midland area and expand its customer base and fleet.

From the date of acquisition, GBT contributed revenue of \$739,235 and net income of \$14,143. If the company were acquired January 1, 2014, the company would have contributed revenue of \$3,646,104 and a net loss of \$14,617.

These acquisitions did not include any contingent consideration.

As of the reporting date, the Company has completed the purchase price allocation over the identifiable net assets and goodwill of the businesses acquired. The table below presents the purchase price allocation.

	<i>Cain</i>	<i>GBT</i>	<i>Total</i>
Cash	-	55,426	55,426
Trade and other receivables	1,501,778	472,953	1,974,731
Prepaid expenses and deposits	179,659	28,242	207,901
Property and equipment	995,138	751,776	1,746,914
Deferred tax assets	9,550	66,394	75,944
Bank indebtedness	(1,125,543)	-	(1,125,543)
Trade and other payables	(438,111)	(142,913)	(581,024)
Loans payable	-	(138,204)	(138,204)
Finance lease liabilities	(488,167)	(104,871)	(593,038)
Due to related parties	-	(793,394)	(793,394)
Total identifiable net assets	634,304	195,409	829,713
Total consideration	1,150,000	205,314	1,355,314
Goodwill	515,696	9,905	525,601
Cash	750,000	205,314	955,314
Issuance of shares	400,000	-	400,000
Total consideration transferred	1,150,000	205,314	1,355,314

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

6. BUSINESS COMBINATIONS - continued

During the year ended December 31, 2013:

On February 1, 2013, the Company, through one of its subsidiaries acquired all of the outstanding shares of Flatliners Express Inc. ("FEI"). From the date of acquisition, FEI contributed revenue of \$1,687,695 and a net loss of \$100,647. If the company were acquired on January 1, 2013, the company would have contributed revenue of \$1,914,520 and a net loss of \$74,804.

On April 1, 2013, the Company, through one of its subsidiaries, acquired all of the outstanding shares of Gary Jackson Transportation Limited ("GJT"). From the date of acquisition, GJT contributed revenue of \$1,901,429 and a net loss of \$150,293. If the company were acquired on January 1, 2013, the company would have contributed revenue of \$2,730,357 and a net loss of \$153,034.

On September 1, 2013, the Company, through one of its subsidiaries, acquired all of the outstanding shares of JTS Inc. ("JTS"). From the date of acquisition, JTS contributed revenue of \$3,251,776 and net income of \$18,589. If the company were acquired on January 1, 2013, the company would have contributed revenue of \$4,936,226 and net income of \$64,594.

As of the reporting date, the Company has completed the purchase price allocation over the identifiable net assets and goodwill of the businesses acquired. The table below presents the purchase price allocation.

	<i>FEI</i>	<i>GJT</i>	<i>JTS</i>	<i>Total</i>
Cash	223,586	353,414	77,344	654,344
Trade and other receivables	232,840	377,086	1,505,743	2,115,669
Prepaid expenses and deposits	32,064	60,392	270,591	363,047
Due from related parties	85,000	-	-	85,000
Property and equipment	754,849	269,212	903,789	1,927,850
Trade and other payables	(119,681)	(211,656)	(627,406)	(958,743)
Current taxes payable	-	(8,851)	(67,523)	(76,374)
Due to related parties	-	(3,838)	-	(3,838)
Loans payable	(443,206)	(46,066)	(1,225,650)	(1,714,922)
Finance lease liabilities	(207,458)	(119,298)	-	(326,756)
Total identifiable net assets	557,994	670,395	836,888	2,065,277
Total consideration (1)	687,182	750,000	2,801,005	4,238,187
Goodwill	129,188	79,605	1,964,117	2,172,910
Cash	687,182	750,000	1,801,005	3,238,187
Issuance of shares	-	-	1,000,000	1,000,000
Total consideration transferred	687,182	750,000	2,801,005	4,238,187

(1) Cash consideration paid for the acquisition of FEI consisted of \$500,000 in cash and \$187,182 in contingent consideration. Consideration paid for the other acquisitions did not include any contingent consideration.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

6. BUSINESS COMBINATIONS - continued

As market prices for shares issued as part of the acquisition of Cain and JTS 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 technique used for Cain was a 6 times multiple of Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and for JTS, a 5 times multiple of EBITDA was used. This valuation technique is consistent with generally accepted valuation methodologies for pricing financial instruments in the industry. 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.

All goodwill arising from the above business combinations has been allocated to the truck transportation segment, which represents the lowest level at which goodwill is monitored internally.

Goodwill from the above acquisitions represents expected synergies from combining operations of these entities with the Company as well as customer relationships acquired. No portion of goodwill acquired is deductible for tax purposes.

Trade and other receivables acquired include gross contractual amounts and amounts expected to be uncollectible at the acquisition dates as follows:

	<i>Cain</i>	<i>GBT</i>	<i>FEI</i>	<i>GJTL</i>	<i>JTS</i>
Gross contractual amount	1,519,778	474,603	232,840	377,086	1,536,743
Uncollectible at the acquisition date	(18,000)	(1,650)	-	-	(31,000)
	1,501,778	472,953	232,840	377,086	1,505,743

Transaction costs for all acquisitions were nominal and have been expensed through the statement of comprehensive income.

Subsequent to the reporting period:

To expand the Company's customer base and take advantage of customer synergies, the Company acquired all the outstanding shares of Muskoka Transport Limited ("MTL") as well as land and building owned by Muskoka Warehousing Limited ("MWL") on March 1, 2015. The purchase price for the shares was \$2,800,000, consisting of \$1,900,000 in cash and \$900,000 in share consideration (with share consideration being subject to an adjustment based on, among other things, the working capital deficiency of MTL at the time of closing). The purchase price for the land and building of MWL was \$1,100,000, consisting of \$100,000 in cash and \$1,000,000 in an interest free mortgage payable monthly over 10 years.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

6. BUSINESS COMBINATIONS - continued

As financial statements for MTL as of and for the period ended February 28, 2015 are not yet available and the company was so recently acquired, there is insufficient reliable information to provide an estimate of the fair value allocation among the net identifiable assets and liabilities associated with this acquisition, and therefore, such an allocation has not been disclosed. Similarly, there is insufficient information to determine the amount of the working capital adjustment, goodwill acquired, if any, gross contractual amount of trade receivables acquired and the portion thereof that is uncollectible at the acquisition date.

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.

7. CASH AND BANK INDEBTEDNESS

	2014	2013	2012
Cash	350,763	812,231	2,777,648
Restricted cash	5,632,165	-	-
Bank indebtedness	(1,471,304)	(1,293,183)	(150,168)
	4,511,624	(480,952)	2,627,480

8. TRADE AND OTHER RECEIVABLES

	2014	2013	2012
Trade receivables	14,043,052	7,320,372	5,016,555
Other receivables	750,036	-	-
	14,793,088	7,320,372	5,016,555

9. FINANCE LEASE RECEIVABLES

	2014	2013	2012
Total minimum lease payments receivable bearing interest at rates ranging from 0% to 8.58%, secured by equipment, repayable in semi-monthly instalments ranging from \$792 to \$1,317	1,594,233	862,999	735,391
Unearned finance income	(168,809)	(87,360)	(88,715)
	1,425,424	775,639	646,676
Current portion	504,052	237,689	192,563
	921,372	537,950	454,113

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

9. FINANCE LEASE RECEIVABLES - continued

Amounts to be collected in less than one year and between one and five years are as follows:

	<i>Future minimum lease payments</i>	<i>Interest</i>	<i>Present value of minimum lease payments</i>
December 31, 2014			
Less than one year	581,593	77,541	504,052
Between one and five years	1,012,640	91,268	921,372
	<u>1,594,233</u>	<u>168,809</u>	<u>1,425,424</u>
December 31, 2013			
Less than one year	284,243	46,554	237,689
Between one and five years	578,756	40,806	537,950
	<u>862,999</u>	<u>87,360</u>	<u>775,639</u>
December 31, 2012			
Less than one year	225,587	33,024	192,563
Between one and five years	509,804	55,691	454,113
	<u>735,391</u>	<u>88,715</u>	<u>646,676</u>

There were no impairment factors affecting finance lease receivables noted for the years ended December 31, 2014, December 31, 2013 and December 31, 2012.

10. RESTRICTED CASH AND PRIVATE PLACEMENT FUNDS HELD IN TRUST

Restricted cash and private placement funds held in trust pertain to amounts collected as part of the Company's non-brokered private placement as described in note 19. \$1.1 million of the total \$6.7 million collected is being held, in trust, by a third party.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

11. PROPERTY AND EQUIPMENT

	<i>Land and building</i>	<i>Furniture and equipment</i>	<i>Rolling stock</i>	<i>Total</i>
Cost				
Balance at December 31, 2013	-	1,610,871	16,070,004	17,680,875
Additions through business combinations	-	564,414	1,182,500	1,746,914
Other additions	406,671	201,775	9,266,558	9,875,004
Disposals	-	(207,660)	(3,767,377)	(3,975,037)
Balance December 31, 2014	406,671	2,169,400	22,751,685	25,327,756
Accumulated depreciation				
Balance at December 31, 2013	-	1,314,258	7,156,337	8,470,595
Depreciation	4,167	253,240	2,484,066	2,741,473
Disposals	-	(202,660)	(2,248,085)	(2,450,745)
Balance December 31, 2014	4,167	1,364,838	7,392,318	8,761,323
Net carrying amounts				
December 31, 2014	402,504	804,562	15,359,367	16,566,433
Cost				
Balance, December 31, 2012	-	828,951	6,383,863	7,212,814
Additions through business combinations	-	614,368	6,077,166	6,691,534
Other additions	-	234,060	5,766,074	6,000,134
Disposals	-	(66,508)	(2,157,099)	(2,223,607)
Balance, December 31, 2013	-	1,610,871	16,070,004	17,680,875
Accumulated depreciation				
Balance, December 31, 2012	-	703,930	3,220,681	3,924,611
Additions through business combinations	-	456,953	4,306,731	4,763,684
Depreciation	-	219,883	886,024	1,105,907
Disposals	-	(66,508)	(1,257,099)	(1,323,607)
Balance, December 31, 2013	-	1,314,258	7,156,337	8,470,595
Net carrying amounts				
At December 31, 2013	-	296,613	8,913,667	9,210,280

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

11. PROPERTY AND EQUIPMENT - continued

	<i>Land and building</i>	<i>Furniture and equipment</i>	<i>Rolling stock</i>	<i>Total</i>
Cost				
Balance, December 31, 2011	-	1,547,322	4,755,259	6,302,581
Other additions	-	93,368	2,523,975	2,617,343
Disposals	-	(811,739)	(895,371)	(1,707,110)
Balance, December 31, 2012	-	828,951	6,383,863	7,212,814
Accumulated depreciation				
Balance, December 31, 2011	-	1,243,791	2,521,847	3,765,638
Depreciation	-	271,878	804,033	1,075,911
Disposals	-	(811,739)	(105,199)	(916,938)
Balance, December 31, 2012	-	703,930	3,220,681	3,924,611
Net carrying amounts				
At December 31, 2012	-	125,021	3,163,182	3,288,203

There were no impairment factors affecting equipment noted for the years ended December 31, 2014, December 31, 2013 and December 31, 2012.

Included in rolling stock are leased assets with a cost of \$7,363,860 (2013 - \$4,089,359; 2012 - \$1,151,411) and accumulated depreciation of \$1,222,840 (2013 - \$744,798; 2012 - \$322,812). During the year ended December 31, 2014, rolling stock totalling \$3,628,918 (2013 - \$2,554,424; 2012 - \$NIL) was acquired by way of finance leases.

12. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Deferred tax assets			
Property and equipment	31,361	32,261	22,504
Deferred tax liabilities			
Finance lease receivables	97,763	-	-
Property and equipment	(1,115,966)	(667,252)	(334,702)
	(986,842)	(634,991)	(312,198)
Presented as:			
Deferred tax assets	31,361	32,261	22,504
Deferred tax liabilities	(1,018,203)	(667,252)	(334,702)
	(986,842)	(634,991)	(312,198)

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

12. DEFERRED TAX ASSETS AND LIABILITIES - continued

	<i>Balance December 31, 2013</i>	<i>Recognized in income or loss</i>	<i>Acquired in business combinations</i>	<i>Balance December 31, 2014</i>
Deferred tax assets				
Property and equipment	32,261	(900)	-	31,361
Deferred tax liabilities				
Finance lease receivables	-	97,763	-	97,763
Property and equipment	(667,252)	(268,750)	(179,964)	(1,115,966)
Finance lease liabilities	-	(27,791)	27,791	-
Tax losses	-	(228,117)	228,117	-
	<u>(634,991)</u>	<u>(427,795)</u>	<u>75,944</u>	<u>(986,842)</u>

	<i>Balance December 31, 2012</i>	<i>Recognized in income or loss</i>	<i>Adjustments</i>	<i>Balance December 31, 2013</i>
Deferred tax assets				
Property and equipment	22,504	4,223	5,534	32,261
Deferred tax liabilities				
Property and equipment	<u>(334,702)</u>	<u>(269,045)</u>	<u>(63,505)</u>	<u>(667,252)</u>
	<u>(312,198)</u>	<u>(264,822)</u>	<u>(57,971)</u>	<u>(634,991)</u>

	<i>Balance December 31, 2011</i>	<i>Recognized in income or loss</i>	<i>Acquired in business combinations</i>	<i>Balance December 31, 2012</i>
Deferred tax assets				
Property and equipment	3,000	19,504	-	22,504
Deferred tax liabilities				
Property and equipment	<u>(383,000)</u>	<u>48,298</u>	<u>-</u>	<u>(334,702)</u>
	<u>(380,000)</u>	<u>67,802</u>	<u>-</u>	<u>(312,198)</u>

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

13. GOODWILL

Balance December 31, 2012	-
Acquired through business combinations	<u>2,172,910</u>
Balance December 31, 2013	2,172,910
Acquired through business combinations	<u>525,601</u>
Balance December 31, 2014	<u>2,698,511</u>

All goodwill 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. The Company performed its goodwill impairment test as at December 31, 2014, December 31, 2013 and December 31, 2012 and determined that the recoverable amount of the truck transportation segment exceeded its respective carrying amount.

The recoverable amount was determined using the value in use, which is based on discounted future cash flows. In assessing value in use, a pre-tax discount rate of 10% (2013 - 10%; 2012 - 10%) was used, which was based on the industry average. First year cash flows were projected based on actual operating results and for a further 4-year period, cash flows were extrapolated using an average growth rate of 2% (2013 - 2%; 2012 - 2%). The terminal value was determined using a long-term growth rate of 2% (2013 - 2%; 2012 - 2%).

14. BANK INDEBTEDNESS

As of the reporting date, the Company had available to it, through an agreement between its parent company and their lending bank, an operating credit facility with an available credit limit of \$25,000,000.

The credit facility, as detailed above, is secured by the following:

- i) General Security Agreement over all present and after acquired personal property of the Company and certain subsidiaries.
- ii) Security Agreement signed by a subsidiary constituting a risk ranking and specific security interest in specific equipment of the subsidiary.
- iii) Assignment of all risk insurance by the Company and certain subsidiaries.
- iv) General assignment of book debts of the Company and certain subsidiaries.
- v) Unlimited cross guarantees between the borrower and certain subsidiaries.
- vi) Assignment and postponement of claim on all related party loans totalling not less than \$40,000,000.

The parent company was in compliance with its banking covenants as at December 31, 2014.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

14. BANK INDEBTEDNESS - continued

Subsequent to the reporting date, 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% per annum 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% or the bank's fixed rate plus 3% 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.

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.

These credit facilities are intended to replace the credit facilities currently made available by Trunkeast to the Company, and all loans advanced by Trunkeast to the Company will be repaid in full by loans advanced under the credit facilities made available by the bank to the Company.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

15. LOANS PAYABLE

Loans bearing interest ranging from 5.4% to 5.8%, secured by equipment with an aggregate net carrying amount of \$635,445, repayable in blended monthly instalments totalling \$18,415, due between June 2016 and November 2017.

2014	2013	2012
551,017	772,376	-

Loan bearing interest at 5.2%, secured by equipment with a net carrying amount of \$821,552, repayable in blended monthly instalments totalling \$36,994, due January 2017.

2014	2013	2012
874,713	1,262,151	1,632,479

Loan bearing interest at 3.99%, secured by equipment with a net carrying amount of \$631,139, repayable in blended monthly instalments totalling \$26,317, due October 2017. In addition, certain secured equipment is under lease. The finance lease receivable balance on December 31, 2014 pertaining to this equipment is \$306,015.

2014	2013	2012
844,720	1,287,674	-

Loans bearing interest ranging from 3.95% to 4.1%, secured by equipment with an aggregate net carrying amount of \$2,256,351, repayable in blended monthly instalments totalling \$53,430, due between May 2018 and August 2018. In addition, certain secured equipment is under lease. The finance lease receivable balance on December 31, 2014 pertaining to this equipment is \$238,575.

2014	2013	2012
2,148,077	-	-

Loan bearing interest at 3.88%, secured by equipment with a net carrying amount of \$2,720,709, repayable in blended monthly instalments totalling \$57,337, due November 2018.

2014	2013	2012
2,859,387	-	-

Loan bearing interest at 4.5%, secured by land with a net carrying amount of \$256,671, repayable in blended monthly instalments totalling \$4,557, due October 2018.

2014	2013	2012
192,358	-	-

Loans bearing interest ranging from 4.38% to 4.74%, repaid February 2014.

2014	2013	2012
-	378,680	-

Current portion

2014	2013	2012
7,470,272	3,700,881	1,632,479
2,469,109	1,165,112	367,848
5,001,163	2,535,769	1,264,631

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

15. LOANS PAYABLE - continued

Principal repayments required over the next four years are as follows:

2015	2,469,109
2016	2,181,451
2017	1,775,623
2018	<u>1,044,089</u>
	<u>7,470,272</u>

16. FINANCE LEASE LIABILITIES

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Liability relating to equipment, bearing interest ranging from 3.56% to 3.72%, repayable in blended monthly instalments totalling \$82,517, due between November 2017 and July 2018.	2,835,209	-	-
Liability relating to equipment, bearing interest at 10.41%, repayable in blended monthly instalments totalling \$3,468 and a final payment of \$30,000, due April 2020.	185,170	-	-
Liability relating to equipment, bearing interest at 3.96%, repayable in blended monthly instalments totalling \$47,559, due November 2017.	1,569,696	2,067,508	-
Liability relating to equipment, bearing interest at 4.71%, repayable in blended monthly instalments totalling \$4,690 and a final payment of \$60,000 due January 2016.	116,577	166,305	-
Liability relating to equipment, bearing interest at 7.60%, repayable in blended monthly instalments totalling \$15,060, due January 2015.	14,965	187,359	351,335
Liability relating to equipment, bearing interest ranging from 6.15% to 6.65%, repaid November 2014.	-	144,523	-
Liability relating to equipment, bearing interest at 10.06%, repaid November 2014.	-	76,699	124,971
Liability relating to equipment, bearing interest at 6.71%, repaid December 2013.	-	-	40,891
	<u>4,721,617</u>	<u>2,642,394</u>	<u>517,197</u>
Current portion	<u>1,508,992</u>	<u>821,772</u>	<u>248,657</u>
	<u>3,212,625</u>	<u>1,820,622</u>	<u>268,540</u>

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

16. FINANCE LEASE LIABILITIES - continued

Amounts to be paid in less than one year and between one and five years are as follows:

	<i>Future minimum lease payments</i>	<i>Interest</i>	<i>Present value of minimum lease payments</i>
December 31, 2014			
Less than one year	1,673,865	164,873	1,508,992
Between one and five years	3,377,417	164,792	3,212,625
	<u>5,051,282</u>	<u>329,665</u>	<u>4,721,617</u>
December 31, 2013			
Less than one year	922,186	100,414	821,772
Between one and five years	1,926,902	106,280	1,820,622
	<u>2,849,088</u>	<u>206,694</u>	<u>2,642,394</u>
December 31, 2012			
Less than one year	280,584	31,927	248,657
Between one and five years	277,699	9,159	268,540
	<u>558,283</u>	<u>41,086</u>	<u>517,197</u>

Finance lease liabilities are secured by equipment as detailed in note 11.

17. DUE TO CORPORATE SHAREHOLDER

The amounts due to Trunkeast, the parent company, are secured by a general security agreement covering all assets and bear interest at a rate of the chartered bank's prime plus 2% per annum. This loan was subsequently repaid in full.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

18. DUE TO RELATED PARTIES

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Due to a company controlled by a non-controlling shareholder, non-interest bearing, repayable in equal annual payments of \$200,000, maturing September 2016.	400,000	600,000	-
Due to a non-controlling shareholder, non-interest bearing, due on demand.	50,000	98,000	200,000
Due to a company controlled by an individual related to the individual who ultimately controls the Company, bearing interest at 6%, repaid during the year.	-	880,000	880,000
Due to a non-controlling shareholder, non-interest bearing, repaid during 2013.	-	-	250,000
	450,000	1,578,000	1,330,000
Current portion	250,000	298,000	350,000
	200,000	1,280,000	980,000

19. SHARE CAPITAL

Authorized

Unlimited number of common shares with no par value

Issued

Balance at December 31, 2011

No share activity

Balance at December 31, 2012

Shares issued in exchange for
non-controlling interest in subsidiary

Reorganization

Reorganization

Shares issued on acquisition of JTS (note 6)

Balance at December 31, 2013

Shares issued on acquisition of Cain (note 6)

Balance at December 31, 2014

<i>Common shares</i>	
<i>Shares</i>	<i>Amount</i>
330,000	680,000
-	-
330,000	680,000
10,208	-
(340,208)	-
10,000,000	-
763,359	1,000,000
10,763,359	1,680,000
264,673	400,000
11,028,032	2,080,000

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

19. SHARE CAPITAL - continued

On July 31, 2013, TLI purchased all the non-controlling interest shares of a subsidiary in exchange for 10,208 shares of TLI. Immediately thereafter, all outstanding common shares of TLI were exchanged for 10,000,000 newly issued common shares from the Company's treasury.

On September 13, 2013, the Company purchased JTS for cash and 763,359 newly issued common shares from treasury with a stated amount of \$1,000,000.

On July 1, 2014, the Company purchased Cain for cash and 264,673 newly issued common shares from treasury with a stated amount of \$400,000.

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

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Issued common shares, beginning	10,763,359	9,699,948	9,699,948
Effect of issued shares	132,337	378,834	-
Weighted average number of shares	10,895,696	10,078,782	9,699,948

The weighted average number of shares outstanding for 2012 and 2013 have been adjusted retrospectively to reflect the reorganization that took place on July 31, 2013. No additional adjustments to earnings or the weighted average number of shares for the effects of dilutive common shares were necessary.

Effective November 20, 2014, the Company entered into an agreement (the "Definitive Agreement") with Northeastern Group Inc. ("Northeastern"), which contemplates the reverse takeover (the "RTO") of Northeastern by Titanium by way of a "three-cornered" amalgamation under the provisions of the Canada Business Corporations Act. If completed, the RTO will result in the Company amalgamating with a wholly-owned subsidiary of Northeastern, and the resulting amalgamated entity will continue as a wholly-owned subsidiary of Northeastern. In connection with the RTO, the Company has applied to list the common shares of Northeastern on the TSX Venture Exchange (the "TSXV"). Conditional approval of the TSXV for the listing is a condition precedent to the completion of the RTO.

In addition, as contemplated by the Definitive Agreement, Titanium completed a non-brokered private placement of subscription receipts (the "Subscription Receipts") for gross proceeds of approximately \$6.7 million (the "Private Placement"). Each Subscription Receipt was sold at a price of \$1.50 (the "Issue Price") and shall be exchanged, for no additional consideration, for one unit of the Company (each, a "Titanium Unit") following the satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), which must be satisfied prior to 5:00 p.m. (Toronto time) on the date that is 90 days following the closing of the Private Placement (which period may be extended by the Company for up to an additional 30 days) (the "Deadline"). If the Escrow Release Conditions are not satisfied prior to the Deadline, the Company will repurchase the Subscription Receipts for cancellation at a repayment price per Subscription Receipt equal to the Issue Price.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

19. SHARE CAPITAL - continued

Each Titanium Unit will be comprised of one common share of the Company and one warrant to acquire a common share of the Company (a "Titanium Warrant"). As a part of the RTO, the Titanium Units issued pursuant to conversion of the Subscription Receipts will be exchanged for an equivalent number of units of Northeastern. Assuming the Escrow Release Conditions are satisfied, each Subscription Receipt will ultimately entitle the holder thereof to one unit of Northeastern, comprised of one Northeastern common share and one Northeastern warrant. Each Northeastern Warrant will entitle the holder to acquire a Northeastern common share at the exercise price of \$2.50 per share for a period of up to 36 months following the date the Northeastern common shares are listed on the TSXV. The Northeastern warrants will be subject to accelerated expiry if the volume weighted average price of the Northeastern common shares is no less than \$3.00 per Northeastern common share (subject to customary adjustments) for 20 consecutive trading days.

In addition, on March 1, 2015, the Company acquired MTL for cash and 280,374 newly issued common shares from treasury with a stated amount of \$900,000. The shares issued are subject to an escrow agreement whereby 20% of the shares will be released every year starting March 1, 2016. In addition, the shares are subject to working capital adjustments that cannot yet be determined.

20. NON-CASH TRANSACTIONS

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

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Sale of tractors under finance leases	1,029,056	576,374	752,175
Cost of sales of tractors under finance leases	(973,796)	(576,374)	(752,175)
	55,260	-	-

In addition, rolling stock acquisitions of \$5,813,147 (2013 - \$774,879; 2012 - \$1,711,311) pertaining to the truck transportation segment were financed directly by the vendor during the year. The truck transportation segment also acquired rolling stock totalling \$3,628,918 (2013 - \$2,554,425; 2012 - \$NIL) by way of finance leases.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

21. RELATED PARTY TRANSACTIONS

Trunkeast holds a controlling interest in the Company. Neither Trunkeast nor the ultimate parent produce consolidated financial statements available for public use.

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Provided truck transportation services to Vision Extrusions Group Limited ("Vision"), Vision Ecoproducts Limited and Sunview Patio Doors Ltd., companies under common control	3,181,905	2,299,696	1,739,831
Provided truck transportation services to Waltham Extrusions Limited, a company in which Vision possesses a significant interest	-	209,365	475,424
Paid rent for premises to Vaughan West II Limited and rent for yard to Roybridge Holdings Limited, companies under common control	(400,451)	(392,810)	(396,825)
Paid interest to 1525359	(52,800)	(52,800)	(52,800)
Paid interest to Trunkeast	(259,018)	(96,868)	(52,877)
Paid management fees to Trunkeast	(86,400)	(69,600)	(55,200)
	<u>2,383,236</u>	<u>1,896,983</u>	<u>1,657,553</u>

Included in trade and other receivables as at December 31, 2014 is a total of \$333,406 (2013 - \$195,602; 2012 - \$183,590) due from these related companies. Also included in trade and other receivables as at December 31, 2014 is \$80,000 (2013 - \$80,000; 2012 - \$NIL) due from 1260356 Ontario Limited, a company under common control.

The Company has committed to paying \$60,000 in management fees to Trunkeast for each of the next four years.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

22. WAGES AND CASUAL LABOUR

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

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Key management short-term benefits	780,596	620,000	567,000
Employee benefits	<u>170,360</u>	<u>139,397</u>	<u>73,376</u>

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

23. INCOME TAXES

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Current tax expense	470,954	135,447	398,705
Deferred tax expense			
Temporary differences	199,678	175,027	(67,802)
Tax losses	228,117	-	-
Adjustment for prior years	-	(14,688)	-
Other	-	104,483	-
	427,795	264,822	(67,802)
Income taxes reported	898,749	400,269	330,903

The Company's income tax expense as presented differs from the amount that would be computed by applying the combined Canadian federal and provincial statutory income tax rate as a result of the following:

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Income before income taxes	2,871,191	1,475,075	1,241,452
Statutory income tax rate	26.50%	26.50%	26.50%
Income tax provision based on statutory income tax rate	760,866	390,895	328,985
Increase (decrease) in income taxes resulting from:			
Non-deductible expenses	137,883	9,374	1,918
Income taxes reported	898,749	400,269	330,903

24. COMMITMENTS AND CONTINGENCIES

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

Less than one year	885,289
Between one and five years	987,003
More than five years	41,300

Operating leases that were charged to income during the year ended December 31, 2014 totalled \$1,897,418 (2013 - \$1,181,511; 2012 - \$720,120).

- b) As at December 31, 2014, the Company was committed to purchasing rolling stock for \$8,542,238 during 2015.
- c) The Company has an unlimited cross guarantee between the parent company and itself in favour of the lenders to the parent company. The total obligations outstanding under this guarantee as at December 31, 2014 was \$16,592,046.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

25. SUBSEQUENT EVENTS

After the reporting period, the Company acquired MTL and land and building of MWL as described in note 6. In addition, a Schedule II bank made available to the Company credit facilities as detailed in note 14.

26. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to meet contractual obligations, ensure the Company's ability to continue as a going concern and to provide adequate return to shareholders both on a short-term and long-term basis. Management defines capital as share capital and retained earnings. Capital under management for the years ended December 31, 2014, 2013 and 2012 was as follows:

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Capital under management	6,748,686	4,376,244	2,199,208

The Company is not subject to any externally imposed capital requirements and has met its objectives for managing capital. There were no changes in the Company's approach to capital management during the year.

27. 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.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

28. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation adopted for the current year as follows:

- i) The consolidated statement of cash flows for the year ended December 31, 2013 has been updated to reflect the separate disclosure of finance lease receivables in the amount of \$447,411. This change did not impact the Company's ending cash balance.
- ii) The consolidated statement of cash flows for the year ended December 31, 2013 has been updated to show an decrease in cash received from customers of \$447,411 to \$41,852,110 from its previous balance of \$42,299,521. This reclassification is necessary to support the classification of finance lease receivables noted above. This change did not impact the Company's ending cash balance.
- iii) The consolidated statement of cash flows for the year ended December 31, 2013 has been updated to show an decrease in cash paid to suppliers and employees of \$576,374 to \$39,859,590 from its previous balance of \$40,435,964. This reclassification is necessary to support the classification of finance lease receivables noted above. This change did not impact the Company's ending cash balance.
- iv) The consolidated statement of cash flows for the year ended December 31, 2013 has been updated to show a decrease in cash flows from acquisition of property and equipment of \$742,869 to \$2,670,830 from \$3,413,699. This reclassification is necessary to more accurately disclose the cash flows from finance lease receivables and the acquisition and disposition of property and equipment. This change did not impact the Company's ending cash balance.
- v) The consolidated statement of cash flows for the year ended December 31, 2013 has been updated to show a decrease in cash flows from disposition of property and equipment of \$1,319,243 to \$585,043 from \$1,904,286. This reclassification is necessary to more accurately disclose the cash flows from the acquisition and disposition of property and equipment. This change did not impact the Company's ending cash balance.
- vi) The consolidated statement of cash flows for the year ended December 31, 2012 has been updated to reflect the separate disclosure of finance lease receivables in the amount of \$413,294. This change did not impact the Company's ending cash balance.
- vii) The consolidated statement of cash flows for the year ended December 31, 2012 has been updated to show an decrease in cash received from customers of \$413,294 to \$34,313,853 from its previous balance of \$34,727,147. This reclassification is necessary to support the classification of finance lease receivables noted above. This change did not impact the Company's ending cash balance.
- viii) The consolidated statement of cash flows for the year ended December 31, 2012 has been updated to show an decrease in cash paid to suppliers and employees of \$752,175 to \$29,497,928 from its previous balance of \$30,250,103. This reclassification is necessary to support the classification of finance lease receivables noted above. This change did not impact the Company's ending cash balance.
- ix) The consolidated statement of cash flows for the year ended December 31, 2012 has been updated to show an increase in cash flows from acquisition of property and equipment of \$752,175 to \$906,032 from \$153,857. This reclassification is necessary to more accurately disclose the cash flows from finance lease receivables and the acquisition of property and equipment. This change did not impact the Company's ending cash balance.
- x) The operating segments and property and equipment notes for the years ended December 31, 2013 and 2012 have been updated to reflect the above changes.
- xi) The property and equipment note for the year ended December 31, 2013 has been updated to separately disclose additions through business combinations from other additions.

Titanium Transportation Group Inc.

Notes to Consolidated Financial Statements

years ended December 31, 2014, 2013 and 2012

(in Canadian dollars)

29. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by the Board of Directors on March 18, 2015.

SCHEDULE "B"
Titanium MD&A

See attached.



Management's Discussion and Analysis

For the years ended
December 31, 2014 and 2013

Dated March 19, 2015

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the years ended December 31, 2014 and 2013

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis ("MD&A"), which provides a comparative overview of the Company's performance for the years ended December 31, 2014 and 2013 and the Company's financial position as at December 31, 2014 and 2013. Throughout this MD&A, the term "Company" shall mean Titanium Transportation Group Inc. and all of its wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes ("consolidated financial statements") as at and for the years ended December 31, 2014, 2013 and 2012.

The consolidated financial statements of the Company and extracts from those consolidated 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 financial statements for the years ended December 31, 2014, 2013 and 2012 were approved by its Board of Directors on March 18, 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.

The information in this report is dated as of March 19, 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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the years ended December 31, 2014 and 2013

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 600 customers across various industries, including large multinational corporations.

Revenues for the years ended December 31, 2012, 2013 and 2014 were \$32.7 million, \$42 million and \$71.7 million, respectively and EBITDA for the years ended December 31, 2012, 2013 and 2014 were \$2.6 million, \$2.7 million and \$6 million, respectively. 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 has seen significant growth in its workforce and fleet from 2012 to 2014. Total full-time employees, which are comprised of company drivers, owner operators, operations personnel and administrative personnel, working for the Company as of December 31, 2012, 2013 and 2014 were 142, 182 and 239, respectively. Total power units active for the Company as of December 31, 2012, 2013 and 2014 were 72, 134 and 176, respectively. As at the same dates, total trailers being used by the Company were 260, 450 and 647, respectively.

The Company acquired three new businesses during the year ended December 31, 2013 and two new businesses during the year ended December 31, 2014. In addition to organic growth, the Company plans to continue to grow through business acquisitions.

RESULTS OF OPERATIONS

Financial Highlights

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Revenue	71,737,462	42,040,258	32,707,705
Expenses	65,696,324	39,330,740	30,101,608
EBITDA ⁽¹⁾	6,041,138	2,709,518	2,606,097
EBITDA ⁽¹⁾ as a % of revenue	8.4 %	6.4 %	8.0 %
Depreciation	2,741,473	1,105,907	1,075,911
Gain on sale of property and equipment	(225,831)	(261,417)	-
Finance costs	739,725	389,953	288,734
Finance income	(85,420)	-	-
Income before income taxes	2,871,191	1,475,075	1,241,452
Income tax expense	898,749	400,269	330,903
Net income and comprehensive income	1,972,442	1,074,806	910,549
Net income and comprehensive income attributable to the owners of the Company	1,972,442	1,038,533	868,373
Net income per share (basic and diluted)	0.18	0.10	0.09 ⁽²⁾

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

(2) Reflects reorganization that took place on July 31, 2013.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the years ended December 31, 2014 and 2013

RESULTS OF OPERATIONS - continued

Selected Segmented Financial Information (unaudited)

	<i>Truck</i>				
	<i>Transportation</i>	<i>Logistics</i>	<i>Corporate</i>	<i>Elimination</i>	<i>Total</i>
For the year ended December 31, 2014					
Revenue	43,210,711	28,968,827	-	(442,076)	71,737,462
Expenses	38,604,354	26,543,805	990,241	(442,076)	65,696,324
EBITDA ⁽¹⁾	4,606,357	2,425,022	(990,241)	-	6,041,138
EBITDA ⁽¹⁾ as a % of revenue	10.7 %	8.4 %			8.4 %
For the year ended December 31, 2013					
Revenue	25,699,518	16,593,525	-	(252,785)	42,040,258
Expenses	23,762,904	15,415,147	405,474	(252,785)	39,330,740
EBITDA ⁽¹⁾	1,936,614	1,178,378	(405,474)	-	2,709,518
EBITDA ⁽¹⁾ as a % of revenue	7.5 %	7.1 %			6.4 %
For the year ended December 31, 2012					
Revenue	17,236,277	15,755,611	-	(284,183)	32,707,705
Expenses	15,301,982	14,867,216	216,593	(284,183)	30,101,608
EBITDA ⁽¹⁾	1,934,295	888,395	(216,593)	-	2,606,097
EBITDA ⁽¹⁾ as a % of revenue	11.2 %	5.6 %			8.0 %

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

Revenue

For the year ended December 31, 2013, revenue increased by \$9,332,553 compared to the year ended December 31, 2012, primarily due to the truck transportation segment. The increase in truck transportation revenue was largely a result of three acquisitions made during the year: Flatliners Express Inc. ("FEI") on February 1, which contributed \$1,687,695 in revenue; Gary Jackson Transportation Limited ("GJT") on April 1, which contributed \$1,901,429 in revenue; and JTS Inc. ("JTS") on September 1, which contributed \$3,251,776 in revenue. In addition, revenue in other subsidiaries also increased organically as these companies increased capacity to meet customer demands.

Logistics also saw an increase in revenue during the year ended December 31, 2013 over the year ended December 31, 2012 of \$837,914. This can be attributed to an increase in the demand for truck transportation near the end of 2013 (due, in part, to the strengthening of the American economy) and new business brought in by newly hired sales associates.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the years ended December 31, 2014 and 2013

RESULTS OF OPERATIONS - continued

Revenue - continued

Revenue increased again by \$29,697,204 during the year ended December 31, 2014. The truck transportation segment contributed \$17,511,193 to this increase through organic growth, the acquisitions of Wm. H. Cain Agency Limited ("Cain") and Georgian Bay Transport ("GBT") on July 1, 2014 and October 1, 2014, respectively, and a full year of revenue related to companies acquired during the previous year. Cain contributed \$4,420,928 to revenue and GBT contributed \$739,235 during the year ended December 31, 2014.

Logistics also saw a significant increase in revenue of \$12,375,302 during the year ended December 31, 2014 over 2013. The increase was largely due to new business generated by new sales associates during the year. In addition, the growth of the truck transportation segment contributed to the success of the logistics segment as well.

EBITDA

The Company saw a decrease in EBITDA as a percentage of revenue from 8% to 6.4% for the year ended December 31, 2013 over the year ended December 31, 2012; however, there was no overall decrease in EBITDA. The decrease in EBITDA as a percentage of revenue is entirely due to the truck transportation segment as the logistics segment saw an increase in EBITDA as a percentage of revenue of 1.5 percentage points over this period. The increase for the logistics segment can be largely attributed to the strengthening of the American economy. EBITDA decreased as a percentage of revenue for the truck transportation segment due to synergies pertaining to acquisitions made in 2013 not yet being fully realized. In addition, the year ended December 31, 2013 saw increases in fuel prices and licensing fees as well as rate cuts for certain customers.

EBITDA as a percentage of revenue then increased to 8.4% for the year ended December 31, 2014, surpassing EBITDA as a percentage of revenue for the year ended December 31, 2012, which was 8%. This is a result of both the truck transportation and logistics segments, whose EBITDA's both more than doubled for the year ended December 31, 2014 when compared to the year ended December 31, 2013.

The increase in EBITDA as a percentage of revenue for logistics of 1.3 percentage points was a result of a higher volume of revenue compared to relatively stable fixed costs. The increase in EBITDA as a percentage of revenue for the truck transportation segment of 3.2 percentage points is mainly a result of synergies pertaining to the acquisitions of FEI, GJT and JTS in the previous year that fully materialized during the current year. Examples of achieved synergies include the reduction of overhead expenses through the integration of operations with other subsidiaries and better utilization of equipment. The use of more fuel efficient power units and a general decrease in fuel prices also contributed to an increased EBITDA as a percentage of revenue. EBITDA as a percentage of revenue did not yet return to levels achieved in 2012 because synergies pertaining to the acquisition of Cain and GBT were not in place for the full period since acquisition.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the years ended December 31, 2014 and 2013

RESULTS OF OPERATIONS - continued

Expenses

Expenses increased during the year ended December 31, 2013 over 2012 by \$9,229,132 as a result of additional overhead acquired from the FEI, GJT and JTS acquisitions during that year. Synergies related to these acquisitions were not fully realized until the following year.

Expenses increased again during the year ended December 31, 2014 by \$26,365,584. The increase for logistics of \$11,128,658 is a result of the hiring of new sales associates as well as an increase in existing associate commissions due to increased sales volumes. The truck transportation segment increase of \$14,841,450 is a result of a full year of expenses pertaining to the acquisitions of FEI, GJT and JTS in the prior year as well as additional expenses pertaining to the acquisitions of Cain and GBT during 2014.

Depreciation increased from 2012 to 2014 as a result of the acquisition of additional equipment through both the Company's business acquisitions during 2013 and 2014 as well as through the Company's investment in new equipment. A total of \$7,927,984 and \$11,621,918 was acquired through business acquisitions and regular equipment investments during the years ended December 31, 2013 and 2014, respectively.

Finance costs have also steadily increased from 2012 to 2014 as the Company increased its borrowing to finance its business acquisitions in 2013 and 2014 and to finance new equipment purchases.

LIQUIDITY AND CAPITAL RESOURCES

	<i>2014</i>	<i>2013</i>	<i>2012</i>
Working capital (deficit) ⁽¹⁾	(4,037,000)	(1,273,514)	1,384,491
Total assets	42,067,259	21,271,877	11,935,230
Debt ⁽²⁾	12,191,889	6,343,275	2,149,676
Shareholders' equity	6,748,686	4,376,244	2,301,438
Debt to equity ratio ⁽³⁾	1.81	1.45	0.93

(1) Working capital (deficit) is defined as current assets less current liabilities. For comparability purposes, due to corporate shareholder has been included in current liabilities for all years.

(2) Debt is defined as loans payable and finance lease liabilities, both current and long-term portions.

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

Working capital has been decreasing and the Company's debt to equity ratio has been increasing from 2012 to 2014 as a result of the Company taking advantage of available leveraging to grow through business acquisitions. The proven success and profitability of the Company has allowed for increased borrowing over time. Working capital includes amounts due to the Company's corporate shareholder, Trunkeast Investments Canada Limited ("Trunkeast"), of \$9 million, \$4 million and \$3 million, for 2014, 2013 and 2012, respectively. These amounts are due on demand but were not expected to be repaid, except for the balance as at December 31, 2014, which will be replaced with a demand operating facility subsequently provided by a Schedule II bank. In addition, 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. Management believes that the Company's operating cash flows are sufficient to meet its working capital requirements to fund daily operating activities, meet regular debt repayment obligations and to provide for future growth of its business.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the years ended December 31, 2014 and 2013

LIQUIDITY AND CAPITAL RESOURCES - continued

Total assets almost doubled when comparing December 31, 2013 to 2012 and then again for December 31, 2014 when compared to 2013. The acquisitions of FEI, GJT and JTS during the year ended December 31, 2013 contributed \$770,345, \$389,709 and \$2,920,579 to total assets, respectively, net of cash spent to acquire them. Similarly, Cain and GBT contributed \$2,451,821 and \$1,179,382 to total assets, respectively, during the year ended December 31, 2014, net of cash spent to acquire them. In addition, new property and equipment totalling \$9,875,004 was purchased during 2014 and \$6,000,134 during 2013. 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 funding towards the purchase of new equipment. Management believes there is sufficient financing available to fund planned capital expenditures in the future.

The amount of off-balance sheet financing that the Company uses, by way of operating leases, is not significant when compared to balance sheet financing. Operating leases mainly pertain to the use of the Company's terminals, warehouse and office space but does 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.

Common Shares

As of December 31, 2014, there were 11,028,032 common shares of the Company outstanding. Subsequently, there were 280,374 common shares of the Company issued as part of the Company's acquisition of the business operations of Muskoka Transport Limited ("MTL") on March 1, 2015. The shares issued are subject to an escrow agreement whereby 20% of the shares will be released every year starting March 1, 2016. In addition, the shares are subject to, among other things, working capital adjustments that cannot yet be determined. As a result, there are 11,308,406 common shares of the Company outstanding as of March 19, 2015.

Effective November 20, 2014, the Company entered into an agreement (the "Definitive Agreement") with Northeastern Group Inc. ("Northeastern"), which contemplates the reverse takeover (the "RTO") of Northeastern by Titanium by way of a "three-cornered" amalgamation under the provisions of the Canada Business Corporations Act. If completed, the RTO will result in the Company amalgamating with a wholly-owned subsidiary of Northeastern, and the resulting amalgamated entity will continue as a wholly-owned subsidiary of Northeastern. In connection with the RTO, the Company has applied to list the common shares of Northeastern on the TSX Venture Exchange (the "TSXV"). Conditional approval of the TSXV for the listing is a condition precedent to the completion of the RTO.

In addition, as contemplated by the Definitive Agreement, Titanium completed a non-brokered private placement of subscription receipts (the "Subscription Receipts") for gross proceeds of approximately \$6.7 million (the "Private Placement"). Each Subscription Receipt was sold at a price of \$1.50 (the "Issue Price") and shall be exchanged, for no additional consideration, for one unit of the Company (each, a "Titanium Unit") following the satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), which must be satisfied prior to 5:00 p.m. (Toronto time) on the date that is 90 days following the closing of the Private Placement (which period may be extended by the Company for up to an additional 30 days) (the "Deadline"). If the Escrow Release Conditions are not satisfied prior to the Deadline, the Company will repurchase the Subscription Receipts for cancellation at a repayment price per Subscription Receipt equal to the Issue Price.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the years ended December 31, 2014 and 2013

LIQUIDITY AND CAPITAL RESOURCES - continued

Common shares - continued

Each Titanium Unit will be comprised of one common share of the Company and one warrant to acquire a common share of the Company (a "Titanium Warrant"). As a part of the RTO, the Titanium Units issued pursuant to conversion of the Subscription Receipts will be exchanged for an equivalent number of units of Northeastern. Assuming the Escrow Release Conditions are satisfied, each Subscription Receipt will ultimately entitle the holder thereof to one unit of Northeastern, comprised of one Northeastern common share and one Northeastern warrant. Each Northeastern Warrant will entitle the holder to acquire a Northeastern common share at the exercise price of \$2.50 per share for a period of up to 36 months following the date the Northeastern common shares are listed on the TSXV. The Northeastern warrants will be subject to accelerated expiry if the volume weighted average price of the Northeastern common shares is no less than \$3.00 per Northeastern common share (subject to customary adjustments) for 20 consecutive trading days.

SUBSEQUENT EVENTS

To expand the Company's customer base and take advantage of customer synergies, the Company acquired all the outstanding shares of MTL as well as land and building owned by Muskoka Warehousing Limited ("MWL") on March 1, 2015. The purchase price for the shares was \$2,800,000, consisting of \$1,900,000 in cash and \$900,000 in share consideration (with share consideration being subject to an adjustment based on, among other things, the working capital deficiency of MTL at the time of closing). The purchase price for the land and building of MWL was \$1,100,000, consisting of \$100,000 in cash and \$1,000,000 in an interest free mortgage payable monthly over 10 years.

In addition, a Schedule II bank (the "Bank") made the following credit facilities available to the Company: (i) a CDN\$15,000,000 revolving demand operating facility; (ii) a CDN\$5,000,000 non-revolving acquisition facility; (iii) a CDN\$10,000,000 capital lease loan facility; (iv) a US\$ 5,000,000 (face value) F/X forward contract facility; and (v) a CDN\$100,000 MasterCard loan facility. These credit facilities are intended to replace the credit facilities currently made available by Trunkeast to the Company, and all loans advanced by Trunkeast to the Company will be repaid in full by loans advanced under the credit facilities made available by the Bank to the Company.

NON-IFRS FINANCIAL MEASURE

This MD&A includes the financial measure "Earnings before interest, income taxes, depreciation and amortization" ("EBITDA") that does not have any standardized meaning under IFRS and may not be comparable to similar measures employed by other companies. EBITDA is calculated as net income before finance income and costs, income tax expense, depreciation, amortization, asset impairments and gains or losses on the sale of equipment. Management of the Company believes that EBITDA is a useful measure for investors and other readers when used in conjunction with other IFRS financial measures. However, EBITDA is 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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the years ended December 31, 2014 and 2013

TRANSACTIONS WITH RELATED PARTIES

During the years ended December 31, 2014, 2013 and 2012, the Company provided transportation services to companies under common control. These companies included Vision Extrusions Group Limited, Vision Ecoproducts Limited and Sunview Patio Doors Ltd., and aggregate revenues from such companies totalled \$3,181,905, \$2,299,696 and \$1,739,831, respectively, for these years. In addition, the Company provided transportation services to Waltham Extrusions Limited, a company in which Vision Extrusions Group Limited holds a significant interest. Revenues from this company totalled \$NIL, \$209,365 and \$475,424 for the years ended December 31, 2014, 2013 and 2012, respectively. The Company also rents its head office and distribution terminal from Vaughan West II Limited and its premises located at 72 Rainbow Creek Boulevard, Vaughan, Ontario from Roybridge Holdings Limited, both companies under common control. Total rent paid to these companies for the years ended December 31, 2014, 2013 and 2012 was \$400,451, \$392,810 and \$396,825, respectively.

Trunkeast, the Company's controlling shareholder, has provided financing to the Company as needed to fund acquisitions and any working capital shortfalls. The amount due to Trunkeast as of December 31, 2014, 2013 and 2012 was \$9 million, \$4 million and \$3 million, respectively. Interest charged by Trunkeast for the years ended December 31, 2014, 2013 and 2012 was \$259,018, \$96,868 and \$52,877, respectively. Trunkeast also provides administrative and support services to the Company on an annual basis. For these services, the Company was charged \$86,400, \$69,600 and \$55,200 for the years ended December 31, 2014, 2013 and 2012, respectively.

In addition, the Company was charged \$52,800 annually for interest by 1525359 Ontario Limited, a company controlled by an individual related to the individual who controls Trunkeast. This debt was repaid by December 31, 2014.

CHANGES IN ACCOUNTING POLICIES

The following new standards and amendments to standards are not yet effective for the year ended December 31, 2014 and have not been applied in preparing the consolidated financial statements. The full description of each of these recent pronouncements is available in our consolidated financial statements.

IFRS 9, Financial Instruments

IFRS 15, Revenue from Contracts with Customers

SCHEDULE "C"
CanCo Financial Statements

See attached.

9050400 Canada Inc.

Interim Financial Statements

For the period from incorporation (October 14, 2014) to December 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Director of 9050400 Canada Inc.

We have audited the accompanying interim financial statements of 9050400 Canada Inc., which comprises the interim statement of financial position as at December 31, 2014, the interim statements of income and comprehensive income, changes in equity and cash flows for the period from incorporation (October 14, 2014) to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the interim financial statements present fairly, in all material respects, the interim financial position of 9050400 Canada Inc. as at December 31, 2014 and its financial performance and its cash flows for the period from incorporation (October 14, 2014) to December 31, 2014 in accordance with International Financial Reporting Standards.

Williams & Partners

Chartered Accountants LLP
Licensed Public Accountants

Markham, Ontario
February 6, 2015

9050400 Canada Inc.
Interim Statement of Financial Position*
December 31, 2014

	<u>2014</u> <u>\$</u>
Assets	
Current	
Cash	100
Liabilities	
Current	
Advances from shareholder (note 4)	<u>5,664</u>
<i>Subsequent events and commitments (note 8)</i>	
Equity	
Share capital (note 5)	100
Retained earnings (deficit)	<u>(5,664)</u>
	<u>(5,564)</u>
	<u>100</u>

On behalf of the Board



Director

*All amounts are denoted in Canadian Dollars.

9050400 Canada Inc.

Interim Statement of Income and Comprehensive Income*

for the period from incorporation (October 14, 2014) to December 31, 2014

	<u>2014</u> <u>\$</u>
Revenue	<u>-</u>
Expenses	
Professional fees	<u>5,664</u>
Net income (loss) and comprehensive income (loss)	<u>(5,664)</u>
Earnings (loss) per share:	
Basic	(0.00)
Diluted	(0.00)
Weighted average number of shares outstanding:	
Basic (note 5)	1,466,667
Diluted (note 5)	<u>1,466,667</u>

9050400 Canada Inc.

Interim Statement of Changes in Equity*

for the period from incorporation (October 14, 2014) to December 31, 2014

	<i>Share capital</i> \$	<i>Retained earnings (deficit)</i> \$	\$
Balance, beginning (October 14, 2014)	-	-	-
Treasury shares issued	100	-	100
Net income (loss) and comprehensive income (loss)	-	(5,664)	(5,664)
Balance, ending	100	(5,664)	(5,564)

9050400 Canada Inc.

Interim Statement of Cash Flows*

for the period from incorporation (October 14, 2014) to December 31, 2014

	<u>2014</u> <u>\$</u>
Cash flows from operating activities	
Cash paid to suppliers	<u>(5,664)</u>
Cash flows from financing activities	
Advances from shareholder	5,664
Issuance of shares	<u>100</u>
	<u>5,764</u>
Increase in cash	100
Cash, beginning	<u>-</u>
Cash, ending	<u>100</u>

9050400 Canada Inc.

Notes to Interim Financial Statements*

December 31, 2014

1. BASIS OF PRESENTATION

9050400 Canada Inc. ("the Company") was incorporated on October 14, 2014 under the Canada Business Corporations Act and governed under the laws of the Province of Ontario. These interim financial statements are prepared as the Company is in the process of participating in the reverse takeover transaction as described in note 8. To date, the company has not generated any revenue and as such is dependent upon the shareholder until such time as commercial activities commence. The Company was formed for the purposes of engaging in venture capital and merchant banking activities. The registered office of the Company is at 40 King Street West, Suite 2100, Toronto, Ontario, M5H 3C2.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The interim financial statements have been prepared on a going concern basis using historical cost. These 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. These interim financial statements were authorized for issue by the Board of Directors on February 6, 2015.

Revenue recognition

The Company recognizes revenue when services are completed and collection is probable.

Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand, cash on deposit, and money market securities with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

Share capital

Share capital represents the amount received on the issue of shares. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Income taxes

The Company records an income tax asset or liability by calculating the amounts expected to be recovered from, or paid to, the taxation authorities. The current income taxes payable is based on the taxable income for the period which may differ from the income which has been reported on the interim statement of income and comprehensive income and the interim statement of changes in equity due to the treatment of certain amounts for tax purposes. Enacted or substantively enacted tax rates were used to compute the current income taxes payable. Subsequent changes in taxes arising from a change in tax rates will be recognized in the period in which the change is effective. Deferred tax assets and liabilities, when presented, reflect temporary differences between the accounting and tax basis of an asset an liability, or both.

Financial instruments

All of the Company's financial assets are classified as loans and receivables. Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost using the effective interest rate method with gains and losses recorded as a charge against earnings.

Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all potentially dilutive common shares.

Use of judgements and estimates

The preparation of financial statements in accordance with IFRS, requires management to make estimates, judgements and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Management periodically reviews its estimates, judgements and underlying assumptions relating to the existence of contingent assets and liabilities. Due to the inherent uncertainty involved with making such estimates and judgements, actual results could differ from those reported. As adjustments become necessary, they are reported in earnings in the period in which they become known.

3. FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities

The fair value of a financial instrument is the estimated amount that the Company would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash and advances from shareholder approximate their fair values due to their nature or capacity for prompt liquidation.

Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework but has delegated to management the responsibility for monitoring and managing the risks that the Company faces. The Company manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with the Risk Management Policy of the Company's management. The Company's risk management policies are established to identify and analyze the the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions in relation to the Company's activities.

The Company is not currently exposed to any significant credit, liquidity or market risk.

4. ADVANCES FROM SHAREHOLDER

The advances from shareholders are unsecured, non-interest bearing, and due on demand.

5. SHARE CAPITAL

	<u>2014</u> <u>\$</u>
Authorized	
Unlimited number of common shares	
Issued	
1,466,667 Common shares	<u>100</u>

On October 14, 2014, the Company issued 1,466,667 Common shares for cash proceeds of \$100.

6. RELATED PARTY TRANSACTIONS

During the year, the shareholder paid certain expenses on behalf of the Company, which include professional fees, totaling \$5,664.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. INCOME TAXES

The Company has not recognized a deferred tax asset relating to approximately \$5,600 of unused tax losses that are set to expire in 2035. It is not yet probable that taxable profit will be available against which the losses can be utilized.

8. SUBSEQUENT EVENTS AND COMMITMENTS

On November 20, 2014, the Company entered into an agreement (the "Definitive Agreement") with Northeastern Group Inc. ("Northeastern") and Titanium Transportation Group Inc. ("Titanium"), which contemplates the reverse takeover (the "RTO") of Northeastern by Titanium by way of a "three-cornered" amalgamation under the provisions of the Canada Business Corporations Act. If completed, the RTO will result in the Company amalgamating with Titanium and a wholly-owned subsidiary of Northeastern, and the resulting amalgamated entity will continue as a wholly-owned subsidiary of Northeastern. In connection with the RTO, Titanium has applied to list the common shares of Northeastern on the TSX Venture Exchange (the "TSXV"). Conditional approval of the TSXV for the listing is a condition precedent to the completion of the RTO.

Under the Definitive Agreement, the completion of the RTO is subject to a number of conditions precedent being satisfied, including that Titanium is satisfied in its sole discretion that: (i) an equity contribution or investment in the Company has been made so that at the time of the completion of the RTO, the Company has a cash balance of not less than \$350,000, less amounts paid by the Company to repay indebtedness owing by Northeastern and to pay reasonable third-party costs incurred by Northeastern necessary to complete the RTO; and (ii) the Company has no liabilities.

9. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to meet contractual obligations, ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholder both on a short-term and long-term basis.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or debentures or return capital to its shareholder.

10. 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 recognising 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.

SCHEDULE "D"
Resulting Issuer Pro-Forma Financial Statements

See attached.



Unaudited Pro Forma Consolidated Financial Statements

Years ended December 31, 2014 and 2013

Titanium Transportation Group Inc.
Pro Forma Consolidated Statement of Financial Position
December 31, 2014

(unaudited)

	<i>Titanium Transportation Group Inc.</i>	<i>Northeastern Group Inc.</i>	<i>9050400 Canada Inc.</i>	<i>Consolidated</i>	<i>Notes</i>	<i>Pro Forma Adjustments</i>	<i>Pro Forma Consolidated</i>
Assets							
Current							
Cash	350,763	1,562	100	352,425	3(a) 3(c) 3(e) 3(e)	(100) 6,615,297 10,000 (2,000,000)	4,977,622
Trade and other receivables	14,793,088	6,475	-	14,799,563	3(e)	900,000	15,699,563
Finance lease receivables	504,052	-	-	504,052		-	504,052
Prepaid expenses and deposits	569,514	-	-	569,514	3(e)	630,000	1,199,514
Restricted cash	5,632,165	-	-	5,632,165	3(c)	(5,632,165)	-
	21,849,582	8,037	100	21,857,719		523,032	22,380,751
Finance lease receivables	921,372	-	-	921,372		-	921,372
Property and equipment	16,566,433	-	-	16,566,433	3(e)	11,300,000	27,866,433
Deferred tax asset	31,361	-	-	31,361		-	31,361
Goodwill	2,698,511	-	-	2,698,511		-	2,698,511
	42,067,259	8,037	100	42,075,396		11,823,032	53,898,428
Liabilities							
Current							
Bank indebtedness	1,471,304	-	-	1,471,304	3(e) 3(f)	1,200,000 9,000,000	11,671,304
Trade and other payables	5,140,975	19,717	-	5,160,692	3(a) 3(e)	300,000 2,700,000	8,160,692
Current taxes payable	414,037	-	-	414,037		-	414,037
Loans payable	2,469,109	-	-	2,469,109	3(e)	3,100,000	5,569,109
Finance lease liabilities	1,508,992	-	-	1,508,992	3(e)	600,000	2,108,992
Due to corporate shareholder	9,000,000	-	-	9,000,000	3(f)	(9,000,000)	-
Due to related parties	250,000	119,563	5,664	375,227	3(a)	(98,819)	276,408
Private placement funds held in trust	5,632,165	-	-	5,632,165	3(c)	(5,632,165)	-
	25,886,582	139,280	5,664	26,031,526		2,169,016	28,200,542
Loans payable	5,001,163	-	-	5,001,163	3(e)	1,040,000	6,041,163
Finance lease liabilities	3,212,625	-	-	3,212,625	3(e)	1,400,000	4,612,625
Due to related parties	200,000	-	-	200,000		-	200,000
Deferred tax liabilities	1,018,203	-	-	1,018,203		-	1,018,203
	35,318,573	139,280	5,664	35,463,517		4,609,016	40,072,533
Shareholders' Equity							
Share capital (note 4)							
	2,080,000	2,308,501	100	4,388,601	3(a) 3(a) 3(b) 3(b) 3(b) 3(b) 3(c) 3(c) 3(c) 3(e)	355,564 93,155 (2,401,656) 200,000 2,200,001 (355,664) 6,732,147 (219,917) (116,850) 800,000	11,675,381
Contributed surplus	-	-	-	-	3(c) 3(d)	219,917 73,150	293,067
Retained earnings	4,668,686	(2,439,744)	(5,664)	2,223,278	3(a) 3(b) 3(b) 3(b) 3(b) 3(d)	(650,000) 2,439,744 (238,088) 5,664 (1,850,001) (73,150)	1,857,447
	6,748,686	(131,243)	(5,564)	6,611,879		7,214,016	13,825,895
	42,067,259	8,037	100	42,075,396		11,823,032	53,898,428

See accompanying notes

Titanium Transportation Group Inc.

Pro Forma Consolidated Statement of Comprehensive Income

year ended December 31, 2013

(unaudited)

	<i>Titanium Transportation Group Inc.</i>	<i>Northeastern Group Inc.</i>	<i>9050400 Canada Inc.</i>	<i>Consolidated</i>	<i>Notes</i>	<i>Pro Forma Adjustments</i>	<i>Pro Forma Consolidated</i>
Revenue	42,040,258	-	-	42,040,258		-	42,040,258
Expenses							
Carriers and independent contractors	22,776,793	-	-	22,776,793		-	22,776,793
Vehicle operating	7,211,502	-	-	7,211,502		-	7,211,502
Wages and casual labour	7,004,106	15,893	-	7,019,999	3(d)	125,125	7,145,124
Other operating	2,338,339	-	-	2,338,339	3(d)	87,500	2,425,839
	39,330,740	15,893	-	39,346,633		212,625	39,559,258
Income (loss) before the following	2,709,518	(15,893)	-	2,693,625		(212,625)	2,481,000
Depreciation	1,105,907	-	-	1,105,907		-	1,105,907
Gain on sale of property and equipment	(261,417)	-	-	(261,417)		-	(261,417)
Finance costs	389,953	-	-	389,953		-	389,953
Reverse takeover costs	-	-	-	-	3(a) 3(b) 3(b)	628,269 238,088 1,850,001	
	1,234,443	-	-	1,234,443		2,716,358	3,950,801
Income (loss) before income taxes	1,475,075	(15,893)	-	1,459,182		(2,928,983)	(1,469,801)
Income tax expense	400,269	-	-	400,269		-	400,269
Net income and comprehensive income	1,074,806	(15,893)	-	1,058,913		(2,928,983)	(1,870,070)
Pro forma basic and diluted earnings (loss) per share							(0.07)
Pro forma basic and diluted weighted average number of common shares							27,656,691

See accompanying notes

Titanium Transportation Group Inc.

Pro Forma Consolidated Statement of Comprehensive Income

year ended December 31, 2014

(unaudited)

	<i>Titanium Transportation Group Inc.</i>	<i>Northeastern Group Inc. (note 5)</i>	<i>9050400 Canada Inc.</i>	<i>Consolidated</i>	<i>Notes</i>	<i>Pro Forma Adjustments</i>	<i>Pro Forma Consolidated</i>
Revenue	71,737,462	-	-	71,737,462	3(e)	32,487,139	104,224,601
Expenses							
Carriers and independent contractors	38,621,179	-	-	38,621,179	3(e)	2,932,325	41,553,504
Vehicle operating	11,448,574	-	-	11,448,574	3(e)	14,303,356	25,751,930
Wages and casual labour	11,645,423	-	-	11,645,423	3(d)	70,525	
					3(e)	11,880,564	23,596,512
Other operating	3,981,148	29,828	5,664	4,016,640	3(d)	68,950	
					3(e)	1,916,611	6,002,201
	65,696,324	29,828	5,664	65,731,816		31,172,331	96,904,147
Income (loss) before the following	6,041,138	(29,828)	(5,664)	6,005,646		1,314,808	7,320,454
Depreciation	2,741,473	-	-	2,741,473	3(e)	1,770,401	4,511,874
Gain on sale of property and equipment	(225,831)	-	-	(225,831)		-	(225,831)
Finance costs	739,725	-	-	739,725	3(e)	490,892	1,230,617
Finance income	(85,420)	-	-	(85,420)		-	(85,420)
	3,169,947	-	-	3,169,947		2,261,293	5,431,240
Income (loss) before income taxes	2,871,191	(29,828)	(5,664)	2,835,699		(946,485)	1,889,214
Income tax expense	898,749	-	-	898,749	3(e)	(213,858)	684,891
Net income and comprehensive income	1,972,442	(29,828)	(5,664)	1,936,950		(732,627)	1,204,323
Pro forma basic and diluted earnings per share							0.04
Pro forma basic and diluted weighted average number of common shares							29,938,221

See accompanying notes

1. BASIS OF PRESENTATION

These unaudited pro forma consolidated financial statements of Titanium Transportation Group Inc. (the "Company") have been prepared by management for illustrative purposes only, to show the effects of the proposed reverse takeover of Northeastern Group Inc. ("Northeastern") by the Company by way of a "three-cornered" amalgamation of the Company, 9050400 Canada Inc. ("CanCo") and 9105352 Canada Inc., a wholly-owned subsidiary of Northeastern (the "Transaction").

The unaudited pro forma consolidated financial statements have been prepared as if (a) the Transaction had occurred on January 1, 2013 for the purposes of the unaudited pro forma consolidated statements of comprehensive income for the years ended December 31, 2013 and 2014 and (b) the Company's acquisition of Muskoka Transport Limited ("MTL") had occurred on January 1, 2014 for the purposes of the unaudited pro forma consolidated statements of comprehensive income for the year ended December 31, 2014. The unaudited pro forma consolidated statement of financial position has been prepared as at December 31, 2014 as if the Transaction and the acquisition of MTL occurred on December 31, 2014.

The unaudited pro forma consolidated financial statements of the Company have been prepared using the following information:

- Audited consolidated financial statements of the Company as at and for the years ended December 31, 2014, 2013 and 2012;
- Audited financial statements of CanCo as at and for the period from incorporation (October 14, 2014) to December 31, 2014;
- Audited financial statements of Northeastern as at and for the year ended March 31, 2014;
- Unaudited condensed interim financial statements of Northeastern as at and for the nine months ended December 31, 2013;
- Unaudited condensed interim financial statements of Northeastern as at and for the nine months ended December 31, 2014; and
- Audited non-consolidated financial statements of MTL as at and for the year ended August 31, 2014.

Certain reclassifications have been made to the historical presentation to conform to the presentation adopted in the unaudited pro forma consolidated financial statements.

The financial year end of the Company is non-coterminous with the financial year end of Northeastern. The Company has a December 31 financial year end whereas Northeastern has a March 31 financial year end. However, given that the financial year end of Northeastern does not differ from that of the Company by more than 93 days, the unaudited pro forma consolidated statement of comprehensive income for the year ended December 31, 2013 has been prepared using information from the audited statement of operations and comprehensive loss of Northeastern for the year ended March 31, 2014. As a result, expenses and a net loss totalling \$7,625 in respect of the unaudited operating results of Northeastern for the three months ended March 31, 2014 have been included in both the unaudited pro-forma consolidated statement of comprehensive income for the year ended December 31, 2013 and the unaudited pro-forma consolidated statement of comprehensive income for the year ended December 31, 2014.

1. BASIS OF PRESENTATION - continued

The unaudited pro forma consolidated financial statements are not necessarily indicative of the results that would have actually occurred had the Transaction and acquisition of MTL been consummated at the dates indicated, nor are they necessarily indicative of future operating results or the financial position of the Company. The unaudited pro forma consolidated financial statements should be read in conjunction with the historical financial statements of the Company, Northeastern and CanCo.

These pro forma consolidated financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") and incorporate the principal accounting policies used to prepare the Company's financial statements. These pro forma consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

2. DESCRIPTION OF THE TRANSACTION

Effective November 20, 2014, the Company entered into an agreement (the "Definitive Agreement") with Northeastern and CanCo, which contemplates the reverse takeover (the "RTO") of Northeastern by Titanium by way of a "three-cornered" amalgamation under the provisions of the *Canada Business Corporations Act*. If completed, the RTO will result in the Company amalgamating with a wholly-owned subsidiary of Northeastern and CanCo, and the resulting amalgamated entity will continue as a wholly-owned subsidiary of Northeastern. In connection with the RTO, the Company has applied to list the common shares of Northeastern on the TSX Venture Exchange (the "TSXV"). Conditional approval of the TSXV for the listing is a condition precedent to the completion of the RTO.

Under the Definitive Agreement, the completion of the RTO is subject to a number of conditions precedent being satisfied, including that the Company is satisfied in its sole discretion that: (i) an equity contribution or investment in CanCo has been made so that at the time of the completion of the RTO, CanCo has a cash balance of not less than \$350,000, less amounts paid by CanCo to repay indebtedness owing by Northeastern and to pay reasonable third-party costs incurred by Northeastern necessary to complete the RTO; and (ii) CanCo has no liabilities.

In addition, as contemplated by the Definitive Agreement, Titanium completed a non-brokered private placement of subscription receipts (the "Subscription Receipts") for gross proceeds of approximately \$6.7 million (the "Private Placement") on December 19, 2014. Each Subscription Receipt was sold at a price of \$1.50 (the "Issue Price") and shall be exchanged, for no additional consideration, for one unit of the Company (each, a "Titanium Unit") following the satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), which must be satisfied prior to 5:00 p.m. (Toronto time) on the date that is 90 days following the closing of the Private Placement (which period may be extended by the Company for up to an additional 30 days) (the "Deadline"). If the Escrow Release Conditions are not satisfied prior to the Deadline, the Company will repurchase the Subscription Receipts for cancellation at a repayment price per Subscription Receipt equal to the Issue Price.

2. DESCRIPTION OF THE TRANSACTION - continued

Each Titanium Unit will be comprised of one common share of the Company and one warrant to acquire a common share of the Company. As a part of the RTO, the Titanium Units issued pursuant to conversion of the Subscription Receipts will be exchanged for an equivalent number of units of Northeastern. Assuming the Escrow Release Conditions are satisfied, each Subscription Receipt will ultimately entitle the holder thereof to one unit of Northeastern, comprised of one Northeastern common share and one Northeastern warrant. Each Northeastern warrant will entitle the holder to acquire a Northeastern common share at the exercise price of \$2.50 per share for a period of up to 36 months following the date the Northeastern common shares are listed on the TSXV. The Northeastern warrants will be subject to accelerated expiry if the volume weighted average price of the Northeastern common shares is no less than \$3.00 per Northeastern common share (subject to customary adjustments) for 20 consecutive trading days.

3. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

The following adjustments have been recorded in the pro forma consolidated financial statements to reflect the pro forma effects of the Transaction as described in the preceding notes:

- (a) Under the Definitive Agreement, the completion of the Transaction is subject to a number of conditions precedent being satisfied, including that the Company is satisfied that an equity contribution or investment has been made in CanCo such that, immediately prior to the closing of the Transaction, CanCo has a cash balance of not less than \$350,000, of which \$21,731 will be used to repay non-interest bearing debt incurred by Northeastern to fund expenses prior to the Transaction. Accordingly, an aggregate contribution of \$355,564 has been reflected for CanCo, representing a \$350,000 contribution in satisfaction of this condition and a \$5,564 contribution to extinguish CanCo's liabilities as at December 31, 2014. In addition, a portion of this amount will be used to pay reasonable third-party expenses incurred by Northeastern in connection with the Transaction. The remainder of the sum of \$350,000 will be used to repay the Company for reverse takeover costs and expenses expected to arise prior to the Transaction. Final reverse takeover costs and expenses are expected to cost \$300,000 in addition to the amount expected to be funded by CanCo. Final reverse takeover costs and expenses may differ from the preliminary estimates and these changes may be material. In addition, a condition precedent to the completion of the Transaction in favour of each of the Company, Northeastern and CanCo is that indebtedness owing by Northeastern to certain of its shareholders in the aggregate principal amount of \$93,155 is converted to shares of Northeastern prior to the Transaction.
- (b) The Transaction has been accounted for in the pro-forma consolidated financial statements 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 Northeastern and CanCo. The purchase price consideration agreed upon in the Definitive Agreement has been allocated on a preliminary pro forma basis to the fair value of net assets acquired as at December 31, 2014, the date of the pro forma consolidated statement of financial position, based upon management's best estimates. The purchase price allocation will be finalized once management has gathered and reviewed all relevant information. The final allocation of the purchase price consideration may differ from the preliminary estimates and these changes may be material. Transaction costs that were incurred in connection with the Transaction, other than costs associated with the financing, have been expensed as incurred.

3. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS - continued

In accordance with IFRS 2, Share-Based Payment, all of the outstanding common shares of Northeastern are being acquired by the Company in exchange for approximately 133,333 common shares valued at \$1.50 per share. Based on Northeastern's condensed interim statement of financial position as of December 31, 2014, after adjustments referred to in note 3(a), the net assets at fair value that are expected to be acquired by the Company and the resulting reverse takeover cost charged to the consolidated statement of comprehensive income is as follows:

Cash	1,562
Accounts receivable	6,475
Accounts payable and accrued liabilities	(19,717)
Due to related parties (note 3(a))	<u>(26,408)</u>
Total identifiable net assets acquired	(38,088)
Total share consideration	<u>200,000</u>
Reverse takeover cost	<u>238,088</u>

In accordance with IFRS 2, Share-Based Payment, all of the outstanding common shares of CanCo are being acquired by the Company in exchange for 1,466,667 common shares valued at \$1.50 per share. Based on CanCo's audited statement of financial position as of October 14, 2014, after adjustments referred to in note 3(a), the net assets at fair value that are expected to be acquired by the Company and the resulting reverse takeover cost charged to the consolidated statement of comprehensive income is as follows:

Cash (note 3(a))	350,000
Accounts payable and accrued liabilities (note 3(a))	<u>-</u>
Total identifiable net assets acquired	350,000
Total share consideration	<u>2,200,001</u>
Reverse takeover cost	<u>1,850,001</u>

3. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS - continued

- (c) On December 19, 2014, Titanium completed a non-brokered private placement of 4,488,098 subscription receipts at a price of \$1.50 per subscription receipt. Each subscription receipt will be exchanged for one share of Northeastern and one warrant of Northeastern. Each warrant will entitle the holder to acquire a Northeastern common share at the exercise price of \$2.50 per share for a period of up to 36 months following the date the Northeastern common shares are listed on the TSXV. In addition, as part of the private placement, 44,567 finder's warrants will be issued under the same terms as the previous warrants. The value of each warrant has been estimated at \$0.049 resulting in a total estimated fair value of \$219,917. The estimated fair value of warrants was calculated using the Black-Scholes option pricing model with the following assumptions: i) the expected life of each warrant is 3 years; ii) the risk free rate is 2.15%; iii) the dividend yield will be \$NIL; and iv) expected volatility is 23%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate. Gross proceeds of \$6,732,147 were collected in escrow, which do not reflect finder's fees of \$66,850 and issuance costs of \$50,000.
- (d) In conjunction with the Transaction, 1,275,000 stock options will be issued to employees and consultants. These stock options will have an exercise price of \$1.50, will expire in 5 or 10 years from the date of grant and have vesting periods ranging from 0-6 years. The value of each stock option with an expiry of 5 years has been estimated at \$0.37 and the value of each stock option with an expiry of 10 years has been estimated at \$0.55. The value of stock options that vest on issuance total \$73,150, that vest during the first year total \$139,475 and that vest during the following year total \$139,475. The estimated fair value of options was calculated using the Black-Scholes option pricing model with the following assumptions: i) the expected life of each option is 5 or 10 years as applicable; ii) the risk free rate is 2.15%; iii) the dividend yield will be \$NIL; and iv) expected volatility is 23%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.
- (e) To expand the Company's customer base and take advantage of customer synergies, the Company acquired all the outstanding shares of MTL as well as land and building owned by Muskoka Warehousing Limited ("MWL") on March 1, 2015. The purchase price for the shares was \$2,800,000, consisting of \$1,900,000 in cash and \$900,000 in share consideration (with share consideration being subject to an adjustment based on, among other things, the working capital deficiency of MTL at the time of closing). The purchase price for the land and building of MWL was \$1,100,000, consisting of \$100,000 in cash and \$1,000,000 in an interest free mortgage repayable monthly over 10 years. The Company does not yet have adequate information to complete the purchase price allocation over the identifiable net assets and goodwill of MTL and as such, management has prepared the following purchase price allocation, for purposes of these unaudited consolidated pro forma financial statements only, based on significant estimates and assumptions. The Company's final purchase price allocation may be materially different from this estimate. Similarly, the amount of any working capital adjustment cannot currently be determined but, based on information available to the management of the Company as at the date hereof, has been estimated at a decrease adjustment of \$100,000.

3. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS - continued

	<i>MTL Shares</i>	<i>Land and Building</i>	<i>Total</i>
Cash	10,000	-	10,000
Trade and other receivables	900,000	-	900,000
Prepaid expenses and deposits	630,000	-	630,000
Property and equipment	10,200,000	1,100,000	11,300,000
Bank indebtedness	(1,200,000)	-	(1,200,000)
Trade and other payables	(2,700,000)	-	(2,700,000)
Loans payable	(3,140,000)	-	(3,140,000)
Finance lease liabilities	(2,000,000)	-	(2,000,000)
Total identifiable net assets	2,700,000	1,100,000	3,800,000
Total consideration	2,700,000	1,100,000	3,800,000
Goodwill	-	-	-
Share consideration before adjustments	900,000	-	900,000
Purchase price adjustment	(100,000)	-	(100,000)
Estimated final share consideration	800,000	-	800,000
Cash consideration	1,900,000	100,000	2,000,000
Mortgage	-	1,000,000	1,000,000
Total estimated consideration	2,700,000	1,100,000	3,800,000

As more recent interim statements were not available for MTL, for purposes of the pro forma consolidated statement of comprehensive income for the year ended December 31, 2014, revenue and expenses of MTL for the year ended August 31, 2014 have been included subject to the following adjustments:

- A one time gain from bargain purchase of \$399,305 was excluded;
- Rent of \$72,000 paid to MWL for the use of land and building acquired by the Company was excluded;
- Amortization on the building acquired from MWL of \$35,200 was included; and
- An adjustment of \$194,407 for future taxes was made to be consistent with the Company's accounting policy for taxes.

- (f) Subsequent to December 31, 2014, all amounts due to corporate shareholder were repaid and refinanced under the Company's new credit facility.

4. SHARE CAPITAL

	<i>Number of Common Shares</i>	<i>Amount</i>
Share capital of Northeastern on December 31, 2014	26,295,567	2,308,501
Debt conversion (note 3(a))	9,315,407	93,155
Share consolidation (see below)	(35,477,641)	-
Issuance of shares to shareholders of the Company (see below)	24,133,333	2,880,000
Issuance of shares to shareholders of CanCo (note 3(b))	1,466,667	2,200,001
Accounting adjustment of share capital of resulting issuer as a result of a reverse takeover transaction (note 3(b))	-	(2,401,656)
	-	200,000
Gross proceeds from non-brokered private placement (note 3(c))	4,488,098	6,732,147
Finder's fees (note 3(c))	-	(66,850)
Issuance of warrants as part of non-brokered private placement (note 3(c))	-	(219,917)
Other issuance costs (note 3(c))	-	(50,000)
Share capital of resulting issuer	<u>30,221,431</u>	<u>11,675,381</u>

Immediately prior to completion of the Transaction, Northeastern will consolidate its outstanding common shares at a ratio of 267 pre-consolidation shares for each post-consolidation share, which is expected to result in total issued and outstanding common shares of approximately 133,333 (subject to rounding).

Share capital of the Company prior to the Transaction is expected to be as follows:

	<i>Number of Common Shares</i>	<i>Amount</i>
Share capital of the Company on December 31, 2014	11,028,032	2,080,000
Issuance of shares on acquisition of MTL (see below)	280,374	900,000
Estimated purchase price adjustment for acquisition of MTL	(31,153)	(100,000)
Subdivision of shares (see below)	<u>12,856,080</u>	<u>-</u>
Share capital of resulting issuer	<u>24,133,333</u>	<u>2,880,000</u>

Immediately prior to completion of the Transaction, the Company will subdivide its outstanding shares at a ratio of approximately 2.14 post-consolidation shares for each pre-consolidation share. The value of the shares issued as part of the acquisition of MTL is based on the Issue Price of \$1.50, adjusted for the expected subdivision of shares prior to completion of the Transaction.

5. RECONCILIATION OF NORTHEASTERN EXPENSES

The amount of other operating expenses for Northeastern on the pro forma consolidated interim statement of comprehensive income for the nine months ended December 31, 2014 can be reconciled to the following issued financial statements:

Audited financial statements of Northeastern as of and for the year ended March 31, 2014	15,893
Unaudited condensed interim financial statements of Northeastern as of and for the nine months ended December 31, 2013	(8,268)
Unaudited condensed interim financial statements of Northeastern as of and for the nine months ended December 31, 2014	<u>22,203</u>
	<u>29,828</u>