TITANIUM
Transportation Group Inc.

Management's Discussion and Analysis

For the first quarter ended
March 31, 2017

Dated May 9, 2017

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated May 9, 2017 ("MD&A"), which provides a comparative overview of the Company's performance for its three month period ended March 31, 2017 with the corresponding three month period ended March 31, 2016, and it reviews the Company's financial position as at March 31, 2017. Throughout this MD&A, the term "Company" shall mean Titanium Transportation Group Inc. and all of its direct and indirect wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2016 as well as the unaudited condensed consolidated interim financial statements of the Company for the first quarter ended March 31, 2017 ("consolidated interim financial statements").

The consolidated interim financial statements of the Company and extracts from those consolidated interim financial statements contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated interim financial statements comply with IAS 34, Interim Financial Reporting, and do not include all of the information required for annual financial statements. The Company's presentation currency is the Canadian dollar. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated. The Company's consolidated interim financial statements for the first quarter ended March 31, 2017 were approved by its Board of Directors on May 9, 2017. Readers are cautioned that certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumption prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, the information in this report is dated as of May 9, 2017. Additional information relating to the Company is available on SEDAR at www.sedar.com.

OVERVIEW

The Company is an asset-based transportation and logistics company servicing Canada and the United States with terminals in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario and additional parking/switch yards in Sudbury, Brantford, Brockville and Trenton, Ontario. The Company has over 1,000 customers across various industries, including large multinational corporations.

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

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

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

Revenue (including fuel surcharge) was $29.8 million for the three month period ended March 31, 2017, a 6.1% increase over the three month period ended March 31, 2016 and a 4.1% increase over the three month period ended December 31, 2016. Similarly, EBITDA was $2.9 million for the quarter, a 17.3% increase over the same period last year. The first quarter is generally the Company's weakest quarter of the year. A slow down in the flatbed division during winter months as well as increased repairs and reduced fuel efficiency caused by colder and harsher weather are the main contributors towards this historical trend. As a result, revenue levels and EBITDA margins for the quarter are generally not reflective of those enjoyed during later quarters in the year.

Revenue by Industry

Manufactured Goods	36.8%
Logistics/ Trucking	11.8%
Retail	11.7%
Food & Beverage	10.0%
Metals	9.1%
Forest Products	6.2%
Services	6.1%
Automotive	4.5%
Other	3.8%

Based on Q1 2017 revenue

[1] Refer to "Results of Operations" on page 4 and "Non-IFRS Financial Measures" on page 12 for more information about EBITDA and for a reconciliation of EBITDA to net income.

The Logistics segment drove revenue growth for the quarter, when compared to the same quarter last year. Revenue growth of 32.5% was supported by an increasing and developing sales team, despite continuing softness in the transportation market. Continued over capacity in the industry resulted in weakness in margins, but improved volumes and a focus on fixed cost reduction allowed the Logistics segment to increase EBITDA year over year for the quarter by 65.6%.

The Truck Transportation segment saw an increase in revenue in the first quarter of 2017 of 2.5%, over the fourth quarter of 2016. Despite the first quarter being a seasonally weaker quarter, a focus on customer serviceability as well as prior investment in technology, big data analytics and new equipment, provide Titanium with a competitive advantage and supported revenue growth with existing customers during the quarter. Revenue right-sizing following the acquisition of ProNorth Transportation on December 1, 2015 resulted in a 3.5% decrease in revenue for the quarter, when compared to the same quarter last year. Elimination of unprofitable business and redundant costs, as well as investment in new equipment allowed the Truck Transportation segment to improve the profitability of ProNorth Transportation and improve EBITDA by 3.6%. However, pricing pressure experienced in the second half of 2016, which continued into 2017, somewhat eroded these operational improvements.

Net income increased by $314,413 in the first quarter of 2017 over the first quarter of 2016, as a result of growth and improvements in the Logistics segment, reduced corporate costs and the non-recurrence of a foreign exchange loss experienced in the first quarter of 2016.

[1] Refer to "Results of Operations" on page 4 and "Non-IFRS Financial Measures" on page 12 for more information about EBITDA and for a reconciliation of EBITDA to net income.

RESULTS OF OPERATIONS

Financial Highlights (unaudited)

	3 months ended March 31 2017	3 months ended March 31 2016
Revenue	28,050,767	26,434,702
Fuel surcharge	1,778,659	1,673,873
	29,829,426	28,108,575
Operating expenses	26,919,709	25,628,390
EBITDA(1)	2,909,717	2,480,185
EBITDA margin(1)	10.4 %	9.4 %
Depreciation	2,570,463	2,403,183
Amortization of customer lists	30,360	30,360
Operating income(1)	308,894	46,642
Operating margin(1)	1.1 %	0.2 %
Gain on sale of property and equipment	(275,925)	(331,333)
Finance costs	494,102	388,374
Finance income	(104,050)	(56,929)
Foreign exchange loss (gain)	(25,813)	273,697
Transaction costs	-	-
Income tax expense	91,296	(42,038)
Net income (loss) and comprehensive income (loss) attributable to owners of the Company	129,284	(185,129)
Net income (loss) per share - basic	0.00	(0.01)
Net income (loss) per share - diluted	0.00	(0.01)

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

Selected Segmented Financial Information (unaudited)

	3 months ended March 31 2017	3 months ended March 31 2016
Truck Transportation		
Revenue	19,260,058	19,940,337
Fuel surcharge	1,371,789	1,436,056
	20,631,847	21,376,393
Operating expenses		
Carriers and independent contractors	6,873,560	7,006,770
Vehicle operating	5,009,300	5,308,648
Wages and casual labour	4,777,002	5,161,259
Other operating	1,154,982	1,179,937
	17,814,844	18,656,614
EBITDA(1)	2,817,003	2,719,779
EBITDA margin(1)	14.6 %	13.6 %
Depreciation	2,495,017	2,401,051
Amortization of customer lists	30,360	30,360
Operating income(1)	291,626	288,368
Operating margin(1)	1.5 %	1.4 %
Gain on sale of property and equipment	(275,925)	(331,333)
Finance costs	494,102	388,374
Finance income	(104,050)	(56,929)
Foreign exchange loss (gain)	(21,256)	182,652
Transaction costs	-	-
Income tax expense	66,516	30,156
Net income	132,239	75,448
Logistics		
Revenue	9,069,954	6,912,997
Fuel surcharge	406,870	237,817
	9,476,824	7,150,814
Operating expenses		
Carriers and independent contractors	7,810,593	5,734,025
Wages and casual labour	884,043	771,701
Other operating	317,204	364,265
	9,011,840	6,869,991
EBITDA(1)	464,984	280,823
EBITDA margin(1)	5.1 %	4.1 %
Depreciation	75,446	2,132
Foreign exchange loss (gain)	(4,557)	91,045
Income tax expense	107,436	52,967
Net income	286,659	134,679

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

Revenue (unaudited)

	3 months ended March 31 2017	3 months ended March 31 2016
Truck Transportation		
Revenue	19,260,058	19,940,337
Fuel surcharge	1,371,789	1,436,056
	20,631,847	21,376,393
Logistics		
Revenue	9,069,954	6,912,997
Fuel surcharge	406,870	237,817
	9,476,824	7,150,814

For the three month period ended March 31, 2017, the Company's consolidated revenues increased by $1.7 million or 6.1%, when compared to the three month period ended March 31, 2016. The increase in revenue was a result of an increase in revenue in the Logistics segment, which was partially offset by a decrease in revenue in the Truck Transportation segment.

The Truck Transportation segment experienced a decrease in revenue of $0.7 million or 3.5%, for the three month period ended March 31, 2017 when compared to that of 2016. The decrease is primarily a result of a reduction of ProNorth Transportation revenues, which was required in order to improve the profitability of the acquired business. Revenue acquired as part of the acquisition of the the Windsor terminal in June 2016 was offset by price reductions brought about by a relatively more competitive environment.

The Logistics segment saw a an increase in revenue of $2.3 million or 32.5% for the three month period ended March 31, 2017, when compared to that of 2016. The increase is primarily due to growth in the sales force, which was made possible after the Company assumed a much larger head office late last year. As the team becomes fully trained and gains experience, this progress is expected to continue. This growth in revenue was experienced despite economic conditions being somewhat more challenging in the first quarter of 2017 than that of 2016.

Operating Expenses and Income (unaudited)

	3 months ended March 31 2017	**3 months ended March 31 2016**
Truck Transportation		
Revenue	20,631,847	21,376,393
Operating expenses	17,814,844	18,656,614
EBITDA(1)	2,817,003	2,719,779
EBITDA margin(1)	14.6 %	13.6 %
Depreciation and amortization	2,525,377	2,431,411
Operating income(1)	291,626	288,368
Operating margin(1)	1.5 %	1.4 %
Logistics		
Revenue	9,476,824	7,150,814
Operating expenses	9,011,840	6,869,991
EBITDA(1)	464,984	280,823
EBITDA margin(1)	5.1 %	4.1 %
Corporate		
Operating expenses	372,271	520,417

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

For the Truck Transportation segment, operating expenses decreased by $0.8 million or 4.5%, for the three month period ended March 31, 2017, when compared to the three month period ended March 31, 2016. The decrease in operating expenses is primarily a result of a decrease in volumes as well as cost savings realized as part of the integration of ProNorth Transportation. The improvement in EBITDA margin from 13.6% to 14.6% is primarily a result of the Company replacing aged and leased equipment with new equipment, which decreased repair costs and equipment leasing costs, but increased depreciation, resulting in no significant net change to operating income. Operational synergies realized as part of the integration of ProNorth Transportation were offset by rate pressure experienced in the second half of 2016 and into 2017.

For the Logistics segment, operating expenses increased by $2.1 million or 31.2% for the three month period ended March 31, 2017, primarily driven by a higher volume of orders resulting in higher carrier costs. The improvement in EBITDA margin from 4.1% to 5.1% is a product of both a higher volume of revenue and a reduction of fixed costs. The increase is in spite of lower margins realized in the first quarter of 2017 when compared to 2016 as a consequence of a relatively weaker environment due to continuing overcapacity in the North American transportation market.

The Company realized a foreign exchange loss during the first quarter of 2016 as a result of the strengthening of the Canadian dollar relative to the US dollar during that period. Later in 2016, the Company began to borrow in US dollars in order to hedge against its exposure on its US dollar receivables.

SUMMARY OF QUARTERLY RESULTS

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

(in thousands)

	Q1'17	Q4'16	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15	Q2'15
Revenue	29,829	28,647	29,839	29,967	28,109	26,571	27,246	32,420
EBITDA(1)	2,910	3,061	3,235	3,165	2,481	2,638	2,901	3,369
EBITDA margin(1)	10.4 %	11.3 %	11.4 %	11.1 %	9.4 %	10.6 %	11.3 %	11.2 %
Operating income(1)	309	374	570	515	47	417	1,073	1,378
Operating margin(1)	1.1 %	1.4 %	2.0 %	1.8 %	0.2 %	1.7 %	4.2 %	4.6 %
Adjusted net income (loss)(1)	129	119	130	(126)	(185)	446	1,366	766
Per share - basic	0.00	0.00	0.00	0.00	(0.01)	0.01	0.04	0.03
Per share - diluted	0.00	0.00	0.00	0.00	(0.01)	0.01	0.04	0.02
Net income (loss) and comprehensive income (loss) attributable to the owners of the Company	129	119	130	(126)	(185)	446	1,366	(1,359)
Per share - basic	0.00	0.00	0.00	0.00	(0.01)	0.01	0.04	(0.04)
Per share - diluted	0.00	0.00	0.00	0.00	(0.01)	0.01	0.04	(0.04)

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

Changes from quarter to quarter are mainly the result of acquisitions, seasonality of operations and change in economic conditions. Economic conditions began to worsen after the third quarter of 2015 and then further deteriorated in the second half of 2016, which resulted in reduced revenue, margins and profitability. The Company combated these changes with an increased focus on its sales force as well as cost cutting.

In addition, there has historically been an increase in revenue and a decrease in margins in quarters following an acquisition. Following the quarter in which an acquisition has occurred, revenues have often decreased, stabilized and then increased while EBITDA margins have increased. This historical trend can be observed in Q1 2016 following the acquisition of ProNorth Transportation. It may be difficult to isolate this impact if the integration process of two or more acquisitions overlap or if there are significant changes in economic conditions.

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

LIQUIDITY AND CAPITAL RESOURCES

	March 31 2017	December 31 2016
Working capital (deficit)(1)	(7,628,225)	(7,372,208)
Total assets	108,901,986	112,145,867
Net debt(2)	49,119,628	50,536,210
Shareholders' equity	36,448,879	36,238,286
Net debt to equity ratio(3)	1.35	1.39

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

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

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

The Company's net debt position as at March 31, 2017 decreased when compared to December 31, 2016 as a result of the Company generating positive cash flows from operating and financing activities that allowed the Company to pay down debt. No new investment in equipment was required during the quarter, as significant replenishment over the last two years resulted in a very new fleet. As a result, the Company was able to pay down debt although depreciation of existing equipment eroded the Company's total assets slightly. Although due on demand, the Company considers its bank indebtedness to be long-term debt as it is often used to finance equipment purchases and acquisitions.

Over the next two quarters, management expects to realize proceeds from the sale of excess aged equipment of approximately $1.1 million. In addition, the Company has committed $1.4 million towards the purchase of additional rolling stock, as of March 31, 2017. Management does not expect capital requirements to be significantly in excess of these commitments, unless there are significant improvements to customer demand during 2017. Management believes there is sufficient financing available to fund planned capital expenditures in the future and to provide for the future growth of the business.

The Company paid down an additional $0.3 million in debt, during the first quarter of 2017, in excess of what was contractually required. The Company actively seeks debt refinancing when possible, especially with respect to debt acquired through business acquisitions, to the extent that penalties for early retirement of debt are not significant and lower cost financing is available. Management believes that the Company's operating cash flows are sufficient to fund daily operating activities and meet regular debt repayment obligations.

The Company limits the use of off-balance sheet financing, by way of operating leases, to the extent practical. Operating leases mainly pertain to the use of the Company's head office terminal but do include some power units and trailers to the extent that the Company assumes these commitments as part of business acquisitions. Excluding the Company's Bolton head office, these leases expire between July 2017 and October 2020. The lease for the Company's head office expires September 2031.

The portion of the Company's bank credit facilities which were unused as of March 31, 2017 include approximately $6.7 million under a revolving demand operating facility, $5 million under a non-revolving acquisition facility, $7.5 million under an accordion acquisition facility and $1.8 million under a finance lease loan facility. In addition, the Company has available approximately $13.8 million in finance leasing and loan facilities through other institutions.

Common Shares

As of May 9, 2017, there are 37,388,510 common shares of the Company outstanding and 6,444,915 outstanding warrants to acquire common shares of the Company. In addition, there are 1,779,000 stock options outstanding, of which 450,000 are exercisable.

TRANSACTIONS WITH RELATED PARTIES

The Company provides truck transportation services to companies under common control. These companies include Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd. Aggregate revenues from these companies totaled $874,959 for the three month period ended March 31, 2017 (2016 - $718,597).

The Company also currently rents its head office from Caledon First Investments Limited, a company under common control with the Company. Rent was previously paid to Vaughan West II Limited, Roybridge Holdings Limited and Vision Extrusions Group Limited, also companies under common control. Total rent paid to these companies for the three month period ended March 31, 2017 was $481,469 (2016 - $112,887). The Company has committed to annual rent of $1,688,748, which will increase to $2,413,123 over a 15 year period.

Trunkeast Investments Canada Limited, the Company's controlling shareholder as of March 31, 2017, provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged $15,000 (2016 - $15,000) for the three month period ended March 31, 2017. The Company is committed to payment for such services until such time that the contract is terminated. Six month's written notice is required for termination.

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

FORWARD LOOKING STATEMENTS

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

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

From time to time, the Company will disclose its current annual run rate revenue and EBITDA. Although not intended as such, this may be interpreted as forward looking information. Run rates are presented in order to provide investors with insight into the current size of the Company, assuming synergies have been fully realized. Historical figures may not be a good indicator of the Company's size, as a result of the number of acquisitions that are completed each year and the time that it takes to fully realize synergies. After releasing Q1 2016 results, the Company estimated that post synergy annualized revenue and EBITDA would be $125 million and $14.5 million, respectively. Actual revenue and EBITDA for the last four quarters, excluding the effect of the acquisition of the Windsor terminal, was approximately $116 million and $12.2 million, respectively. The reason for the difference is primarily a more significant decline in economic conditions than originally anticipated. Due to continuing pressure on pricing, the Company is adjusting its EBITDA run rate at this time to $13 million from $13.5 million. The Company's revenue run rate remains unchanged at $120 million.

NON-IFRS FINANCIAL MEASURES

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

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

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

"Operating income" is calculated as net income before asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs and reverse takeover costs.

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

"Adjusted net income" is calculated as net income before items that are not in the normal course of business, such as reverse takeover costs, net of tax.

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

RISKS AND UNCERTAINTIES

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

CHANGES IN ACCOUNTING POLICIES

The following new standards and amendments to standards are not yet effective for the period ended March 31, 2017 and have not been applied in preparing the consolidated interim financial statements. The full description of each of these recent pronouncements is available in our consolidated interim financial statements.

IFRS 16, Leases
IFRS 15, Revenue from Contracts with Customers
IFRS 9, Financial Instruments