Titanium Transportation Group Inc.

Management's Discussion and Analysis

For the first quarter ended
March 31, 2020

Dated May 12, 2020

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated May 12, 2020 ("MD&A"), which provides a comparative overview of the Company's performance for its three month period ended March 31, 2020 with the corresponding three month period ended March 31, 2019, and it reviews the Company's financial position as at March 31, 2020. Throughout this MD&A, any reference to "Company", "we", "us", "our" or "Titanium" shall mean Titanium Transportation Group Inc. and all of its direct and indirect wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2019 as well as the unaudited condensed consolidated interim financial statements of the Company for the first quarter ended March 31, 2020 ("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, 2020 were approved by its Board of Directors on May 12, 2020. 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 12, 2020. Additional information relating to the Company is available on SEDAR at www.sedar.com.

OVERVIEW

The Company is an asset-based transportation and logistics company servicing Canada and the United States with terminals in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario and with additional parking/switch yards in Sudbury, Brantford, Brockville and Trenton, Ontario and a freight brokerage office in Charlotte, North Carolina. The Company has over 1,000 customers across various industries, including large multinational corporations, with no one customer accounting for more than 7% of revenue. The Company has approximately 475 power units, 1,400 trailers, and 600 independent owner operators and full-time employees.

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

The Logistics segment is a non-asset-based broker that provides ancillary transportation services, such as third-party logistics services and freight forwarding across all of North America. Through its network, the Logistics segment offers customers a variety of transportation services, including intermodal, 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 and systems, as well as strong strategic relationships with third-party providers.

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

Q1 2020 Key Highlights

- Consolidated revenue for Q1 2020 was $44.3 million, a 13.6% increase over Q1 2019. This represents the second highest first quarter revenue in Company history, surpassing Q1 2019 of $39.0 million.
- Operating income was $1.3 million for Q1 2020, representing a 3.3% operating margin[1], compared to $1.3 million and a 3.6% operating margin in Q1 2019.
- Titanium continued to strengthen its financial position in Q1 2020. The Company further lowered its net-debt-to-equity ratio to 1.54, from 1.63 on December 31, 2019. Net debt decreased by $2.4 million, or 3.6%, when compared to December 31, 2019.
- Truck Transportation segment revenue for Q1 2020 was $27.6 million, representing a 1.6% decrease year over year. However, operating income was $1.4 million, a 10.4% increase from Q1 2019 of $1.2 million, representing a 5.4% operating margin. This compares to Q1 2019 operating margin of 4.8%.
- Logistics segment revenue was $18.0 million for Q1 2020, a 49.1% increase when compared to $12.1 million in the same period in 2019. Our strategic expansion into the US freight brokerage market contributed $4.7 million in revenue in Q1 2020 despite soft market conditions. Operating income was $0.6 million, representing a 3.3% operating margin for the quarter. This compares to Q1 2019 operating income of $0.6 million and a 5.1% operating margin. The segment's margins declined slightly due to overcapacity.
- Titanium has responded quickly to the COVID-19 pandemic by implementing various measures to mitigate the impact to the operations of the Company, see COVID-19 INFORMATION section for details.
- The following table sets out consolidated Q1 2020 revenue by industry:

Revenue by Industry	
Manufactured Goods	36.9%
Logistics/ Trucking	14.7%
Retail	11.2%
Metals	10.6%
Automotive	5.5%
Services	5.3%
Forest Products	5.2%
Food & Beverage	4.0%
Other	2.7%

Based on Q1 2020 revenue

[1] Refer to "Results of Operations" on page 3 and "Non-IFRS Financial Measures" on page 14 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 2020	**3 months ended March 31 2019**
Revenue	40,795,278	36,014,796
Fuel surcharge	3,516,965	2,977,414
	44,312,243	38,992,210
Operating expenses	39,765,348	34,407,394
EBITDA(1)	4,546,895	4,584,816
EBITDA margin(1)	11.1 %	12.7 %
Depreciation	3,160,528	3,239,759
Amortization of customer lists	57,150	57,150
Operating income(1)	1,329,217	1,287,907
Operating margin(1)	3.3 %	3.6 %
Gain on sale of property and equipment	(87,858)	(257,818)
Finance costs	776,817	879,345
Finance income	(137,754)	(99,612)
Foreign exchange gain	(147,708)	(40,784)
Income tax expense	282,644	262,427
Net income and comprehensive income attributable to owners of the Company	643,076	544,349
Net income per share - basic	0.02	0.01
Net income per share - diluted	0.02	0.01

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

EXECUTIVE SUMMARY

In a time of unprecedented social and economic uncertainty resulting from the outbreak of the COVID-19 pandemic, Titanium remained steadfast in delivering profitable results for shareholders. Our Q1 2020 results eclipsed Q1 2019 as the second highest first quarter revenue in Company history and we remained favorably positioned to differentiate ourselves in these volatile times. Titanium continued to find efficiencies and reduce operating costs in our asset-based operations. Meanwhile, our asset-light operations maintained their growth despite the uncertain economic backdrop. During the quarter, we continued to pay down debt by utilizing our free cash flow from solid results. Our robust balance sheet continues to strengthen which will allow us to weather the economic storm.

Although Titanium was mildly affected by the pandemic and resulting economic shutdowns in Q1 2020, we expect the impact to be more substantial for Q2 2020. Deemed an essential service, the Company is operational. The majority of our end markets sustained their level of demand throughout the first quarter, and some, such as essential household goods, spiked at the onset due to customer demands. Others, such as automotive, faced severe strain from social distancing measures and total shutdowns. As the COVID-19 preventative measures persist, we expect more of our end markets to face similar economic impact.

Certainly, as the North American economy continued to weaken due to the pandemic, it is likely that the Company will experience some short-term declines in freight volumes and downward pressure on rates. However, continued pursuit of efficiencies through technological and other innovations has allowed the Company to find operating cost savings in our asset-based segment. In addition, we believe our disciplined approach to capital investments and strong liquidity has uniquely positioned Titanium to endure until the global economy normalizes. For the quarter, we paid off an additional $2.4 million of net debt and improved our net debt-to-equity ratio from 1.63 in December 31, 2019 to 1.54. Furthermore, we have promptly implemented various company-wide COVID-19 related measures to keep our drivers and other employees healthy so we can continue to provide uninterrupted services to our customers. See COVID-19 INFORMATION section for more details.

Overall, Titanium’s consistent approach to sustainability and growth is vital in navigating the current, unprecedented economic landscape. We believe, with our strategic investment in our people and best-in-class technology, the Company is poised to become even stronger in the post-pandemic economy. Meanwhile, we will continue our defensive approach in capital deployment and seek out profitable organic and inorganic growth opportunities. As always, Titanium is focused on delivering sustainable, profitable growth and creating long-term shareholder value.

COVID-19 INFORMATION

It is Titanium's utmost priority to ensure the health and wellbeing of our people, our customers and the communities at large. Following the sudden onset of the COVID-19 pandemic, Titanium recognized the severity of the health and financial impact of this highly contagious virus. We have and will continue to monitor closely all pandemic related information to ensure we continue to take all necessary precautionary actions to 'flatten the curve' and uphold our uninterrupted services to our customers. As such, we have swiftly implemented the following measures to combat the potential impact to our business:

- Cancellation of all work-related travel;
- Capital investments are on temporary hold;
- Tightened criteria for share repurchases to maintain cash position;
- Rotation of staff to limit potential onsite exposure, reduce operating costs while remaining committed to our valued workforce;
- Provide our people with proper Personal Protective Equipment ("PPE") suitable for their duties;
- Educating our workplace to adhere to new government pandemic protocols for the safety of our people and customers;
- Provide Work-From-Home capabilities to workforce as needed;
- Provide our workforce with up-to-date information regarding the preventative measures being taken by the Company and financial assistance available from the government relating to the pandemic.

We are pleased with the professionalism and tremendous efforts demonstrated by our people during these difficult times. Titanium can only operate without interruption due to the efforts by our valued team members. Rest assure that we are doing all we can to provide support to our people who are temporarily unable to work and we hope to welcome our full workforce back as soon as possible.

Selected Segmented Financial Information (unaudited)

	3 months ended March 31 2020	3 months ended March 31 2019
Truck Transportation		
Revenue	25,397,606	25,897,431
Fuel surcharge	2,214,184	2,157,166
	27,611,790	28,054,597
Operating expenses		
Carriers and independent contractors	9,209,219	9,384,446
Vehicle operating	6,483,749	6,823,146
Wages and casual labour	6,702,819	6,609,308
Other operating	788,573	827,019
	23,184,360	23,643,919
EBITDA(1)	4,427,430	4,410,678
EBITDA margin(1)	17.4 %	17.0 %
Depreciation	2,999,762	3,112,510
Amortization of customer lists	57,150	57,150
Operating income(1)	1,370,518	1,241,018
Operating margin(1)	5.4 %	4.8 %
Gain on sale of property and equipment	(87,858)	(257,818)
Finance costs	739,091	848,712
Finance income	(137,754)	(99,612)
Income tax expense	264,531	231,603
Net income	592,508	518,133

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

Selected Segmented Financial Information (unaudited)**, continued**

	3 months ended March 31 2020	**3 months ended March 31 2019**
Logistics		
Revenue	16,678,302	11,241,621
Fuel surcharge	1,302,781	820,248
	17,981,083	12,061,869
Operating expenses		
Carriers and independent contractors	15,415,558	9,918,345
Wages and casual labour	1,587,842	1,151,444
Other operating	422,907	420,426
	17,426,307	11,490,215
EBITDA/ Operating income(1)	554,776	571,654
EBITDA/ Operating margin(1)	3.3 %	5.1 %
Depreciation(2)	160,766	127,249
Finance costs(2)	37,726	30,633
Income tax expense	78,340	112,586
Net income	277,944	301,186

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

Revenue (unaudited)

	3 months ended March 31 2020	3 months ended March 31 2019
Truck Transportation		
Revenue	25,397,606	25,897,431
Fuel surcharge	2,214,184	2,157,166
	27,611,790	28,054,597
Logistics		
Revenue	16,678,302	11,241,621
Fuel surcharge	1,302,781	820,248
	17,981,083	12,061,869

For the three month period ended March 31, 2020, the Company's consolidated revenues increased by $5.3 million or 13.6%, when compared to the three month period ended March 31, 2019. The increase in revenue reflected the growth in the U.S. logistics segment, which began operations in May 2019. The Canadian logistics segment also experienced an increase in volume for the quarter.

The Truck Transportation segment experienced a decrease in revenue of $0.4 million or 1.6%, for the three month period ended March 31, 2020 when compared to that of 2019. The decrease is primarily a result of pricing pressure as a result of softening market conditions.

The Logistics segment saw an increase in revenue of $5.9 million or 49.1% for the three month period ended March 31, 2020, when compared to the same period in 2019. The significant improvement in segmented revenue was primarily due to incremental revenue related to our U.S. freight brokerage expansion, which began in May 2019. U.S. logistics operations contributed $4.7 million for the three month period ended March 31, 2020.

Operating Expenses and Income (unaudited)

	3 months ended March 31 2020	3 months ended March 31 2019
Truck Transportation		
Revenue	27,611,790	28,054,597
Operating expenses	23,184,360	23,643,919
EBITDA(1)	4,427,430	4,410,678
EBITDA margin(1)	17.4 %	17.0 %
Depreciation and amortization	3,056,912	3,169,660
Operating income(1)	1,370,518	1,241,018
Operating margin(1)	5.4 %	4.8 %
Logistics		
Revenue	17,981,083	12,061,869
Operating expenses	17,426,307	11,490,215
EBITDA/ Operating income(1)	554,776	571,654
EBITDA/ Operating margin(1)	3.3 %	5.1 %
Corporate		
Operating expenses	435,311	397,516

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

For the Truck Transportation segment, operating expenses decreased by $0.5 million or 1.9%, for the three month period ended March 31, 2020, when compared to the same period in 2019. The decrease was driven by the contraction in volume as well as reduced carrier and vehicle operating costs. The decrease in operating costs resulted in an increase in operating margin to 5.4% from 4.8%.

For the Logistics segment, operating expenses increased by $5.9 million or 51.7% for the three month period ended March 31, 2020. The decline in operating margin is a result of increases in U.S. freight brokerage operations, which has a lower margin than the Canadian counterpart. Canadian segment also experienced pricing pressure due to pandemic related overcapacity in the industry.

SUMMARY OF QUARTERLY RESULTS

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

(in thousands)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18
Revenue	44,312	43,287	42,708	42,041	38,992	42,687	44,845	51,810
EBITDA(1)	4,547	4,467	4,535	4,868	4,585	5,844	5,694	7,147
EBITDA margin(1)	11.1 %	11.2 %	11.4 %	12.4 %	12.7 %	14.8 %	13.7 %	14.8 %
Operating income(1)	1,329	1,175	1,025	1,442	1,288	2,455	2,344	3,724
Operating margin(1)	3.3 %	2.9 %	2.6 %	3.7 %	3.6 %	6.2 %	5.6 %	7.7 %
Net income and comprehensive income attributable to the owners of the Company	643	273	313	455	544	1,299	1,092	2,189
Per share - basic	0.02	0.01	0.01	0.01	0.01	0.04	0.03	0.06
Per share - diluted	0.02	0.01	0.01	0.01	0.01	0.04	0.03	0.06

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

Changes from quarter to quarter are mainly the result of seasonality of operations, changes in industry conditions and acquisitions. Market conditions were exceptionally favorable in the first half of 2018 as macroeconomic factors, such as the introduction of mandatory ELDs and robust economic growth, caused restrained capacity, which resulted in significant improvements to spot rates and demand. Normal industry supply adjustments emerged and industry conditions began to stabilize beginning with the third quarter of 2018 and continued through the second half of the year.

During 2019, continuing geopolitical matters, such as global trade tension, slowed the momentum of economic growth. The industry also experienced downward pressure in pricing due to overcapacity. Historically, the Logistics segment is more immediately reflective of changing market conditions and changes in spot rates.

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

LIQUIDITY AND CAPITAL RESOURCES

	March 31 2020	December 31 2019
Working capital (deficit)(1)	(1,315,938)	(4,949,497)
Total assets	136,188,726	135,389,544
Net debt(2)	63,959,796	66,323,872
Shareholders' equity	41,437,964	40,603,475
Net debt to equity ratio(3)	1.54	1.63

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

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

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

The Company's working capital position improved as at March 31, 2020 when compared to December 31, 2019. We continued our successful capital management strategy and further enhanced the Company's net debt to equity position after significant improvements in 2019, mainly due to increases in free cash flow generated from profitable operations. The Company is in a working capital deficit as a result of the Company's bank indebtedness being classified as current. The Company uses its bank indebtedness to finance long-term assets.

Minimal investment in replacement equipment was required during the quarter ended March 31, 2020, as we have been improving asset utilization and significant replenishments were made during 2015 and 2016 following the acquisitions of Muskoka Transport Limited and ProNorth Transportation. In terms of capital spending for the year, the Company has committed approximately $4.5 million towards the purchase of rolling stock during the second half of the year, and is expected to realize proceeds from the sale of excess aged equipment of approximately $0.8 million. Our rolling stock replacement policy is to replace trucks after 6 years, vans after 10 years and flatbeds after 15 years. We believe there is sufficient financing available to fund planned capital expenditures in the future and to provide for the further organic and inorganic growth of the business.

The following table sets out the Company's contractual obligations, excluding future interest payments:

(in thousands)	Total	1 Year	2 Years	3 Years	4 Years	5 Years	After 5 Years
Loans	18,414	5,820	4,226	3,806	2,135	730	1,697
Finance leases	44,773	6,375	3,081	1,099	621	692	32,905
	63,187	12,195	7,307	4,905	2,756	1,422	34,602

Titanium 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. We believe the Company's operating cash flows are sufficient to fund daily operating activities and meet regular debt repayment obligations.

The portion of the Company's bank credit facilities which were unused as of March 31, 2020 include approximately $11.1 million under the revolving demand operating facility, $5.0 million under a non-revolving acquisition facility, $7.5 million under an accordion acquisition facility and $5.5 million under a finance lease loan facility. In addition, the Company has $8.1 million available in finance leasing and loan facilities through other institutions.

The Company's credit facility and finance leasing agreements require Titanium to maintain three covenants on a quarterly basis. These covenants are measured on a consolidated rolling twelve-month basis. We were in compliance with all covenants as of March 31, 2020 and we believe the Company will be in compliance with all required covenants for the next twelve months. The first covenant requires the Company's debt to tangible net worth ratio to be less than 3.5. Debt to tangible net worth is a ratio of total liabilities plus future minimum lease payments on non-realty operating leases to shareholder's equity less goodwill, customer lists and deferred tax assets. The second covenant requires the Company's debt service coverage ratio to be greater than 1.05. Debt service coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, depreciation, amortization and non-cash items, less unfinanced capital expenditures, plus proceeds of sale of equipment, to contractually required principal and interest payments made over the prior twelve months. The third covenant requires the Company's fixed charge coverage ratio to be greater than 1.00. Fixed charge coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, to contractually required principal and interest payments made over the prior twelve months.

The Company must calculate its covenants by adjusting its net income and debt to treat realty leases as an operating lease rather than a finance lease.

Common Shares

The Company offers a share purchase plan (the "Plan"), which allows all employees and independent contractors, but excluding insiders of the Company, to contribute up to 5% of their compensation to a maximum of $4,800 per year towards the purchase of Titanium common shares. Contributions are matched at a rate of 100% by the Company and shares are issued from treasury in order to fund the Plan. In the case of employees, matched shares are subject to a three year vesting period. In the case of independent contractors, matched shares are issued after three years of service. The maximum number of shares approved for issuance under the Plan is reviewed by the board of directors annually. Of the shares issued to date, 497,615 have not yet vested.

On May 17, 2019, we established a normal course issuer bid to purchase up to 1,839,267 of the Company's common shares (the "NCIB"), representing 5% of its issued and outstanding common shares. The NCIB will terminate on May 16, 2020, or on an earlier date in the event that the maximum number of common shares sought in the NCIB have been repurchased. Purchases pursuant to the NCIB are expected to be made through the facilities of the TSX Venture Exchange (the "TSXV"), or such other permitted means, including through alternative trading systems in Canada, at prevailing market prices or as otherwise permitted by the policies of the TSXV.

During the quarter, we repurchased 40,000 common shares pursuant to the NCIB at a weighted average purchase price of $1.20 and a total purchase price of $48,000.

As of May 12, 2020, there are 36,436,637 common shares of the Company outstanding. In addition, there are 1,985,800 stock options outstanding, of which 954,497 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 $2,078,629 for the three month period ended March 31, 2020 (2019 - $1,658,360).

The Company also currently leases its head office from Caledon First Investments Limited, a company under common control. Total payments made to this company for the three month period ended March 31, 2020 was $448,047 (2019 - $441,132). The Company has committed to annual base rent of $1,808,118, which will increase to $2,413,123 over a 13 year period.

Trunkeast Investments Canada Limited, the Company's controlling shareholder as of March 31, 2020, provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged $7,500 (2019 - $7,500) for the three month period ended March 31, 2020.

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, we will disclose our current annual run rate revenue and EBITDA. Although not intended as such, this may be interpreted as forward looking information. Run rates are presented in order to provide investors with insight into the current size of the Company and do not take into account expected future growth or changes in economic conditions. Historical figures may not be a good indicator of the Company's size, due to acquisitions and the time that it takes to fully realize synergies.

NON-IFRS FINANCIAL MEASURES

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

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

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

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

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

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

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.

As the duration and impact of the COVID-19 pandemic to the economy is currently unknown, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. We continue to closely monitor the situation as it develops day-to-day and will take further actions, if necessary, to ensure the wellbeing of our workforce, customers, suppliers and other stakeholders, as well as minimize the disruption to Titanium's services.

The Company has taken measures to mitigate the potential negative impact on its financial results as a result of the outbreak. These measures are described under the section COVID-19 information in this MD&A. As the current market remain uncertain, the Company's exposure to interest rate risk and foreign exchange risk are heightened due to the volatility of the market. We continue to monitor the economic conditions on a daily basis to mitigate these risks.

The Company does not expect any material changes to other risk factors provided that temporary COVID-19 precautionary measures relax in the near future. If these measures extend indefinitely, there may be adverse effects on Titanium's credit risks as customers may become financially distressed. There may also be additional risks to the Company's operations as available workforce may contract for the Company, its customers and its suppliers. Furthermore, a prolonged period of precautionary measures will likely have severe effects on the Company's liquidity position. All of the above will have adverse impact to the Company's financial performance if the precautionary measures remain indefinite.

CHANGES IN ACCOUNTING POLICIES

IFRS 3, Definition of a Business, was amended in October 2019 and became effective January 1, 2020. The full description of this change in accounting policy is available in our condensed consolidated interim financial statements and did not have an impact on our results.

Titanium Transportation Group Inc.

Unaudited Condensed Consolidated Interim Financial Statements

For the first quarter ended
March 31, 2020

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(in Canadian dollars)

	March 31 2020	**December 31 2019**
Assets		
Current		
Cash	1,963,530	442,828
Trade and other receivables (note 14)	28,444,288	25,609,855
Current taxes recoverable	1,679	1,215
Finance lease receivables (note 5, 13)	2,138,534	2,323,339
Prepaid expenses and deposits	2,337,088	2,294,619
Assets held for sale (note 6)	225,452	156,663
	35,110,571	30,828,519
Finance lease receivables (note 5, 13)	2,958,148	3,565,333
Property and equipment (note 7)	38,533,765	40,055,922
Right of use assets (note 3, 8)	56,239,562	57,517,554
Deferred tax assets	349,894	368,280
Customer lists (note 9)	1,028,500	1,085,650
Goodwill (note 9)	1,968,286	1,968,286
	136,188,726	135,389,544
Liabilities		
Current		
Bank indebtedness (note 10, 13)	8,055,478	7,080,567
Trade and other payables	16,151,302	14,611,802
Current taxes payable	-	272,830
Loans payable (note 10, 13)	5,819,882	6,155,528
Finance lease liabilities (note 10, 13, 14)	6,399,847	7,657,289
	36,426,509	35,778,016
Loans payable (note 10, 13)	12,594,957	13,486,251
Finance lease liabilities (note 10, 13, 14)	38,375,296	38,432,400
Deferred tax liabilities	7,354,000	7,089,402
	94,750,762	94,786,069
Commitments and contingencies (note 16)		
Shareholders' Equity		
Share capital (note 11)	22,868,906	22,812,412
Contributed surplus (note 12)	8,415,132	8,257,345
Retained earnings	10,153,926	9,533,718
	41,437,964	40,603,475
	136,188,726	135,389,544

On behalf of the Board

"Ted Daniel"
Director

"Bill Chyfetz"
Director

See accompanying notes

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

Three months ended March 31, 2020 and 2019 (unaudited)

(in Canadian dollars)

	2020	2019
Revenue (note 14)	40,795,278	36,014,796
Fuel surcharge	3,516,965	2,977,414
	44,312,243	38,992,210
Operating expenses		
Carriers and independent contractors	23,344,147	18,178,535
Vehicle operating	6,483,749	6,823,146
Wages and casual labour (note 15)	8,533,319	8,033,967
Other operating	1,404,133	1,371,746
	39,765,348	34,407,394
Income before the following	4,546,895	4,584,816
Depreciation (note 7, 8)	3,160,528	3,239,759
Gain on sale of property and equipment	(87,858)	(257,818)
Finance costs (note 14)	776,817	879,345
Finance income	(137,754)	(99,612)
Foreign exchange gain	(147,708)	(40,784)
Amortization of customer lists (note 9)	57,150	57,150
	3,621,175	3,778,040
Income before income taxes	925,720	806,776
Income tax expense	282,644	262,427
Net income and comprehensive income attributable to owners of the Company	643,076	544,349
Earnings per share:		
Basic	0.02	0.01
Diluted	0.02	0.01
Weighted average number of shares outstanding:		
Basic (note 11)	35,916,308	36,424,751
Diluted (note 11)	36,537,548	36,801,487

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Three months ended March 31, 2020 and 2019 (unaudited)

(in Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balances at December 31, 2019	22,812,412	8,257,345	9,533,718	40,603,475
Share issuance (note 11)	81,626	-	-	81,626
Share-based compensation expense (note 12)	-	157,787	-	157,787
Share cancellation (note 11)	(25,132)	-	(22,868)	(48,000)
Net income and comprehensive income	-	-	643,076	643,076
Balances at March 31, 2020	22,868,906	8,415,132	10,153,926	41,437,964
Balances at December 31, 2018	22,926,679	7,667,086	8,417,932	39,011,697
Share issuance (note 11)	77,461			77,461
Share-based compensation expense (note 12)	-	114,039	-	114,039
Net income and comprehensive income	-	-	544,349	544,349
Balances at March 31, 2019	23,004,140	7,781,125	8,962,281	39,747,546

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

Three months ended March 31, 2020 and 2019 (unaudited)

(in Canadian dollars)

	March 31 2020	March 31 2019
Cash flows from operating activities		
Net income	643,076	544,349
Adjustments:		
Depreciation (note 7, 8)	3,160,528	3,239,759
Gain on sale of property and equipment	(87,858)	(257,818)
Finance costs	776,817	879,345
Finance income	(137,754)	(99,612)
Amortization of customer lists	57,150	57,150
Share-based compensation expense	157,787	114,039
Income tax expense	-	20,437
	4,569,746	4,497,649
Net change in non-cash operating working capital	(789,800)	(2,788,985)
	3,779,946	1,708,664
Interest paid	(783,944)	(851,535)
Interest received	137,754	99,612
Income taxes paid	9,690	241,990
	3,143,446	1,198,731
Cash flows from investing activities		
Proceeds from finance lease receivables (note 13)	636,183	764,119
Acquisition of property and equipment (note 7, 13)	(36,657)	(220,969)
Disposition of property and equipment (note 7)	21,550	223,750
	621,076	766,900
Cash flows from financing activities		
Proceeds from bank indebtedness (note 13)	1,054,937	2,365,451
Repayment of loans payable (note 13)	(1,726,698)	(2,383,186)
Proceeds from finance lease liabilities (note 13)	335,225	-
Repayment of finance lease liabilities (note 13)	(1,940,910)	(2,113,691)
Issuance of shares (note 11)	81,626	77,461
Share repurchase (note 11)	(48,000)	-
	(2,243,820)	(2,053,965)
Increase (decrease) in cash	1,520,702	(88,334)
Cash, beginning	442,828	237,496
Cash, ending	1,963,530	149,162

Refer to note 13 for supplemental cash flow information.

1. REPORTING ENTITY

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

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

The common shares of the Company trade on the TSX Venture Exchange under the symbol "TTR".

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

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Company, including the notes thereto, for the year ended December 31, 2019.

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 12, 2020.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a going concern basis using historical cost, except for assets and liabilities acquired in business combinations, which are measured at fair value at the acquisition date.

2. BASIS OF PRESENTATION - continued

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Canadian dollars ("CAD"), which is the functional currency of the Company and its wholly owned subsidiaries unless otherwise stated. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated.

Items included in the condensed consolidated interim financial statements of all of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The Company identified that all of their subsidiaries with the exception of one have a functional currency of the Canadian Dollar. Titanium American Logistics Inc. in the United States, a wholly owned subsidiary incorporated in fiscal 2019, was determined to have a functional currency of the United States Dollar.

Seasonality of Interim Operations

The activities of the Company are subject to seasonal demand for truck transportation. Historically, the Company has experienced weaker demand in the first quarter, moderate demand in the third and fourth quarters and stronger demand in the second quarter. In addition, harsher winter conditions generally result in lower fuel economy and increased repair costs. Furthermore, the timing of acquisitions and variations in industry conditions could have a considerable impact on quarterly results. Consequently, the results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Use of Judgment

The preparation of these consolidated financial statements in accordance with IFRS, requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards. Management periodically reviews its judgments and underlying assumptions with regards to the significant items outline below. Readers are cautioned that the foregoing list is not exhaustive and other items may also be affected by judgment.

a) *Impairment of Intangible Assets* - Goodwill and intangible assets that have an indefinite life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

3. SIGNIFICANT ACCOUNTING POLICIES - continued

b) *Business combinations* – Tangible assets acquired as part of a business combination are valued based on management estimates of current market values, recent selling activity and third party valuations. Intangible assets are valued based on future discounted expected cash flows, customer attrition and workforce turnover. Discount rates are estimated based on industry averages, company size and capital structure.

c) *Income Taxes* – Future tax balances are estimated based on expected future tax rates and the probability of future taxable income needed to realize deferred tax assets. Expected future tax rates are based on currently enacted tax rates or pronounced changes. Future taxable income is based on past performance and future expected conditions.

Use of Estimates and Assumptions

The preparation of condensed 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 condensed 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 with regards to the significant items outline below. 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 the condensed consolidated statement of comprehensive income in the period in which they become known. Readers are cautioned that the foregoing list is not exhaustive and other items may also be affected by estimates.

a) *Impairment of trade and other receivables* – An allowance for lifetime expected credit losses is established based on a combined approach of specific account identification and the use of a provision matrix. Management regularly analyzes its approach and exposure to credit loss based on an analysis of all relevant current information as well as historical trends.

b) *Depreciation and impairment of property and equipment and Right of Use Asset*s – Estimates of useful lives for straight line depreciation are based on management's historical experience and are reviewed on an ongoing basis. Property and equipment, as well as Right-of-Use Assets, is assessed for impairment when events or changes in circumstances indicate that the Company may not be able to recover its carrying value.

c) *Share-based payments* – Management estimates expected volatility, the expected life of the instrument and expected forfeitures when valuing share-based payments. Volatility is estimated based on historical trading data. The expected life of the instrument and expected forfeitures is based on past experience.

d) *Provisions* – Estimates of expected settlements arising from matters involving litigation or accident claims are based on information provided by legal counsel or insurance professionals.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

New Standard Adopted

IFRS 3, Definition of a Business, was amended in October 2019. The IASB issued narrow-scope amendments to the standards, including revising the definition of a business and introducing an option concentration test. The amendments are expected to assist companies in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments became effective for the Company on January 1, 2020 and did not have an impact on the condensed consolidated interim financial statements.

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

4. OPERATING SEGMENTS

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

	Truck Transportation	Logistics	Corporate	Elimination	Total
Three months ended March 31, 2020					
Revenue - external	26,331,160	17,981,083	-	-	44,312,243
Revenue - internal	1,280,630	-	-	(1,280,630)	-
Total revenue	27,611,790	17,981,083	-	(1,280,630)	44,312,243
Depreciation	2,999,762	160,766	-	-	3,160,528
Finance costs	739,091	37,726	-	-	776,817
Finance income	(137,754)	-	-	-	(137,754)
Income (loss) before income taxes	857,039	356,284	(287,603)	-	925,720
Income taxes (recoveries)	264,531	78,340	(60,227)	-	282,644
Capital expenditures	177,784	29,268	-	-	207,052

4. OPERATING SEGMENTS - continued

	Truck Transportation	Logistics	Corporate	Elimination	Total
Three months ended March 31, 2019					
Revenue - external	26,930,341	12,061,869	-	-	38,992,210
Revenue - internal	1,124,256	-	-	(1,124,256)	-
Total revenue	28,054,597	12,061,869	-	(1,124,256)	38,992,210
Depreciation	3,112,510	127,249	-	-	3,239,759
Finance costs	848,712	30,633	-	-	879,345
Finance income	(99,612)	-	-	-	(99,612)
Income (loss) before income taxes	749,736	413,772	(356,732)	-	806,776
Income taxes (recoveries)	231,603	112,586	(81,762)	-	262,427
Capital expenditures	2,566,305	68,052	-	-	2,634,357

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

	2020	2019
Canada	24,302,500	24,918,047
United States	20,009,743	14,074,163
	44,312,243	38,992,210

5. FINANCE LEASE RECEIVABLES

During the three month period ended March 31, 2020, the Company entered into new finance leases totaling $623,395, which are receivable over 17 to 60 months with interest rates ranging from 4.75% to 6.25%.

6. ASSETS HELD FOR SALE

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

Balance, December 31, 2019	156,663
Reclassification from property and equipment	68,789
Balance, March 31, 2020	225,452

7. PROPERTY AND EQUIPMENT

	Land, Buildings and Leaseholds	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2019	10,787,047	3,628,497	57,125,292	71,540,836
Reacquisition of rolling stock relating to finance lease receivables	-	-	824,106	824,106
Other additions	-	29,268	326,395	355,663
Sale of rolling stock relating to finance lease receivables	-	-	(501,789)	(501,789)
Other disposals	-	-	(5,300)	(5,300)
Reclassification to assets held for sale	-	-	(1,813,055)	(1,813,055)
Balances, March 31, 2020	10,787,047	3,657,765	55,955,649	70,400,461
Accumulated depreciation				
Balances, December 31, 2019	1,748,006	3,015,322	26,721,586	31,484,914
Depreciation	122,539	191,686	1,836,673	2,150,898
Sale of rolling stock relating to finance lease receivables	-	-	(19,550)	(19,550)
Other disposals	-	-	(5,300)	(5,300)
Reclassification to assets held for sale	-	-	(1,744,266)	(1,744,266)
Balances, March 31, 2020	1,870,545	3,207,008	26,789,143	31,866,696
Net carrying amounts				
At December 31, 2019	9,039,041	613,175	30,403,706	40,055,922
At March 31, 2020	8,916,502	450,757	29,166,506	38,533,765

8. RIGHT OF USE ASSETS

	Land and Buildings	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2019	34,742,752	1,531,949	36,195,567	72,470,268
Sale of rolling stock relating to finance lease receivables	-	-	(175,395)	(175,395)
Purchase of lease assets	-	-	(156,000)	(156,000)
Balances, March 31, 2020	34,742,752	1,531,949	35,864,172	72,138,873
Accumulated depreciation				
Restated balances, December 31, 2019	1,204,266	815,624	12,932,824	14,952,714
Depreciation	109,997	125,596	930,037	1,165,630
Sale of rolling stock relating to finance lease receivables	-	-	(63,033)	(63,033)
Purchase of lease assets	-	-	(156,000)	(156,000)
Balances, March 31, 2020	1,314,263	941,220	13,643,828	15,899,311
Net carrying amounts				
At December 31, 2019	33,538,486	716,325	23,262,743	57,517,554
At March 31, 2020	33,428,489	590,729	22,220,344	56,239,562

9. GOODWILL AND INTANGIBLES

	Goodwill	Customer Lists	Total
Balances, December 31, 2019	1,968,286	1,085,650	3,053,936
Amortization	-	(57,150)	(57,150)
Balances, March 31, 2020	1,968,286	1,028,500	2,996,786

10. LONG-TERM DEBT

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

	Effective Interest Rate	Year of Maturity	Carrying Amount
Bank indebtedness	PRIME+0.50%	N/A	8,055,478
Loans payable	2.95% - 5.75%	2020-2031	18,414,839
Finance lease liabilities	2.56% - 5.60%	2020-2026	44,775,143
			71,245,460
Current portion			20,275,207
			50,970,253

Included in finance lease liabilities is the deemed principal portion of real estate rental of $34,334,835 (2019 - $34,073,216).

11. SHARE CAPITAL

Authorized
Unlimited number of common shares with no par value

	Common Shares #	Share Capital $
Issued		
Balances, December 31, 2019	36,357,576	22,812,412
Share repurchase	(40,000)	(25,132)
Shares issued as part of share purchase plan	80,078	81,626
Balances, March 31, 2020	36,397,654	22,868,906

The Company offers a share purchase plan (the "Plan"), which allows all employees and independent contractors, but excluding insiders of the Company, to contribute up to 5% of their compensation to a maximum of $4,800 per year towards the purchase of Titanium common shares. Contributions are matched at a rate of 100% by the Company and shares are issued from treasury in order to fund the Plan. In the case of employees, matched shares are subject to a three year vesting period. In the case of independent contractors, matched shares are issued after three years of service. The maximum number of shares approved for issuance under the Plan is reviewed by the board of directors annually. Of the shares issued to date, 481,339 (December 31, 2019 - 422,808) have not vested. During the three month period ended March 31, 2020, the Company recognized an expense of $73,429 (2019 - $42,194) relating to the Plan, with a corresponding increase to contributed surplus.

11. SHARE CAPITAL - continued

On May 17, 2019, the Company began a normal course issuer bid to purchase up to 1,839,267 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares. The NCIB will terminate on May 16, 2020, or on an earlier date in the event that the maximum number of common shares sought in the NCIB have been repurchased. Purchases pursuant to the NCIB are expected to be made through the facilities of the TSX Venture Exchange (the "TSXV"), or such other permitted means, including through alternative trading systems in Canada, at prevailing market prices or as otherwise permitted by the policies of the TSXV.

During the period, the Company repurchased 40,000 common shares at a weighted average purchase price of $1.20 and a total purchase price of $48,000. The excess of the purchase price paid over the carrying value of the shares repurchased, totaled $22,868 and was charged to retained earnings as a share repurchase premium.

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

	3 months ended March 31 2020	**3 months ended March 31 2019**
Issued common shares, beginning	36,357,576	36,655,488
Effect of unvested shares	(461,310)	(279,417)
Effect of issued common shares	40,042	48,680
Effect of repurchased common shares	(20,000)	-
Weighted average number of common shares	35,916,308	36,424,751
Dilutive effect of restricted common shares and stock options	621,240	376,736
Weighted average number of diluted common shares	36,537,548	36,801,487

12. CONTRIBUTED SURPLUS

Share-based compensation expense is comprised of the following:

	2020	2019
Share purchase plan	73,429	42,194
Stock options	84,358	71,845
	157,787	114,039

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

	Grant #	Exercise Price
Balances, December 31, 2019	1,728,000	1.71
Issued	240,800	1.50
Forfeited	(10,000)	2.85
Balances, March 31, 2020	1,958,800	1.68

Of the total stock options issued during the period, 50,000 (2019 - NIL) stock options were issued to key management personnel. The estimated fair value of stock options was calculated using the Black-Scholes option pricing model with the following assumptions: i) the expected life of each stock option is between 3.5 and 8.5 years; ii) the risk free rate is between 1.21% and 1.59%; iii) the dividend yield will be $NIL; and iv) expected volatility is 58.41%. Volatility was determined using the Company's trading data from the first day of trading to the date of issuance. Variables used in the Black-Scholes option pricing model are based on highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The following table summarizes information about stock options outstanding as at March 31, 2020:

Exercise Price $	Options Outstanding #	Weighted Average Remaining Life in years	Options Exercisable #
1.50	1,698,800	5.8	824,497
2.85	260,000	5.9	130,000
1.68	1,958,800	5.8	954,497

13. SUPPLEMENTAL CASH FLOW INFORMATION

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

		Cash Flows	Non-Cash Changes		
	Balance Dec 31 2019		New Leases	Reacquired Leases	Balance March 31 2020
Finance lease receivables	5,888,672	(636,183)	623,395	(779,202)	5,096,682

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

		Cash Flows	Non-Cash Changes		
	Balance Dec 31 2019		New Leases /Loans	Foreign Exchange Movement	Balance March 31 2020
Bank indebtedness	7,080,567	1,054,937	-	(80,026)	8,055,478
Loan payable	19,641,779	(1,726,698)	170,395	329,363	18,414,839
Finance lease liabilities	46,089,690	(1,940,910)	-	626,363	44,775,143
	72,812,036	(2,612,671)	170,395	875,700	71,245,460

14. RELATED PARTY TRANSACTIONS

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

	2020	2019
Provided truck transportation services to Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd., companies under common control	2,078,629	1,658,360
Paid rent to Caledon First Investments Limited, a company under common control	(448,047)	(441,132)
Paid occupancy costs to Caledon First Investments Limited, a company under common control	(62,404)	(67,925)
Paid management fees to Trunkeast	(7,500)	(7,500)
	1,560,678	1,141,803

Under IFRS 16, rent paid to Caledon First Investments Limited is considered repayment of finance lease obligations, with deemed interest paid for right-of-use asset included in finance costs of $380,136 (2019 - $382,908).

Included in finance lease liabilities as at March 31, 2020 is a total of $33,819,762 (2019 - $34,073,216) payable to Caledon First Investments Limited for the use of the Company's head office terminal.

14. RELATED PARTY TRANSACTIONS - continued

Included in trade and other receivables as at March 31, 2020 is a total of $799,908 (2019 - $636,219) due from these related companies.

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

15. WAGES AND CASUAL LABOUR

Included in wages and casual labour are the following:

	2020	2019
Share-based compensation expense	157,787	114,039
Employee benefits	165,482	171,129
Key management personnel:		
Salaries and benefits	179,296	192,123
Share-based compensation expense	40,541	37,361

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

16. COMMITMENTS AND CONTINGENCIES

a) As at March 31, 2020, the Company was committed to the purchase of $0.3 million in rolling stock.

b) The Company has a letter of credit outstanding for $665,843 in favour of Caledon First Investments Limited, a company under common control, as a security deposit required under the lease for its Bolton head office, and a letter of credit for US$20,000 as security for a vendor.

c) The Company has committed to renting additional office space in Nashville, TN. The future minimum lease payment for the lease is US$0.6 million

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

17. COVID-19 INFORMATION

As the duration and impact of the COVID-19 pandemic to the global economy is currently unknown, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. The Company will continue to closely monitor the situation as it develops day-to-day and will take further actions, if necessary, to ensure the wellbeing of our workforce, customers, suppliers and other stakeholders, as well as minimize the disruption to Titanium's services.

The Company has taken measures to mitigate the potential negative impact on its financial results as a result of the outbreak. Among these measures, the Company took steps to reduce the exposure to its workforce and customers by limiting external visits, business travels, provide "Work-From-Home" accommodations when necessary and rotation of onsite workforce. In addition, the Company also provided both proper Personal Protective Equipment ("PPE") and up-to-date safety protocols to its workforce on a timely basis. As a result, the Company had not experience any business interruption due to the pandemic.

The Company is expected to apply for the Canada Emergency Wage Subsidy ("CEWS") to lessen the financial impact of the COVID-19 related economic downturn. It is not possible to determine the amount of the subsidy at the reporting date as the application is in progress.

The Company's exposure to interest rate risk and foreign exchange risk has heightened during the pandemic. We continue to monitor the economic conditions on a daily basis to mitigate these risks.

The Company does not expect any material changes to other risk factors provided the temporary COVID-19 precautionary measures relax in the near future. If these measures extend indefinitely, there will be adverse effects on Titanium's credit risks as customers may become financially distressed. There may also be additional risks to the Company's operations as available workforce may contract for the Company, its customers and its suppliers. Furthermore, a prolonged period of precautionary measures will likely have severe effects on the Company's liquidity position and financial performance.