TITANIUM
Transportation Group Inc.

Management's Discussion and Analysis

For the second quarter ended
June 30, 2015

Dated August 11, 2015

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis ("MD&A"), which provides a comparative overview of the Company's performance for its three month and six month period ended June 30, 2015 and the Company's financial position as at June 30, 2015. Throughout this MD&A, the term "Company" shall mean Titanium Transportation Group Inc. and all of its wholly-owned subsidiaries. This discussion should be read in conjunction with Titanium Transportation Group Holdings Ltd.'s (previously Titanium Transportation Group Inc.) MD&A, audited consolidated financial statements and accompanying notes as at and for the years ended December 31, 2014 and 2013; Titanium Transportation Group Inc.'s (previously Northeastern Group Inc.) MD&A, audited financial statements and accompanying notes as at and for the nine month period ended December 31, 2014; and the Company's unaudited condensed consolidated interim financial statements for the second quarter ended June 30, 2015 ("consolidated interim financial statements").

The consolidated interim financial statements of the Company and extracts from those consolidated interim financial statements contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's presentation currency is the Canadian dollar. Unless otherwise stated, dollar amounts expressed in this MD&A are in Canadian dollars. The Company's consolidated interim financial statements were approved by its Board of Directors on August 11, 2015. Readers are cautioned that this MD&A contains certain forward looking information. Please refer to the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A.

Unless otherwise indicated, the information in this report is dated as of August 11, 2015. Additional information relating to the Company is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

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

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

OVERVIEW

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

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

Revenue for the three month and six month period ended June 30, 2015 was $32.4 million and $56.4 million, respectively, compared to $17.1 million and $31.4 million, respectively, for the three month and six month period ended June 30, 2014. Similarly, EBITDA for the three month and six month period ended June 30, 2015 was $3.4 million and $6.2 million, respectively, compared to $1.6 million and $2.7 million, respectively, for the three month and six month period ended June 30, 2014. EBITDA is a non-IFRS financial measure. For a definition of EBITDA and an explanation of the use of this measure herein refer to "Non-IFRS Financial Measures".

The Company continued to see significant growth in its workforce and fleet from December 31, 2014 to June 30, 2015. Independent owner operators and full-time employees, working for the Company as of June 30, 2015 totaled 410 compared to 239 as of December 31, 2014. Similarly, power units and trailers being used by the Company as of June 30, 2015 were 332 and 1,116, respectively, compared to 176 and 647, respectively, as of December 31, 2014.

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

RESULTS OF OPERATIONS

Financial Highlights (unaudited)

	3 months ended June 30 2015	3 months ended June 30 2014	6 months ended June 30 2015	6 months ended June 30 2014
Revenue	30,076,438	15,636,799	52,503,374	28,637,324
Fuel surcharge	2,343,963	1,438,428	3,927,907	2,759,421
	32,420,401	17,075,227	56,431,281	31,396,745
Operating expenses	29,050,945	15,474,141	50,263,703	28,653,792
EBITDA(1)	3,369,456	1,601,086	6,167,578	2,742,953
EBITDA margin(1)	11.2 %	10.2 %	11.7 %	9.6 %
Depreciation	1,991,754	514,341	3,196,255	1,103,735
Gain on sale of property and equipment	(247,586)	(64,514)	(357,544)	(130,315)
EBIT(1)	1,625,288	1,151,259	3,328,867	1,769,533
EBIT margin(1)	5.4 %	7.4 %	6.3 %	6.2 %
Finance costs	511,411	157,114	832,792	317,884
Finance income	(41,544)	(17,084)	(81,198)	(25,626)
Income tax expense	389,547	290,102	789,944	391,510
Adjusted net income(1)	765,874	721,127	1,787,329	1,085,765
Adjusted net income per share(2) - basic	0.03	0.03	0.07	0.05
Adjusted net income per share(2) - diluted	0.02	0.03	0.06	0.05
Reverse takeover costs, net of tax	2,124,540	-	2,404,273	-
Net income and comprehensive income attributable to owners of the Company	(1,358,666)	721,127	(616,944)	1,085,765
Net income per share(2) - basic	(0.04)	0.03	(0.02)	0.05
Net income per share(2) - diluted	(0.04)	0.03	(0.02)	0.05

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

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

RESULTS OF OPERATIONS - continued

Selected Segmented Financial Information (unaudited)

	Truck Transportation	Logistics	Corporate	Elimination	Total
For the three months ended June 30, 2015					
Revenue	18,529,298	11,743,979	-	(196,839)	30,076,438
Fuel surcharge	1,677,105	666,858	-	-	2,343,963
	20,206,403	12,410,837	-	(196,839)	32,420,401
Operating expenses					
Carriers and independent contractors	5,862,476	9,381,473	-	(196,839)	15,047,110
Vehicle operating	5,876,399	-	-	-	5,876,399
Wages and casual labour	5,142,684	978,817	236,774	-	6,358,275
Other operating	905,766	509,813	353,582	-	1,769,161
	17,787,325	10,870,103	590,356	(196,839)	29,050,945
EBITDA[(1)]	2,419,078	1,540,734	(590,356)	-	3,369,456
EBITDA margin[(1)]	13.1 %	13.1 %			11.2 %
Depreciation	1,991,754	-	-	-	1,991,754
Gain on sale of property and equipment	(247,586)	-	-	-	(247,586)
Finance costs	511,411	-	-	-	511,411
Finance income	(41,544)	-	-	-	(41,544)
Reverse takeover costs	-	-	2,129,891	-	2,129,891
	2,214,035	-	2,129,891	-	4,343,926
Income before income taxes	205,043	1,540,734	(2,720,247)	-	(974,470)
Income tax expense	66,924	417,712	(100,440)	-	384,196
Net income	138,119	1,123,022	(2,619,807)	-	(1,358,666)
For the three months ended June 30, 2014					
Revenue	8,765,418	6,975,120	-	(103,739)	15,636,799
Fuel surcharge	861,525	576,903	-	-	1,438,428
	9,626,943	7,552,023	-	(103,739)	17,075,227
Operating expenses	8,508,258	7,028,351	41,271	(103,739)	15,474,141
EBITDA[(1)]	1,118,685	523,672	(41,271)	-	1,601,086
EBITDA margin[(1)]	12.8 %	7.5 %			10.2 %
Net income	373,835	377,626	(30,334)	-	721,127

RESULTS OF OPERATIONS - continued

Selected Segmented Financial Information (unaudited)

	Truck Transportation	Logistics	Corporate	Elimination	Total
For the six months ended June 30, 2015					
Revenue	31,972,567	20,842,374	-	(311,567)	52,503,374
Fuel surcharge	2,913,722	1,014,185	-	-	3,927,907
	34,886,289	21,856,559	-	(311,567)	56,431,281
Operating expenses	30,328,164	19,357,416	889,690	(311,567)	50,263,703
EBITDA(1)	4,558,125	2,499,143	(889,690)	-	6,167,578
EBITDA margin(1)	14.3 %	12.0 %			11.7 %
Net income	676,571	1,826,035	(3,119,550)	-	(616,944)
For the six months ended June 30, 2014					
Revenue	16,794,463	12,044,392	-	(201,531)	28,637,324
Fuel surcharge	1,823,329	936,092	-	-	2,759,421
	18,617,792	12,980,484	-	(201,531)	31,396,745
Operating expenses	16,573,401	12,142,141	139,781	(201,531)	28,653,792
EBITDA(1)	2,044,391	838,343	(139,781)	-	2,742,953
EBITDA margin(1)	12.2 %	7.0 %			9.6 %
Net income	586,868	601,636	(102,739)	-	1,085,765

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

Revenue

For the three month and six month period ended June 30, 2015, total revenue increased by $15,345,174 and $25,034,536, respectively, when compared to the three month and six month period ended June 30, 2014. Of the increase, $10,486,360 and $16,158,461, respectively, for the three month and six month period, can be attributed to the truck transportation segment as a result of the following acquisitions made between the end of Q2 2014 and Q2 2015: CAIN on July 1, 2014, GBT on October 1, 2014 and MTL on March 1, 2015.

Similarly, the logistics segment saw an increase of $4,858,814 and $8,876,075, respectively, for the three month and six month period when compared to the prior year. The increase is a result of new business generated and growth with existing customers.

RESULTS OF OPERATIONS - continued

EBITDA

The EBITDA margin increased to 11.2% from 10.2% for the three month period ended June 30, 2015, when comparing to the three month period ended June 30, 2014. Similarly for the six month period ended June 30, 2015, the EBITDA margin increased to 11.7% from 9.6%. This is a result of both the truck transportation and logistics segments, whose EBITDA's both more than doubled.

The EBITDA margin for the truck transportation segment increased slightly from 12.8% to 13.1%, year over year for the three month period ended June 30. However, the EBITDA margin decreased when compared to the three month period ended March 31, 2015, which saw an EBITDA margin of 15.9%. The decrease is a result of the acquisition of MTL, which required a significant investment in repairs and maintenance to get equipment up to the Company's standards. Regular maintenance costs were also much higher because MTL operated a much older fleet. The Company has already started to replace MTL's older equipment. Despite this, the truck transportation segment saw an increase in EBITDA margin from 12.2% to 14.3% for the six month period ended June 30, 2015 when compared to the prior year.

The logistics segment EBITDA margin increased from 7.5% to 13.1% and 7.0% to 12.0%, respectively, for the three month and six month period ended June 30. The increases are a result of a higher volume of revenue compared to relatively stable fixed costs.

Expenses

Operating expenses increased by $13,576,804 and $21,609,911, respectively, for for the three month and six month period ended June 30, 2015 over the same periods in 2014. The increase is primarily a result of the acquisition of CAIN, GBT and MTL as well as higher commissions on larger logistics sales volumes. In addition, the Company has had to absorb higher corporate expenses due to now being a publicly traded company on the TSX Venture Exchange.

Depreciation increased for the three month and six month period ended June 30, 2015 when comparing to the three month and six month period ended June 30, 2014 primarily as a result of the acquisition of equipment both through business combinations and financed purchases. In addition, the cost of new equipment has increased and a higher proportion of the Company's rolling stock is currently new, resulting in higher depreciation rates. As a result of these acquisitions, finance costs have increased as well. Finance costs are particularly high this quarter due to the acquisition of MTL, which resulted in the Company assuming debt at high rates as well as a factoring arrangement. Subsequent to the reporting period, the factoring arrangement came to an end and the Company paid down its acquisition line and bank indebtedness, significantly reducing its financing costs going forward.

Reverse takeover costs pertain to non-recurring costs the Company incurred in order to complete a reverse takeover of a "reporting issuer" and become a publicly traded company on the TSX Venture Exchange.

SUMMARY OF QUARTERLY RESULTS

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

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Revenue	30,076,438	22,426,936	19,540,652	18,118,025	15,636,799	13,000,525
Fuel surcharge	2,343,963	1,583,944	1,391,796	1,290,244	1,438,428	1,320,993
	32,420,401	24,010,880	20,932,448	19,408,269	17,075,227	14,321,518
Operating expenses(1)	29,050,945	21,212,758	18,742,206	17,907,527	15,474,141	13,179,651
EBITDA(2)	3,369,456	2,798,122	2,190,242	1,500,742	1,601,086	1,141,867
EBITDA margin(2)	11.2 %	12.5 %	11.2 %	8.3 %	10.2 %	8.8 %
Adjusted net income(2)	765,874	1,021,455	738,742	436,642	721,127	364,638
Per share - basic(3)	0.03	0.04	0.03	0.02	0.03	0.02
Per share - diluted(3)	0.02	0.04	0.03	0.02	0.03	0.02
Net income and comprehensive income attributable to the owners of the Company	(1,358,666)	741,722	450,035	436,642	721,127	364,638
Per share - basic(3)	(0.04)	0.03	0.02	0.02	0.03	0.02
Per share - diluted(3)	(0.04)	0.03	0.02	0.02	0.03	0.02

(1) Q4 2014 operating expenses have been adjusted to reflect $392,799 in RTO transaction costs.
(2) Refer to "Non-IFRS Financial Measures".
(3) Reflects subdivision of shares that took place on March 31, 2015.

Overall, the Company's revenue continued to grow through acquisitions and organic growth. Generally, EBITDA has been growing as well, although the Company saw a decrease in Q3 2014 as a result of the acquisition of CAIN. However, as synergies from this acquisition were realized, EBITDA growth resumed in Q4 2014. The acquisition of MTL in Q1 2015 resulted in a lower EBITDA margin in Q2; however, EBITDA overall, continued to grow.

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

LIQUIDITY AND CAPITAL RESOURCES

	June 30 2015	December 31 2014
Working capital (deficit)[1]	(649,507)	1,595,165
Total assets	63,173,645	41,716,496
Debt[2]	35,152,851	22,312,430
Shareholders' equity	16,304,313	6,748,686
Debt to equity ratio[3]	2.16	3.31

(1) Working capital (deficit) is defined as current assets less current liabilities. Private placement funds held in trust have been excluded from liabilities in working capital.

(2) Debt is defined as loans payable and finance lease liabilities, both current and long-term portions, as well as bank indebtedness, acquisition loan and due to corporate shareholder.

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

The decrease in working capital can be attributed to the acquisition of MTL on March 1, 2015. The Company acquired a working capital deficit of approximately $6 million and repaid debt of $3,756,185 on acquisition. The Company actively seeks debt refinancing when possible, especially with respect to debt acquired through business acquisitions, to the extent that penalties for early retirement of debt are not significant and lower cost financing is available. The decrease in working capital on acquisition of MTL was partly offset by the Company drawing on its $5,000,000 long-term acquisition line and through the collection of an additional $1,344,200 in private placement funds during the period. The working capital deficit was remedied subsequent to June 30, 2015 when the Company completed an $11.5 million bought deal private placement. Management believes that the Company's operating cash flows are sufficient to fund daily operating activities and meet regular debt repayment obligations.

The Company saw negative cash flows from operating activities for the three month period ended June 30, 2015 as a result of rapid organic growth during the period. The growth resulted in an increase to accounts receivable; however, accounts payable remained relatively flat. The Company pays its suppliers in a timely manner in order to ensure strong working relationships. In addition, following the acquisition of MTL, the Company repaid a significant portion of the acquired company's aged payables. As part of the Company's growth strategy, the Company reinvests positive operating cash flows into business acquisitions and equipment purchases.

Total assets and debt increased significantly as a result of the acquisition of MTL. In addition, the Company purchased $11,980,194 in new equipment during the six month period ended June 30, 2015. The Company regularly reinvests in new equipment to keep maintenance costs low and to ensure quality service for its customers. The Company's equipment vendors as well as financial institutions have historically provided direct funding towards the purchase of new equipment. As of June 30, 2015, the Company has committed $9,096,784 towards the purchase of additional equipment. Management believes there is sufficient financing available to fund planned capital expenditures in the future and to provide for the future growth of the business.

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

LIQUIDITY AND CAPITAL RESOURCES - continued

The Company completed a non-brokered private placement of subscription receipts on December 19, 2014, and the proceeds were released from escrow to the Company immediately prior to the RTO. Set forth below is a tabular comparison of the disclosure previously made by the Company regarding the use of proceeds from the private placement to the actual use thereof.

	Actual Amount	Original Estimated Amount
Fees and expenses payable in connection with the Listing of the Company on the TSX-V (accounting, sponsorship, TSX-V and legal fees)	741,876	428,269
Unallocated (future acquisitions and general working capital)	5,888,567	6,202,174
	6,630,443	6,630,443

The portion of the Company's bank credit facilities which were unused as of June 30, 2015 include approximately $8.9 million under a revolving demand operating facility and $5 million under a f/x forward contract facility. In addition, the Company has available to it a $5 million finance lease loan facility through another financial institution.

Common Shares

As of June 30, 2015, there were 30,288,088 common shares of the Company outstanding.

On July 2, 2015, 65,000 common shares were issued as a result of the exercise of warrants that were issued on April 1, 2015.

On July 7, 2015, the Company completed a bought deal private placement and issued 4,036,500 common shares at a price of $2.85 per share and 2,018,250 warrants. The shares are subject to a hold period expiring November 8, 2015. The warrants, which expire after 24 months, entitle the holder to acquire a common share of the Company at an exercise price of $3.50 per common share.

On July 8, 2015, the Company issued 87,214 common shares at a price of $2.80 per share, pursuant to a non-brokered private placement that was offered to employees and independent owner operators of MTL. The shares are subject to a contractual restriction on transfer whereby half of the shares cannot be sold or transferred until six months following the issue date and the other half cannot be sold or transferred until one year following the issue date.

As of August 11, 2015, there are 34,476,802 common shares of the Company outstanding and 6,485,915 warrants to acquire common shares of the Company. In addition, there are 1,240,000 stock options outstanding, of which 150,000 are exercisable.

NON-IFRS FINANCIAL MEASURES

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

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

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

"Earnings before interest and income taxes" ("EBIT") is calculated as net income before finance income and costs, income tax expense and reverse takeover costs.

"EBIT margin" is calculated as EBIT 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. However, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

TRANSACTIONS WITH RELATED PARTIES

The Company provides transportation services to companies under common control. These companies include Vision Extrusions Group Limited, Vision Ecoproducts Limited and Sunview Patio Doors Ltd., and aggregate revenues from these companies totaled $998,565 and $1,732,995, respectively, for the three month and six month period ended June 30, 2015 (2014 - $851,110 and $1,490,685, respectively). The Company also rents its head office and Woodbridge distribution terminal from Vaughan West II Limited and its Woodbridge parking yard from Roybridge Holdings Limited, both companies under common control. Total rent paid to these companies for the three month and six month period ended June 30, 2015 was $104,277 and $208,553, respectively (2014 - $99,575 and $198,167, respectively).

Trunkeast, the Company's controlling shareholder as of June 30, 2015, had provided financing to the Company, as needed, to fund business acquisitions and any working capital shortfalls. During March, this funding was replaced with financing provided by the Company's bank. Interest charged by Trunkeast during the three month and six month period ended June 30, 2015 was $NIL and $94,514, respectively (2014 - $48,877 and $96,014, respectively). Trunkeast also provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged $15,000 and $30,000, respectively, (2014 - $21,600 and $43,200, respectively) for the three month and six month period ended June 30, 2015. The Company is committed to payment for these services until December 31, 2018.

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

TRANSACTIONS WITH RELATED PARTIES - continued

In addition, the Company is expected to lease property for a new facility being constructed at 12725 Coleraine Drive, Caledon, Ontario, which will accommodate the Company's head office operations and include an integrated yard, warehousing and third party mechanical shop. The lease agreement is with Caledon First Investments Limited, a company under common control, for approximately 71,500 square feet of gross floor area. Occupancy is expected to commence in August 2016. The terms of the lease are currently under independent review.

CHANGES IN ACCOUNTING POLICIES

The following new standards and amendments to standards are not yet effective for period ended June 30, 2015 and have not been applied in preparing the consolidated interim financial statements. The full description of each of these recent pronouncements is available in our consolidated interim financial statements.

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

Titanium Transportation Group Inc.

Unaudited Condensed Consolidated Interim Financial Statements

For the second quarter ended
June 30, 2015

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(in Canadian dollars)

	June 30 2015	December 31 2014
Assets		
Current		
Trade and other receivables (note 6 and 16)	19,978,734	14,793,088
Finance lease receivables (note 7)	593,657	504,052
Prepaid expenses and deposits	869,590	569,514
Restricted cash (note 8)	244,200	5,632,165
	21,686,181	21,498,819
Finance lease receivables (note 7)	978,789	921,372
Property and equipment (note 9)	37,423,719	16,566,433
Deferred tax assets	229,353	31,361
Goodwill (note 5)	2,855,603	2,698,511
	63,173,645	41,716,496
Liabilities		
Current		
Bank indebtedness (note 10)	6,358,416	1,120,541
Trade and other payables	8,450,496	5,140,975
Current taxes payable	451,076	414,037
Loans payable (note 11)	2,815,947	2,469,109
Finance lease liabilities (note 12)	4,059,753	1,508,992
Due to corporate shareholder (note 10)	-	9,000,000
Due to related parties	200,000	250,000
Private placement funds held in trust (note 8)	244,200	5,632,165
	22,579,888	25,535,819
Loans payable (note 11)	6,024,929	5,001,163
Finance lease liabilities (note 12)	10,893,806	3,212,625
Acquisition loan (note 10)	5,000,000	-
Due to related parties	200,000	200,000
Deferred tax liabilities	2,170,709	1,018,203
	46,869,332	34,967,810
Commitments (note 19)		
Shareholders' Equity		
Share capital (note 13)	10,333,341	2,080,000
Contributed surplus (note 14)	1,919,230	-
Retained earnings	4,051,742	4,668,686
	16,304,313	6,748,686
	63,173,645	41,716,496

On behalf of the Board

"Ted Daniel"
Director

"Bill Chyfetz"
Director

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

(unaudited)

(in Canadian dollars)

	3 months ended June 30 2015	**3 months ended June 30 2014**	**6 months ended June 30 2015**	**6 months ended June 30 2014**
Revenue	30,076,438	15,636,799	52,503,374	28,637,324
Fuel surcharge	2,343,963	1,438,428	3,927,907	2,759,421
	32,420,401	17,075,227	56,431,281	31,396,745
Operating expenses				
Carriers and independent contractors	15,047,110	9,951,746	26,095,906	17,863,551
Vehicle operating	5,876,399	2,378,136	10,005,758	4,780,479
Wages and casual labour	6,358,275	2,517,043	10,872,366	4,758,388
Other operating	1,769,161	627,216	3,289,673	1,251,374
	29,050,945	15,474,141	50,263,703	28,653,792
Income before the following	3,369,456	1,601,086	6,167,578	2,742,953
Depreciation	1,991,754	514,341	3,196,255	1,103,735
Gain on sale of property and equipment (note 15)	(247,586)	(64,514)	(357,544)	(130,315)
Finance costs	511,411	157,114	832,792	317,884
Finance income	(41,544)	(17,084)	(81,198)	(25,626)
Reverse takeover costs (note 13)	2,129,891	-	2,510,480	-
	4,343,926	589,857	6,100,785	1,265,678
Income before income taxes	(974,470)	1,011,229	66,793	1,477,275
Income tax expense (note 18)	384,196	290,102	683,737	391,510
Net income and comprehensive income attributable to owners of the Company	(1,358,666)	721,127	(616,944)	1,085,765
Earnings per share:				
Basic	(0.04)	0.03	(0.02)	0.05
Diluted	(0.04)	0.03	(0.02)	0.05
Weighted average number of shares outstanding:				
Basic (note 13)	30,288,088	23,033,600	27,044,044	23,033,600
Diluted (note 13)	30,288,088	23,033,600	27,044,044	23,033,600

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Changes in Equity

six months ended June 30 (unaudited)

(in Canadian dollars)

	Share Capital	Contributed Surplus	Retained earnings	Total
Balances at December 31, 2014	2,080,000	-	4,668,686	6,748,686
Share issuance (note 13)	8,253,341	1,677,086	-	9,930,427
Share-based compensation expense (note 14)	-	242,144	-	242,144
Net income and comprehensive income	-	-	(616,944)	(616,944)
Balances at June 30, 2015	10,333,341	1,919,230	4,051,742	16,304,313
Balances at December 31, 2013	1,680,000	-	2,696,244	4,376,244
Net income and comprehensive income	-	-	1,085,765	1,085,765
Balances at June 30, 2014	1,680,000	-	3,782,009	5,462,009

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

(in Canadian dollars)

	3 months ended June 30 2015	3 months ended June 30 2014	6 months ended June 30 2015	6 months ended June 30 2014
Cash flows from operating activities				
Net income	(1,358,666)	721,127	(616,944)	1,085,765
Adjustments:				
Depreciation	1,991,754	514,341	3,196,255	1,103,735
Gain on sale of property and equipment	(247,586)	(64,514)	(357,544)	(130,315)
Finance costs	511,411	157,114	832,792	317,884
Finance income	(41,544)	(17,084)	(81,198)	(25,626)
Share-based compensation expense	242,144	-	242,144	-
Reverse takeover costs	2,129,891	-	2,510,480	-
Income tax expense	384,196	290,102	683,737	391,510
	3,611,600	1,601,086	6,409,722	2,742,953
Net change in non-cash operating working capital	(4,103,946)	(610,711)	(2,792,170)	584,454
	(492,346)	990,375	3,617,552	3,327,407
Interest paid	(511,411)	(157,114)	(832,792)	(317,884)
Interest received	41,544	17,084	81,198	25,626
Income taxes	(305,388)	(16,893)	(766,188)	(16,893)
	(1,267,601)	833,452	2,099,770	3,018,256
Cash flows from investing activities				
Acquisition of property and equipment	(948,109)	(277,234)	(948,109)	(432,939)
Disposition of property and equipment	563,399	215,649	818,428	243,949
Acquisition of subsidiaries	505,152	-	(1,494,848)	-
	120,442	(61,585)	(1,624,529)	(188,990)
Cash flows from financing activities				
Bank indebtedness	(7,911,693)	-	4,872,424	(480,952)
Demand loans	-	-	(914,580)	-
Loans payable	(936,558)	(200,958)	(2,526,357)	(991,876)
Finance lease liabilities	(987,995)	(377,986)	(3,797,295)	(757,440)
Acquisition loan	5,000,000	-	5,000,000	-
Due to corporate shareholder	-	300,000	(9,000,000)	-
Due to related parties	(50,000)	(117,629)	(50,000)	(48,000)
Private placement	244,200	-	244,200	-
Issuance of shares	998,278	-	998,278	-
Reverse takeover costs	(597,038)	-	(689,876)	-
	(4,240,806)	(396,573)	(5,863,206)	(2,278,268)
Increase (decrease) in cash	(5,387,965)	375,294	(5,387,965)	550,998
Cash, beginning	5,632,165	175,704	5,632,165	-
Cash, ending	244,200	550,998	244,200	550,998

1. CORPORATE INFORMATION

Titanium Transportation Group Inc. (the "Company") was incorporated on July 11, 1989 under the Canada Business Corporations Act. Prior to a reverse takeover on April 1, 2015 by Titanium Transportation Group Holdings Ltd., the Company went through a period of inactivity while seeking new business opportunities. The Company is now a truck-based carrier and logistics broker servicing all of North America with distribution terminals based in Woodbridge, Bracebridge, Orillia and Napanee, Ontario. The condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries. The Company changed its name from "Northeastern Group Inc." to "Titanium Transportation Group Inc." on April 1, 2015.

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

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

2. BASIS OF PRESENTATION

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

Statement of compliance

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

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 11, 2015.

2. BASIS OF PRESENTATION - continued

Seasonality of interim operations

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

Use of estimates

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

Use of judgment

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The Company adopted the following new accounting policies during the period:

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, stock options and warrants are recognized as a deduction from equity, net of any tax effects.

Share-based compensation expense

The grant date fair value of share-based payment awards granted to employees and consultants is recognized as an expense, with a corresponding increase in contributed surplus, over the period that the employee or consultant unconditionally becomes entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service performance conditions at the vesting date.

When share-based payment awards are exercised, the proceeds, together with the amount originally recorded in contributed surplus, are recorded in share capital.

New standards not yet adopted

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

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

4. OPERATING SEGMENTS

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

	Truck Transportation	Logistics	Corporate	Elimination	Total
As at June 30, 2015					
Total assets	51,494,840	11,035,154	643,651	-	63,173,645
Total liabilities	42,371,726	4,410,028	87,578	-	46,869,332
As at December 31, 2014					
Total assets	35,222,956	6,493,540	-	-	41,716,496
Total liabilities	30,830,126	4,137,684	-	-	34,967,810
Three months ended June 30, 2015					
Revenue - external	20,009,564	12,410,837	-	-	32,420,401
Revenue - internal	196,839	-	-	(196,839)	-
Total revenue	20,206,403	12,410,837	-	(196,839)	32,420,401
Depreciation	1,991,754	-	-	-	1,991,754
Finance costs	511,411	-	-	-	511,411
Finance income	(41,544)	-	-	-	(41,544)
Income before income taxes	205,043	1,540,734	(2,720,247)	-	(974,470)
Income taxes (recoveries)	66,924	417,712	(100,440)	-	384,196
Capital expenditures	6,668,036	-	-	-	6,668,036
Goodwill acquisitions	-	-	-	-	-
Three months ended June 30, 2014					
Revenue - external	9,523,204	7,552,023	-	-	17,075,227
Revenue - internal	103,739	-	-	(103,739)	-
Total revenue	9,626,943	7,552,023	-	(103,739)	17,075,227
Depreciation	504,446	9,895	-	-	514,341
Finance costs	157,114	-	-	-	157,114
Finance income	(17,084)	-	-	-	(17,084)
Income before income taxes	538,723	513,777	(41,271)	-	1,011,229
Income taxes (recoveries)	164,888	136,151	(10,937)	-	290,102
Capital expenditures	851,617	-	-	-	851,617
Goodwill acquisitions	-	-	-	-	-

4. OPERATING SEGMENTS - continued

	Truck Transportation	Logistics	Corporate	Elimination	Total
Six months ended June 30, 2015					
Revenue - external	34,574,722	21,856,559	-	-	56,431,281
Revenue - internal	311,567	-	-	(311,567)	-
Total revenue	34,886,289	21,856,559	-	(311,567)	56,431,281
Depreciation	3,196,255	-	-	-	3,196,255
Finance costs	832,792	-	-	-	832,792
Finance income	(81,198)	-	-	-	(81,198)
Income before income taxes	967,820	2,499,143	(3,400,170)	-	66,793
Income taxes (recoveries)	291,249	673,108	(280,620)	-	683,737
Capital expenditures	25,225,094	-	-	-	25,225,094
Goodwill acquisitions	157,092	-	-	-	157,092
Six months ended June 30, 2014					
Revenue - external	18,416,261	12,980,484	-	-	31,396,745
Revenue - internal	201,531	-	-	(201,531)	-
Total revenue	18,617,792	12,980,484	-	(201,531)	31,396,745
Depreciation	1,083,945	19,790	-	-	1,103,735
Finance costs	317,884	-	-	-	317,884
Finance income	(25,626)	-	-	-	(25,626)
Income before income taxes	798,503	818,553	(139,781)	-	1,477,275
Income taxes (recoveries)	211,635	216,917	(37,042)	-	391,510
Capital expenditures	4,098,042	-	-	-	4,098,042
Goodwill acquisitions	-	-	-	-	-

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

	3 months ended June 30 2015	3 months ended June 30 2014	6 months ended June 30 2015	6 months ended June 30 2014
Canada	21,386,210	9,232,236	37,321,451	16,981,819
United States	11,034,191	7,842,991	19,109,830	14,414,926
	32,420,401	17,075,227	56,431,281	31,396,745

5. BUSINESS COMBINATIONS

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

From the date of acquisition, management estimates that MTL contributed revenue of $10,726,972 and a net loss of $597,696. If the company were acquired January 1, 2015, management estimates that the company would have contributed revenue of $15,700,521 and a net loss of $1,059,801. As a result of the integration of MTL into the Company's operations, these figures represent estimates only.

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

Trade and other receivables	877,667
Prepaid expenses and deposits	690,037
Property and equipment	13,244,900
Bank indebtedness	(365,451)
Demand loans	(914,580)
Trade and other payables	(2,959,999)
Loans payable	(942,363)
Finance lease liabilities	(5,413,299)
Deferred tax liabilities	(1,074,004)
Total identifiable net assets	3,142,908
Total consideration	3,300,000
Goodwill	157,092
Cash	1,600,000
Issuance of shares	900,000
Loan payable	800,000
Total consideration transferred	3,300,000

As market prices for shares issued as part of the acquisition of MTL were not available at the time of acquisition, the fair value of the equity instruments issued was based on an arm's length transaction between knowledgeable, willing parties. The valuation was based on the price of subscription receipts that the Company issued as part of its non-brokered private placement that was completed on December 19, 2014. All relevant factors and knowledge of the Company and industry at the time of acquisition were considered when making assumptions as part of the valuation of these shares.

5. BUSINESS COMBINATIONS - continued

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

Transactions costs of $215,750 have been expensed in relation to this business acquisition, which were recorded in other operating expenses on the condensed consolidated interim statement of comprehensive income.

Included in trade and other receivables acquired of $877,667, are gross contractual amounts of $844,123, of which $46,991 was expected to be uncollectable at the acquisition date.

6. TRADE AND OTHER RECEIVABLES

As part of the Company's acquisition of MTL, the Company assumed a factoring arrangement that expired on July 31, 2015. During the period from acquisition to June 30, 2015, the Company factored $9,994,831 in trade receivables and incurred $153,971 in factoring fees, which are included in finance costs on the condensed consolidated interim statement of comprehensive income. Factored trade receivables are subject to recourse if amounts are outstanding for more than 90 days. As of June 30, 2015, the carrying value and fair value of factored trade receivables with which the Company has continuing involvement was $744,488 and the total amount of accounts receivable subject to recourse was $1,475,307.

7. FINANCE LEASE RECEIVABLES

During the six month period ended June 30, 2015, the Company entered into new finance leases totaling $627,948, which are receivable over 18 to 60 months with interest ranging from 0% to 6.55%.

8. RESTRICTED CASH AND PRIVATE PLACEMENT FUNDS HELD IN TRUST

On June 26, 2015, the Company collected an aggregate of $244,200 in trust from certain employees and independent owner operators of MTL in connection with a non-brokered private placement of common shares at a price of $2.80 per common share. On closing of the private placement on July 8, 2015, the funds were released to the Company and an aggregate of 87,214 common shares were issued.

9. PROPERTY AND EQUIPMENT

	Land and building	Furniture and equipment	Rolling stock	Total
Cost				
Balance, December 31, 2014	406,671	2,169,400	22,751,685	25,327,756
Additions through business combinations	1,500,000	300,000	11,444,900	13,244,900
Other additions	142,613	60,443	11,777,138	11,980,194
Disposals	-	(28,410)	(2,080,940)	(2,109,350)
Balance, June 30, 2015	2,049,284	2,501,433	43,892,783	48,443,500
Accumulated depreciation				
Balance, December 31, 2014	4,167	1,364,838	7,392,318	8,761,323
Depreciation	9,167	219,639	2,967,449	3,196,255
Disposals	-	(28,410)	(909,387)	(937,797)
Balance, June 30, 2015	13,334	1,556,067	9,450,380	11,019,781
Net carrying amounts				
At December 31, 2014	402,504	804,562	15,359,367	16,566,433
At June 30, 2015	2,035,950	945,366	34,442,403	37,423,719

During the six month period ended June 30, 2015, rolling stock totaling $8,615,938 was acquired by way of finance leases and $2,154,598 was financed directly by the vendor.

10. BANK INDEBTEDNESS

During the six month period ended June 30, 2015, a Schedule II bank (the "bank") made the following credit facilities available to the Company:

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

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

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

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

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

10. BANK INDEBTEDNESS - continued

The credit facilities are secured by the following:

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

(ii) Corporate unlimited guarantee from each subsidiary;

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

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

After the credit facilities were made available, the Company repaid all outstanding debt owing to its corporate shareholder, Trunkeast. In addition, shortly after the acquisition of MTL, the Company restructured its debt to take advantage of the acquisition facility. This facility was repaid in full on July 7, 2015 after closing of the Company's bought deal private placement.

11. LOANS PAYABLE

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

In addition, the Company incurred $2,434,695 in new debt, year to date, to finance new equipment. The loan is repayable over monthly installments of $34,895 with a balloon payment of $314,993 in August 2015, bears interest at 3% and is due April 2020.

The composition of loans payable as of June 30, 2015 was as follows:

Loan payable relating to MTL land and building	783,940
Loan payable relating to new equipment	2,160,533
Loans payable existing on December 31, 2014	5,896,403
	8,840,876
Current portion	2,815,947
	6,024,929

In addition to the above, loans payable of $942,363 were assumed as part of the acquisition of MTL. Of these loans, $712,465 was repaid on March 1, 2015 and $229,898 was repaid during the three month period ended June 30, 2015.

12. FINANCE LEASE LIABILITIES

During the period, the Company entered into $8,615,938 in new finance leases. Interest on these leases range from 2.56% to 3.7% and the leases are repayable in blended monthly installments totaling $154,536 until January 2020 with additional payments of $58,594 until April 2020.

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

Liability relating to rolling stock, bearing interest at 5.87%, repayable in blended monthly installments of $10,168 until August 2017, with a final payment of $130,297 due September 2017	361,875
Liabilities relating to rolling stock, bearing interest ranging from 5.65% to 7.05%, repayable in blended monthly installments totaling $15,830, with final payments due between June 2016 and November 2017	284,645
Liabilities relating to rolling stock, bearing interest ranging from 5.47% to 5.58%, repayable in blended monthly installments totaling $37,012, with final payments due April 2019	1,532,409
Liabilities relating to rolling stock, bearing interest ranging from 5.5% to 5.86%, repayable in blended monthly installments totaling $21,154 until November 2017, with a final payment of $271,245 due December 2017	809,572
	2,988,501
New finance lease liabilities, as described above	7,998,092
Finance lease liabilities existing on December 31, 2014	3,966,966
	14,953,559
Current portion	4,059,753
	10,893,806

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

13. SHARE CAPITAL

Authorized

Unlimited number of common shares with no par value

	Common shares	
	Shares	**Amount**
Issued		
Balance December 31, 2014	11,028,032	2,080,000
Shares issued on acquisition of MTL	280,374	900,000
Share subdivision	12,891,595	-
Shares issued on RTO	1,599,989	2,399,984
Shares issued	4,488,098	4,953,357
Balance June 30, 2015	30,288,088	10,333,341

On March 1, 2015, Titanium Transportation Group Holdings Ltd. ("TTGHL") acquired MTL for cash and 280,374 newly issued common shares from treasury with a stated amount of $900,000.

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

On April 1, 2015, TTGHL completed the reverse takeover ("RTO") of the Company by way of a "three-cornered" amalgamation under the provisions of the Canada Business Corporations Act. The RTO resulted in TTGHL amalgamating with 9050400 Canada Inc. ("CanCo") and 9105352 Canada Inc. ("9105352"), a wholly-owned subsidiary of the Company. The resulting amalgamated entity continued as a wholly-owned subsidiary of the Company. As part of the amalgamation, 1,599,989 shares of the Company were issued to previous shareholders of CanCo and the Company with a stated amount of $2,399,984. Immediately following the RTO, the Company changed its name from "Northeastern Group Inc." to "Titanium Transportation Group Inc."

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

Trade and other receivables	5,934
Trade and other payables	(20,802)
Total identifiable net assets acquired	(14,868)
Total share consideration	199,983
Reverse takeover cost	214,851

13. SHARE CAPITAL - continued

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

Cash	305,152
Total identifiable net assets acquired	305,152
Total share consideration	2,200,001
Reverse takeover cost	1,894,849

As market prices for shares issued as part of the reverse takeover of the Company and CanCo were not available at the time of acquisition, the fair value of the equity instruments issued was based on an arm's length transaction between knowledgeable, willing parties. The valuation was based on the price of subscription receipts that TTGHL issued as part of a non-brokered private placement that was completed on December 19, 2014. All relevant factors and knowledge of TTGHL and its industry at the time of acquisition were considered when making assumptions as part of the valuation of these shares.

Also on April 1, 2015, 4,488,098 shares were issued for net proceeds of $6,630,443, less $1,677,086 allocated to warrants issued as part of this transaction.

The common shares of the Company commenced trading on the TSX Venture Exchange on April 16, 2015.

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

	3 months ended June 30 2015	3 months ended June 30 2014	6 months ended June 30 2015	6 months ended June 30 2014
Issued common shares, beginning	24,200,001	23,033,600	23,600,000	23,033,600
Effect of issued shares	6,088,087	-	3,444,044	-
Weighted average number of common shares	30,288,088	23,033,600	27,044,044	23,033,600

No additional adjustments to earnings or the weighted average number of shares for the effects of dilutive potential ordinary shares were necessary. Dilutive potential ordinary shares are financial instruments or contracts that may entitle its holder to ordinary shares, where the conversion, exercise or issuance of the financial instrument or warrant would result in a reduction in earnings per share or an increase in loss per share.

13. SHARE CAPITAL - continued

On July 2, 2015, 65,000 common shares were issued as a result of the exercise of warrants that were issued on April 1, 2015.

On July 7, 2015, the Company completed a bought deal private placement and issued 4,036,500 common shares at a price of $2.85 per share. The shares are subject to a hold period expiring November 8, 2015.

On July 8, 2015, the Company issued 87,214 common shares at a price of $2.80 per share, pursuant to a non-brokered private placement that was offered to employees and independent owner operators of MTL. The shares are subject to a contractual restriction on transfer whereby half of the shares cannot be sold or transferred until six months following the issue date and the other half cannot be sold or transferred until one year following the issue date.

14. CONTRIBUTED SURPLUS

On April 1, 2015, 4,532,665 warrants were issued as part of the Company's non-brokered private placement that was completed on December 19, 2014. Each warrant entitles the holder to acquire a common share of the Company at an exercise price of $2.50 per share until April 13, 2018. The warrants will be subject to expiry after 30 days if the volume weighted average price of the Company's common shares is no less than $3.00 per common share (subject to customary adjustments) for 20 consecutive trading days. The value of each warrant has been estimated at $0.37 resulting in a total estimated fair value of $1,677,086. The value of the warrants has been deducted from share capital and added to contributed surplus. No warrants were exercised during the reporting period although 65,000 were exercised on July 2, 2015.

In addition, 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 10% of the number of issued and outstanding shares of the Company. The Company issued 1,240,000 stock options on April 1, 2015 to various directors, employees and consultants, of which 150,000 vested immediately and are exercisable at the reporting date. Each stock option entitles the holder to acquire a common share of the Company at an exercise price of $1.50 per common share. Of the non-vested stock options, 395,000 vest after six years, 395,000 after three years and 300,000 in under three years. The majority of stock options expire after 10 years although 250,000 expire after five years. No stock options expired or were exercised or forfeited during the period. Of the 1,240,000 stock options issued and outstanding as of June 30, 2015, 600,000 are held by key management personnel. For the three months ended June 30, 2015, the Company recognized an expense of $242,144 relating to stock options with a corresponding increase to contributed surplus.

The estimated fair value of warrants and stock options was calculated using the Black-Scholes option pricing model with the following assumptions: i) the expected life of each warrant is 2.5 years and each stock option is between 2.5 and 8.5 years; ii) the risk free rate is between 0.5% and 1.15%; iii) the dividend yield will be $NIL; and iv) expected volatility is 65%. Volatility was determined using comparable market data and adjusting for differences in market conditions. 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.

On July 7, 2015, the Company issued 2,018,250 warrants as part of it's bought deal private placement. The warrants, which expire after 24 months, entitle the holder to acquire a common share of the Company at an exercise price of $3.50 per common share.

15. NON-CASH TRANSACTIONS

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

	3 months ended June 30 2015	3 months ended June 30 2014	6 months ended June 30 2015	6 months ended June 30 2014
Sale of tractors under finance leases	220,553	-	627,948	536,440
Cost of sales of tractors under finance leases	(199,232)	-	(597,770)	(493,939)
	21,321	-	30,178	42,501

16. RELATED PARTY TRANSACTIONS

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

	3 months ended June 30 2015	3 months ended June 30 2014	6 months ended June 30 2015	6 months ended June 30 2014
Provided truck transportation services to Vision Extrusions Group Limited, Vision Ecoproducts Limited and Sunview Patio Doors Ltd., companies under common control	998,565	851,110	1,732,995	1,490,685
Paid rent for premises to Vaughan West II Limited and rent for yard to Roybridge Holdings Limited, companies under common control	(104,277)	(99,575)	(208,553)	(198,167)
Paid interest to 1525359 Ontario Limited, a company under common control	-	(13,200)	-	(26,400)
Paid interest to Trunkeast	-	(48,877)	(94,514)	(96,014)
Paid management fees to Trunkeast	(15,000)	(21,600)	(30,000)	(43,200)
	879,288	667,858	1,399,928	1,126,904

Included in trade and other receivables as at June 30, 2015 is a total of $400,352 (December 31, 2014 - $333,406) 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.

17. WAGES AND CASUAL LABOUR

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

	3 months ended June 30 2015	**3 months ended June 30 2014**	**6 months ended June 30 2015**	**6 months ended June 30 2014**
Key management compensation - short term compensation	171,582	146,167	351,718	299,602
Key management compensation - equity-settled share-based compensation	149,359	-	149,359	-
Employee benefits	115,179	34,749	194,766	62,005

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

18. INCOME TAX EXPENSE

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

	3 months ended June 30 2015	**3 months ended June 30 2014**	**6 months ended June 30 2015**	**6 months ended June 30 2014**
Income before income taxes	(974,470)	1,011,229	66,793	1,477,275
Statutory income tax rate	26.50%	26.50%	26.50%	26.50%
Income tax provision based on statutory income tax rate	(258,235)	267,976	17,700	391,478
Increase (decrease) in income taxes resulting from:				
Non-deductible expenses	635,078	17,525	637,360	25,169
Adjustment for prior periods	7,353	4,601	28,677	(25,137)
Income taxes reported	384,196	290,102	683,737	391,510

The majority of non-deductible expenses in 2015 pertain to the reverse takeover of the Company and CanCo by TTGHL.

19. COMMITMENTS

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

Less than one year	1,111,574
Between one and five years	1,631,395

Operating leases that were charged to income during the three month and six month period ended June 30, 2015 totaled $681,141 and $1,345,850, respectively.

In addition, the Company is committed to paying $210,000 to Trunkeast in management fees over the next four years, of which $60,000 will be paid within one year.

b) As at June 30, 2015, the Company was committed to purchasing rolling stock for $9,096,784.

20. COMPARATIVE FIGURES

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

The Company also adopted the indirect method of presenting cash flows from operating activities on its condensed consolidated interim statements of cash flows. This presentation was adopted to allow for better comparison against the industry.

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