



Management's Discussion and Analysis

For the second quarter ended
June 30, 2017

Dated August 9, 2017

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the second quarter ended June 30, 2017

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated August 9, 2017 ("MD&A"), which provides a comparative overview of the Company's performance for its three month and six month periods ended June 30, 2017 with the corresponding three month and six month periods ended June 30, 2016, and it reviews the Company's financial position as at June 30, 2017. Throughout this MD&A, the term "Company" or "Titanium" shall mean Titanium Transportation Group Inc. and all of its direct and indirect wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2016 as well as the unaudited condensed consolidated interim financial statements of the Company for the second quarter ended June 30, 2017 ("consolidated interim financial statements").

The consolidated interim financial statements of the Company and extracts from those consolidated interim financial statements contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated interim financial statements comply with IAS 34, Interim Financial Reporting, and do not include all of the information required for annual financial statements. The Company's presentation currency is the Canadian dollar. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated. The Company's consolidated interim financial statements for the second quarter ended June 30, 2017 were approved by its Board of Directors on August 9, 2017. Readers are cautioned that certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumption prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

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

OVERVIEW

The Company is an asset-based transportation and logistics company servicing Canada and the United States with terminals in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario and with additional parking/switch yards in Sudbury, Brantford, Brockville and Trenton, Ontario. The Company has over 1,000 customers across various industries, including large multinational corporations. The Company has approximately 400 power units, 1,300 trailers, and 500 independent owner operators and full-time employees.

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

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

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The Company's operational results are influenced by industry-wide economic factors and by capital allocation, operating and spending decisions. Industry-wide economic factors which impact operational results include freight demand, trucking capacity, fuel prices, driver shortage and government regulation. The Company makes key decisions when allocating capital between its Truck Transportation and Logistics segments, hiring employees or independent contractors and determining compensation, investing in new equipment and technology, and considering business acquisitions. Operating and spending decisions are made after the analysis of numerous important financial and operational metrics including EBITDA¹ and operating income, revenue generated per truck and per mile, empty miles, driver retention and fuel efficiency.

Titanium experienced record revenue (including fuel surcharge) of \$32.8 million and a corresponding record EBITDA of \$3.4 million this quarter. These results represent a 9.4% increase in revenue and a 6.6% increase in EBITDA over the three month period ended June 30, 2016. Revenue and EBITDA for the six month period ended June 30, 2017, was \$62.6 million and \$6.3 million, respectively, which is a 7.8% and 11.3% increase over the six month period ended June 30, 2016. These increases were primarily driven by the Logistics segment.

The Logistics segment enjoyed revenue growth of 29.1% for the three month period and 30.6% for the six month period ended June 30, 2017 over the same periods in prior year. The increase was a result of an increasing and developing sales team as well as improved spot market rates in the second quarter of 2017. Although weakness in margins remained in the second quarter of 2017, improved volumes and a focus on fixed cost reduction allowed the Logistics segment to increase EBITDA for the three month and six month periods by 53.3% and 58.3%, respectively.

The Truck Transportation segment results for both the three month and six month periods ended June 30, 2017 were very comparable to that of 2016. Rates continued to be lower than what was experienced in the first half of 2016, although some tightening of capacity was experienced in the second quarter of 2017 by way of increased spot rates. Contract rates remained unchanged for the most part. Titanium was able to combat pricing pressure in 2017 with operational improvements, such as the elimination of redundant costs following the acquisition of ProNorth Transportation in December 2015, as well as investment in new equipment, which improved fuel efficiency and reduced repair costs.

Revenue by Industry

Manufactured Goods	37.9%
Retail	14.0%
Logistics/ Trucking	9.9%
Metals	9.2%
Food & Beverage	8.3%
Services	6.2%
Forest Products	6.0%
Automotive	3.9%
Other	4.6%

Based on Q2 2017 revenue

Net income increased by \$425,240 in the second quarter of 2017 and by \$739,653 in the first half of 2017 over the same periods in 2016. The increase can be attributed to growth in the Logistics segment, reduced corporate costs and the non-recurrence of a foreign exchange loss experienced in the first quarter of 2016 and transaction costs incurred in the second quarter of 2016. Transaction costs related to the acquisition of the Windsor terminal in June 2016.

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

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RESULTS OF OPERATIONS

Financial Highlights (unaudited)

	3 months ended June 30 2017	3 months ended June 30 2016	6 months ended June 30 2017	6 months ended June 30 2016
Revenue	30,860,157	28,385,885	58,910,924	54,820,587
Fuel surcharge	1,933,644	1,581,471	3,712,303	3,255,344
	32,793,801	29,967,356	62,623,227	58,075,931
Operating expenses	29,418,116	26,802,107	56,337,825	52,430,497
EBITDA ⁽¹⁾	3,375,685	3,165,249	6,285,402	5,645,434
EBITDA margin ⁽¹⁾	10.9 %	11.2 %	10.7 %	10.3 %
Depreciation	2,612,815	2,619,979	5,183,278	5,023,162
Amortization of customer lists	30,360	30,360	60,720	60,720
Operating income ⁽¹⁾	732,510	514,910	1,041,404	561,552
Operating margin ⁽¹⁾	2.4 %	1.8 %	1.8 %	1.0 %
Loss (gain) on sale of property and equipment	(69,388)	86,335	(345,313)	(244,998)
Finance costs	438,628	460,548	932,730	848,922
Finance income	(104,884)	(119,696)	(208,934)	(176,625)
Foreign exchange loss (gain)	24,946	(7,298)	(867)	266,399
Transaction costs	-	226,392	-	226,392
Income tax expense (recovery)	144,108	(5,231)	235,404	(47,269)
Net income (loss) and comprehensive income (loss) attributable to owners of the Company	299,100	(126,140)	428,384	(311,269)
Net income (loss) per share - basic	0.01	-	0.01	(0.01)
Net income (loss) per share - diluted	0.01	-	0.01	(0.01)

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

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Selected Segmented Financial Information (unaudited)

	3 months ended June 30 2017	3 months ended June 30 2016	6 months ended June 30 2017	6 months ended June 30 2016
Truck Transportation				
Revenue	20,198,152	20,192,913	39,458,210	40,133,250
Fuel surcharge	1,410,756	1,248,473	2,782,545	2,684,529
	21,608,908	21,441,386	42,240,755	42,817,779
Operating expenses				
Carriers and independent contractors	7,517,720	7,402,067	14,391,280	14,408,837
Vehicle operating	4,764,965	4,798,880	9,774,265	10,107,528
Wages and casual labour	4,945,553	4,860,833	9,722,555	10,022,092
Other operating	1,164,004	1,081,555	2,318,986	2,261,492
	18,392,242	18,143,335	36,207,086	36,799,949
EBITDA ⁽¹⁾	3,216,666	3,298,051	6,033,669	6,017,830
EBITDA margin ⁽¹⁾	15.9 %	16.3 %	15.3 %	15.0 %
Depreciation	2,535,431	2,616,332	5,030,448	5,017,383
Amortization of customer lists	30,360	30,360	60,720	60,720
Operating income ⁽¹⁾	650,875	651,359	942,501	939,727
Operating margin ⁽¹⁾	3.2 %	3.2 %	2.4 %	2.3 %
Loss (gain) on sale of property and equipment	(69,388)	86,335	(345,313)	(244,998)
Finance costs	438,628	460,548	932,730	848,922
Finance income	(104,884)	(119,696)	(208,934)	(176,625)
Foreign exchange loss (gain)	(26,647)	(16,513)	(47,903)	166,139
Transaction costs	-	226,392	-	226,392
Income tax expense	124,836	17,693	191,352	47,849
Net income (loss)	288,330	(3,400)	420,569	72,048
Logistics				
Revenue	10,935,589	8,542,560	20,005,543	15,455,557
Fuel surcharge	522,888	332,998	929,758	570,815
	11,458,477	8,875,558	20,935,301	16,026,372
Operating expenses				
Carriers and independent contractors	9,463,537	7,232,552	17,274,130	12,966,577
Wages and casual labour	987,217	846,022	1,871,260	1,617,723
Other operating	381,297	388,229	698,501	752,494
	10,832,051	8,466,803	19,843,891	15,336,794
EBITDA ⁽¹⁾	626,426	408,755	1,091,410	689,578
EBITDA margin ⁽¹⁾	5.7 %	4.8 %	5.5 %	4.5 %
Depreciation	77,384	3,647	152,830	5,779
Foreign exchange loss	51,593	9,215	47,036	100,260
Income tax expense	134,831	109,391	242,267	162,358
Net income	362,618	286,502	649,277	421,181

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

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Revenue (unaudited)

	3 months ended June 30 2017	3 months ended June 30 2016	6 months ended June 30 2017	6 months ended June 30 2016
Truck Transportation				
Revenue	20,198,152	20,192,913	39,458,210	40,133,250
Fuel surcharge	1,410,756	1,248,473	2,782,545	2,684,529
	21,608,908	21,441,386	42,240,755	42,817,779
Logistics				
Revenue	10,935,589	8,542,560	20,005,543	15,455,557
Fuel surcharge	522,888	332,998	929,758	570,815
	11,458,477	8,875,558	20,935,301	16,026,372

For the three month and six month periods ended June 30, 2017, the Company's consolidated revenues increased by \$2.8 million or 9.4%, and \$4.5 million or 7.8% when compared to the three month and six month periods ended June 30, 2016. The increase in revenue was a result of an increase in revenue in the Logistics segment, as Truck Transportation revenues were relatively unchanged.

The Truck Transportation segment experienced a slight increase in revenue of \$0.2 million or 0.8%, for the three month period ended June 30, 2017 and a slight decrease of \$0.6 million or 1.3% for the six month period ended June 30, 2017 when compared to that of 2016. The Company acquired annual revenues of approximately \$2.7 million with the acquisition of the Windsor terminal and experienced organic revenue growth in the first two quarters of 2017. However, this growth was offset by decreased pricing brought about by a relatively more competitive environment, as well as reductions in unprofitable ProNorth Transportation revenues. The net effect of these factors was a nominal change to revenue year over year. However, a slight tightening of capacity this quarter allowed for some increases in rates and volumes when compared to the previous three quarters.

The Logistics segment saw an increase in revenue of \$2.6 million or 29.1% for the three month period ended June 30, 2017 and an increase of \$4.9 million or 30.6% for the six month period ended June 30, 2017, when compared to that of 2016. The increase is primarily attributable to the growth in the segment's sales force following the Company's move to a much larger head office location late last year, as well as some tightening experienced in truck transportation capacity this quarter.

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Operating Expenses and Income (unaudited)

	3 months ended June 30 2017	3 months ended June 30 2016	6 months ended June 30 2017	6 months ended June 30 2016
Truck Transportation				
Revenue	21,608,908	21,441,386	42,240,755	42,817,779
Operating expenses	18,392,242	18,143,335	36,207,086	36,799,949
EBITDA ⁽¹⁾	3,216,666	3,298,051	6,033,669	6,017,830
EBITDA margin ⁽¹⁾	15.9 %	16.3 %	15.3 %	15.0 %
Depreciation and amortization	2,565,791	2,646,692	5,091,168	5,078,103
Operating income ⁽¹⁾	650,875	651,359	942,501	939,727
Operating margin ⁽¹⁾	3.2 %	3.2 %	2.4 %	2.3 %
Logistics				
Revenue	11,458,477	8,875,558	20,935,301	16,026,372
Operating expenses	10,832,051	8,466,803	19,843,891	15,336,794
EBITDA ⁽¹⁾	626,426	408,755	1,091,410	689,578
EBITDA margin ⁽¹⁾	5.7 %	4.8 %	5.5 %	4.5 %
Corporate				
Operating expenses	467,407	541,557	839,677	1,061,974

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

For the Truck Transportation segment, operating expenses increased slightly by \$0.2 million or 1.4%, for the three month period ended June 30, 2017 and decreased slightly by \$0.6 million or 1.6% for the six month period ended June 30, 2017, when compared to the same periods in 2016. The nominal change is a result of the net effect of cost savings realized as part of the integration of ProNorth Transportation, offset by higher fuel prices in 2017. The Company was not able to offset rising fuel costs entirely with increased pricing, due to more competitive than normal market conditions. As a result, EBITDA and operating income, as well as the related margins, remain relatively unchanged for both the three month and six month periods ending June 30, 2017 when compared to 2016.

For the Logistics segment, operating expenses increased by \$2.4 million or 27.9% for the three month period ended June 30, 2017 and increased by \$4.5 million or 29.4% for the six month period ended June 30, 2017. The increase was primarily driven by a higher volume of orders resulting in higher carrier costs. The improvement in EBITDA margin from 4.8% to 5.7% for the three month period and from 4.5% to 5.5% for the six month period, is a product of both a higher volume of revenue and a reduction of fixed costs, despite the fact that lower margins were experienced in 2017 versus 2016. Although there was some tightening of capacity, this has not yet translated into increased spreads as rates are still very low.

The Company realized a foreign exchange loss during the first quarter of 2016 as a result of the strengthening of the Canadian dollar relative to the US dollar during that period. Later in 2016, the Company began to borrow in US dollars in order to hedge against its exposure on its US dollar receivables. In addition, the Company incurred transaction costs during the second quarter of 2016 relating to the acquisition of the Windsor terminal.

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SUMMARY OF QUARTERLY RESULTS

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

(in thousands)

	<u>Q2'17</u>	<u>Q1'17</u>	<u>Q4'16</u>	<u>Q3'16</u>	<u>Q2'16</u>	<u>Q1'16</u>	<u>Q4'15</u>	<u>Q3'15</u>
Revenue	32,794	29,829	28,647	29,839	29,967	28,109	26,571	27,246
EBITDA ⁽¹⁾	3,376	2,910	3,061	3,235	3,165	2,481	2,638	2,901
EBITDA margin ⁽¹⁾	10.9 %	10.4 %	11.3 %	11.4 %	11.1 %	9.4 %	10.6 %	11.3 %
Operating income ⁽¹⁾	733	309	374	570	515	47	417	1,073
Operating margin ⁽¹⁾	2.4 %	1.1 %	1.4 %	2.0 %	1.8 %	0.2 %	1.7 %	4.2 %
Net income (loss) and comprehensive income (loss) attributable to the owners of the Company	299	129	119	130	(126)	(185)	446	1,366
Per share - basic	0.01	0.00	0.00	0.00	0.00	(0.01)	0.01	0.04
Per share - diluted	0.01	0.00	0.00	0.00	0.00	(0.01)	0.01	0.04

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

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

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

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

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LIQUIDITY AND CAPITAL RESOURCES

	June 30	December 31
	2017	2016
Working capital (deficit) ⁽¹⁾	(8,962,539)	(7,372,208)
Total assets	107,871,710	112,145,867
Net debt ⁽²⁾	46,414,403	50,536,210
Shareholders' equity	36,799,864	36,238,286
Net debt to equity ratio ⁽³⁾	1.26	1.39

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

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

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

The Company's net debt position and net debt to equity ratio as at June 30, 2017 decreased when compared to December 31, 2016 as cash flows generated from operating and financing activities allowed the Company to pay down debt. Minimal investment in equipment was required during the six month period ended June 30, 2017, as there was significant replenishment in 2015 and 2016 following the acquisition of Muskoka Transport Limited and ProNorth Transportation. Total assets declined due to Company efforts to improve asset utilization. Although due on demand, the Company considers its bank indebtedness to be long-term debt as it is often used to finance equipment purchases and acquisitions.

During this quarter, the Company completed its undertaking to sell excess aged equipment and improve asset utilization, resulting in proceeds of \$7.3 million over the last twelve months. Although no additional assets have been identified as available for sale in this quarter, efforts to improve trailer utilization will continue through the use of BlackBerry's radar trailer tracking system. The Company has committed approximately \$750,000 towards the purchase of additional rolling stock, as of June 30, 2017, and expects to purchase additional trucks in the second half of 2017 if customer demands continue to strengthen. Management believes there is sufficient financing available to fund planned capital expenditures in the future and to provide for the future growth of the business.

The Company paid down an additional \$0.4 million in debt, during the first six months of 2017, in excess of what was contractually required. The Company actively seeks debt refinancing when possible, especially with respect to debt acquired through business acquisitions, to the extent that penalties for early retirement of debt are not significant and lower cost financing is available. Management believes that the Company's operating cash flows are sufficient to fund daily operating activities and meet regular debt repayment obligations.

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

The portion of the Company's bank credit facilities which were unused as of June 30, 2017 include approximately \$8.2 million under a revolving demand operating facility, \$5 million under a non-revolving acquisition facility, \$7.5 million under an accordion acquisition facility and \$1.8 million under a finance lease loan facility. In addition, the Company has available approximately \$13.5 million in finance leasing and loan facilities through other institutions.

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Common Shares

As of August 9, 2017, there are 37,388,510 common shares of the Company outstanding and 4,426,665 outstanding warrants to acquire common shares of the Company. On July 7, 2017, 2,018,250 warrants expired, having an exercise price of \$3.50. In addition, there are 1,779,000 stock options outstanding, of which 450,000 are exercisable.

At the Company's Annual and Special Meeting of Shareholders on June 13, 2017, shareholders approved a Company Share Purchase Plan (the "Plan"), which will be implemented by September 2017. The Plan will allow participants who have enrolled in the Plan to contribute up to 5% of their compensation towards the Plan in each pay period. Participants will include Titanium's approximately 500 employees and independent owner operators, but exclude insiders of the Company. Contributions under the Plan will be used to purchase Shares from treasury based on a 20 day volume weighted trading price on the TSX-V. The Company will match 100% of all participant contributions and the matched portion will be subject to a three year vesting period in the case of employees, or a three year deferred matching period in the case of independent contractors. The maximum number of shares which may be issued under this plan may not exceed 1,500,000, representing approximately 4% of the number of issued and outstanding shares of the Company.

TRANSACTIONS WITH RELATED PARTIES

The Company provides truck transportation services to companies under common control. These companies include Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd. Aggregate revenues from these companies totaled \$1,244,416 and \$2,119,375, respectively, for the three month and six month periods ended June 30, 2017 (2016 - \$990,597 and \$1,709,194).

The Company also currently rents its head office from Caledon First Investments Limited, a company under common control with Titanium. Rent was previously paid to Vaughan West II Limited, Roybridge Holdings Limited and Vision Extrusions Group Limited, also companies under common control. Total rent paid to these companies for the three month and six month periods ended June 30, 2017 was \$481,469 and \$962,938, respectively (2016 - \$112,843 and \$225,730). The Company has committed to annual rent of \$1,688,748, which will increase to \$2,413,123 over a 15 year period.

Trunkeast Investments Canada Limited, the Company's controlling shareholder as of June 30, 2017, provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged \$15,000 and \$30,000 (2016 - \$15,000 and \$30,000) for the three month and six month periods ended June 30, 2017, respectively. The Company is committed to payment for such services until such time that the contract is terminated. Six month's written notice is required for termination.

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

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FORWARD LOOKING STATEMENTS

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

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

From time to time, the Company will disclose its current annual run rate revenue and EBITDA. Although not intended as such, this may be interpreted as forward looking information. Run rates are presented in order to provide investors with insight into the current size of the Company, assuming synergies have been fully realized. Historical figures may not be a good indicator of the Company's size, as a result of the number of acquisitions that are completed each year and the time that it takes to fully realize synergies. After releasing Q2 2016 results, the Company estimated that post synergy annualized revenue and EBITDA would be \$125 million and \$14.5 million, respectively. Actual revenue and EBITDA for the last four quarters was \$121 million and \$12.6 million, respectively. The primary reason for the difference is a more significant decline in economic conditions than anticipated at the time. As there has been some improvement in economic conditions recently, the Company is adjusting its revenue run rate from \$120 million to \$125 million at this time. The Company's EBITDA run rate remains unchanged at \$13 million.

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NON-IFRS FINANCIAL MEASURES

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

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

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

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

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

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 measures used internally by management to evaluate performance. However, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

RISKS AND UNCERTAINTIES

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

CHANGES IN ACCOUNTING POLICIES

The following new standards and amendments to standards are not yet effective for the period ended June 30, 2017 and have not been applied in preparing the consolidated interim financial statements. The full description of each of these recent pronouncements is available in our consolidated interim financial statements.

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