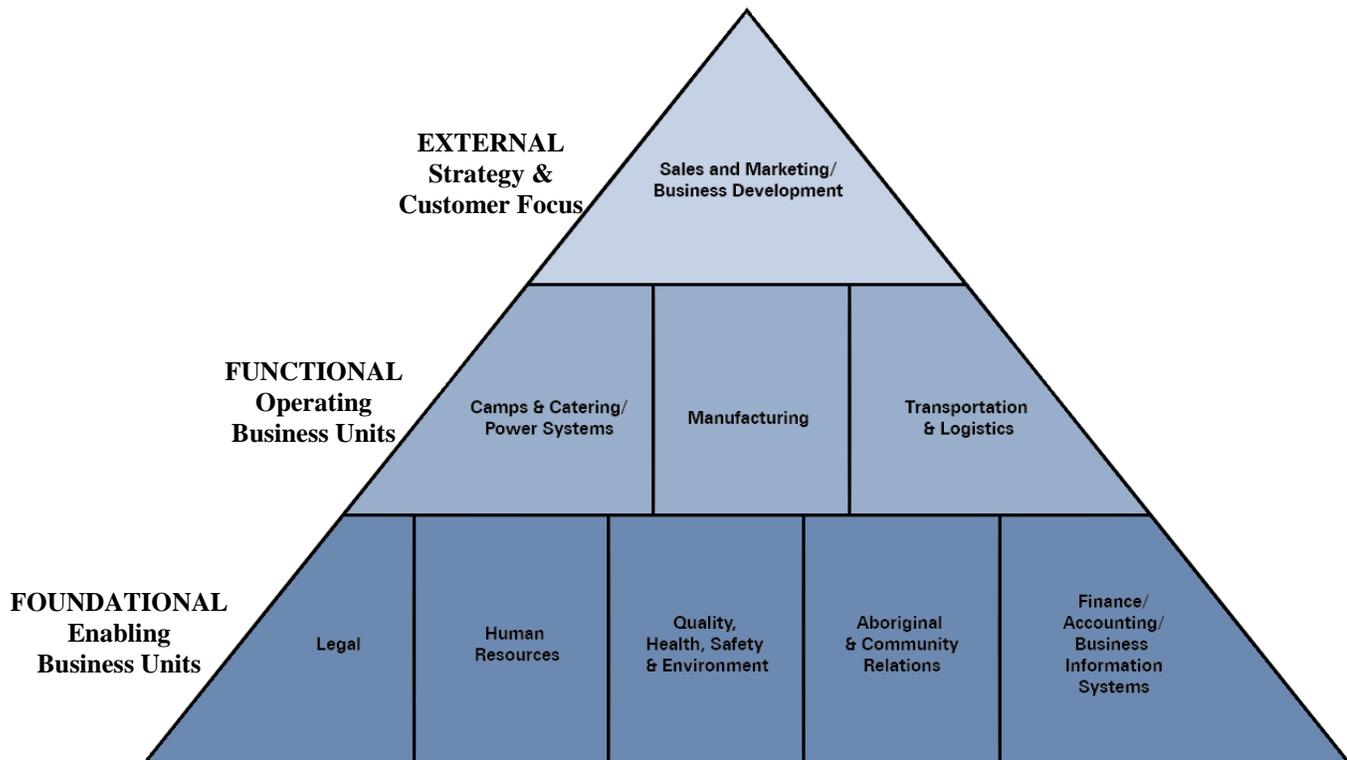




President's Letter to Shareholders

Dear Shareholders;

Last year in the face of a deteriorating business environment I wrote to you outlining the transformational journey that Horizon North was embarking upon. The purpose of the structural changes that we have and continue to implement are to ensure the continued success of Horizon North. The move from a decentralized, holding company to a fully-integrated organization requires a strong base of experienced professionals and programs to support Horizon North's operations and we continue to integrate Horizon North based upon a functional operational pyramid, depicted below.



To date, we have made significant progress towards our integration goals in the following key areas of our organization:

- **Marketing** – we have implemented a unified and fresh approach to our look and branding that embraces our integrated, One Company, One Brand, One Vision model;
- **Sales Process** – we have introduced a matrix sales approach to better utilize our deep technical sales capabilities and allow improved customer service;
- **Cross-Selling** – we have a broad range of products and services that are complimentary and intuitively lend themselves to bundling;
- **Supply Chain/Lean Manufacturing** – our new Vice President, Manufacturing has a doctorate in Supply Chain and Lean Management, matched with a deep history in the manufacture of industrial products in multiple sectors including aviation and automotive;
- **World Class Quality Program** – we continue our implementation of First Time Quality (FTQ) programs throughout our product and service offerings;
- **Sophisticated Business Information Services Approach** – we are expanding our use of cutting edge software under the direction of our new Vice President, Business Information Services and his background in the technologically intensive airline industry;
- **Augmented Board of Directors** – our board of directors has continued to attract individuals with experience in large, public corporations and skillsets that complement an already strong core of directors;
- **Human Resource Strategy** – we have implemented a sophisticated approach to evaluation, support, compensation and retention of our employee base; and
- **Legal** – we continue to adopt strategies to increase the depth and sophistication of our risk mitigation and contracting capabilities.



These enhancements integrate well into our previously existing, high quality Camp/Lodge offering as well as our Transportation and Rental strategy. In addition, we raised approximately \$80.6MM through an equity financing in July 2015, which strengthened our balance sheet and positioned us to continue the execution of our strategic plan through the end of the decade.

The enhanced platform described above will allow our drive towards greater diversity in 2016. We seek increased diversity:

- of our customers and end markets;
- in our manufactured products offerings;
- in the breadth and types of services offered; and
- of the geography where you will find Horizon North.

This year, Horizon North celebrates its 10th Anniversary with the right platform, the right people and the right capital structure to pursue our mission to provide superior, safe, fully integrated, turn-key accommodations and related ancillary infrastructure in Canada and Alaska.

The next twelve months will not be without its challenges, but we will achieve our success through a combination of organic growth and strategic and opportunistic acquisitions. We are not going into 2016 haphazardly, we have a plan to see past the current economic challenges.

Rod Graham,
President, CEO and Director