

Condensed Consolidated Interim Financial Statements of



HORIZON NORTH

Three months ended March 31, 2017 and 2016 (Unaudited)



HORIZON NORTH

Condensed consolidated statement of financial position (Unaudited)

(000's)	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Trade and other receivables	\$ 64,382	\$ 56,544
Inventories	5,221	5,259
Prepayments	3,353	3,958
Income taxes receivable	7,884	6,962
Total current assets	80,840	72,723
Non-current assets:		
Property, plant and equipment (Note 4)	376,230	382,771
Intangible assets	6,406	7,090
Goodwill	20,348	20,348
Other assets	2,137	2,169
Total non-current assets	405,121	412,378
Total assets	\$ 485,961	\$ 485,101
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	\$ 28,086	\$ 28,535
Deferred revenue	1,540	1,777
Current portion of asset retirement obligation	1,665	1,665
Current portion of loans and borrowings (Note 5)	70,771	-
Total current liabilities	102,062	31,977
Non-current liabilities:		
Asset retirement obligations	11,894	11,417
Loans and borrowings (Note 5)	-	75,268
Deferred tax liabilities	45,920	42,752
Total liabilities	159,876	161,414
Shareholders' equity:		
Share capital (Note 7)	286,674	286,674
Contributed surplus	15,615	15,465
Accumulated other comprehensive income	764	764
Retained earnings	23,032	20,784
Total shareholders' equity	326,085	323,687
Total liabilities and shareholders' equity	\$ 485,961	\$ 485,101

The accompanying notes are an integral part of the condensed consolidated interim financial statements.



HORIZON NORTH

Condensed consolidated statement of comprehensive income (loss) (Unaudited)
Three months ended March 31, 2017 and 2016

<i>(000's except per share amounts)</i>	Three months ended March 31,	
	2017	2016
Revenue	\$ 70,488	\$ 77,909
Operating expenses:		
Direct costs	57,549	60,455
Depreciation (Note 4)	11,154	12,616
Amortization of intangible assets	684	-
Share based compensation (Note 7)	100	184
(Gain) loss on disposal of property, plant and equipment	(12,099)	86
Direct operating expenses	57,388	73,341
Gross profit	13,100	4,568
Selling & administrative expenses:		
Selling & administrative expenses	4,685	4,218
Share based compensation (Note 7)	262	171
Selling & administrative expenses	4,947	4,389
Operating earnings	8,153	179
Finance costs	740	569
Earnings from equity investments	-	(373)
Profit (loss) before tax	7,413	(17)
Current tax recovery	(895)	(433)
Deferred tax expense	3,168	672
Income tax expense (Note 6)	2,273	239
Total profit (loss)	5,140	(256)
Other comprehensive income:		
Translation of foreign operations	-	(69)
Other comprehensive income (loss), net of income tax	-	(69)
Total comprehensive income (loss)	\$ 5,140	\$ (325)
Earnings per share:		
Basic (Note 9)	\$ 0.04	\$ -
Diluted (Note 9)	\$ 0.04	\$ -

The accompanying notes are an integral part of the condensed consolidated interim financial statements.



HORIZON NORTH

Condensed consolidated statement of changes in equity (Unaudited)

<i>(000's)</i>	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at December 31, 2015	\$ 265,867	\$ 14,451	\$ 831	\$ 52,212	\$ 333,361
Total loss	-	-	-	(256)	(256)
Share based compensation (Note 7)	-	355	-	-	355
Translation of foreign operations	-	-	(69)	-	(69)
Dividends (Note 8)	-	-	-	(2,651)	(2,651)
Balance at March 31, 2016	\$ 265,867	\$ 14,806	\$ 762	\$ 49,305	\$ 330,740
Total loss	-	-	-	(20,060)	(20,060)
Share based compensation (Note 7)	-	659	-	-	659
Translation of foreign operations	-	-	2	-	2
Issue of share capital (Note 7)	20,842	-	-	-	20,842
Share issue costs, net of tax (Note 7)	(35)	-	-	-	(35)
Dividends (Note 8)	-	-	-	(8,461)	(8,461)
Balance at December 31, 2016	\$ 286,674	\$ 15,465	\$ 764	\$ 20,784	\$ 323,687
Total profit	-	-	-	5,140	5,140
Share based compensation (Note 7)	-	150	-	-	150
Dividends (Note 8)	-	-	-	(2,892)	(2,892)
Balance at March 31, 2017	\$ 286,674	\$ 15,615	\$ 764	\$ 23,032	\$ 326,085

The accompanying notes are an integral part of the condensed consolidated interim financial statements.



HORIZON NORTH

Condensed consolidated statement of cash flows (Unaudited)
Three months ended March 31, 2017 and 2016

(000's)	March 31, 2017	March 31, 2016
Cash provided by (used in):		
Operating activities:		
Profit (loss) for the period	\$ 5,140	\$ (256)
Adjustments for:		
Depreciation (Note 4)	11,154	12,616
Amortization of intangible assets	684	-
Share based compensation (Note 7)	362	355
Amortization of other assets	32	32
(Gain) loss on disposal of property, plant and equipment	(13,724)	123
Earnings on equity investments	-	(373)
Unrealized foreign exchange (gain) loss	-	(70)
Finance costs	740	569
Income tax expense (Note 6)	2,273	239
Funds from operations	6,661	13,235
Asset retirement obligation settled	(39)	-
Income taxes paid	(27)	(3)
Interest paid	(731)	(563)
Changes in non-cash working capital items	(8,087)	(16,120)
Net cash flows used in operating activities	(2,223)	(3,451)
Investing activities:		
Purchase of property, plant and equipment (Note 4)	(5,005)	(7,455)
Proceeds on sale of property, plant and equipment	14,617	3,649
Net cash flows from (used in) investing activities	9,612	(3,806)
Financing activities:		
(Repayment of) proceeds from loans and borrowings	(4,497)	12,561
Payment of dividends (Note 8)	(2,892)	(5,304)
Net cash flows (used in) from financing activities	(7,389)	7,257
Change in cash position	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

1. Reporting Entity

Horizon North Logistics Inc. (“Horizon North” or the “Corporation”) is a corporation registered and domiciled in Canada and is a publicly-traded company, listed on the Toronto Stock Exchange under the symbol HNL. The Corporation’s registered offices are at 1600, 505 – 3rd Street SW, Calgary, AB T2P 3E6. The condensed consolidated interim financial statements of the Corporation as at and for the three month period ended March 31, 2017 comprise the Corporation and its subsidiaries and the Corporation’s interest in associates and jointly controlled entities. Horizon North provides full service solutions in workforce accommodations and camp management, matting and soil stabilization, remote power and energy generation systems, and relocatable and permanent modular structures. The Corporation provides a full range of these services to clients in the energy, mining, forestry and construction sectors anywhere in Canada and Alaska.

2. Basis of Presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 2016. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. These financial statements were approved by the board of directors of Horizon North on May 3, 2017.

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, unless otherwise stated, the significant judgments, estimates and underlying assumptions made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2016.

3. Significant Accounting Policies and Determination of Fair Values

The accounting policies and determination of fair values were set out in Note 3 and 4 of the Corporation’s annual consolidated financial statements for the year ended December 31, 2016 and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

As a result, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016.



Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2017 and 2016

4. Property, Plant and Equipment

Cost	Balance		Impact of		Balance
<i>(000's)</i>	December 31,		Foreign	Translation	March 31,
	2016	Additions	Disposals		2017
Camp facilities, setup & installation	\$ 456,452	\$ 168	\$ (481)	\$ (1)	\$ 456,138
Land & buildings	62,341	1,175	-	-	63,516
Automotive & trucking equipment	44,255	329	(10)	-	44,574
Mats	19,954	4,900	(2,272)	-	22,582
Furniture, fixtures & other equipment	8,293	(1,254)	-	-	7,039
Asset retirement obligations	12,692	501	-	-	13,193
Assets under construction	1,452	(313)	-	-	1,139
	\$ 605,439	\$ 5,506	\$ (2,763)	\$ (1)	\$ 608,181

Accumulated Depreciation	Balance		Impact of		Balance
<i>(000's)</i>	December 31,		Foreign	Translation	March 31,
	2016	Depreciation	Disposals		2017
Camp facilities, setup & installation	\$ 157,197	\$ 7,884	\$ (370)	\$ (1)	\$ 164,710
Land & buildings	12,590	(57)	-	-	12,533
Automotive & trucking equipment	29,683	1,163	(10)	-	30,836
Mats	13,309	1,270	(1,490)	-	13,089
Furniture, fixtures & other equipment	4,997	434	-	-	5,431
Asset retirement obligations	4,892	460	-	-	5,352
Assets under construction	-	-	-	-	-
	\$ 222,668	\$ 11,154	\$ (1,870)	\$ (1)	\$ 231,951

Carrying Amounts	Balance	Balance
<i>(000's)</i>	December 31,	March 31,
	2016	2017
Camp facilities, setup & installation	\$ 299,255	\$ 291,428
Land & buildings	49,751	50,983
Automotive & trucking equipment	14,572	13,738
Mats	6,645	9,493
Furniture, fixtures & other equipment	3,296	1,608
Asset retirement obligations	7,800	7,841
Assets under construction	1,452	1,139
	\$ 382,771	\$ 376,230



Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2017 and 2016

4. Property, Plant and Equipment (continued)

Cost	Balance			Impact of Foreign Translation	Balance
(000's)	December 31, 2015	Additions	Disposals		March 31, 2016
Camp facilities, setup & installation	\$ 470,307	\$ 7,096	\$ (5,603)	\$ (9)	\$ 471,791
Land & buildings	55,105	1,846	(8)	-	56,943
Automotive & trucking equipment	44,684	211	(6)	-	44,889
Mats	18,594	872	(413)	-	19,053
Furniture, fixtures & other equipment	8,063	-	-	-	8,063
Asset retirement obligations	9,326	902	-	-	10,228
Assets under construction	8,482	(2,570)	-	-	5,912
	\$ 614,561	\$ 8,357	\$ (6,030)	\$ (9)	\$ 616,879

Accumulated Depreciation	Balance			Impact of Foreign Translation	Balance
(000's)	December 31, 2015	Depreciation	Disposals		March 31, 2016
Camp facilities, setup & installation	\$ 159,758	\$ 8,828	\$ (1,973)	\$ (5)	\$ 166,608
Land & buildings	9,961	422	-	-	10,383
Automotive & trucking equipment	25,264	1,291	(6)	-	26,549
Mats	13,135	1,387	(279)	-	14,243
Furniture, fixtures & other equipment	4,890	279	-	-	5,169
Asset retirement obligations	2,826	409	-	-	3,235
Assets under construction	-	-	-	-	-
	\$ 215,834	\$ 12,616	\$ (2,258)	\$ (5)	\$ 226,187

Carrying Amounts	Balance		Balance
(000's)	December 31, 2015		March 31, 2016
Camp facilities, setup & installation	\$ 310,549		\$ 305,183
Land & buildings	45,144		46,560
Automotive & trucking equipment	19,420		18,340
Mats	5,459		4,810
Furniture, fixtures & other equipment	3,173		2,894
Asset retirement obligations	6,500		6,993
Assets under construction	8,482		5,912
	\$ 398,727		\$ 390,692

Included in additions at March 31, 2017 are internal asset transfers between asset categories to more appropriately reflect the asset class.

During the second quarter of 2016, the Corporation's Blacksands Executive Lodge ("Blacksands") was destroyed by the Northern Alberta wildfires. As at December 31, 2016, the Corporation recognized insurance proceeds to an amount equal to net book value of the disposed assets. The claim settlement was finalized in the first quarter of 2017 and additional proceeds related to the assets of \$12,100,000 were recorded, generating a gain.



**Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2017 and 2016**

HORIZON NORTH

5. Loans and Borrowings

(000's)	March 31, 2017	December 31, 2016
Committed credit facility	\$ 70,771	\$ 75,268
Less current portion	(70,771)	-
	\$ -	\$ 75,268

The Corporation's committed credit facility ("credit facility") has an available limit of \$200,000,000 and is secured by a \$400,000,000 first fixed and floating charge debenture over all assets of the Corporation and its wholly owned subsidiaries. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Debt to EBITDAS is calculated as at the most recently completed calendar quarter and for the 12 months ended on such date. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee ranging from 0.34% to 0.62%. Amounts borrowed under the facility become due on March 31, 2018, the maturity date of the facility. The credit facility is subject to the following financial covenants:

	Covenants March 31, 2017	Debt Covenants
Maximum Consolidated Senior debt ⁽¹⁾ to Consolidated EBITDAS ratio ⁽³⁾⁽⁴⁾	2.84:1.00	3.00:1.00 or less
Maximum Consolidated Total debt ⁽²⁾ to Consolidated EBITDAS ratio ⁽³⁾⁽⁵⁾	2.84:1.00	4.25:1.00 or less
Minimum Consolidated Interest coverage ratio ⁽⁶⁾	9.52:1.00	3.00:1.00 or more

(1) Senior debt is calculated as the sum of current and long-term portions of loans and borrowings less vehicle and equipment financing.

(2) Total debt is calculated as the sum of current and long-term portions of loans and borrowings.

(3) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, earnings from equity investments, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon North's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

(4) Senior debt to EBITDAS is calculated as the ratio of senior debt to trailing 12 months EBITDAS, and includes Empire Camp Equipment Ltd. and Karoleena Inc.

(5) Total debt to EBITDAS is calculated as the ratio of total debt to trailing 12 months EBITDAS, and includes Empire Camp Equipment Ltd. and Karoleena Inc.

(6) Interest coverage is calculated as the ratio of trailing 12 months EBITDAS to 12 months trailing interest expense on loans and borrowings.

As at March 31, 2017, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility. The carrying value of Horizon North's debt approximates its fair value, as the majority of the debt bears interest at variable rates which approximates current market rates.

6. Income Taxes

The provision for income taxes differs from that which would be expected by applying statutory rates. A reconciliation of the difference is as follows:

(000's)	Three months ended March 31,	
	2017	2016
Earnings (loss) before income taxes	\$ 7,413	\$ (17)
Combined federal and provincial income tax rate ⁽¹⁾	27.0%	27.0%
Expected income tax (recovery) provision	\$ 2,002	\$ (5)
Non-deductible share based compensation	98	96
Rate differential on non-capital loss carryback	75	-
Share issuance costs	10	-
Deferred taxes not recognized	272	-
Differences in jurisdictional tax rates	(170)	217
Non-taxable portion of capital gain	(34)	(14)
Other	20	(55)
	\$ 2,273	\$ 239

7. Share Capital

(a) Authorized

Unlimited number of voting common shares without nominal or par value.

Unlimited number of preferred shares issuable in series.

(b) Issued

	Number	Amount (000's)
Balance at March 31, 2016	132,606,651	\$ 265,867
Common shares issued	12,015,355	20,842
Share issue costs, net of tax	-	(35)
Balance at December 31, 2016 and March 31, 2017	144,622,006	\$ 286,674

On June 1, 2016, the Corporation acquired 100% of the issued and outstanding shares of Karoleena Inc. for an aggregate purchase price of \$4,590,000 including the issuance of 1,182,022 common shares of the Corporation.

On August 23, 2016, the Corporation acquired 100% of the issued and outstanding shares of Empire Camp Equipment Ltd. for an aggregate purchase price of \$47,367,000 including the issuance of 10,833,333 common shares of the Corporation.

(c) Share option plan

The Corporation has a share option plan for its directors, officers, and key employees whereby options may be granted, to a maximum of 10% of the issued and outstanding common shares, subject to certain terms and conditions. Share option vesting privileges are at the discretion of the Board of Directors and were set at three years. The Corporation uses graded vesting for share options over the period in which the option vests. All share options are equity settled with a weighted average remaining contractual life of 2.4 years and all options granted have a maximum term of 5 years.

	Three months ended March 31, 2017		Year ended December 31, 2016	
	Outstanding options	Weighted average exercise price	Outstanding options	Weighted average exercise price
Balance, beginning of period	8,385,737	\$ 4.15	7,353,154	\$ 4.84
Granted	-	-	1,800,000	1.27
Forfeited	(265,098)	6.26	(767,417)	3.99
Expired	(10,000)	4.80	-	-
Balance, end of period	8,110,639	\$ 4.08	8,385,737	\$ 4.15

7. Share Capital (continued)

(c) Stock option plan (continued)

	Three months ended March 31, 2017		Year ended December 31, 2016	
	Exercisable options	Weighted average exercise price	Exercisable options	Weighted average exercise price
Balance, beginning of period	4,168,595	\$ 5.71	2,709,455	\$ 6.59
Vested	1,326,497	1.92	1,817,870	4.35
Forfeited	(202,372)	6.47	(358,730)	5.40
Expired	(10,000)	4.80	-	-
Balance, end of period	5,282,720	\$ 4.74	4,168,595	\$ 5.71

The exercise prices for options outstanding at March 31, 2017 are as follows:

Exercise price per share	Number	Total options outstanding		Exercisable options	
		Weighted average exercise price per share	Weighted average remaining contractual life in years	Number	Weighted average exercise price per share
\$1.16 to \$2.06	1,655,000	\$ 1.28	4.0	441,664	\$ 1.16
\$2.07 to \$2.34	2,648,833	2.30	2.9	1,769,643	2.30
\$2.35 to \$6.27	1,967,405	5.61	0.7	1,715,401	5.98
\$6.28 to \$7.29	237,500	6.76	1.0	237,500	6.76
\$7.30 to \$9.01	1,601,901	7.65	2.1	1,118,512	7.65
	8,110,639	\$ 4.08	2.4	5,282,720	\$ 4.74

For the three months ended March 31, 2017, share based compensation for stock options included in the net profit amounted to \$150,000 (March 31, 2016 - \$355,000).

(d) Restricted Share Unit Plan

The Corporation has a Restricted Share Unit ("RSU") plan for its directors, officers and key employees whereby RSUs may be granted, subject to certain terms and conditions. Under the terms of the RSU plan, the awarded units will vest in three equal portions on the first, second and third anniversary from the grant date, and will be settled in cash in the amount equal to the fair market value of the Corporation's stock price on that date.

7. Share Capital (continued)

(d) Restricted Share Unit Plan (continued)

The following table summarizes the RSUs outstanding:

	Number
Units outstanding at December 31, 2016	1,050,600
Granted	24,000
Forfeited	(44,800)
Units outstanding at March 31, 2017	1,029,800

The following table summarizes the RSUs fair value per unit at the time of issuance and as at March 31, 2017:

	Units Issued	Fair Value at Grant Date (\$ per unit)	Fair Value at March 31, 2017 (\$ per unit)
Issued on June 1, 2016	1,036,400	1.69	1.74
Issued on June 15, 2016	12,000	1.60	1.74
Issued on July 4, 2016	20,000	1.66	1.74
Issued on August 24, 2016	30,000	1.80	1.74
Issued on December 5, 2016	20,000	1.83	1.74
Issued on January 16, 2017	12,000	2.05	1.74
Issued on February 21, 2017	12,000	1.95	1.74

As at March 31, 2017, \$849,000 (2016 - \$Nil) was included in accounts payable and accrued liabilities for outstanding RSUs. For the three months ended March 31, 2017, \$212,000 (2016 - \$Nil) of expenses were recognized in the consolidated net profit, with a weighted average remaining term of 2.2 years.

8. Dividends

For the three months ended March 31, 2017, the Corporation paid dividends totaling \$2,892,000 (March 31, 2016 - \$5,304,000).

(000's except per share amounts)	2017		2016	
	Amount per share	Total dividend amount	Amount per share	Total dividend amount
Record Date				
March 31	\$ 0.02	\$ 2,892	\$ 0.02	\$ 2,652
June 30	-	-	0.02	2,676
September 30	-	-	0.02	2,892
December 31	-	-	0.02	2,892
	\$ 0.02	\$ 2,892	\$ 0.08	\$ 11,112

On May 3, 2017, the Corporation's Board of Directors declared a dividend for the second quarter of 2017 at \$0.02 per common voting share. The dividend is payable to shareholders of record at the close of business on June 30, 2017 to be paid on July 14, 2017.

9. Earnings (Loss) Per Share

The calculation of basic earnings per share for the three months ended March 31, 2017 was based on the total profit (loss) attributable to common shareholders of \$5,140,000 (March 31, 2016 – (\$256,000)).

A summary of the common shares used in calculating earnings per share is as follows:

	Three months ended March 31,	
	2017	2016
Number of common shares, beginning of period	144,622,006	132,606,651
Weighted average common shares outstanding – basic	144,622,006	132,606,651
Effect of share purchase options ⁽¹⁾	425,079	-
Weighted average common shares outstanding – diluted	145,047,085	132,606,651

(1) The Corporation utilizes the treasury stock method for calculating the dilutive effect of share purchase options when the average market price of the Corporation's common share during the period exceeds the exercise price of the option.

For the three months ended March 31, 2017, 6,785,639 (March 31, 2016 – 8,776,921) share purchase options, were excluded from the calculation of weighted average common shares outstanding - diluted as the result would be anti-dilutive.

10. Operating Segments

Effective January 1, 2017, the Corporation re-aligned its operating segments to reflect how the Chief Operating Decision Maker monitors and allocates resources to the operations. Previously, the segments were disclosed as Camps & Catering and Rentals & Logistics. The re-alignment of the operating segments transferred the modular solutions assets into the new Modular Solutions operating segment. The Corporation continues to operate in Canada and the United States through its re-aligned operating segments: Camps & Catering, Rentals & Logistics and Modular Solutions.

The Camps & Catering segment combines the camps and catering operations, and the associated services. The Rentals & Logistics segment combines all other rental operations; mat rental operations, relocatable structures rental operations, transportation operations and the associated services. The Modular Solutions segment is comprised of all modular construction and manufacturing operations. Corporate includes the costs of head office administration, interest costs, taxes, other corporate costs and residual assets and liabilities.

The prior period comparative figures have been reclassified to conform to the new operating segments. The changes to the operating segments had an impact on the segment information reported but did not change any of the aggregate financial information reported.



Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2017 and 2016

10. Operating Segments (continued)

Information regarding the results of all segments is included below. Inter-segment pricing is determined on an arm's length basis.

Three months ended March 31, 2017 (000's)	Camps & Catering	Rentals & Logistics	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	\$ 49,575	\$ 11,688	\$ 9,225	\$ -	\$ -	\$ 70,488
EBITDAS ⁽¹⁾	12,539	2,459	(3,765)	(2,979)	-	8,254
Depreciation and amortization	8,564	2,590	487	197	-	11,838
Gain on disposal of assets	(12,047)	-	-	-	(52)	(12,099)
Share based compensation	69	3	28	262	-	362
Operating earnings (loss)	15,953	(134)	(4,280)	(3,438)	52	8,153
Total assets	371,540	67,575	36,575	10,271	-	485,961
Capital expenditures	1,174	3,605	112	114	-	5,005

Three months ended March 31, 2016 (000's)	Camps & Catering	Rentals & Logistics	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	\$ 69,418	\$ 8,491	\$ -	\$ -	\$ -	\$ 77,909
EBITDAS ⁽¹⁾	13,715	1,978	-	(2,457)	-	13,236
Depreciation and amortization	8,876	3,154	400	234	(48)	12,616
Loss (gain) on disposal of assets	81	(3)	8	-	-	86
Share based compensation	109	40	35	171	-	355
Operating earnings (loss)	4,649	(1,213)	(443)	(2,862)	48	179
Total assets	377,246	73,693	18,102	7,300	-	476,341
Capital expenditures	4,839	2,213	263	140	-	7,455

(1) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, earnings from equity investments, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon North's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

11. Seasonality

Each of Horizon North's businesses are affected by the seasonality associated with western Canadian oil and natural gas drilling industry. The Camps & Catering segment is exposed to seasonality where the busiest months are January through March and the slowest months are April through September. The Rentals & Logistics segment is typically busiest in the spring and summer months of April through September when soft ground conditions hinder the movement of heavy equipment. Modular Solutions segment is not impacted by seasonality.

12. Subsequent event

Effective May 3, 2017 Horizon North reached agreement with its lenders to amend the credit facility. Management initiated a reduction of total borrowing capacity from \$200,000,000 to \$150,000,000 to reduce costs associated with unused borrowing capacity, and covenants were adjusted for periods ending June 30, 2017 through 2018. The maturity date has been extended one year to March 31, 2019.