Management's Discussion and Analysis
Three and six months ended June 30, 2017 and 2016

This Management's Discussion and Analysis ("MD&A"), prepared as at August 1, 2017, focuses on key statistics from the Condensed Consolidated Interim Financial Statements for the three months ended June 30, 2017 ("Q2 2017") and six months ended June 30, 2017 ("the first half of 2017"), three months ended June 30, 2016 ("Q2 2016") and six months ended June 30, 2016 ("the first half of 2016") and pertains to known risks and uncertainties relating to the business carried on by Horizon North Logistics Inc. ("Horizon North" or the "Corporation"). This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions.

Second Quarter Highlights

- Horizon North was awarded a contract for the provision of a 380 person camp and related camp services in the Qikiqtaaluk region of Nunavut with revenue over the three year term expected to be $62 million, commencing in Q3 2017;
- In Q2 2017, Horizon North delivered its first modular hotel, an 85 room hotel in Revelstoke, British Columbia. This project demonstrated the advantage of modular construction with the first paying hotel guest just eight months after breaking ground, a significantly compressed timeline compared to standard construction;
- Horizon North completed the sale of a 450 bed camp facility in the Alberta oil sands area to the existing customer;
- Operating results for Q2 2017 were stronger than Q2 2016 driven by higher activity levels across the Industrial Services business lines and the sale of the 450 person camp facility in the Alberta oil sands area;
- The Modular Solutions business continued to build momentum through Q2 2017, exiting the quarter with $30.9 million of backlog and an improving line of sight on additional projects; and
- Horizon North continues to closely manage its balance sheet, monitoring working capital, the capital program and the level of leverage.

Second Quarter Financial Summary

	Three months ended June 30,			Six months ended June 30,		
(000's except per share amounts)	2017	2016	% change	2017	2016	% change
Revenue	$ 91,647	$ 52,509	75	$ 162,135	$ 130,418	24
EBITDAS[(1)]	8,571	3,690	132	16,825	16,926	(1)
EBITDAS as a % of revenue	9%	7%		10%	13%	
Operating earnings	(2,500)	(9,358)	(73)	5,653	(9,179)	(162)
Operating earnings as a % of revenue	(3%)	(18%)		3%	(7%)	
Total (loss) profit	(2,949)	(7,982)	(63)	2,191	(8,238)	(127)
Total comprehensive (loss) income	(2,950)	(7,984)	(63)	2,190	(8,309)	(126)
Earnings per share						
Basic	$ (0.02)	$ (0.06)		$ 0.02	$ (0.06)	
Diluted	$ (0.02)	$ (0.06)		$ 0.02	$ (0.06)	
Total assets	$ 487,095	$ 448,773	9	$ 487,095	$ 448,773	9
Total current and non current portion of loans and borrowings	69,425	46,847	48	69,425	46,847	48
Funds from operations	3,012	3,986	(24)	9,673	17,221	(44)
Net Capital spending	3,750	4,117	(9)	(5,862)	7,923	(174)
Senior and total debt to EBITDAS[(2)]	2.39:1.00	1.17:1.00		2.39:1.00	1.17:1.00	
Debt to total capitalization ratio[(1)]	0.18:1.00	0.13:1.00		0.18:1.00	0.13:1.00	
Dividends declared	$ 2,893	$ 2,676		$ 5,785	$ 5,327	
Dividends declared per share	$ 0.02	$ 0.02		$ 0.04	$ 0.04	

(1) *Please refer to page 25 of the Management's Discussion and Analysis for the definitions of Non-GAAP and additional GAAP measures* and reconciliation of *Net Earnings to EBITDAS.*
(2) *Please refer to page 16 of the Management's Discussion and Analysis for the definitions of Debt to EBITDAS.*

Second Quarter Overview

The results for Q2 2017 improved compared to Q2 2016 as a result of higher activity levels across all of Horizon North's operations and the sale of an existing 450 person camp located in the Alberta oil sands area.

Revenues from Camps & Catering operations for Q2 2017 increased compared to Q2 2016. The increase was a result of strong large camp activity and the sale of an existing camp located in the Alberta oil sands area. Higher large camp volumes in the Fort McMurray, Alberta area were driven mainly by turn-around activities. Increased activity levels in the Grande Prairie, Alberta area were mainly a result of increased drilling activity and pipeline construction projects which were extended from Q1 2017 into Q2 2017 as a result of poor weather conditions. Large camp activity levels drove revenue per average available bed ("RevPAAB") and utilization of $42 and 51% respectively compared to $40 and 52% in Q2 2016. Q2 2017 utilization was on an average fleet of 9,397 rentable beds compared to 8,527 rentable beds in Q2 2016.

The sale of an existing 450 person camp also contributed to higher revenues in the quarter. The sale of fleet equipment is part of Horizon North's approach to manage and optimize the size and mix of the rental fleet. It is standard practice for Horizon North to include equipment buyout options in camp rental contracts and on this particular contract the customer exercised the buyout option on contract expiry.

Revenues from Rentals and Logistics operations for Q2 2017 increased compared to Q2 2016 as a result of stronger mat sales and rental activity, which drove higher transport and installation activity. The surge in demand for matting has been driven by increased drilling activity and wet ground conditions mainly in the Grande Prairie, Alberta area. Mat fleet utilization was significantly higher in Q2 2017 compared to Q2 2016, with lower revenue per mat rental day partially offsetting the utilization increase. Utilization and pricing of the mat rental fleet in Q2 2017 was 88% and $0.96 per mat rental day respectively, compared to 47% and $1.20 in Q2 2016. Relocatable structures activity strengthened compared to Q2 2016, with utilization of 42% in Q2 2017 compared to 40% in Q2 2016.

Modular Solutions revenues for Q2 2017 included multiple commercial projects, the most significant being an 85 room hotel in Revelstoke, British Columbia, and several residential projects. In Q2 2016, Horizon North acquired Karoleena Inc. and the Q2 2016 revenues reflect the first residential projects associated with this acquisition.

EBITDAS in Q2 2017 increased compared to Q2 2016 as a result of the higher activity levels and the camp sale discussed above. This increase was partially offset by a provision for doubtful accounts primarily related to camp rental contracts. The EBITDAS loss in Modular Solutions was expected and reflective of the significant technical effort required to bid for opportunities, complete pre-production design and engineering and the lower utilization experienced throughout the first half of Q2 2017.

Depreciation and amortization for Q2 2017 decreased compared to Q2 2016 as a result of camp setup costs being fully depreciated and the disposal of assets throughout the year, primarily the Blacksand Executive Lodge assets which were destroyed in the 2016 Fort McMurray, Alberta wildfires.

Horizon North continues to maintain a strong focus on managing the Statement of Financial Position through monitoring working capital and managing a reduced capital program. Total loans and borrowings at the end of each comparative quarter were $69.4 million for Q2 2017 compared to $46.8 million for Q2 2016. As a result of the decreased trailing twelve month EBITDAS, Horizon North's relative leverage increased with a Debt to trailing twelve month EBITDAS ratio at June 30, 2017 of 2.39:1.00 compared to 1.17:1.00 at June 30, 2016.

Outlook

Horizon North continues to move forward with its bifurcation strategy. While the Industrial operations are impacted by oil price volatility, which further reduces visibility into customer demand, Modular Solutions' line of sight into demand is strengthening with improved clarity on project timing and scope.

With oil prices currently in the mid $40's customer uncertainly has reappeared. Many energy customers are evaluating their capital spending profiles for the second half of 2017 with visibility on demand becoming less clear. However, there are certain geographic areas such as the Montney and Deep Basin which are expected to remain busy and Horizon North has a significant presence in these areas. Accordingly, management believes second half results for Industrial Services operations will be consistent compared to the first half of 2017. Given the current economic environment, Horizon North anticipates pricing of its services to remain at current rates despite any localized improvements to utilization. 2017 will continue to focus on cost reduction and efficiency initiatives across all operations to maintain and improve margins, as well, Horizon North will be assessing its portfolio of assets to ensure a focus on core business lines.

The outlook for Modular Solutions is encouraging with a quote log that continues to strengthen, convert into backlog and provide higher visibility for production. It is expected that efficiencies will increase in the second half of 2017 as a result of higher expected utilization of production capacity, value engineering initiatives and the consolidation of modular manufacturing facilities in Kamloops, British Columbia. However, spring flooding and the current wild fires in the interior of British Columbia have impacted certain projects resulting in some delays in permitting current projects as local governments focus on the urgent fire situation. Despite these challenges, it is anticipated that Modular Solutions will contribute positive EBITDAS in the second half of 2017.

Additionally, recent changes in government are anticipated to elevate the priority for social infrastructure initiatives, such as affordable housing. With several significant affordable housing projects in the quote log, it is anticipated the probability and timing of these projects will be moved up.

The strength of the Statement of Financial Position is a key priority and Horizon North will continue to closely manage debt levels and working capital. Focus will be on maintaining a manageable leverage position and to balance cash outflow with cash inflow through reducing debt, managing working capital and minimizing capital spending.

Dividend payment

Horizon North announced today that its Board of Directors has declared a dividend for the third quarter of 2017 at $0.02 per share. The dividend is payable to shareholders of record at the close of business on September 30, 2017 to be paid on October 16, 2017. The Board of Directors regularly monitors the strength of the Statement of Financial Position, cash from operations and capital requirements to ensure the overall sustainability of Horizon North is not compromised. The dividends will be eligible dividends for Canadian tax purposes.

HORIZON NORTH

Second Quarter Financial Results

(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
	Three months ended June 30, 2017				
Revenue	$ 84,656	$ 7,007	$ -	$ (16)	$ 91,647
Expenses					
Direct costs	65,376	11,738	(592)	(16)	76,506
Selling & administrative	2,502	551	3,517	-	6,570
EBITDAS	$ 16,778	$ (5,282)	$ (2,925)	$ -	$ 8,571
EBITDAS as a % of revenue	20%	(75%)	-	-	9%
Share based compensation	23	8	145	-	176
Depreciation & amortization	10,476	494	186	(1)	11,155
Gain on disposal of property, plant and equipment	(256)	(4)	-	-	(260)
Operating (loss) earnings	$ 6,535	$ (5,780)	$ (3,256)	$ 1	$ (2,500)
Finance costs					763
Loss on equity Investments					191
Income tax recovery					(505)
Total profit (loss)					$ (2,949)
Other comprehensive income (loss)					(1)
Total comprehensive income (loss)					(2,950)
Earnings (loss) per share – basic					$ (0.02)
– diluted					$ (0.02)

(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
	Three months ended June 30, 2016				
Revenue	$ 52,120	$ 389	$ -	$ -	$ 52,509
Expenses					
Direct costs	43,848	396	(28)	-	44,216
Selling & administrative	1,446	61	3,096	-	4,603
EBITDAS	$ 6,826	$ (68)	$ (3,068)	$ -	$ 3,690
EBITDAS as a % of revenue	13%	(17%)	-	-	7%
Share based compensation	84	23	169	-	276
Depreciation & amortization	11,533	442	230	(12)	12,193
Loss (gain) on disposal of property, plant and equipment	642	-	(19)	(44)	579
Operating earnings (loss)	$ (5,433)	$ (533)	$ (3,448)	$ 56	$ (9,358)
Finance costs					571
Earnings on equity Investments					(24)
Income tax recovery					(1,923)
Total profit (loss)					$ (7,982)
Other comprehensive income (loss)					(2)
Total comprehensive income (loss)					(7,984)
Earnings (loss) per share – basic					$ (0.06)
– diluted					$ (0.06)

	Six months ended June 30, 2017				
(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
Revenue	$ 145,919	$ 16,232	$ -	$ (16)	$ 162,135
Expenses					
Direct costs	110,358	24,433	(720)	(16)	134,055
Selling & administrative	3,785	846	6,624	-	11,255
EBITDAS	$ 31,776	$ (9,047)	$ (5,904)	$ -	$ 16,825
EBITDAS as a % of revenue	22%	(56%)	-	-	10%
Share based compensation	95	36	407	-	538
Depreciation & amortization	21,630	981	383	(1)	22,993
Gain on disposal of property, plant and equipment	(12,303)	(4)	-	(52)	(12,359)
Operating (loss) earnings	$ 22,354	$ (10,060)	$ (6,694)	$ 53	$ 5,653
Finance costs					1,503
Loss on equity Investments					191
Income tax expense					1,768
Total profit (loss)					$ 2,191
Other comprehensive income (loss)					(1)
Total comprehensive income (loss)					$ 2,190
Earnings (loss) per share – basic					0.02
– diluted					$ 0.02

	Six months ended June 30, 2016				
(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
Revenue	$ 130,029	$ 389	$ -	$ -	$ 130,418
Expenses					
Direct costs	104,556	396	(281)	-	104,671
Selling & administrative	2,954	61	5,806	-	8,821
EBITDAS	$ 22,519	$ (68)	$ (5,525)	$ -	$ 16,926
EBITDAS as a % of revenue	17%	(17%)	-	-	13%
Share based compensation	233	58	340	-	631
Depreciation & amortization	23,564	842	464	(61)	24,809
Loss (gain) on disposal of property, plant and equipment	720	8	(19)	(44)	665
Operating (loss) earnings	$ (1,998)	$ (976)	$ (6,310)	$ 105	$ (9,179)
Finance costs					1,140
Earnings on equity Investments					(397)
Income tax recovery					(1,684)
Total profit (loss)					$ (8,238)
Other comprehensive income (loss)					(71)
Total comprehensive income (loss)					$ (8,309)
Earnings (loss) per share – basic					$ (0.06)
– diluted					$ (0.06)

Industrial Services

Industrial Services is comprised of Horizon North's legacy operations including camp rental and catering operations, manufacturing sales, relocatable structures rentals, access mat rentals, other equipment rentals, used equipment sales, and the associated service and transportation within each operation.

	Three months ended June 30,			Six months ended June 30,		
(000's)	2017	2016	% change	2017	2016	% change
Camps and Catering	$ 68,738	43,803	57	$ 118,313	$ 113,221	4
Rentals & Logistics	15,918	8,317	91	27,606	16,808	64
Total Revenue	84,656	52,120	62	145,919	130,029	12
EBITDAS	$ 16,778	6,826	146	$ 31,776	$ 22,519	41
EBITDAS as a % of revenue	20%	13%		22%	17%	
Operating earnings (loss)	$ 6,535	(5,433)	(220)	$ 22,354	$ (1,998)	(1,219)

Revenues from operations in Industrial Services for Q2 2017 were $84.7 million, an increase of $32.5 million or 62% compared to Q2 2016. EBITDAS in Q2 2017 were $16.8 million, an increase of $10.0 million or 146% in comparison to Q2 2016. As a percentage of revenue, EBITDAS increased in Q2 2017 as a result of the higher activity levels in both operations and the camp sale.

Revenues from operations in Industrial Services for the first half of 2017 were $145.9 million, an increase of $15.9 million or 12% compared to the first half of 2016. EBITDAS were $31.8 million, an increase of $9.3 million or 41% in comparison to the first half of 2016. As a percentage of revenue, EBITDAS increased for the first half of 2017 primarily as a result of the camp sale.

Camps & Catering Segment

Camps & Catering revenues are comprised of camp rental and catering operations, the associated service and transport revenue and equipment sales.

	Three months ended June 30,			Six months ended June 30,		
(000's except for operational metrics)	2017	2016	% change	2017	2016	% change
Large Camp revenue	$ 36,167	$ 31,139	16	$ 73,846	$ 87,088	(15)
Drill Camp revenue	1,632	1,042	57	5,170	3,153	64
Catering only revenue	5,431	5,468	(1)	10,775	10,322	4
Service revenue	4,691	5,326	(12)	7,705	11,391	(32)
Equipment sales revenue	20,817	828	2,414	20,817	1,267	1,543
Total Revenue	68,738	43,803	57	118,313	113,221	4
EBITDAS	$ 13,525	$ 4,836	180	$ 26,064	$ 18,551	40
EBITDAS as a % of revenue	20%	11%		22%	16%	
Operating earnings	$ 5,570	$ (4,823)	(215)	$ 21,523	$ (174)	(12,470)
Large Camp						
Bed rental days (1)	436,851	402,511	9	858,361	951,554	(10)
Revenue per bed rental day	$ 83	$ 77	8	$ 85	$ 92	(8)
RevPAAB (2)	$ 42	$ 40	5	$ 43	$ 54	(20)
Rentable beds at period end	9,064	8,538	6	9,064	8,538	6
Average rentable beds (3)	9,397	8,527	10	9,406	8,934	5
Utilization (4)	51%	52%	(2)	50%	59%	(15)
Drill Camp						
Bed rental days (1)	12,394	8,006	55	41,850	23,124	81
Revenue per bed rental day	$ 132	$ 130	2	$ 124	$ 136	(9)
RevPAAB (2)	$ 21	$ 13	62	$ 33	$ 19	74
Rentable beds at period end	821	828	(1)	821	828	(1)
Average rentable beds (3)	839	856	(2)	869	897	(3)
Utilization (4)	16%	10%	60	27%	14%	93
Catering Only						
Catering only days (5)	37,434	48,329	(23)	74,073	86,926	(15)
Revenue per catering only day	$ 145	$ 113	28	$ 145	$ 119	22

(1) One bed rental day represents the provision of one bed for one day under a combined rental and catering manday rate, or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.
(2) RevPAAB equals revenue per average available rentable bed calculated as applicable camp revenue divided by average rentable beds available in the period.
(3) Average rentable beds is equal to total average beds in the fleet over the period less beds required for staff.
(4) Utilization equals the total number of bed rental days divided by average rentable beds in the period.
(5) One catering only day equals the provision of catering and housekeeping services with no related bed rental for one day.

Large Camp

Revenues from Large Camp operations for Q2 2017 increased by $5.0 million or 16% compared to Q2 2016. The increase between the comparative quarters was due to higher activity levels as several camps in the Fort McMurray, Alberta area experienced stronger utilization due to turn-around work in the region. Higher activity in the Grande Prairie, Alberta area was driven by generally stronger drilling activity and pipeline construction projects, which extended from Q1 2017 into Q2 2017 as a result of weather related delays.

The stronger demand in Q2 2017 for Large Camp services, compared to Q2 2016, resulted in RevPAAB and utilization of $42 and 51%, respectively, compared to $40 and 52% in Q2 2016. The fleet size at the end of the period increased by 526 rentable beds or 6%. The increase in rentable beds was the net change related to the disposal of the Blacksand Executive Lodge beds in Q2 2016, the beds added through the acquisition of Empire Camp Equipment Ltd. in Q3 2016, and the sale of a 450 bed camp at the end of Q2 2017.

Revenues from Large Camp operations for the first half of 2017 decreased by $13.2 million, or 15% compared to the first half of 2016. The decrease between the comparative periods was due to several significant large camp contracts expiring and ramping down throughout 2016 resulting in fewer camps operating in the first half of 2017 compared to the first half of 2016. Customers' ongoing cost reduction efforts have resulted in fewer opportunities to maintain and grow the backlog of work and projects added were won with aggressive pricing and tighter margins resulting in lower revenues and reduced EBITDAS.

Lower activity levels resulted in a decrease in the key performance metrics for the first half 2017 with RevPAAB and utilization of $43 and 50%, respectively, compared to $54 and 59% for the first half of 2016.

Drill Camp

Revenues from Drill Camp operations for Q2 2017 increased by $0.6 million, or 57% compared to Q2 2016 primarily due to increased drilling activity in the Grande Prairie, Alberta area. The Canadian Association of Oil Drilling Contractors (CAODC) reported Q2 2017 rig utilization of 18% compared to 7% in Q2 2016. The higher activity levels increased Drill Camp RevPAAB and utilization in Q2 2017 to $21 and 16%, respectively, compared to $13 and 10% in Q2 2016.

Revenues from Drill Camp operations for the first half of 2017 increased by $2.0 million, or 64% compared to the first half of 2016 primarily due to increased drilling activity in the Grande Prairie, Alberta area. The Canadian Association of Oil Drilling Contractors (CAODC) reported first half of 2017 rig utilization of 28% compared to 14% in first half of 2016. The higher activity levels increased Drill Camp RevPAAB and utilization for the first half of 2017 to $33 and 27%, respectively, compared to $19 and 14% for the first half of 2016.

Catering Only

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for Q2 2017 were consistent with Q2 2016. Revenue per catering only day increased by 28% in Q2 2017 primarily due to catering work done during the Fort McMurray, Alberta wildfire in Q2 2016 which were provided at cost.

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for the first half of 2017 were consistent with the first half of 2016. Revenue per catering only day increased by 22% for the first half of 2017 primarily due to catering support for the Fort McMurray, Alberta wildfire effort discussed above.

Service

Service revenues are related to the transportation, set-up and de-mobilization of camps facilities for customers. Revenues for Q2 2017 decreased by $0.6 million or 12% compared to Q2 2016. The decrease was mainly due to the mix of contracts and timing of projects.

Revenues for the first half of 2017 decreased by $3.7 million or 32% compared to the first half of 2016. The decrease was due to the mix of contracts and timing of projects.

Equipment sales

Equipment sales revenues include new, in-plant camp construction and used fleet sales. Revenues for Q2 2017 increased by $20.0 million compared to Q2 2016. The increase is primarily due to the sale of an existing 450 person camp compared to several individual dorm sales in Q2 2016.

Revenues for the first half of 2017 increased by $19.6 million compared to the first half of 2016. The increase is due to the existing camp sale discussed above.

Rentals & Logistics Segment

Rentals & Logistics revenues are comprised of relocatable structures rentals, access mat rentals, other equipment rentals, used equipment sales and installation, transportation associated with the rentals and sales. Relocatable structures are comprised of office units, lavatory units, mine dry units, wellsite units and the associated equipment. Other equipment rentals include light towers, garbage bins and other miscellaneous equipment.

	Three months ended June 30,			Six months ended June 30,		
(000's except for operational metrics)	2017	2016	% change	2017	2016	% change
Relocatable structures revenue [1]	$ 1,095	$ 1,347	(19)	$ 2,064	$ 2,985	(31)
Access mat rentals revenue [2]	2,751	1,488	85	3,959	2,672	48
Other equipment rentals revenue [3]	147	93	58	253	278	(9)
Installation, transportation, service, and other revenue	7,703	5,035	53	14,671	9,734	51
Equipment sales revenue	4,222	354	1,093	6,659	1,139	485
Total revenue	$ 15,918	$ 8,317	91	$ 27,606	$ 16,808	64
EBITDAS	$ 3,253	$ 1,990	63	$ 5,712	$ 3,968	44
EBITDAS as a % of revenue	20%	24%		21%	24%	
Operating earnings (loss)	965	(610)	(258)	831	(1,824)	(146)
Relocatable Structures						
Average fleet size	1,202	1,236	(3)	1,208	1,235	(2)
Fleet end of period	1,196	1,228	(3)	1,196	1,228	(3)
Rental days [4]	45,670	44,502	3	84,198	92,581	(9)
Utilization [5]	42%	40%	5	39%	41%	(5)
Access mats						
Average fleet size owned [6]	33,356	28,816	16	31,649	28,774	10
Fleet end of period owned [7]	33,480	28,344	18	33,480	28,344	18
Rental days owned [8]	2,677,214	1,242,114	116	4,040,870	1,966,687	105
Rental days third party [9]	194,102	-	-	198,502	24,177	721
Total Rental Days	2,871,316	1,242,114	131	4,239,372	1,990,864	113
Utilization owned [10]	88%	47%	87	71%	38%	87
Revenue per mat rental day [11]	$ 0.96	$ 1.20	(20)	$ 0.93	$ 1.34	(31)
Equipment Sales [12]						
Relocatable structures	14	14	-	21	45	(53)
Mats	5,410	515	950	8,853	1,095	708

(1) Relocatable structures revenue includes rental revenue generated from office, lavatory and mine dry units and complexes as well the associated equipment.
(2) Access mat rental revenue includes revenues generated from the rental of traditional oak and oak edged mats.
(3) Other equipment rental revenue includes the rental of rig mats, quad mats and other ancillary equipment such as light towers and garbage bins.
(4) One rental day equals the rental of one unit for one day.
(5) Utilization equals the total number of unit rental days divided by average rentable units in the period.
(6) Average access mat rental fleet numbers reflect only owned access mats.
(7) Access mats in rental fleet at period end represents the number of owned access mats in the Matting fleet.
(8) One mat rental day equals the rental of one owned access mat for one day.
(9) One mat rental day equals the rental of one third party sub rented access mat for one day.
(10) Utilization owned equals rental days owned divided by average owned access mats in rental fleet
(11) Revenue per mat rental day equals access mat rentals revenue divided by total access mats rental days.
(12) Represents the number of units sold in the period.

Revenues from Rental & Logistics for Q2 2017 were $15.9 million, an increase of $7.6 million or 91% in comparison to Q2 2016. The increase was driven by higher activity levels in each of the matting operations; mat rentals, mat sales, and associated transportation and installation activity. EBITDAS for Q2 2017 were $3.3 million, an increase of $1.3 million or 65% compared to the same period of 2016. Q2 2017 EBITDAS as a percentage of revenue were 20%, down from 24% in Q2 2016 mainly due to lower mat rental pricing and lower margins associated with mat sales. Revenue per mat rental day continued to lag the activity levels mainly as a result of pricing agreements signed in the second half of 2016 at very aggressive rental rates. These pricing arrangements will expire and be renegotiated in the second half of 2017.

Revenues from Rental & Logistics for the first half of 2017 were $27.6 million, an increase of $10.8 million or 64% in comparison to the first half of 2016. The surge in demand for matting services was primarily focused around the Grande Prairie, Alberta area and was driven by increased drilling activity and wet ground conditions in Q1 2017. EBITDAS for the first half of 2017 were $5.7 million, an increase of $1.7 million or 44% compared to the first half of 2016. For the first half of 2017, EBITDAS as a percentage of revenue were 21%, down from 24% from the first half of 2016, mainly due to lower mat rental pricing and the comparative revenue mix.

Relocatable Structures

Relocatable structures revenues include the rental of relocatable structures which includes office units, lavatory units, mine dry units and associated equipment.

Revenues for Q2 2017 decreased $0.3 million or 19% compared to Q2 2016. The decrease in revenue was a result of continued downward pressure on pricing, which more than offset the slightly improved activity levels. Fleet utilization strengthened slightly to 42% compared to 40% in Q2 2016, with the average fleet size remaining relatively unchanged at 1,202 units.

Relocatable structures revenues for the first half of 2017 decreased $0.9 million or 31% compared to the first half of 2016. The decrease in revenue was the result of continued downward pricing pressure and lower activity levels. Fleet utilization in the first half of 2017 was 39% compared to 41% in the same period of 2016 on essentially the same fleet size of 1,208 units.

Access mat rentals revenue

Access mat rental revenue for Q2 2017 increased $1.3 million or 85% compared to Q2 2016. The increase was due to stronger demand for matting, particularly in the Grande Prairie, Alberta area, as a result of wet ground conditions and increased drilling programs. Mat rental days increased by 116% and drove utilization of 88% compared to 42% in Q2 2016. Mat rental rates softened to $0.96 per mat rental day compared to $1.20 per mat rental day in Q2 2016. The softer rental rates will continue through 2017 and are mainly a result of pricing agreements signed in the second half of 2016 with very aggressive pricing to secure work. These pricing arrangements will expire and be renegotiated in the second half of 2017

Access mat rental revenue for the first half of 2017 increase by $1.3 million or 48% compared to the first half of 2016 as a result of the factors discussed above. Mat rental days increased by 105% and drove utilization of 71% compared to 38% in the first half of 2016. Mat rental rates softened to $0.93 per mat rental day compared to $1.34 per mat rental day in the first half of 2016. The softer rental rates are mainly a result of pricing agreements discussed above.

Installation, transportation, service, and other revenue

Installation, transportation, service, and other revenues are driven mainly from the level of activity in the mat rental, mat sale and mat management businesses, and are charged for separately from rentals and sales.

Revenues for Q2 2017 increased by $2.7 million or 53% compared to the same period in 2016. The increase in revenue was primarily driven by the higher mat sales and mat rental activity which typically requires associated transportation and installation work.

Revenues for the first half of 2017 increased by $4.9 million or 51% compared to the first half of 2016. The increase in revenue was primarily driven by the higher mat sales and mat rental activity which typically requires associated transportation and installation work.

Equipment Sales

Equipment sales are the sale of new and used Rentals & Logistics fleet, which is comprised of new and used mats, space rental gear and other equipment such as garbage bins and light towers.

Revenues for Q2 2017 increased by $3.9 million compared to the same period in 2016. The increase in revenue was driven by the higher mat sales with 5,410 mats sold compared to 515 in Q2 2016.

Revenues for the first half of 2017 increased by $5.5 million compared to the first half of 2016. The increase in revenue was primarily driven by the higher mat sales with the first half 2017 mat and mat sales of 8,853 compared to 1,095 in the first half of 2016.

Direct costs

Direct costs in the Industrial Services business unit for Q2 2017 were $65.4 million or 77% of revenue compared to $43.8 million or 84% of revenue for Q2 2016. Direct costs are driven by both the level and mix of business activity consisting primarily of labour, food costs, raw materials, trucking, rent and utility costs. The increase in direct costs in Q2 2017, compared to Q2 2016, was related to higher activity levels discussed above and included the cost of goods sold related to the sale of the used 450 person camp. As a percentage of revenue direct costs decreased, the decrease was primarily related to cost in Q2 Q2 2016 which included design, engineering, procurement and project management costs associated with the camp sales product line. These costs were transitioned to the Modular Solutions operations as part of the segment realignment undertaken for January 2017.

Direct costs in the Industrial Services business unit for the first half of 2017 were $110.4 million or 76% of revenue compared to $104.6 million or 80% of revenue for the first half of 2016. Direct costs are driven by both the level and mix of business activity consisting primarily of labour, food costs, raw materials, trucking, rent and utility costs. The increase in direct costs for the first half of 2017, compared to the first half of 2016, was related to the increase in business activity in the Rentals & Logistics operations and the cost of goods sold related to the 450 person camp sale. As a percentage of revenue, direct costs decreased primarily as a result of the costs related to the camp sales product line in 2016 discussed above.

Modular Solutions

Modular Solutions Segment

Modular Solutions consists of production, transportation and installation of residential, retail and commercial modular buildings. The table below outlines the key performance metrics used by management to measure performance in the Modular Solutions operations:

	Three months ended June 30,			Six months ended June 30,		
(000's)	2017	2016	% change	2017	2016	% change
Modular Solutions revenue	$ 7,007	$ 389	1,701	$ 16,232	$ 389	4,073
EBITDAS	$ (5,282)	$ (68)	7,668	$ (9,047)	$ (68)	13,204
EBITDAS as a % of revenue	(75%)	(17%)		(56%)	(17%)	
Operating earnings (loss)	$ (5,780)	$ (533)	985	$ (10,060)	$ (976)	931
Backlog [1]	$ 30,920	$ 2,002	1,444	$ 30,920	$ 2,002	1,444

(1) Backlog is the total value of work that has not yet been completed that: (a) has a high certainty of being performed based on the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Horizon North, as evidenced by an executed letter of award or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured and expects to be recognized in the next 12 months.

Modular Solutions revenues for Q2 2017 were $7.0 million compared $0.4 million in Q2 2016. Revenues in Q2 2017 were comprised mainly of commercial projects, including an 85 room hotel in Revelstoke, British Columbia and several small residential projects. Revenues in Q2 2016 were comprised of several residential projects resulting from the acquisition of Karoleena Inc. in June 2016.

Revenues for the first half of 2017 were $16.2 million and consisted primarily of the production and installation of an 85 room hotel in Revelstoke, British Columbia, a multifamily housing complex, and several residential housing projects. Modular Solutions began with the purchase of Karoleena Inc. in June of 2016 and had no activity in Q1 2016; as a result revenues in the first half of 2016 equal the Q2 2016 revenues.

The primary metric for Modular Solutions is the backlog of projects and timing of backlog execution. Currently, the focus for this business unit is to secure and increase backlog, which was $30.9 million at the end of June 30, 2017 compared to $32.4 million at March 31, 2017. With consistent backlog, revenues and plant efficiencies are expected to improve and generate more stable and predictable results.

Direct costs

On January 1, 2017, Horizon North established two business units, Industrial Services and Modular Solutions, and aligned the associated segments under each business unit. With the segment realignment, direct costs related to product design, engineering, procurement and project management were transitioned from the Industrial Services operations, where they were included as part of the new camp sales product line, and aligned under the Modular Solutions operations. Direct costs are mainly comprised of labour, raw material, trucking and infrastructure costs which include rent, utilities and the design and technical services required in the bidding cycle and post award production and installation of the product.

Selling & administrative costs

Selling & administrative costs are comprised of sales and marketing costs associated with each segment, along with corporate costs which reflect head office costs and include the President and Chief Executive Officer, Senior Vice President Finance and Chief Financial Officer, Executive Vice President Quality & HSE, Vice President Aboriginal & Community Relations, Corporate Secretary, Information Technology, Human Resources, corporate accounting staff and associated costs of supporting a public company.

Selling and administrative costs for Q2 2017 were $6.6 million, an increase of $2.0 million compared to Q2 2016 with the majority related to an increase in the allowance for doubtful accounts in Q2 2017. As a percentage of revenue, selling and administrative expenses for Q2 2017 were 7% compared to 9% for Q2 2016 as a result of increased revenue in Q2 2017.

Selling and administrative costs for the first half of 2017 were $11.3 million, an increase of $2.4 million compared to the first half of 2016 as a result of the Q2 2017 allowance for doubtful accounts. As a percentage of revenue, selling and administrative expenses for the first half of 2017 were 7%, consistent with the first half of 2016, as a result of increased revenue in the first half of 2017.

Other items

Depreciation and amortization

	Three months ended June 30,			Six months ended June 30,		
(000's)	2017	2016	% change	2017	2016	% change
Depreciation of property, plant and equipment	$ 10,466	$ 12,172	(14)	$ 21,620	$ 24,788	(13)
Amortization of Intangibles	689	21	-	1,373	21	-
Total depreciation and amortization	$ 11,155	$ 12,193	(9)	$ 22,993	$ 24,809	(7)

Depreciation of property, plant and equipment decreased by $1.7 million for Q2 2017 as compared to Q2 2016. The decrease was mainly a result of certain camp setup assets being fully depreciated.

Depreciation of property, plant and equipment decreased by $3.2 million for the first half of 2017 as compared to the first half of 2016. The decrease was mainly a result of certain camp setup assets being fully depreciated and fleet disposals throughout the period.

The amortization of intangibles is related to the acquisition of Karoleena Inc. in June 2016 and Empire Camp Equipment Ltd. in August 2016.

Financing costs

Financing costs include interest on loans and borrowings. For Q2 2017, financing costs were $0.8 million compared to $0.6 million in Q2 2016. For the first half 2017, financing costs were $1.5 million compared to $1.1 million for the first half of 2016. The increase in financing costs was mainly a result of higher average debt levels in the first half of 2017 which averaged $74.7 million compared to $65.2 million in the same period of 2016.

The effective annualized interest rate on loans and borrowings for the first half of 2017 was 4.0%; compared to 3.4% in the the first half of 2016. The higher effective interest rate was driven by the tiered interest rate structure of the credit facility.

Income taxes

Income tax recovery for Q2 2017 was $0.5 million compared to a recovery of $1.9 million in the comparative period of 2016. The decrease in income tax recovery was attributable to the improved results in the quarter.

Income tax expense for the first half of 2017 was $1.8 million compared to a recovery of $1.7 million for the first half of 2016. The increase in income tax expense was attributable to the increase in reported earnings primarily as a result of insurance proceeds and camp sale.

Gain/Loss on disposal

For Q2 2017, the gain on disposal was $0.3 million compared to a loss of $0.6 million in the same period of 2016. The gains and losses on disposals are typically generated from normal management of operational assets.

For the first half of 2017, the gain on disposal was $12.4 million compared to a loss of $0.7 million for the first half of 2016. The gains and losses on disposals are typically generated from normal management of operational assets. The first quarter of 2017 included the insurance settlement in excess of book value from the Blacksand Executive Lodge assets.

Liquidity and Capital Resources

Liquidity is principally monitored through cash and cash equivalents and available borrowing capacity under the Corporation's committed credit facility. The outstanding balance under the credit facility fluctuates as it is drawn to finance working capital requirements, capital expenditures, acquisitions and dividends or repaid with funds from operations, disposals and financing activities.

Summary of cash flows *(000's)*		June 30, 2017		June 30, 2016
Operating activities	$	6,282	$	15,053
Investing activties		5,665		4,880
Financing activities		(11,947)		(19,933)
Change in cash position	$	-	$	-

For the six months ended June 30, 2017, operating activities generated $6.3 million of cash, compared to $15.1 million in 2016. Variance primarily generated by strength of Q1 2016 results. Cash from investing activities was provided by net proceeds on disposal of capital assets, including the insurance settlement. Cash used in financing activities included dividend payments of $5.8 million and $6.2 million in credit facility repayment.

Working capital position *(000's)*		June 30, 2017		December 31, 2016
Current assets	$	103,523	$	72,723
Current liabilities excluding loans and borrowings[(1)]		39,460		31,977
Working capital[(2)]	$	64,063	$	40,746

(1) Calculated as the sum of trade and other payables, deferred revenue and income taxes payable.
(2) Calculated as current assets less current liabilities.

Working capital at June 30, 2017 was $64.1 million compared to $40.7 million at December 31, 2016, an increase of $23.4 million. The increase in working capital was primarily due to the receivable recorded for the sale of an existing 450 person camp at the end of the period, as well as the longer term receivables generated by Modular Solution contracts.

Borrowing capacity *(000's)*		June 30, 2017		December 31, 2016
Bank borrowing:				
Available credit facility	$	150,000	$	200,000
Drawings on credit facility		69,425		75,268
Borrowing capacity[(3)]	$	80,575	$	124,732

(3) Calculated as available bank lines less drawings on credit facility.

Effective May 3, 2017, Horizon North reached agreement with its lenders to amend the credit facility. The maturity date was extended one year to March 31, 2019 to provide certainty with respect to borrowing capacity as the Corporation evaluats its capitalization and debt structure through 2017. Management initiated a reduction of total borrowing capacity from $200.0 million to $150.0 million to save standby fees.

The credit facility has an available limit of $150.0 million and is secured by a $400.0 million 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 quarter end for 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 2.25% or the Bankers' Acceptance rate plus 1.50% to 3.25%. The credit facility has a standby fee ranging from 0.34% to 0.73%.

The Maximum Senior Debt to Consolidated EBITDAS ratio covenants were amended as follows:

- 4.00:1.00 for quarter ending June 30, 2017
- 4.25:1.00 for quarters ending September 30 and December 31, 2017
- 3.50:1.00 for quarter ending March 31, 2018
- 3.25:1.00 for quarter ending June 30, 2018
- 3.00:1.00 for quarters ending September 30, 2018 and thereafter

As at June 30, 2017, the Corporation was in compliance with all financial and non-financial covenants as shown below:

Debt Covenants	Covenants June, 2017
Maximum Consolidated Senior debt [(1)] to Consolidated EBITDAS ratio [(3)(4)] (must be 4.00:1.00 or less)	2.39:1.00
Maximum Consolidated Total debt [(2)] to Consolidated EBITDAS ratio [(3)(5)] (must be 4.25:1.00 or less)	2.39:1.00
Minimum Consolidated Interest coverage ratio[(6)] (must be 3.00:1.00 or more)	10.36:1.00

(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, and share based compensation) is not a recognized measure under International Financial Reporting Standards. 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 which 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 which includes Empire Camp Equipment Ltd. and Karoleena Inc.
(6) Interest coverage is calculated as the ratio of trailing 12 months EBITDAS, which includes Empire Camp Equipment Ltd. and Karoleena Inc., to 12 months trailing interest expense on loans and borrowings.

Capital Spending

For the six months ended June 30, 2017, capital spending was $9.9 million compared to $13.1 million for the six months ended June 30, 2016 as a result of a focused and disciplined 2017 capital program. Capital spending in 2017 was mainly focused on fulfilling land improvement commitments related to the Kitimat, British Columbia property in preparation for future development, capital required to meet a recently announced contract in Nunavut, and matting to supplement the mat rental fleet.

Management evaluates and manages its capital spending plans, taking into account proceeds from the sale of property, plant and equipment. For the six months ended June 30, 2017, this resulted in net proceeds from disposals of $5.9 million compared to $5.6 million net capital spending for the six months ended June 30, 2016. The net proceeds in 2017 primarily related to the insurance claim for the loss of the Blacksand Executive Lodge.

Horizon North does not currently have any material capital commitments associated with contracts to supply equipment or to purchase property, plant and equipment. Capital spending was funded primarily from cash from operations and the credit facility.

Quarterly Summary of Results

	Three months ended				Year to date
	March	June	September	December	June
(000's except per share amounts)	2017	2017	2017	2017	2017
Revenue	$ 70,488	$ 91,647			$ 162,135
EBITDAS	8,254	8,571			16,825
Operating earnings (loss)	8,153	(2,500)			5,653
Total profit (loss)	5,140	(2,949)			2,191
Total comprehensive income (loss)	5,140	(2,950)			2,190
Earnings per share – basic	$ 0.04	$ (0.02)			$ 0.02
Earnings per share – diluted	$ 0.04	$ (0.02)			$ 0.02

	Three months ended				Year ended
	March	June	September	December	December
(000's except per share amounts)	2016	2016	2016	2016	2016
Revenue	$ 77,909	$ 52,509	$ 60,097	$ 60,420	$ 250,935
EBITDAS	13,236	3,690	7,126	4,609	28,661
Operating earnings (loss)	179	(9,358)	(4,721)	(8,304)	(22,204)
Total loss	(256)	(7,982)	(4,863)	(7,215)	(20,316)
Total comprehensive loss	(325)	(7,984)	(4,860)	(7,214)	(20,383)
Loss per share – basic	$ -	$ (0.06)	$ (0.04)	$ (0.05)	$ (0.15)
Loss per share – diluted	$ -	$ (0.06)	$ (0.04)	$ (0.05)	$ (0.15)

	Three months ended				Year ended
	March	June	September	December	December
(000's except per share amounts)	2015	2015	2015	2015	2015
Revenue	$ 133,968	$ 84,888	$ 82,311	$ 68,722	$ 369,889
EBITDAS	29,414	10,093	14,435	8,518	62,460
Operating earnings (loss)	15,439	(4,034)	313	(6,940)	4,778
Total profit (loss)	10,282	(5,958)	(170)	(4,986)	(832)
Total comprehensive income (loss)	10,700	(6,308)	(273)	(4,894)	(775)
Earnings (loss) per share – basic	$ 0.09	$ (0.05)	$ -	$ (0.04)	$ (0.01)
Earnings (loss) per share – diluted	$ 0.09	$ (0.05)	$ -	$ (0.04)	$ (0.01)

Historically, Horizon North was primarily a provider of products and services to the resource sector with its performance typically closely associated with the fluctuations in commodity pricing and activity levels in that sector. These fluctuations can create an increasingly competitive environment resulting in downward pressure on pricing and reduced demand for Horizon North's products and services which is reflected in the trend over the previous eight quarters. As well, Horizon North's decisions on the allocation of manufacturing resources between external projects and internal fleet requirements along with the time required to redeploy camp and catering fleet assets into more active areas can significantly affect the timing of revenues between the quarters and impact performance. As a result of these factors, performance tends to be lumpy depending on mix and timing of projects. Although there is some seasonality with the first quarter generally stronger, this effect can be muted or compounded by the other factors of manufacturing allocation and camp redeployments.

Moving forward, Horizon North has transitioned away from the traditional camp manufacturing by focusing the manufacturing infrastructure on permanent modular construction. This is a diversification strategy intended to decrease the dependence on the resource sector and provide a smoother and more reliable business operation.

Risks and Uncertainties

Volatility of Oil, Natural Gas and Mining Industry Conditions

The demand, pricing and terms for Horizon North's products and services depend upon the level of industry activity for oil, natural gas and mineral exploration and development in the western Canadian provinces and territories. Industry conditions are influenced by numerous factors over which Horizon North has no control, including: oil, natural gas and mineral prices; expectations about future oil, natural gas and mineral prices; the cost of exploring for, producing and delivering oil, natural gas and minerals; the expected rates of declining current production; the discovery rates of new oil, natural gas and mineral reserves; available pipeline and other oil, natural gas transportation capacity; demand for oil, natural gas and minerals; weather conditions; global political, military, regulatory and economic conditions; and the ability of oil, natural gas and mining companies to raise equity capital or debt financing for exploration and development work.

Current global economic events and uncertainty have the potential to significantly impact commodity pricing, changing the economic feasibility of industry development projects. No assurance can be given that expected trends in oil, natural gas and mineral production activities will continue or that demand for services provided by Horizon North will reflect the level of activity in the industry. Any prolonged substantial reduction in oil, natural gas, and mineral prices would likely affect activity levels in these industries and therefore affect the demand for the services provided by Horizon North.

Competition

Horizon North provides products and services to oil, natural gas and mineral exploration and production companies in the western Canadian provinces and northern territories. The service businesses in which Horizon North operates are highly competitive. To be successful, Horizon North has to provide services that meet the specific needs of its clients at competitive prices. The principal competitive factors in the markets in which Horizon North operates are service, quality, availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, safety records and ongoing safety programs and price. Horizon North competes with several competitors, which offer similar services in geographic areas in which Horizon North operates. As a result of competition, Horizon North's business, financial condition and results of operations could be adversely affected.

Reduced levels of activity in the oil and natural gas and mining industries can intensify competition and result in lower revenue to Horizon North. Variations in the exploration and development budgets of oil and natural gas and mining companies, which are directly affected by fluctuations in energy prices and mineral prices, the cyclical nature and competitiveness of the oil and natural gas and mining industries and governmental regulation, will have an effect upon Horizon North's ability to generate revenue and earnings.

Horizon North's pursuit of opportunities in permanent modular construction is in competition with other modular builders as well as traditional site built providers. To be successful, Horizon North must demonstrate the value proposition of modular construction and successfully execute projects.

Credit Risk

A substantial portion of Horizon North's trade and other accounts receivable are with customers involved in the oil, natural gas and mining industries, whose revenues may be impacted by fluctuations in commodity prices. Collection of these receivables could be influenced by economic factors affecting the oil and natural gas and mining industries.

Many of the Corporation's customers require reasonable access to credit facilities and debt capital markets to finance their projects. If the availability of credit to the Corporation's customers is reduced, they may reduce their expenditures, thereby decreasing demand for the Corporation's products and services. A reduction in spending by the Corporation's customers could adversely affect its operating results and financial condition. During the term of a contract, Horizon North may be required to use its working capital to fund project costs until payments are collected from the customer. A greater incidence of payment default by clients could result in a financial loss to the Corporation that could have a material adverse effect on its operating results and financial position.

Additional Funding Requirements

Horizon North's cash flow may not be sufficient to fund its ongoing activities at all times. From time to time, Horizon North may require additional financing. Failure to obtain such financing on a timely basis could cause Horizon North to miss certain acquisition opportunities or prevent further growth of its operations. If Horizon North's revenues decrease, it will affect Horizon North's ability to expend the necessary capital to maintain its operations. If Horizon North's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or terms acceptable to Horizon North.

Labour Relations

The largest component of Horizon North's overall expenses is salaries, wages, benefits and payments to employees, agents and contractors. Any significant increase in these expenses could impact the financial results of Horizon North. In addition, Horizon North will be at risk if there are any labour disruptions. Horizon North believes that it has and will continue to foster a positive relationship with employees, agents and contractors.

Agreements and Contracts

The business operations of Horizon North depend on successful execution of contracts. The key factors which will determine whether a client will continue to use Horizon North will be service quality, availability, reliability and performance of equipment used to perform its services, technical knowledge, experience, safety record, ongoing safety programs and competitive pricing. There can be no assurance that Horizon North's relationship with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Horizon North's business, financial condition and results of operations.

Significant Customers

The Corporation had one major customer who generated 18% of total revenues in the first half of 2017 compared to one major customer who generated 15% in the first half of 2016. There can be no assurance that Horizon North's relationship with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Horizon North's business, financial condition and results of operations.

Reliance on Key Personnel

Horizon North's success depends in large measure on certain key personnel. The loss of services of such key personnel could have a material adverse effect on Horizon North. Horizon North does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Horizon North are likely to be of central importance. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Horizon North.

Permits

In most cases, permits issued by government agencies are required to build residential and commercial properties and to set up and operate remote work camp facilities. The issuance of permits is dependent upon water and waste treatment alternatives available, road traffic volumes and fire conditions in forested areas. Failure to receive or renew permits could have a negative impact on the business of the Camps & Catering segment and Modular Solutions.

Government Regulation

The operations of Horizon North are subject to a variety of federal, provincial and local laws of Canada, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Horizon North invests financial and managerial resources to ensure such compliance. Although such expenditures are generally not material to service providers, such laws or regulations are subject to change. Accordingly, it is impossible for Horizon North to predict the cost or impact of such laws and regulations on its future operations.

Environmental Regulation

The Government of Canada and provincial governments in areas where Horizon North does business have been working through various forms of regulation and legislation focused on climate change and greenhouse gas emissions. Future federal legislation, together with provincial emission reduction requirements may require the reduction of emissions or emissions intensity from Horizon North's operations and facilities and those of its customers. A number of Horizon North's customers are involved in the oil and natural gas exploration and development industry, with specific focus on oil sands related projects. Focus and scrutiny has recently intensified on oil sands development, which could lead to incremental environmental regulation or legislation.

Potential changes in requirements may result in increased operating costs and capital expenditures for oil and natural gas and mining industry participants, thereby delaying or decreasing the demand for Horizon North's services.

Management is unable to predict the impact of potential emissions targets and it is possible that changes could adversely affect Horizon North's business, financial condition and results of operations. These regulations would likely result in higher operating costs for our customers in the region, putting further pressure on project economics, and may also impair Horizon North's ability to provide its services economically.

Merger and Acquisition Activity

Horizon North considers acquisitions of complementary businesses and assets a part of the Corporation's business strategy. Achieving the benefits of acquisitions depends in part on: the acquired assets performing as expected, successfully realizing synergies, retaining key employees and customer relationships and integrating operations in a timely and efficient manner. Such integration may require substantial management effort, time, resources and may divert management's focus. Any acquisition could have a material adverse effect on operating results, financial condition and the price of the Corporation's securities.

Aboriginal & Community Relations

A component of Horizon North's business strategy is based on developing and maintaining positive relationships with the Aboriginal people and communities in the areas where Horizon North operates. These relationships are important to Horizon North's operations and customers who desire to work on traditional Aboriginal lands. The inability to develop and maintain relationships and to be in compliance with local requirements could adversely affect Horizon North's business strategy, growth and profitability.

Seasonal Operations

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. The Modular Solutions segment is not impacted by seasonality.

Business Continuity, Disaster Recovery and Crisis Management

In the event of a serious incident, the inability to restore or replace critical capacity in a timely manner may impact Horizon North's business and operations. A serious event could therefore have a material adverse effect on Horizon North's business, results of operations and financial condition. In the event of a major disaster, Horizon North has in place business continuity arrangements, including disaster recovery plans and insurance coverage to minimize any losses.

Cyber Security

Horizon North manages cyber security risk by ensuring appropriate technologies, processes and practices are effectively designed and implemented to help prevent, detect and respond to threats as they emerge and evolve. The primary risks to Horizon North include, loss of data, destruction or corruption of data, compromising of confidential customer or employee information, leaked information, disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and reputational damage. Horizon North applies technical and process controls in line with industry-accepted standards to protect its information assets and systems. Data backup and recovery processes are in place to minimize risk of data loss and resulting disruption of business. Through ongoing vigilance and regular employee awareness, Horizon North has not experienced a cyber security event of a material nature. As it is difficult to quantify the significance of such events, cyber-attacks such as, security breaches of Corporation, customer, employee, and vendor information, as well as hardware or software corruption, failure or error, telecommunications system failure, service provider error, intentional or unintentional personnel actions, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data, may in certain circumstances be material and could have an adverse effect on Horizon North's business, financial condition and results of operations. As result of the unpredictability of the timing, nature and scope of disruptions from such attacks, Horizon North could potentially be subject to: operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on Horizon North's reputation and competitive position, financial condition or results of operations.

Other Risks

Due to the nature of Horizon North's business, it is subject to a number of regulations, environmental laws and risks associated with lawsuits arising from accidents and claims. Horizon North manages these risks through a combination of quality management, training and by securing insurance coverage to protect the assets of Horizon North in the event of litigation.

Changes in Accounting Policies

Horizon North's IFRS accounting policies are provided in note 3 to the Consolidated Financial Statements as at the years ended December 31, 2016 and 2015. As at June 30, 2017, there have been no changes in accounting policies.

Critical Accounting Estimates and Judgments

This MD&A of the Corporation's financial condition and results of operations is based on its consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS). The presentation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of provisions at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and judgments are based on historical experience and on various assumptions that are believed to be reasonable under the circumstances. Anticipating future events cannot be done with certainty, therefore these estimates may change as new events occur, more experience is acquired and as the Corporation's operating environment changes. The accounting estimates believed to be the most difficult, subjective or complex are the most critical to the reporting of results of operations and financial positions. They are as follows:

Revenue recognition

The Corporation uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires estimates of the stage of completion of the contract to date as a proportion of the total contract work to be performed in accordance with the accounting policy set out in the notes to the consolidated financial statements.

Construction Receivable Estimate

The Corporation recognizes that the value of many construction contracts increase over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or certain conditions may result in possible disputes or claims regarding additional amounts owing may arise. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

Collectability of receivables

The Corporation estimates the collectability of accounts receivable, including unbilled accounts receivable related to current period service revenue. An analysis of historical bad debts, client credit-worthiness, the age of accounts receivable and current economic trends and conditions are used to evaluate the adequacy of the allowance for doubtful accounts and the collectability of receivables. Significant estimates must be made and used in connection with establishing the allowance for doubtful accounts in any accounting period. Material differences may result if management made different judgments or utilized different estimates.

Asset Retirement Obligation

The Corporation recognizes an asset retirement obligation ("ARO") to account for future demobilization and reclamation of specific camps. Use of an ARO requires estimates of the asset retirement costs, timing of payments, present value discount rate and inflation rate to determine the amount recognized, in accordance with the accounting policy set out in the notes to the consolidated financial statements.

Impairment

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCOD") and its value in use ("VIU"). The FVLCOD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The VIU calculation is based on a discounted cash flow model. The cash flows are derived from the Corporation's forecast and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The Corporation is required to make a judgment regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

Purchase price equations

The acquired assets and assumed liabilities are generally recognized at fair value on the date the Corporation obtains control of a business. The measurement of each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets and other assets and the liabilities are largely based on projected cash flows, discount rates and market conditions at the date of acquisition. The estimate of fair value of property, plant and equipment is based on available data from comparable sales transactions.

Financial Instruments and Risk Management

(a) Overview

The Corporation is exposed to a number of different financial risks arising from the normal course of business operations as well as through the Corporation's financial instruments comprised of cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. These risk factors include credit risk, liquidity risk, and market risk, including currency exchange risk and interest rate risk.

The Corporation's risk management practices include identifying, analyzing and monitoring the risks faced by the Corporation. The following presents information about the Corporation's exposure to each of the risks and the Corporation's objectives, policies and processes for measuring and managing risk.

(b) Credit risk

Credit risk is the risk that a customer will be unable to pay amounts due causing a financial loss. The Corporation's practice is to manage credit risk by examining each new customer individually for credit worthiness before the Corporation's standard payment terms are offered. The Corporation's review may include financial statement review, credit references, or bank references. Customers that lack credit worthiness transact with the Corporation on a prepayment only basis.

The Corporation constantly monitors individual customer trade receivables and accrued revenue, taking into consideration industry, aging profile, maturity, payment history and existence of previous financial difficulties in assessing credit risk. A formal review is performed each month for each subsidiary, focusing on amounts in trade receivable and accrued revenue which have been outstanding for periods which are considered abnormal for each customer. The Corporation establishes an allowance for doubtful accounts for specifically identifiable customer balances which are assessed to have credit risk exposure.

The following shows the aged balances of trade and other receivables:

(000's)	June 30, 2017	December 31, 2016
Neither impaired nor past due	$ 38,012	$ 22,066
Outstanding 31-60 days	8,784	6,522
Outstanding 61-90 days	3,638	1,750
Outstanding more than 90 days	3,442	3,401
Total	53,876	33,739
Accrued revenue	15,115	10,058
Construction receivables	17,539	7,242
Other receivables	2,136	6,548
Allowance for doubtful accounts	(2,775)	(1,043)
Total trade and other receivables	$ 85,891	$ 56,544

For the six months ended June 30, 2017, the Corporation provided an allowance for $2.8 million of receivables aged greater than 90 days. As at August 1, 2017, the Corporation has collected $0.2 million on amounts outstanding more than 90 days.

Construction receivables represent progress billings to customers under open construction contracts, holdback amounts billed on construction contracts which are not due until the contract work is substantially completed, amounts recognized as revenue under open construction contracts not billed to customers and highly probable claims. At June 30, 2017, included in construction receivables were holdbacks of $1.0 million (June 30, 2016 - $nil). The total of construction receivables aged less than 90 days was 97% at June 30, 2017 (June 30, 2016 – 34%).

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation believes that it has access to sufficient capital through internally generated cash flows and committed credit facilities to meet current spending forecasts.

To manage liquidity risk, the Corporation forecasts operational results and capital spending on a regular basis. Actual results are compared to these forecasts to monitor the Corporation's ability to continue to meet spending forecasts.

The following shows the timing of cash outflows relating to trade and other payables and loans and borrowings:

		June 30, 2017		December 31, 2016
	Trade and other payables(1)	Loans and borrowings(2)	Trade and other payables(1)	Loans and borrowings(2)
Year 1	$ 34,120	$ -	$ 30,200	$ -
Year 2	1,025	69,425	3,248	75,268
Year 3	2,245	-	-	-
Year 4	3,229	-	3,121	-
Year 5 and beyond	5,190	-	5,048	-
	$ 45,809	$ 69,425	$ 41,617	$ 75,268

(1) Trade and other payables include trade and other payables, income taxes payable, and provisions.
(2) Loans and borrowings include non-interest bearing notes payable and Horizon North's senior secured revolving term credit facility. Cash flows of Horizon's note payable have been recorded according to estimated utilization of specific equipment.

(d) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on future performance of the Corporation. The market price movements that could adversely affect the value of the Corporation's financial assets, liabilities and expected future cash flows include foreign currency exchange risk and interest rate risk. As the Corporation's exposure to foreign currency exchange risk and interest rate risk is limited, the Corporation does not currently hedge its financial instruments.

(i) Foreign currency exchange risk

The Corporation has limited exposure to foreign currency exchange risk as sales and purchases are typically denominated in CAD. The Corporation's exposure to foreign currency exchange risk arises from the purchase of some raw materials, which are denominated in USD, and foreign operations with USD functional currency.

As the foreign currency exchange risks are primarily based on the realized foreign exchange, the following sensitivity analysis is to determine the impact on cash used in operating activities. The effect of a $0.01 increase in the USD/CAD exchange rate would decrease cash used in operating activities for the three months ended June 30, 2017 by approximately $22,000 (the three months ended June 30, 2016 - $53,000). This assumes that the quantity of USD raw material purchases and the foreign operations in the year remain unchanged and that the change in the USD/CAD exchange rate is effective from the beginning of the year.

(ii) Interest rate risk

The Corporation is exposed to interest rate risk as changes in interest rates may affect interest expense and future cash flows. The primary exposure is related to the Corporation's revolving credit facility which bears interest at a rate of prime plus 0.5% to 2.25%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $178,000 for the three months ended June 30, 2017 (the three months ended June 30, 2016 - $143,000). This assumes that the amount and mix of fixed and floating rate debt in the year remains unchanged and that the change in interest rates is effective from the beginning of the year.

Outstanding Shares

Horizon North had 144,647,006 voting common shares issued and outstanding and outstanding options to purchase 8,734,426 shares for a total potential of 153,381,432 shares as at August 1, 2017.

Off Balance Sheet Financing

Horizon North has no off balance sheet financing.

Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure Controls & Procedures

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109 of the Canadian Securities Administrators, to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the CEO and the CFO by others, particularly during the period in which the interim filings are being prepared; and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Throughout 2017, Horizon North will continue to evaluate its DC&P, making modifications from time-to-time as deemed necessary. There were no changes in Horizon North's DC&P that occurred during the period ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, Horizon North's DC&P.

Internal Controls over Financial Reporting

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") as defined in National Instrument 52-109 of the Canadian Securities Administrators, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes to the Corporation's ICFR during the period ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

Limitations on the Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Because of their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or implemented, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

Non-GAAP measures

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and, therefore, are considered non-GAAP measures. These measures are regularly reviewed by the Chief Operating Decision Maker and provide investors with an alternative method for assessing the Corporation's operating results in a manner that is focused on the performance of the Corporation's ongoing operations and to provide a more consistent basis for comparison between periods. These measures should not be construed as alternatives to total profit and total comprehensive income determined in accordance with GAAP as an indicator of the Corporation's performance. The method of calculating these measures may differ from other entities and accordingly, may not be comparable to measures used by other entities. The following non-GAAP measures are used to monitor the Corporation's performance:

EBITDAS: Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment and share based compensation ("EBITDAS"). Management believes that in addition to total profit and total comprehensive income, 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.

Debt to total capitalization: Calculated as the ratio of debt to total capitalization. Debt is defined as the sum of current and long-term portions of loans and borrowings. Total capitalization is calculated as the sum of debt and shareholders' equity.

Reconciliation of non-GAAP measures

The following provides a reconciliation of non-GAAP measures to the nearest measure under GAAP for items presented throughout the MD&A.

EBITDAS

	Three months ended June 30,		Six months ended June 30,	
(000's)	2017	2016	2017	2016
Total profit (loss)	$ (2,949)	$ (7,982)	$ 2,191	$ (8,238)
Add:				
Share based compensation	176	276	538	631
Depreciation & amortization	11,155	12,193	22,993	24,809
(Gain) loss on disposal of property, plant and equipment	(260)	579	(12,359)	665
Finance costs	763	571	1,503	1,140
Loss (earnings) on equity investments	191	(24)	191	(397)
Income tax expense (recovery)	(505)	(1,923)	1,768	(1,684)
EBITDAS	$ 8,571	$ 3,690	$ 16,825	$ 16,926

Advisories

This MD&A, prepared as at August 1, 2017, focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North. This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions. Additional information related to the Corporation, including the Corporation's annual information form, is available on SEDAR at www.sedar.com. Unless otherwise indicated, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is in Canadian dollars.

Caution Regarding Forward-Looking Statements and Information

Certain statements contained in this MD&A constitute forward-looking statements or information ("forward-looking statements"). These statements relate to future events or future performance of Horizon North. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions are intended to identify forward-looking statements.

In particular, such forward-looking statements include:

Under the heading "Outlook" the statement that:

"Horizon North continues to move forward with its diversification strategy. While the Industrial operations are impacted by oil price volatility, which further reduces visibility into customer demand, Modular Solutions' line of sight into demand is strengthening with improved clarity on project timing and scope.

With oil prices currently in the mid $40's customer uncertainly has reappeared. Many energy customers are evaluating their capital spending profiles for the second half of 2017 with visibility on demand becoming less clear. However, there are certain geographic areas such as the Montney and Deep Basin which are expected to remain busy and Horizon North has a significant presence in these areas. Accordingly, management believes second half results for Industrial Services operations will be consistent compared to the first half of 2017. Given the current economic environment, Horizon North anticipates pricing of its services to remain at current rates despite any localized improvements to utilization. 2017 will continue to focus on cost reduction and efficiency initiatives across all operations to maintain and improve margins, as well, Horizon North will be assessing its portfolio of assets to ensure a focus on core business lines.

The outlook for Modular Solutions is encouraging with a quote log that continues to strengthen, convert into backlog and provide higher visibility for production. It is expected that efficiencies will increase in the second half of 2017 as a result of higher expected utilization of production capacity, value engineering initiatives and the consolidation of modular manufacturing facilities in Kamloops, British Columbia. However, spring flooding and the current wild fires in the interior of British Columbia have impacted certain projects resulting in some delays in permitting current projects as local governments focus on the urgent fire situation. Despite these challenges, it is anticipated that Modular Solutions will contribute positive EBITDAS in the second half of 2017.

Additionally, recent changes in government are anticipated to elevate the priority for social infrastructure initiatives, such as affordable housing. With several significant affordable housing projects in the quote log, it is anticipated the probability and timing of these projects will be moved up.

The strength of the Statement of Financial Position is a key priority and Horizon North will continue to closely manage debt levels and working capital. Focus will be on maintaining a manageable leverage position and to balance cash outflow with cash inflow through reducing debt, managing working capital and minimizing capital spending."

- The Corporation's focus of its manufacturing infrastructure on permanent modular construction to decrease the dependence on the resource sector to provide a smoother and more reliable business operation;
- With consistent backlog, revenues and plant efficiencies are expected to improve and generate more stable and predictable results;
- The impact of the revisions to the credit facility, including the maturity date thereof;
- The payment of a dividend for the third quarter of 2017 at $0.02 per share and payable to shareholders of record at the close of business on September 30, 2017 to be paid October 16, 2017; and
- The timing of cash outflows related to trade and other payables and loans and borrowings.

The forward-looking statements and information are based on certain assumptions made by Horizon North which include, but are not limited to, assumptions relating to:

- industry activity for oil, natural gas and mineral exploration and development in the western Canadian provinces and northern territories;
- commodity prices;
- capital investment in the Canadian oil and gas sector;
- dividend payments;
- anticipated activity levels for 2017;
- operational results and capital spending;
- future operating costs and Corporation's access to capital;
- the effects of regulation by governmental agencies;
- the competitive environment in which the Corporation operates;
- the ability of the Corporation to attract and retain personnel;
- the development of LNG and commodity transportation infrastructure;
- the relationships between the Corporation and its customers; and
- general economic and financial conditions.

Although Horizon North believes that the expectations and assumptions on which the forward-looking statements and information are based on are reasonable, undue reliance should not be placed on the forward-looking statements and information because Horizon North cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of known and unknown risks and uncertainties. Such risks and uncertainties include, but are not limited to, the following:

- volatility in the price and demand for oil, natural gas and minerals;
- fluctuations in the demand for the Corporation's services;
- availability of qualified personnel;
- changes in regulation by governmental agencies, including environmental regulation; and
- other factors listed under "Risks and Uncertainties" in this MD&A and other risk factors identified in the Corporation's annual information form.

Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other risk factors that could affect Horizon North's operations and financial results are included in Horizon North's annual information form which may be accessed through the SEDAR website at www.sedar.com. In addition, the reader is cautioned that historical results are not indicative of future performance. The forward-looking statements and information contained in this MD&A are made as of the date hereof and Horizon North does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Certain information set out herein, including certain information under the heading "Outlook", may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Horizon North's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.