This Management's Discussion and Analysis ("MD&A"), prepared as at November 1, 2017, focuses on key statistics from the Condensed Consolidated Interim Financial Statements for the three months ended September 30, 2017 ("Q3 2017") and nine months ended September 30, 2017 ("the first nine months of 2017"), three months ended September 30, 2016 ("Q3 2016") and nine months ended September 30, 2016 ("the first nine months 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.

Third Quarter Highlights

- Revenues strengthened in Q3 2017 compared to Q3 2016 driven by higher activity levels across all of the operations;
- EBITDAS softened compared to Q3 2016 as a result of a difference in contract mix and reduced pricing primarily in the Industrial Services operations;
- The Modular Solutions business continued to build momentum through Q3 2017, exiting the quarter with $30.2 million of backlog;
- Underpinned by the recent focus by all levels of government to rapidly advance social infrastructure and affordable housing projects, Modular Solutions now has a high probability line of sight to an additional $132.0 million of projects;
- Capital spending in Q3 2017 was primarily focused on supporting contract awards announced late in Q2 2017 with the associated revenues and EBITDAS anticipated to begin in Q4 2017; and
- Operating earnings decreased compared to Q3 2016 mainly due to an impairment charge on specific fleet equipment held for sale.

Third Quarter Financial Summary

	Three months ended September 30,			Nine months ended September 30,		
(000's except per share amounts)	2017	2016	% change	2017	2016	% change
Revenue	$ 79,283	$ 60,097	32	$ 241,418	$ 190,515	27
EBITDAS(1)	6,434	7,126	(10)	23,259	24,052	(3)
EBITDAS as a % of revenue	8%	12%		10%	13%	
Operating loss	(7,514)	(4,721)	59	(1,861)	(13,900)	(87)
Operating earnings as a % of revenue	(9%)	(8%)		(1%)	(7%)	
Total loss	(6,149)	(4,863)	26	(3,958)	(13,101)	(70)
Total comprehensive loss	(6,144)	(4,860)	26	(3,954)	(13,169)	(70)
Earnings per share						
Basic	$ (0.04)	$ (0.04)		$ (0.03)	$ (0.10)	
Diluted	$ (0.04)	$ (0.04)		$ (0.03)	$ (0.10)	
Total assets	$ 464,946	$ 488,535	(5)	$ 464,946	$ 488,535	(5)
Total loans and borrowings	56,714	73,044	(22)	56,714	73,044	(22)
Funds from operations	4,704	6,892	(32)	14,377	24,113	(40)
Net Capital spending	(19,613)	3,114	(730)	(25,475)	11,037	(331)
Senior and total debt to EBITDAS(2)	2.04:1.00	1.97:1.00		2.04:1.00	1.97:1.00	
Debt to total capitalization ratio(1)	0.15:1.00	0.18:1.00		0.15:1.00	0.18:1.00	
Dividends declared	$ 2,894	$ 2,892		$ 8,679	$ 8,219	
Dividends declared per share	$ 0.02	$ 0.02		$ 0.06	$ 0.06	

(1) *Please refer to page 24 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 15 of the Management's Discussion and Analysis for the definitions of Debt to EBITDAS.*

Third Quarter Overview

Revenues for Q3 2017 improved compared to Q3 2016 as a result of higher activity levels across all of Horizon North's operations. EBITDAS for Q3 2017 decreased compared to Q3 2016 primarily due to softer pricing in the Industrial operations. The operating income and earnings per share were lower compared to Q3 2016 driven by the reduced EBITDAS and an impairment loss on specific assets held for sale.

Revenues from Camps & Catering operations for Q3 2017 increased 12% compared to Q3 2016. The increase in revenues was a result of additional catering only contracts added in Q2 2017 and stronger equipment sales compared to Q3 2016. The revenue strength was partially offset by softer large camp activity primarily a result of several significant camp contracts, mainly in the Fort McMurray, Alberta area, which expired or ramped down between the comparative quarters. There were pockets of stronger large camp activity mainly in the Grande Prairie, Alberta area, however these new camps were smaller in scope and at reduced pricing only partially offsetting the expired contracts. Large camp activity levels drove revenue per average available bed ("RevPAAB") and utilization of $34 and 47% respectively compared to $44 and 50% in Q3 2016. Rentable beds at the end of Q3 2017 were 8,333 beds, a decrease of 1,072 beds compared to Q3 2016 as a result of the sale of the 450 person camp in Q2 2017 and removal of 569 beds held for sale in Q3 2017.

Revenues from Rentals and Logistics operations for Q3 2017 increased 40% compared to Q3 2016 as a result of stronger mat sales and rental activity, which also drove higher transport and installation activity. The surge in demand for matting was driven by increased drilling activity and wet ground conditions in the Grande Prairie, Alberta area. Mat fleet utilization was significantly higher in Q3 2017 compared to Q3 2016, with slightly lower revenue per mat rental day partially offsetting the utilization increase. Utilization and pricing of the mat rental fleet in Q3 2017 was 79% and $0.93 per mat rental day respectively, compared to 57% and $0.96 in Q3 2016. Relocatable structures revenues were consistent in the comparative quarters with higher utilization offsetting lower pricing compared to Q3 2017. Utilization of the space rental fleet was 43% compared to 38% in Q3 2016.

Modular Solutions revenues for Q3 2017 were $11.9 million compared $2.2 million in Q3 2016. Revenues in Q3 2017 were comprised mainly of commercial projects, including a condominium complex in Revelstoke, British Columbia and several individual residential projects. The Q3 2016 revenues reflect the first residential projects associated with the acquisition of Karoleena Inc. in Q2 2016.

EBITDAS in Q3 2017 decreased compared to Q3 2016. Although activity levels strengthened across all operations pricing in the Industrial operations decreased compared to Q3 2017. The pricing decrease is mainly reflective of higher margin contracts written prior to the deterioration in economic conditions expiring and being replaced by contracts priced to reflect the current economic environment. The EBITDAS loss in Modular Solutions was expected and as a percentage of revenue significantly improved over Q3 2016 as a result of the higher activity levels.

Depreciation and amortization for Q3 2017 decreased compared to Q3 2016 as a result of certain camp setup costs being fully depreciated and the disposal of assets throughout the year, primarily the sale of the 450 person camp in Q2 2017.

Included in total profit was an impairment loss on certain assets held for sale. The sale of these assets is part of Horizon North's ongoing focus to decrease under-utilized fleet assets and improve return on invested capital.

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 were $56.7 million for Q3 2017 compared to $73.0 million for Q3 2016. The decrease in debt between the comparative quarters was offset by a decrease in EBITDAS and resulted in a debt covenant ratio at September 30, 2017 of 2.04:1.00 compared to 1.97:1.00 at September 30, 2016.

Outlook

Horizon North's diversification strategy through a bifurcation of operations has now been fully implemented and has created new markets for Horizon North's manufacturing services and assets. Industrial operations continue to be impacted by lower commodity prices in the western Canadian marketplace which have reduced our core customer base's spending profiles. The remainder of 2017 will continue to focus on cost reduction and efficiency initiatives with Q4 results expected to be similar to Q3 results. Demand for Modular Solutions products and services continues to strengthen with several projects recently added to the backlog and several high probability projects anticipated in the remainder of 2017.

Industrial customers in certain geographical areas are starting to firm up their 2018 budgetary plans which can largely be broken down into three segments; Oilsands, Conventional W5/W6 and non-energy (mining & forestry). In the Oilsands market surrounding Fort McMurray, Alberta prices for Horizon North's services remain challenged as activity levels have stagnated and excess supply reduces utilization. Horizon North has been actively firming up partnerships with local First Nations groups in the area which are expected to help grow our market share. The conventional W5/W6 market, which encompasses the Montney formation as well as the Duvernay formation, continues to be the bright spot for industrial demand. Customers in this market have better return profiles for their projects and Horizon North's market leader position provides customers with exceptional value and flexibility to accommodate project timelines. Non-energy demand in Canada's north continues to be strong and Horizon North's breadth and depth of experience operating in Canada's harshest climates is allowing significant projects to proceed on time and on budget.

The Modular Solutions business is expected to continue its growth based on a strengthening backlog and high quality opportunity pipeline underpinned by the recent focus on social infrastructure and affordable housing by all levels of government. Horizon North expects to advance social infrastructure project scope and contracting for projects already announced by the end of 2017. The backlog and opportunity pipeline are providing a higher level of visibility to the business requiring an increase in labour force at our Kamloops, British Columbia manufacturing facility to achieve a critical mass of scale and manufacturing throughput. Horizon North anticipates that Modular Solutions will continue its trend of earnings improvement in Q4 and contribute positive EBITDAS in 2018.

Dividend payment

Horizon North announced today that its Board of Directors has declared a dividend for the fourth quarter of 2017 at $0.02 per share. The dividend is payable to shareholders of record at the close of business on December 29, 2017 to be paid on January 15, 2018. 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.

Third Quarter Financial Results

	Three months ended September 30, 2017				
(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
Revenue	$ 67,435	$ 11,885	$ -	$ (37)	$ 79,283
Expenses					
Direct costs	53,515	13,294	720	(37)	67,492
Selling & administrative expenses	1,661	713	2,983	-	5,357
EBITDAS	$ 12,259	$ (2,122)	$ (3,703)	$ -	$ 6,434
EBITDAS as a % of revenue	18%	(18%)	-	-	8%
Share based compensation	65	54	156	-	275
Depreciation & amortization	9,325	524	157	(1)	10,005
Impairment loss	3,457	-	-	-	3,457
Loss on disposal of property, plant and equipment	64	-	147	-	211
Operating (loss) earnings	$ (652)	$ (2,700)	$ (4,163)	$ 1	$ (7,514)
Finance costs					788
Earnings on equity Investments					(86)
Income tax recovery					(2,067)
Total profit (loss)					$ (6,149)
Other comprehensive income (loss)					5
Total comprehensive income (loss)					(6,144)
Earnings (loss) per share – basic					$ (0.04)
– diluted					$ (0.04)

	Three months ended September 30, 2016				
(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
Revenue	$ 57,910	$ 2,187	$ -	$ -	$ 60,097
Expenses					
Direct costs	44,103	3,798	24	-	47,925
Selling & administrative expenses	1,185	491	3,370	-	5,046
EBITDAS	$ 12,622	$ (2,102)	$ (3,394)	$ -	$ 7,126
EBITDAS as a % of revenue	22%	(96%)	-	-	12%
Share based compensation	76	17	80	-	173
Depreciation & amortization	10,984	529	231	(10)	11,734
Gain on disposal of property, plant and equipment	(37)	(23)	-	-	(60)
Operating earnings (loss)	$ 1,599	$ (2,625)	$ (3,705)	$ 10	$ (4,721)
Finance costs					595
Loss on equity Investments					193
Income tax recovery					(646)
Total profit (loss)					$ (4,863)
Other comprehensive income (loss)					3
Total comprehensive income (loss)					(4,860)
Earnings (loss) per share – basic					$ (0.04)
– diluted					$ (0.04)

	Nine months ended September 30, 2017				
(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
Revenue	$ 213,354	$ 28,117	$ -	$ (53)	$ 241,418
Expenses					
Direct costs	163,873	37,727	-	(53)	201,547
Selling & administrative expenses	5,446	1,559	9,607	-	16,612
EBITDAS	$ 44,035	$ (11,169)	$ (9,607)	$ -	$ 23,259
EBITDAS as a % of revenue	21%	(40%)	-	-	10%
Share based compensation	160	90	563	-	813
Depreciation & amortization	30,955	1,505	540	(2)	32,998
Impairment loss	3,457	-	-	-	3,457
Loss (gain) on disposal of property, plant and equipment	(12,239)	(4)	147	(52)	(12,148)
Operating (loss) earnings	$ 21,702	$ (12,760)	$ (10,857)	$ 54	$ (1,861)
Finance costs					2,291
Loss on equity Investments					105
Income tax recovery					(299)
Total profit (loss)					$ (3,958)
Other comprehensive income (loss)					4
Total comprehensive income (loss)					(3,954)
Earnings (loss) per share – basic					$ (0.03)
– diluted					$ (0.03)

	Nine months ended September 30, 2016				
(000's)	Industrial Services	Modular Solutions	Corporate	Eliminations	Total
Revenue	$ 187,939	$ 2,576	$ -	$ -	$ 190,515
Expenses					
Direct costs	148,660	4,194	(258)	-	152,596
Selling & administrative expenses	4,139	552	9,176	-	13,867
EBITDAS	$ 35,140	$ (2,170)	$ (8,918)	$ -	$ 24,052
EBITDAS as a % of revenue	19%	(84%)	-	-	13%
Share based compensation	309	74	421	-	804
Depreciation & amortization	34,547	1,371	696	(71)	36,543
Loss (gain) on disposal of property, plant and equipment	683	(15)	(19)	(44)	605
Operating (loss) earnings	$ (399)	$ (3,600)	$ (10,016)	$ 115	$ (13,900)
Finance costs					1,735
Earnings on equity Investments					(204)
Income tax recovery					(2,330)
Total profit (loss)					$ (13,101)
Other comprehensive income (loss)					(68)
Total comprehensive income (loss)					(13,169)
Earnings (loss) per share – basic					$ (0.10)
– diluted					$ (0.10)

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 September 30,			Nine months ended September 30,		
(000's)	2017	2016	% change	2017	2016	% change
Camps and Catering	$ 54,352	$ 48,592	12	$ 172,665	$ 161,813	7
Rentals & Logistics	13,083	9,318	40	40,689	26,126	56
Total Revenue	67,435	57,910	16	213,354	187,939	14
EBITDAS	$ 12,259	$ 12,622	(3)	$ 44,035	$ 35,140	25
EBITDAS as a % of revenue	18%	22%		21%	19%	
Operating earnings (loss)	$ (652)	$ 1,599	(141)	$ 21,702	$ (399)	(5,539)

Revenues from Industrial Services for Q3 2017 were $67.4 million, an increase of $9.5 million or 16% compared to Q3 2016. EBITDAS in Q3 2017 were $12.3 million, a decrease of $0.4 million or 3% in comparison to Q3 2016. As a percentage of revenue, EBITDAS decreased in Q3 2017 primarily as a result of a difference in contract mix, softer pricing and decreased activity levels in the Camps & Catering operations.

Revenues from Industrial Services for the first nine months of 2017 were $213.4 million, an increase of $25.4 million or 14% compared to the first nine months of 2016. EBITDAS were $44.0 million, an increase of $8.9 million or 25% in comparison to the first nine months of 2016. As a percentage of revenue, EBITDAS increased for the first nine months of 2017 primarily as a result of the camp sale in the second quarter of 2017.

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 September 30,			Nine months ended September 30,		
(000's except for operational metrics)	2017	2016	% change	2017	2016	% change
Large Camp revenue	$ 27,799	$ 34,936	(20)	$ 101,645	$ 122,151	(17)
Drill Camp revenue	2,017	1,983	2	7,187	5,136	40
Catering only revenue	12,312	4,877	152	23,087	15,199	52
Service revenue	7,656	6,158	24	15,361	17,422	(12)
Equipment sales revenue	4,568	638	616	25,385	1,905	1,233
Total Revenue	54,352	48,592	12	172,665	161,813	7
EBITDAS	$ 8,611	$ 10,460	(18)	$ 34,675	29,010	20
EBITDAS as a % of revenue	16%	22%		20%	18%	
Operating earnings	$ (1,878)	$ 1,535	(222)	$ 19,645	1,361	1,343
Large Camp						
Bed rental days (1)	385,919	400,238	(4)	1,242,780	1,342,689	(7)
Revenue per bed rental day	$ 72	$ 87	(17)	$ 82	$ 91	(10)
RevPAAB (2)	$ 34	$ 44	(23)	$ 40	$ 50	(20)
Rentable beds at period end	8,333	9,405	(11)	8,333	9,405	(11)
Average rentable beds (3)	8,881	8,628	3	9,230	8,851	4
Utilization (4)	47%	50%	(6)	49%	55%	(11)
Drill Camp						
Bed rental days (1)	15,934	17,472	(9)	57,784	40,596	42
Revenue per bed rental day	$ 127	$ 113	12	$ 124	$ 127	(2)
RevPAAB (2)	$ 27	$ 25	8	$ 31	$ 21	48
Rentable beds at period end	833	899	(7)	833	899	(7)
Average rentable beds (3)	803	879	(9)	848	896	(5)
Utilization (4)	22%	22%	-	25%	17%	47
Catering Only						
Catering only days (5)	153,122	36,610	318	227,195	123,536	84
Revenue per catering only day	$ 80	$ 133	(40)	$ 102	$ 123	(17)

(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 Q3 2017 decreased by $7.1 million or 20% compared to Q3 2016. The decrease was a result of reduced pricing and lower large camp volumes as several significant camp contracts, mainly in the Fort McMurray, Alberta area, expired or ramped down between the comparative quarters. The reduced pricing was related to pricing on the expiring camps being reflective of the strong economic conditions at the time of signing compared to new camp pricing which reflects the current economic environment. Stronger drilling and construction activity in Grande Prairie, Alberta area drove some localized increase in large camp volumes however this strength only partially offset the lower volumes from the expired contracts.

The softer demand in Q3 2017 for Large Camp services, compared to Q3 2016, resulted in RevPAAB and utilization of $34 and 47%, respectively, compared to $44 and 50% in Q3 2016. The fleet size at the end of the period decreased by 1,072 rentable beds or 11%. The decrease in rentable beds was the net change related to the loss 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 nine months of 2017 decreased by $20.5 million, or 17% compared to the first nine months of 2016. The decrease between the comparative periods was due to several significant large camp contracts expiring and ramping down throughout the comparative periods resulting in fewer camps operating in the first nine months of 2017 compared to the first nine months 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 nine months 2017 with RevPAAB and utilization of $40 and 49%, respectively, compared to $50 and 55% for the first nine months of 2016.

Drill Camp

Revenues from Drill Camp operations for Q3 2017 were consistent with Q3 2016. The Canadian Association of Oil Drilling Contractors ("CAODC") reported Q3 2017 rig utilization of 30% compared to 16% in Q3 2016 however Drill Camp utilization did not follow the CAODC trend and remainded consistent quarter over quarter at 22%. The static utilization was primarily a result of rigs being located near large camp operations or towns and therefore had less requirement for drill camps to support rigs. RevPAAB in Q3 2017 was $27 compared to $25 in Q3 2016.

Revenues from Drill Camp operations for the first nine months of 2017 increased by $2.1 million, or 40% compared to the first nine months of 2016 primarily due to increased drilling activity in the Grande Prairie, Alberta area. The CAODC reported first nine months of 2017 rig utilization of 29% compared to 13% in first nine months of 2016. Year to date drill camp utilization lagged the year to date CAODC rig utilization increases primarily due to the rig locations as commented on above. Drill Camp RevPAAB and utilization for the first nine months of 2017 was $31 and 25%, respectively, compared to $21 and 17% for the first nine months of 2016.

Catering Only

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for Q3 2017 were $7.4 million or 152% higher than Q3 2016. The increase is primarily related to several new contracts that began operation between the comparative quarters. Revenue per catering only day decreased by 40% compared to Q3 2016, primarily due to the contract mix compared to Q3, 2016.

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for the first nine months of 2017 increased by $7.9 million or 52% compared to the first nine months of 2016. The increase was related to higher activity levels as a result of contracts added between the comparative periods. Revenue per catering only day decreased by 17% for the first nine months of 2017 primarily due to the contract mix between the comparative quarters.

Service

Service revenues are related to the transportation, set-up and de-mobilization of camps facilities for customers. Revenues for Q3 2017 increased by $1.5 million or 24% compared to Q3 2016. The increase was mainly due to the mix of contracts and timing of projects.

Revenues for the first nine months of 2017 decreased by $2.1 million or 12% compared to the first nine months 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 Q3 2017 increased by $3.9 million or 616% compared to Q3 2016. The increase was primarily a result of a continued focus on fleet management.

Revenues for the first nine months of 2017 increased by $23.5 million compared to the first nine months of 2016. The increase is due to the 450 person camp sale in Q2, 2017 and a continued focus on fleet management.

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 September 30,			Nine months ended September 30,		
(000's except for operational metrics)	2017	2016	% change	2017	2016	% change
Relocatable structures revenue [(1)]	$ 1,002	$ 1,150	(13)	$ 3,066	$ 4,135	(26)
Access mat rentals revenue [(2)]	2,305	1,336	73	6,264	4,008	56
Other equipment rentals revenue [(3)]	108	113	(4)	361	391	(8)
Installation, transportation, service, and other revenue	7,824	5,879	33	22,495	15,613	44
Equipment sales revenue	1,844	840	120	8,503	1,979	330
Total revenue	$ 13,083	$ 9,318	40	$ 40,689	$ 26,126	56
EBITDAS	$ 3,648	$ 2,162	69	$ 9,360	$ 6,130	53
EBITDAS as a % of revenue	28%	23%		23%	23%	
Operating earnings (loss)	1,226	64	1,816	2,057	(1,760)	(217)
Relocatable Structures						
Average fleet size	1,171	1,226	(4)	1,196	1,232	(3)
Fleet end of period	1,126	1,224	(8)	1,126	1,224	(8)
Rental days [(4)]	46,762	42,299	11	130,960	134,880	(3)
Utilization [(5)]	43%	38%	13	40%	40%	-
Access mats						
Average fleet size owned [(6)]	32,030	26,837	19	30,207	28,128	7
Fleet end of period owned [(7)]	30,579	26,176	17	30,579	26,176	17
Rental days owned [(8)]	2,333,901	1,396,021	67	6,374,771	3,362,708	90
Rental days third party [(9)]	136,654	460	29,607	335,156	24,637	1,260
Total Rental Days	2,470,555	1,396,481	77	6,709,927	3,387,345	98
Utilization owned [(10)]	79%	57%	39	77%	44%	75
Revenue per mat rental day [(11)]	$ 0.93	$ 0.96	(3)	$ 0.93	$ 1.18	(21)
Equipment Sales [(12)]						
Relocatable structures	3	9	(67)	24	54	(56)
Mats	3,473	1,970	76	12,326	3,065	302

(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 Q3 2017 were $13.1 million, an increase of $3.8 million or 40% compared to Q3 2016. The increase was driven by higher activity levels in: mat rentals, mat sales, and associated transportation and installation activity. EBITDAS for Q3 2017 were $3.6 million, an increase of $1.5 million or 69% compared to the same period of 2016. As a percentage of revenue, Q3 2017 EBITDAS was 28%, up from 23% in Q3 2016. Stronger drilling and construction activity combined with wet ground conditions in the Grande Prairie, Alberta area drove the majority of the increase in the matting operations.

Revenues from Rentals & Logistics for the first nine months of 2017 were $40.7 million, an increase of $14.6 million or 56% in comparison to the first nine months of 2016. The demand for matting services was primarily focused around the Grande Prairie, Alberta area and was driven by increased drilling activity and wet ground conditions compared to the first nine months of 2016. EBITDAS for the first nine months of 2017 were $9.4 million, an increase of $3.3 million or 54% compared to the first nine months of 2016. EBITDAS as a percentage of revenue were consistent at 23% in the comparative periods with the stronger activity levels offsetting the lower pricing. Revenue per mat rental day continued to lag the activity levels mainly as a result of pricing agreements signed in late 2016 at aggressive rental rates to secure projects.

Relocatable Structures

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

Revenues for Q3 2017 decreased $0.1 million or 13% compared to Q3 2016. The decrease in revenue was a result of continued downward pressure on pricing, which more than offset the improved activity levels. Fleet utilization strengthened to 43% compared to 38% in Q3 2016. The average fleet size was 1,171 units, a decrease of 55 units compared to Q3 2016 as a result of a focus on fleet management.

Relocatable structures revenues for the first nine months of 2017 decreased $1.0 million or 26% compared to the first nine months of 2016. The decrease in revenue was the result of continued downward pricing pressure and lower activity levels. Fleet utilization was consistent at 40% in each comparative period.

Access mat rentals revenue

Access mat rental revenues for Q3 2017 increased $1.0 million or 73% compared to Q3 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. Owned mat rental days increased by 67% and drove utilization of 79% compared to 57% in Q3 2016. Mat rental rates softened to $0.93 per mat rental day compared to $0.96 per mat rental day in Q3 2016. The softer rental rates are mainly a result of pricing agreements signed in the second half of 2016 with aggressive pricing to secure work.

Access mat rental revenues for the first nine months of 2017 increased by $2.3 million or 56% compared to the first nine months of 2016 as a result of the factors discussed above. Owned mat rental days increased by 90% and drove utilization of 77% compared to 44% in the first nine months of 2016. Mat rental rates softened to $0.93 per mat rental day compared to $1.18 per mat rental day in the first nine months 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 Q3 2017 increased by $1.9 million or 33% compared to the same period in 2016. The increase in revenue was primarily driven by higher mat sales and mat rental activity which typically requires associated transportation and installation work.

Revenues for the first nine months of 2017 increased by $6.9 million or 44% compared to the first nine months 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 Q3 2017 increased by $1.0 million compared to the same period in 2016. The increase in revenue was driven by higher mat sales with 3,473 mats sold compared to 1,970 in Q3 2016.

Revenues for the first nine months of 2017 increased by $6.5 million compared to the first nine months of 2016. The increase in revenue was primarily driven by higher mat sales with 12,326 mats sold in the first nine months of 2017 compared to 3,065 in the first nine months of 2016.

Direct costs

Direct costs in the Industrial Services business unit for Q3 2017 were $53.5 million or 79% of revenue compared to $44.1 million or 76% of revenue for Q3 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 Q3 2017, compared to Q3 2016, was related to higher activity levels discussed above. As a percentage of revenue, direct costs increased by 3 percentage points as a result of the different revenue mix between the comparative quarters and costs not declining at the same rate as pricing.

Direct costs in the Industrial Services business unit for the first nine months of 2017 were $163.9 million or 77% of revenue compared to $148.7 million or 79% of revenue for the first nine months 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 nine months of 2017, compared to the first nine months 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 Blacksand insurance settlement in Q1 2017 and the sales of the 450 person camp in Q2 2017, both had lower costs associated with the revenues.

Modular Solutions

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 September 30,			Nine months ended September 30,		
(000's)	2017	2016	% change	2017	2016	% change
Modular Solutions revenue	$ 11,885	$ 2,187	443	$ 28,117	$ 2,576	991
EBITDAS	$ (2,122)	$ (2,102)	1	$ (11,169)	$ (2,170)	415
EBITDAS as a % of revenue	(18%)	(96%)	(81)	(40%)	(84%)	(53)
Operating earnings (loss)	$ (2,700)	$ (2,625)	3	$ (12,760)	$ (3,600)	254
Backlog [(1)]	$ 30,280	$ 15,428	96	$ 30,280	$ 15,428	96

(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 Q3 2017 were $11.9 million compared to $2.2 million in Q3 2016. Revenues in Q3 2017 were comprised mainly of commercial projects, including a condominium complex in Revelstoke, British Columbia and several individual residential projects. Revenues in Q3 2016 were comprised of several residential projects resulting from the acquisition of Karoleena Inc. in June 2016.

Revenues for the first nine months of 2017 were $28.1 million and consisted primarily of the production and installation of several commercial projects including an 85 room hotel and a condominium development both in Revelstoke, British Columbia, multifamily housing complexes, 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 nine months of 2016 consisted of several residential projects.

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 $30.2 million at the end of September 2017 compared to $30.9 million at June 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 comprised of labour, raw materials and transportation which vary directly with revenues and a relatively fixed component which includes rent, utilities and the design and technical services required in the bidding cycle and post award production and installation of the product. Direct costs were 112% of revenues in Q3 2017 compared to 174% in Q3 2016, the decrease was a result of the higher activity levels absorbing the relatively fixed component of the direct cost.

Direct costs for the nine months ended September 2017 were 134% of revenues compared to 163% in the same period of 2016. The decrease was related to the same factors discussed above.

Selling & administrative expense

Selling & administrative expenses 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 expenses for Q3 2017 were $5.4 million, an increase of $0.3 million compared to Q3 2016 with the increase primarily related to the higher levels of business activity in Q3 2017. As a percentage of revenue, selling and administrative expenses for Q3 2017 were 7% compared to 8% for Q3 2016 as a result of increased revenue in Q3 2017.

Selling and administrative expenses for the first nine months of 2017 were $16.6 million, an increase of $2.7 million compared to the first nine months of 2016 as a result of the higher business activity and an allowance for doubtful accounts recorded in Q2 2017. As a percentage of revenue, selling and administrative expenses for the first nine months of 2017 were 7%, consistent with the first nine months of 2016.

Other items

Depreciation and amortization

	Three months ended September 30,			Nine months ended September 30,		
(000's)	2017	2016	% change	2017	2016	% change
Depreciation of property, plant and equipment	$ 9,318	$ 11,650	(20)	$ 30,938	$ 36,438	(15)
Amortization of Intangibles	687	84	-	2,060	105	-
Total depreciation and amortization	$ 10,005	$ 11,734	(15)	$ 32,998	$ 36,543	(10)

Depreciation of property, plant and equipment decreased by $2.3 million for Q3 2017 as compared to Q3 2016. For the first nine months of 2017, depreciation of property, plant and equipment decreased by $5.5 million as compared to the same period in 2016. The decrease was mainly a result of camp set up costs being fully depreciated and the disposal of assets throughout the year, primarily the sale of the 450 person camp in Q2 2017.

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 Q3 2017, financing costs were $0.8 million compared to $0.6 million in Q3 2016. For the first nine months 2017, financing costs were $2.3 million compared to $1.7 million for the first nine months of 2016. The increase in financing costs was mainly a result of higher average debt levels in the first half of 2017 which averaged $70.2 million for the first nine months of 2017 compared to $66.5 million in the same period of 2016.

The effective annualized interest rate on loans and borrowings for the first nine months of 2017 was 4.3% compared to 3.4% in the first nine months 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 Q3 2017 was $2.1 million compared to a recovery of $0.6 million in the comparative period of 2016. The increase in income tax recovery was attributable to the larger net loss in the quarter.

Income tax recovery for the first nine months of 2017 was $0.1 million compared to $2.3 million for the first nine months of 2016. The decrease in income tax recovery was attributable to the increase in reported earnings in the first half of 2017.

Gain/Loss on disposal

For Q3 2017, the loss on disposal was $0.2 million compared to a gain of $0.1 in the same period of 2016. The gains and losses on disposals are typically generated from normal management of operational assets.

For the first nine months of 2017, the gain on disposal was $12.1 million compared to a loss of $0.6 million for the first nine months of 2016. The gains and losses on disposals are typically generated from normal management of operational assets. The first nine months 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)*	September 30, 2017	September 30, 2016
Operating activities	$ 2,241	$ 22,494
Investing activties	25,278	(26,042)
Financing activities	(27,519)	3,548
Change in cash position	$ -	$ -

For the nine months ended September 30, 2017, operating activities generated $2.2 million of cash, compared to $22.5 million in 2016. The variance was driven by an increase in accounts receivable at Q3 2017 and the strength of operating results in early 2016. 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 $8.7 million and $18.9 million in credit facility repayment.

Working capital position *(000's)*	September 30, 2017	December 31, 2016
Current assets	$ 96,205	$ 72,723
Current liabilities excluding loans and borrowings*(1)*	40,161	31,977
Working capital*(2)*	$ 56,044	$ 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 September 30, 2017 was $56.0 million compared to $40.7 million at December 31, 2016, an increase of $15.3 million. The increase in working capital was primarily due to the an increase in receivables corresponding with the increase in revenue recorded in the quarter, as well as the longer term receivables generated by Modular Solution contracts.

Borrowing capacity *(000's)*	September 30, 2017	December 31, 2016
Bank borrowing:		
Available credit facility	$ 150,000	$ 200,000
Drawings on credit facility	56,714	75,268
Borrowing capacity*(3)*	$ 93,286	$ 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 evaluates 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:

- 4.25:1.00 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 September 30, 2017, the Corporation was in compliance with all financial and non-financial covenants as shown below:

Debt Covenants	Covenants September 30, 2017
Maximum Consolidated Senior debt (1) to Consolidated EBITDAS ratio (3)(4) (must be 4.25:1.00 or less)	2.04:1.00
Maximum Consolidated Total debt (2) to Consolidated EBITDAS ratio (3)(5) (must be 4.25:1.00 or less)	2.04:1.00
Minimum Consolidated Interest coverage ratio(6) (must be 3.00:1.00 or more)	9.39:1.00

(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, impairment, 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.
(5) Total debt to EBITDAS is calculated as the ratio of total debt to trailing 12 months EBITDAS.
(6) Interest coverage is calculated as the ratio of trailing 12 months EBITDAS to 12 months trailing interest expense on loans and borrowings.

Capital Spending

For the nine months ended September 30, 2017, capital spending was $15.2 million compared to $17.9 million for the nine months ended September 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 contract requirements 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 nine months ended September 30, 2017, this resulted in net proceeds from disposals of $25.5 million compared to $11.0 million of net capital spending for the nine months ended September 30, 2016. The net proceeds in 2017 mainly related to the insurance claim for the loss of the Blacksand Executive Lodge, and the proceeds for the 450 person Lodge received in Q3 2017.

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	September
(000's except per share amounts)	2017	2017	2017	2017	2017
Revenue	$ 70,488	$ 91,647	$ 79,283		$ 241,418
EBITDAS	8,254	8,571	6,434		23,259
Operating earnings (loss)	8,153	(2,500)	(7,514)		(1,861)
Total profit (loss)	5,140	(2,949)	(6,149)		(3,958)
Total comprehensive income (loss)	5,140	(2,950)	(6,144)		(3,954)
Earnings per share – basic	$ 0.04	$ (0.02)	$ (0.04)		$ (0.03)
Earnings per share – diluted	$ 0.04	$ (0.02)	$ (0.04)		$ (0.03)

	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 has been primarily a provider of products and services to the resource sector with its performance associated with the fluctuations in commodity pricing and activity levels in that sector. The previous eight quarters have been significantly impacted by reduced demand and downward pricing pressure. The allocation of manufacturing resources between external projects and internal fleet requirements along with the time and costs required to deploy camp and catering fleet assets significantly affect the timing of revenues between the quarters and impact performance. Although there is some seasonality with the first quarter generally stronger, this effect can be muted or compounded by the other factors. Trending in the Industrial Services segment was impacted by the Fort McMurray Wildfires in May 2016 and the loss of Blacksand Executive Lodge, the acquisition of Empire Camp Services Ltd in Q3 2016, as well as a sale of a 450 bed camp facility in Q2 2017.

Horizon North has transitioned away from traditional camp manufacturing by focusing the manufacturing infrastructure on permanent modular construction. This diversification strategy is intended to decrease the dependence on the resource sector and provide a smoother and more reliable business operation. The strategic initiative of business transformation was a high priority in 2016, including the acquisition of Karoleena Inc. in Q2 2016, continuing and building in 2017.

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 14% of total revenues in the first nine months of 2017 compared to one major customer who generated 13% in the first nine months 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. Horizon North added an accounting policy on assets held for sale and provided an update on IFRS 15 transition. The details are provided in note 3 of the Condensed Consolidated Interim Financial Statements as at September 30, 2017.

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)	September 30, 2017	December 31, 2016
Neither impaired nor past due	$ 23,092	$ 22,066
Outstanding 31-60 days	7,615	6,522
Outstanding 61-90 days	2,983	1,750
Outstanding more than 90 days	3,416	3,401
Total	37,106	33,739
Accrued revenue	20,258	10,058
Construction receivables	24,267	7,242
Other receivables	2,221	6,548
Allowance for doubtful accounts	(3,057)	(1,043)
Total trade and other receivables	$ 80,795	$ 56,544

For the nine months ended September 30, 2017, the Corporation provided an allowance for $3.1 million of receivables aged greater than 90 days. As at November 1, 2017, the Corporation has collected $0.3 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 September 30, 2017, included in construction receivables were holdbacks of $0.1 million (September 30, 2016 - $33,000). The total of construction receivables aged less than 90 days was 40% at September 30, 2017 (September 30, 2016 – 22%).

(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:

	September 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	$ 36,690	$ -	$ 30,200	$ -
Year 2	1,128	56,714	3,248	75,268
Year 3	2,229	-	-	-
Year 4	3,203	-	3,121	-
Year 5 and beyond	4,155	-	5,048	-
	$ 47,405	$ 56,714	$ 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 September 30, 2017 by approximately $33,000 (the three months ended September 30, 2016 - $52,000). 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 $154,000 for the three months ended September 30, 2017 (the three months ended September 30, 2016 - $174,000). 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 144,675,339 voting common shares issued and outstanding and outstanding options to purchase 8,477,260 shares for a total potential of 153,152,599 shares as at November 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 September 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 September 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, impairment, 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 September 30,		Nine months ended September 30,	
(000's)	2017	2016	2017	2016
Total loss	$ (6,149)	$ (4,863)	$ (3,958)	$ (13,101)
Add:				
Share based compensation	275	173	813	804
Depreciation & amortization	10,005	11,734	32,998	36,543
Impairment loss on re-measurment of assets held for sale	3,457	-	3,457	-
(Gain) loss on disposal of property, plant and equipment	211	(60)	(12,148)	605
Finance costs	788	595	2,291	1,735
Loss (earnings) on equity investments	(86)	193	105	(204)
Income tax recovery	(2,067)	(646)	(299)	(2,330)
EBITDAS	$ 6,434	$ 7,126	$ 23,259	$ 24,052

Advisories

This MD&A, prepared as at November 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's diversification strategy through a bifurcation of operations has now been fully implemented and has created new markets for Horizon North's manufacturing services and assets. Industrial operations continue to be impacted by lower commodity prices in the western Canadian marketplace which have reduced our core customer base's spending profiles. The remainder of 2017 will continue to focus on cost reduction and efficiency initiatives with Q4 results expected to be similar to Q3 results. Demand for Modular Solutions products and services continues to strengthen with several projects recently added to the backlog and several high probability projects anticipated in the remainder of 2017.

Industrial customers in certain geographical areas are starting to firm up their 2018 budgetary plans which can largely be broken down into three segments; Oilsands, Conventional W5/W6 and non-energy (mining & forestry). In the Oilsands market surrounding Fort McMurray, Alberta prices for Horizon North's services remain challenged as activity levels have stagnated and excess supply reduces utilization. Horizon North has been actively firming up partnerships with local First Nations groups in the area which are expected to help grow our market share. The conventional W5/W6 market, which encompasses the Montney formation as well as the Duvernay formation, continues to be the bright spot for industrial demand. Customers in this market have better return profiles for their projects and Horizon North's market leader position provides customers with exceptional value and flexibility to accommodate project timelines. Non-energy demand in Canada's north continues to be strong and Horizon North's breadth and depth of experience operating in Canada's harshest climates is allowing significant projects to proceed on time and on budget.

The Modular Solutions business is expected to continue its growth based on a strengthening backlog and high quality opportunity pipeline underpinned by the recent focus on social infrastructure and affordable housing by all levels of government. Horizon North expects to advance social infrastructure project scope and contracting for projects already announced by the end of 2017. The backlog and opportunity pipeline are providing a higher level of visibility to the business requiring an increase in labour force at our Kamloops, British Columbia manufacturing facility to achieve a critical mass of scale and manufacturing throughput. Horizon North anticipates that Modular Solutions will continue its trend of earnings improvement in Q4 and contribute positive EBITDAS in 2018."

- Underpinned by the recent focus by all levels of government to rapidly advance social infrastructure and affordable housing projects, Modular Solutions now has a high probability line of sight to an additional $132.0 million of projects;
- The Corporation continuing to closely manage its balance sheet, monitor working capital, the capital program and the level of leverage;
- 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;
- The Corporation's backlog of projects;
- With consistent backlog, revenues and plant efficiencies are expected to improve and generate more stable and predictable results;
- The payment of a dividend for the fourth quarter of 2017 at $0.02 per share and payable to shareholders of record at the close of business on December 29, 2017 to be paid January 15, 2018; and
- The evaluation of the Corporation's capital and debt structure through 2017.

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;
- trade and other receivables;
- 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.