



# HORIZON NORTH

**HORIZON NORTH LOGISTICS INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR  
AND PROXY STATEMENT DATED MARCH 16, 2017**

**WITH RESPECT TO THE  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MAY 4, 2017**



## HORIZON NORTH

### HORIZON NORTH LOGISTICS INC.

1600, 505 – 3<sup>RD</sup> STREET S.W. CALGARY, ALBERTA T2P 3E6

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** the Annual and Special Meeting (“Meeting”) of holders of common shares (“Shareholders”) of Horizon North Logistics Inc. (“Horizon North”) will be held on the **4th day of May, 2017 at 3:00 p.m. (Calgary time) in the Devonian Room of the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue SW, Calgary, Alberta** for the following purposes:

1. to receive the consolidated audited financial statements of Horizon North for the fiscal year ended December 31, 2016 and the Auditor’s report on those statements;
2. to approve an ordinary resolution to fix the number of directors of Horizon North to be elected at the Meeting for the ensuing year at eight (8);
3. to elect the nominees to the board of directors of Horizon North for the ensuing year, as set out in the Management Information Circular accompanying this Notice;
4. to appoint KPMG LLP, Chartered Accountants, of Calgary, Alberta, as auditor of Horizon North for the ensuing year and to authorize the board of directors of Horizon North to fix their remuneration;
5. to pass an ordinary resolution approving amendments to, and the unallocated options under, the stock option plan of Horizon North, as more fully described in the Management Information Circular accompanying this Notice;
6. to consider and, if deemed advisable, approve an ordinary resolution to adopt the amended and restated shareholder rights plan of Horizon North; and
7. to transact such other business as may be properly brought before the Meeting or any adjournment or adjournments thereof.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Management Information Circular and Instrument of Proxy accompanying this Notice of Meeting. At the Meeting, Shareholders will be asked to approve each of the foregoing items.

Only Shareholders of record at the close of business on March 15, 2017 are entitled to notice of and to attend the Meeting or any adjournment thereof and to vote thereat. **A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying Instrument of Proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed Instrument of Proxy must be mailed so as to reach or be deposited with the office of CST Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof or with the Chair of the Meeting prior to the commencement thereof.**

**BY ORDER OF THE BOARD OF DIRECTORS**

*“signed” Jan M. Campbell*

Jan M. Campbell  
Corporate Secretary



**HORIZON NORTH LOGISTICS INC.**  
**MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT**  
**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON**  
**MAY 4, 2017**

**GENERAL**

Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this Management Information Circular and Proxy Statement ("**Information Circular**"), unless otherwise noted, all dollar amounts are expressed in Canadian dollars. Information contained in this Information Circular is given as of March 16, 2017, unless otherwise stated.

**SOLICITATION OF PROXIES**

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Horizon North Logistics Inc. (the "Corporation" or "Horizon North") for use at the Annual and Special Meeting of holders of common shares (the "Common Shares") of the Corporation (the "Horizon North Meeting") to be held on the 4th day of May 2017 at 3:00 p.m. (Calgary time) in the Devonian Room of the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue SW , Calgary, Alberta, and at any adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Meeting.**

Accompanying this Information Circular (and filed with applicable securities regulatory authorities) is the form of Proxy for use at the Horizon North Meeting, by holders of Common Shares of Horizon North.

Proxies will be solicited by mail and may also be solicited personally or by telephone or facsimile by the directors or officers of Horizon North, who will not be specifically remunerated therefore. The cost of solicitation by management of Horizon North will be borne by Horizon North. Horizon North may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting securities of Horizon North (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Information Circular, the Notice of Meeting and Instrument of Proxy to the beneficial owners of such securities. Horizon North will provide, without cost to such persons, upon request to Horizon North, additional copies of the foregoing documents required for this purpose.

**Notice-and-Access**

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Horizon North Meeting in respect of mailings to its shareholders who do not hold their Common Shares in their own name but rather hold their Common Shares indirectly through accounts with such institutions as brokerage firms, banks and trust companies (referred to in this Information Circular as "**Beneficial Shareholders**"). However, the Corporation will not be using the Notice-and-Access Provisions in respect of mailings to its registered holders of Common Shares ("**Registered Shareholders**"). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation has also elected to use procedures known as 'stratification' in relation to its use of the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management's discussion and analysis ("**Financial Information**") to some shareholders together with a notice of a meeting of its shareholders. In relation to the Horizon North Meeting, Registered Shareholders will receive a paper copy of each of a notice of the Horizon North Meeting, this Information Circular dated March 16, 2017 and a form of proxy, whereas Beneficial Shareholders will receive a Notice-and-Access Notification and a voting instruction form. Furthermore, a paper copy of the financial information in respect of the most recent financial year of the Corporation has been mailed to Registered Shareholders as well as to those Beneficial Shareholders who have previously requested to receive them.

The Corporation will be delivering proxy-related materials through intermediaries to both non-objecting Beneficial Shareholders and objecting Beneficial Shareholders, and the Corporation intends to pay intermediaries for the delivery of such material.

The Information Circular together with related materials and the above-noted Financial Information have been posted and are available for review on the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Information Circular, related materials and Financial Information are also available at [www.meetingdocuments.com/cst/hnl](http://www.meetingdocuments.com/cst/hnl).

#### **HOW TO OBTAIN PAPER COPIES OF MEETING MATERIALS:**

Beneficial shareholders may request that paper copies of the Horizon North Meeting materials be sent to them by contacting CST Trust Company at 1-888-433-6443 or [fulfillment@canstockta.com](mailto:fulfillment@canstockta.com).

In order to allow Beneficial Shareholders a reasonable time to receive paper copies of the Information Circular and related materials by mail and to vote their Common Shares, it is recommended that requests for meeting materials should be received on or before May 2, 2017. However, requests for Horizon North Meeting materials may be made up to one year from the date the Information Circular was filed.

A Beneficial Shareholder may also obtain additional information about the Notice-and-Access Provisions by calling toll-free at 1-888-433-6443.

#### **APPOINTMENT OF PROXIES**

**Holders of Common Shares of Horizon North ("Shareholder") who wish to be represented at the Horizon North Meeting by proxy must complete and deliver the Instrument of Proxy or other proper form of proxy to CST Trust Company in the manner set out in the Instrument of Proxy and described below.** Shareholders are entitled to vote on all matters as described in the Instrument of Proxy. Rod Graham and Scott Matson (the management designees named in the accompanying Instrument of Proxy) are officers and/or directors of Horizon North. **A Shareholder has the right to appoint a person (who need not be a Shareholder), other than Rod Graham and Scott Matson to represent such Shareholder at the Horizon North Meeting.** To exercise this right, a Shareholder should insert the name of the other person in the blank space provided on the Instrument of Proxy. Alternatively, a Shareholder may complete another appropriate Instrument of Proxy. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the Shareholder's Common Shares are to be voted. The nominee should bring personal identification with him or her to the Horizon North Meeting. An Instrument of Proxy will not be valid unless it is deposited at the offices of CST Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) before the time of the Horizon North Meeting or any adjournment thereof.

#### **REVOCAION OF PROXIES**

A Shareholder who has submitted an Instrument of Proxy may revoke it by an instrument in writing signed by the Shareholder or by an authorized attorney or, if the Shareholder is a corporation, by a duly authorized officer, and deposited either: (i) at the offices of CST Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, at any time up to and including the last business day preceding the day of the Horizon North Meeting or any

adjournment thereof; or (ii) with the Chair of the Horizon North Meeting on the day of the Horizon North Meeting or any adjournment thereof. In addition, an Instrument of Proxy may be revoked: (i) by the Shareholder personally attending the Horizon North Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a representative of the corporation attending the Horizon North Meeting and voting such securities; or (ii) in any other manner permitted by law.

#### **EXERCISE OF DISCRETION BY PROXYHOLDERS**

The persons named in the enclosed form of proxy will vote the Common Shares of Horizon North in respect of which they are appointed in accordance with the direction of the Shareholders appointing them where voting is by way of a show of hands or by ballot. In the absence of such direction, such Common Shares will be voted, **FOR** the approval of setting the number of directors at eight (8), **FOR** the approval of the election of the nominees hereinafter set forth as directors of Horizon North, **FOR** the re-appointment of KPMG LLP as auditor of the Corporation, **FOR** approval of amendments to, and the unallocated options under, the stock option plan of the Corporation and **FOR** the adoption of the amended shareholder rights plan made pursuant to the amended and restated rights agreement of the Corporation. The enclosed Instrument of Proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations in the matters outlined in the accompanying Notice of Meeting or any other business which may properly come before the Horizon North Meeting. The management of the Corporation knows of no such amendments, variations or other business to come before the Horizon North Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not known to management of Horizon North should properly come before the Horizon North Meeting, the Instrument of Proxy given pursuant to the solicitation by management of Horizon North will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

#### **Voting by Internet**

Shareholders may use the internet site at [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com) to transmit their voting instructions. Shareholders should have the Instrument of Proxy in hand when they access the web site. Shareholders will be prompted to enter their Control Number, which is located on the Instrument of Proxy. If Shareholders wish to vote by internet, your vote must be received not later than 48 hours prior to the time set for the Horizon North Meeting or any adjournment of the Horizon North Meeting. **The website may be used to appoint a proxyholder to attend and vote on a Shareholder's behalf at the Horizon North Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxyholder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

#### **Vote by Telephone**

In order to vote by telephone, use any touch-tone telephone to transmit your voting instructions not less than 48 hours before the Horizon North Meeting and any adjournment thereof. Telephone toll-free 1-888-489-5760 and follow the instructions the "Vote Voice" provides you. Have the Instrument of Proxy in hand when you call. You will be prompted to enter your Control Number, which is located on the Instrument of Proxy. The control number is your personal security code and will be used to authenticate your voting instructions. **If you vote by telephone, you cannot appoint anyone other than the person or persons named on the Instrument of Proxy as your proxy holder.**

#### **SIGNING OF PROXY**

The Instrument of Proxy must be signed by the Shareholder or his duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer. An Instrument of Proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Horizon North).

## VOTING SHARES AND PRINCIPAL HOLDERS OF SHARES

### Voting of Common Shares – General

As at March 15, 2017 (the “**Record Date**”), the Corporation had 144,622,006 Common Shares issued and outstanding each of which carries the right to one vote at meetings of the Shareholders of Horizon North. Only Registered Shareholders as of the close of business on the Record Date, are entitled to receive notice of and to vote at the Horizon North Meeting, except to the extent that: (a) the holder has transferred the ownership of any of the holder’s Common Shares after the Record Date; and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that the transferee owns the Common Shares, and demands not later than ten (10) days before the day of the Horizon North Meeting that the transferee’s name be included in the list of persons entitled to vote at the Horizon North Meeting, in which case the transferee will be entitled to vote its Common Shares at the Horizon North Meeting.

A quorum of Shareholders is present at a meeting of Shareholders if at least two (2) persons are present together holding or representing not less than five (5%) percent of the Common Shares entitled to be voted at the Horizon North Meeting.

### Voting of Common Shares – Notice to Beneficial Shareholders

Only Registered Shareholders, or the persons they appoint as their proxies, are permitted to attend and vote at the Horizon North Meeting. However, in many cases, Common Shares beneficially owned by a Beneficial Shareholder are in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) that is holding such shares on behalf of an intermediary (an “**Intermediary**”) that the Beneficial Shareholder deals with in respect of the Common Shares. Intermediaries include securities dealers, or brokers, trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans.

The purpose of these instructions is to permit Beneficial Shareholders to direct the voting of the Common Shares they beneficially own. Should a Beneficial Shareholder wish to attend and vote at the Horizon North Meeting in person (or have another person attend and vote on behalf of the Beneficial Shareholder), the Beneficial Shareholder should strike out the names of the persons named in the proxy and insert the Beneficial Shareholder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.

Only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must in sufficient time in advance of the Horizon North Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

### Principal Holders of Shares

As of the date of this Information Circular, the directors and officers of Horizon North are not aware of anyone who beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Horizon North entitled to be voted at the Horizon North Meeting except as set forth in the following table, which is based on publicly available information.

Name of Shareholder and Municipality of Residence	Securities Owned, Controlled or Directed <sup>(1)</sup>	Percentage of the Class of Outstanding Voting Securities of the Corporation <sup>(2)</sup>
Franklin Resources, Inc. (“Franklin Templeton”) San Mateo, California, United States <sup>(1)(2)</sup>	16,951,755	11.72%

**Notes:**

(1) Based on 144,622,006 issued and outstanding Common Shares as at March 15, 2017.

(2) Based on publicly available information whereby as at September 8, 2016 Franklin Templeton reported (pursuant to the Early Warning System – Alternative Monthly Report filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) that it held 16,951,755 Common Shares.

## FINANCIAL STATEMENTS

At the Horizon North Meeting, the Corporation will present to the Shareholders, the audited consolidated financial statements of Horizon North for the financial years ended December 31, 2016, and December 31, 2015 and the Auditors' Report thereon. No vote by the Shareholders with respect to these matters is required. National Instrument 51-102, *Continuous Disclosure Obligations*, ("**NI 51-102**") provides that Horizon North is not required to send annual or interim financial statements or the management's discussion and analysis relating thereto to its Registered and Beneficial Shareholders, unless they request copies of same. However, the *Business Corporations Act* (Alberta) requires that annual financial statements be sent to each Registered Shareholder, unless waived in writing by the Registered Shareholder. NI 51-102 also provides that Horizon North must send annually a request form to its Registered Shareholders and Beneficial Shareholders that may be used by such Shareholders to request any or all of the annual and interim financial statements and the management's discussion and analysis relating thereto. Shareholders are encouraged to review and, if action is desired, send the enclosed return cards to CST Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1.

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Number of Directors

Shareholders will be asked to approve an ordinary resolution fixing the number of directors of Horizon North to be elected at the Horizon North Meeting for the ensuing year, at eight (8).

**It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the ordinary resolution fixing the number of directors to be elected at the Horizon North Meeting at eight (8).**

### 2. Election of Directors

The following persons are proposed to be nominated for election as directors of Horizon North at the Horizon North Meeting. The board of directors of Horizon North (the "**Board**" or "**Board of Directors**") has concluded that each nominee is well qualified to serve on the Board. The nominees have the relevant expertise essential to ensure appropriate strategic direction and oversight. Each director nominee has confirmed his or her eligibility and willingness to serve as a director if elected. All of the directors who are elected will have their terms of office expire at the next annual meeting of Shareholders, or until successors are elected or directors resign.

#### *Majority Voting for Directors*

The Board has adopted a majority voting policy for the election of directors ("**Majority Voting Policy**"). The Board believes that each director of Horizon North should carry the confidence and support of its Shareholders. To this end, the Board has unanimously adopted and agreed to comply with the following policy regarding the election of directors.

The form of proxy for use at any meeting of Shareholders where directors are to be elected will enable Shareholders to either: (a) vote in favour; or (b) withhold their Common Shares from being voted in respect of each nominee separately. At the meeting, the Chair will call for a vote by ballot and the scrutineer of the Shareholders' meeting will record, with respect to each nominee, the total number of Common Shares voted in favour and the total number of Common Shares withheld from voting. If, with respect to any nominee, the total number of Common Shares withheld exceeds the total number of Common Shares voted in favour of the nominee, then for purposes of this policy such nominee shall be considered not to have received the support of Shareholders even though duly elected as a matter of corporate law.

Any nominee who is considered under the above test not to have the support of the Shareholders shall, forthwith submit his or her resignation to the Board to take effect immediately upon acceptance by the Board.

The Board shall decide whether or not to accept the tendered resignation and shall, not later than 90 days after the shareholders' meeting, issue a news release, a copy of which will also be provided to the Toronto Stock

Exchange (“**TSX**”), which either confirms that they have accepted the resignation or provides an explanation for why they have refused to accept such resignation. The director tendering his or her resignation will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered.

Subject to any restrictions or requirements contained in applicable corporate law or Horizon North’s constating documents, the Board may: (a) leave a resulting vacancy unfilled until the next annual meeting; (b) appoint a replacement director whom the Board considers merits the confidence of the Shareholders; or (c) call a special meeting of Shareholders to elect a replacement director nominated by management.

The Majority Voting Policy does not apply in respect of any contested Shareholders’ meeting. For purposes hereof, a contested meeting is any meeting of Shareholders at which the number of directors nominated for election is greater than the number of seats available on the Board.

The proposed directors are:

Richard T. Ballantyne	Rod W. Graham	Ann I. Rooney
Bradley P.D. Fedora	Kevin D. Nabholz	Dale E. Tremblay
Mary Garden	Russell A. Newmark	

The following table sets forth, for each proposed director: their name, age, municipality, province or state and country of residence; their committee memberships; all positions and offices with Horizon North now held by them, the month and year in which they were first elected a director; other public company board memberships; their principal occupation for at least the last 5 years along with a brief biography; and the number and percentage of Common Shares that they have advised are beneficially owned, controlled or directed by them, directly or indirectly, as of March 15, 2017:

**Richard T. Ballantyne**<sup>(1)(2)</sup>

Age: 58

Salt Spring Island, British Columbia, Canada

Director since April 2015

Independent<sup>(3)</sup>**Core Areas of Expertise**

- Operational Financial Skills
- Environmental
- Strategic Planning
- Petroleum Industry
- Health and Safety
- Risk Management

Mr. Ballantyne is a professional engineer and independent corporate director. With more than 30 years in the processing and refinery business, Mr. Ballantyne was President of Terasen Pipelines from 2001 to 2005 and held senior positions with Trans Mountain Pipeline and BC Gas Utility Ltd. Mr. Ballantyne is a director of Stuart Olson Inc. and Sail Canada (the national governing body for the sport of sailing) and has served on several public, private and association boards. Mr. Ballantyne is a graduate of the University of British Columbia in mechanical engineering, attended the Banff School of Advanced Management, and is a certified director through the Institute of Corporate Directors.

2016 Board/Committee Membership		Attendance at Meetings during 2016 <sup>(4)</sup>				
Board		6 of 6	100%			
Audit		4 of 4	100%			
Health, Safety and Environment		4 of 4	100%			
Other Public Company Board Memberships		Public Board Interlocks				
Stuart Olson Inc.		Mr. Ballantyne and Mr. Graham are members of the board of Stuart Olson Inc.				
Securities Held						
Common Shares		Percentage <sup>(5)</sup>	Total Market Value of Common Shares <sup>(6)</sup>			
57,593		0.04%	\$96,756			
Stock Options Held						
Date Granted	Expiry Date	Number Granted	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
May 1, 2015	April 30, 2020	15,500	\$3.35	15,500	Nil	
March 1, 2016	Feb 28, 2021	30,000	\$1.16	30,000	\$15,600	
Cash Settled Restricted Share Units (RSUs) Held						
Date Granted	Expiry Date	Number Granted	Value of RSUs <sup>(8)</sup>			
June 1, 2016	June 2, 2019	30,000	\$50,400			
Voting Results of 2016 Annual General Meeting <sup>(9)</sup>		Votes For	Votes Withheld	Total Votes Cast		
		89,720,441	99.93%	66,010	0.07%	89,786,451

**Bradley P.D. Fedora**<sup>(2)(10)</sup>

Age: 46

Calgary, Alberta, Canada

Director since April 2015

Independent<sup>(3)</sup>**Core Areas of Expertise**

- Corporate Finance
- Services Industry
- Financial Literacy
- Petroleum Industry
- Mergers and Acquisitions

Mr. Fedora joined Canyon Services Group Inc. ("Canyon") in September 2007 as President, was appointed to Canyon's board of directors in spring 2008, and was promoted to President and CEO in the fall of 2009. Before joining Canyon, Mr. Fedora spent the previous decade with Peters and Co. Ltd. ("Peters"), a Calgary-based investment bank focused on the energy sector, where he specialized in financings and merger and acquisition transactions for the oil and natural gas service and supply sector. Before joining Peters, Mr. Fedora attended university, where he also accumulated field experience while working summers for an energy company in Saskatchewan. Mr. Fedora holds a Bachelor of Science from the University of Saskatchewan and an MBA in finance from the University of British Columbia. He is a former director of IROC Energy Services Corp., the Petroleum Services Association of Canada and Marsa Energy Inc. Mr. Fedora is a 2009 recipient of Canada's Top 40 Under 40 Award.

2016 Board/Committee Membership		Attendance at Meetings during 2016 <sup>(4)</sup>				
Board		6 of 6	100%			
Corporate Governance and Compensation		4 of 4	100%			
Health, Safety and Environment		4 of 4	100%			
Other Public Company Board Memberships		Public Board Interlocks				
Canyon Service Group Inc.		None				
Securities Held						
Common Shares		Percentage <sup>(5)</sup>	Total Market Value of Common Shares <sup>(6)</sup>			
51,000		0.04%	\$85,680			
Stock Options Held						
Date Granted	Expiry Date	Number Granted	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
May 1, 2015	April 30, 2020	15,500	\$3.35	15,500	Nil	
March 1, 2016	Feb 28, 2021	30,000	\$1.16	30,000	\$15,600	
Cash Settled Restricted Share Units (RSUs) Held						
Date Granted	Expiry Date	Number Granted	Value of RSUs <sup>(8)</sup>			
June 1, 2016	June 2, 2019	30,000	\$50,400			
Voting Results of 2016 Annual General Meeting <sup>(9)</sup>		Votes For	Votes Withheld	Total Votes Cast		
		83,025,083	92.47%	6,761,368	7.53%	89,786,451

**Mary Garden**<sup>(1)(10)</sup>  
 Age: 58  
 Victoria, British Columbia,  
 Canada  
 Director since May 2016

Independent<sup>(3)</sup>

**Core Areas of Expertise**

- Service Industry
- Strategic Planning
- Canadian Business Experience

Ms. Garden has over 30 years of executive leadership experience in business including operations and marketing management, advisory consulting, coaching and university teaching. Over the course of her career, Ms. Garden has worked in executive level positions with PwC, Delta Hotels, PKF, Holiday Inn, Radisson Hotels and Keg Restaurants. From 2008 to 2015, Ms. Garden led investment teams at the British Columbia Investment Management Corporation managing Canadian and international multi-billion dollar, private equity real estate portfolios for institutional pension plan clients. Ms. Garden has served on the boards of Bentall Kennedy, Parkbridge Lifestyle Communities, Delta Hotels, bcIMC Realty Corporation and SilverBirch Hotels & Resort. Ms. Garden is the principal at Mary Garden & Associates, an advisory firm working with select global clients and C-Suite leaders in strategic consulting, executive coaching and workplace well being. Ms. Garden has a BA and MBA from the University of British Columbia and holds the ICD.D designation.

2016 Board/Committee Membership		Attendance at Meetings during 2016 <sup>(4)(11)</sup>				
	Board		4 of 4		100%	
	Audit		2 of 2		100%	
	Corporate Governance and Compensation		2 of 2		100%	
Other Public Company Board Memberships		Public Board Interlocks				
None		None				
Securities Held						
Common Shares		Percentage <sup>(5)</sup>		Total Market Value of Common Shares <sup>(6)</sup>		
Nil		Nil		Nil		
Stock Options Held						
Date Granted	Expiry Date	Number Granted	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
May 5, 2016	May 5, 2021	30,000	\$1.75	30,000	Nil	
Cash Settled Restricted Share Units (RSUs) Held						
Date Granted	Expiry Date	Number Granted	Value of RSUs <sup>(8)</sup>			
June 1, 2016	June 2, 2019	30,000	\$50,400			
Voting Results of 2016 Annual General Meeting <sup>(9)</sup>		Votes For	Votes Withheld	Total Votes Cast		
		89,730,461	99.94%	55,990	0.06%	89,786,451

**Rod W. Graham**  
 Age: 48  
 Calgary, Alberta,  
 Canada  
 Director since November 2014  
 Not independent<sup>(12)</sup>

**Core Areas of Expertise**

- Strategic Planning
- Service Industry
- Risk Management
- Financial Literacy
- Corporate Finance
- Operational Financial
- Health and Safety
- Mergers and Acquisitions
- Human Resources Management
- Sales and Marketing

Mr. Graham is the President and Chief Executive officer and a director of Horizon North, appointed on November 4, 2014. Prior thereto, Mr. Graham was the Senior Vice President Corporate Development and Planning of Horizon North since January 21, 2014. Prior thereto, Mr. Graham served as a director of Horizon North since January 2007 and Chair of the Board of Horizon North from May 3, 2012 to January 21, 2014. Mr. Graham was the President and Chief Executive Officer of ZCL Composites Inc. from October 1, 2010 to August 7, 2012. Prior to his role at ZCL, Mr. Graham co-founded and acted as Managing Director of Northern Plains Capital Corporation from September 2005 to September 2010.

2016 Board/Committee Membership		Attendance at Meetings during 2016 <sup>(4)</sup>				
	Board		6 of 6		100%	
Other Public Company Board Memberships		Public Board Interlocks				
Raise Production Inc. Stuart Olson Inc.		Mr. Graham and Mr. Ballantyne are members of the board of Stuart Olson Inc.				
Securities Held						
Common Shares		Percentage <sup>(5)</sup>		Total Market Value of Common Shares <sup>(6)</sup>		
617,594		0.43%		\$1,037,558		
Stock Options Held						
Date Granted	Expiry Date	Number Granted	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
April 2, 2012	April 1, 2017	35,000	\$6.25	14,000	Nil	
June 6, 2014	June 5, 2019	125,000	\$7.62	125,000	Nil	
Feb 27, 2015	Feb 26, 2020	400,000	\$2.30	400,000	Nil	
March 1, 2016	Feb 28, 2021	300,000	\$1.16	300,000	\$156,000	
Cash Settled Restricted Share Units (RSUs) Held						
Date Granted	Expiry Date	Number Granted	Value of RSUs <sup>(8)</sup>			
June 1, 2016	June 2, 2019	100,000	\$168,000			
Voting Results of 2016 Annual General Meeting <sup>(9)</sup>		Votes For	Votes Withheld	Total Votes Cast		
		89,643,860	99.84%	142,591	0.16%	89,786,451

**Kevin D. Nabholz**<sup>(1)(10)</sup>

Age: 60

Calgary, Alberta

Canada

Director since May 2012

Independent<sup>(3)</sup>**Core Areas of Expertise**

- Health and Safety
- Strategic Planning
- Petroleum Industry
- Operational Financial
- Canadian Business Experience

Mr. Nabholz is the Chair of the Board of Directors of Horizon North. Mr. Nabholz is an independent businessman. Mr. Nabholz has over 30 years of experience in the oil sands industry. Mr. Nabholz retired as Executive Vice President, Major Projects at Suncor Energy Inc. ("Suncor") on March 1, 2012, having been at Suncor for 25 years. Mr. Nabholz was involved in all facets of the business at Suncor, including Operations, Maintenance and Projects and in his latest role led the execution of over \$30 billion of major projects. Mr. Nabholz has served on a number of private company boards, as well as not-for-profit entities including the Northern Alberta Institute of Technology, Construction Owners Association of Alberta, Keyano College Foundation, the United Way of Fort McMurray and several others.

2016 Board/Committee Membership			Attendance at Meetings during 2016 <sup>(4)</sup>			
	Board		6 of 6		100%	
	Audit		4 of 4		100%	
	Corporate Governance and Compensation		4 of 4		100%	
	Health, Safety and Environment		4 of 4		100%	
Other Public Company Board Memberships			Public Board Interlocks			
None			None			
Securities Held						
Common Shares		Percentage <sup>(5)</sup>		Total Market Value of Common Shares <sup>(6)</sup>		
500,000		0.35%		\$840,000		
Stock Options Held						
Date Granted	Expiry Date	Number Granted	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
May 4, 2012	May 3, 2017	25,000	\$5.87	25,000	Nil	
June 6, 2014	June 5, 2019	10,000	\$7.62	10,000	Nil	
May 1, 2015	April 30, 2020	15,500	\$3.35	15,500	Nil	
March 1, 2016	Feb 28, 2021	30,000	\$1.16	30,000	\$15,600	
Cash Settled Restricted Share Units (RSUs) Held						
Date Granted	Expiry Date	Number Granted	Value of RSUs <sup>(8)</sup>			
June 1, 2016	June 2, 2019	30,000	\$50,400			
Voting Results of 2016 Annual General Meeting <sup>(9)</sup>		Votes For	Votes Withheld	Total Votes Cast		
		89,229,997	99.50%	446,454	0.50%	89,786,451

**Russell A. Newmark**<sup>(2)(10)</sup>

Age: 61

Inuvik, Northwest

Territories, Canada

Director since June 2006

Independent<sup>(3)</sup>**Core Areas of Expertise**

- Operational Management
- Corporate Governance
- Government Relations

Mr. Newmark has extensive and diverse business knowledge and experience throughout northern Canada and has been Chief Executive Officer of E. Gruben's Transport Ltd. since 1990, a successful contracting firm based in the Northwest Territories. Since 1976, he has been recognized as a leader within the Mackenzie Delta and Beaufort Sea regions and has served on numerous corporate and government boards including the Inuvialuit Development Corporation, Norterra Inc. and the GNWT Business Loan Fund Board.

2016 Board/Committee Membership			Attendance at Meetings during 2016 <sup>(4)</sup>			
	Board		6 of 6		100%	
	Audit		4 of 4		100%	
	Corporate Governance and Compensation		4 of 4		100%	
Other Public Company Board Memberships			Public Board Interlocks			
None			None			
Securities Held						
Common Shares		Percentage <sup>(5)</sup>		Total Market Value of Common Shares <sup>(6)</sup>		
1,158,353		0.80%		\$1,946,033		
Stock Options Held						
Date Granted	Expiry Date	Number Granted	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
April 2, 2012	April 1, 2017	25,000	\$6.25	25,000	Nil	
June 6, 2014	June 5, 2019	10,000	\$7.62	10,000	Nil	
May 1, 2015	April 30, 2020	15,500	\$3.35	15,500	Nil	
March 1, 2016	Feb 28, 2021	30,000	\$1.16	30,000	\$15,600	
Cash Settled Restricted Share Units (RSUs) Held						
Date Granted	Expiry Date	Number Granted	Value of RSUs <sup>(8)</sup>			
June 1, 2016	June 2, 2019	30,000	\$50,400			
Voting Results of 2016 Annual General Meeting <sup>(9)</sup>		Votes For	Votes Withheld	Total Votes Cast		
		83,156,014	92.62%	6,630,437	7.38%	89,786,451

**Ann I. Rooney**<sup>(1)(2)</sup>

Age: 63

Calgary, Alberta  
CanadaDirector since August  
2012Independent<sup>(3)</sup>**Core Areas of Expertise**

- Financial Literacy
- Canadian Business Experience
- Board and Governance
- Corporate Finance
- Operational Finance
- Environmental Experience
- Strategic Planning
- Risk Management

Ms. Rooney is an independent businesswoman. She qualified as a Chartered Accountant in 1986 after working for several years as an environmental scientist with a specialty in limnology. Ms. Rooney's professional experience includes working as a Staff Accountant and Manager with Ernst and Young LLP, an independent GST Consultant, and a Manager at AltaGas Services Inc. In 2001, Ms. Rooney became a partner of Holt Rooney Chartered Accountants; a public practice firm in Calgary, Alberta. She retired from public practice in 2011. Ms. Rooney has had extensive involvement with the Institute of Chartered Accountants of Alberta including serving as president from 1996 to 1997. In 1996, Ms. Rooney was awarded an FCA (Fellow of the Chartered Accountants) in recognition of her meritorious service to the accounting profession and the community. Ms. Rooney earned the ICD.D professional designation in 2010. Ms. Rooney sits as lead independent member of the Alberta Securities Commission as well as serving on their governance committee. Ms. Rooney is Vice-Chair and Audit chair at Parkbridge Lifestyle Communities Inc., a land lease company with properties all across Canada. Ms. Rooney is a member of the National Board of Directors and is chair of the audit committee of the Nature Conservancy of Canada, the country's leading national land conservation charitable organization.

2016 Board/Committee Membership		Attendance at Meetings during 2016 <sup>(4)</sup>				
	Board	6 of 6		100%		
	Audit	4 of 4		100%		
Other Public Company Board Memberships		Public Board Interlocks				
None		None				
Securities Held						
Common Shares		Percentage <sup>(5)</sup>		Total Market Value of Common Shares <sup>(6)</sup>		
14,700		0.01%		\$24,696		
Stock Options Held						
Date Granted	Expiry Date	Number Granted	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
Aug 14, 2012	Aug 13, 2017	25,000	\$6.96	25,000	Nil	
June 6, 2014	June 5, 2019	10,000	\$7.62	10,000	Nil	
May 1, 2015	April 30, 2020	15,500	\$3.35	15,500	Nil	
March 1, 2016	Feb 28, 2021	30,000	\$1.16	30,000	\$15,600	
Cash Settled Restricted Share Units (RSUs) Held						
Date Granted	Expiry Date	Number Granted	Value of RSUs <sup>(8)</sup>			
June 1, 2016	June 2, 2019	30,000	\$50,400			
Voting Results of 2016 Annual General Meeting <sup>(9)</sup>		Votes For	Votes Withheld	Total Votes Cast		
		89,713,651	99.92%	72,800	0.08%	89,786,451

**Dale E. Tremblay**<sup>(2)(10)</sup>

Age: 62

Calgary, Alberta,  
CanadaDirector since May  
2010Independent<sup>(3)</sup>**Core Areas of Expertise**

- Financial Literacy
- Petroleum Industry
- Mergers and Acquisitions
- Service Industry
- Corporate Finance
- Operational Financial Skills
- Strategic Planning
- Risk Management
- Canadian and US Business Experience
- International Business Experience

Mr. Tremblay is an independent businessman. From December 2009 to December 2013, Mr. Tremblay was the Chair and Chief Executive Officer of Western Energy Services Corp. Prior thereto, Mr. Tremblay was the Chair of SES Holdings Limited, the parent company of Saxon Energy Services Inc., from August 2005 to December 2009, in addition to serving as President and Chief Executive Officer of Saxon Energy Services Inc. Prior thereto, Mr. Tremblay was the Senior Vice President, Finance and Chief Financial Officer of Precision Drilling Corporation from 1988 to 2005.

2016 Board/Committee Membership				Attendance at Meetings during 2016 <sup>(4)</sup>		
Board				6 of 6	100%	
Corporate Governance and Compensation				4 of 4	100%	
Health, Safety and Environment				4 of 4	100%	
Other Public Company Board Memberships				Public Board Interlocks		
Cathedral Energy Services Ltd.				None		
McCoy Global Inc.						
Securities Held						
Common Shares		Percentage <sup>(5)</sup>		Total Market Value of Common Shares <sup>(6)</sup>		
101,100		0.07%		\$169,848		
Stock Options Held						
Date Granted	Expiry Date	Number Granted	Grant Price	Total Unexercised	Value of In-the-Money Unexercised Stock Options <sup>(7)</sup>	
April 2, 2012	April 1, 2017	20,000	\$6.25	20,000	Nil	
June 6, 2014	June 5, 2019	10,000	\$7.62	10,000	Nil	
May 1, 2015	April 30, 2020	15,500	\$3.35	15,500	Nil	
March 1, 2016	Feb 28, 2016	30,000	\$1.16	30,000	\$15,600	
Cash Settled Restricted Share Units (RSUs) Held						
Date Granted	Expiry Date	Number Granted	Value of RSUs <sup>(8)</sup>			
June 1, 2016	June 2, 2019	30,000	\$50,400			
Voting Results of 2016 Annual General Meeting <sup>(9)</sup>			Votes For	Votes Withheld	Total Votes Cast	
			85,063,181	94.74%	4,723,270	5.26%
					89,786,451	

(1) Member of the Audit Committee.

(2) Member of the Health, Safety and Environment Committee.

(3) "Independent" refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 *Audit Committees*.

(4) Attendance in person or by telephone.

(5) Percentage of Common Shares beneficially owned is calculated based on an aggregate of 144,622,006 Common Shares outstanding as of March 15, 2017.

(6) Total market value of Common Shares was determined by multiplying the number of Common Shares held by each director nominee as of March 15, 2017 by \$1.68, which was the closing price of the Common Shares on the TSX on that date.

(7) Based the difference between the March 15, 2017 closing price on the TSX of the Common Shares of \$1.68 per share and the grant price of the Stock Option.

(8) Value of the RSUs was determined by multiplying the number of cash settled RSUs held by each director nominee as of March 15, 2017 by \$1.68, which was the closing price of the Common Shares on the TSX on that date.

(9) Annual General Meeting of Shareholders of Horizon North held on May 5, 2016.

(10) Member of the Corporate Governance and Compensation Committee.

(11) Ms. Garden attended all of the committee and Board meetings held subsequent to her election to the Board on May 5, 2016.

(12) Mr. Graham is the President and CEO of Horizon North and a member of management, and is therefore not an independent director.

The Board has determined that each nominee for election to the Board of Horizon North is independent pursuant to the standards of independence set forth within Section 1.4 of National Instrument 52-110 *Audit Committees* with the exception of Rod W. Graham, who is the President and Chief Executive Officer of Horizon North.

**It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the election of the nominees described above as directors of Horizon North. It is not contemplated that nominees will be unable to serve as directors, but, if that should occur for any reason prior to the Horizon North Meeting, the persons named in the enclosed form of proxy reserve the right to vote for other nominees at their discretion.**

As at March 15, 2017, the directors and officers of Horizon North, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,548,240 Common Shares, or approximately 1.76% of the issued and outstanding Common Shares, based on 144,622,006 issued and outstanding Common Shares. In addition, as at March 15, 2017, the directors and officers of Horizon North, as a group, have outstanding options to purchase 2,215,500 Common Shares.

#### *Additional Disclosure Relating to Proposed Directors*

Except as set forth below, none of the proposed directors is, or has been in the last 10 years: (a) a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in that capacity; or (ii) was subject to a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (b) a director or executive officer of any company that, while that proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets:

Dale E. Tremblay was a director of Liv Spa Inc., a private company that was placed into voluntary bankruptcy on August 22, 2008, which bankruptcy was completed on December 2, 2009. He was also a director of GASFRAC Energy Services Inc. ("**GASFRAC**") between May 27, 2014 and February 13, 2015. Pursuant to court supervised creditor protection proceedings commenced under the *Companies' Creditors Arrangement Act* ("**CCAA**"), GASFRAC sold most of its operating assets and intellectual property to a third party service industry competitor on April 7, 2015 and subsequently then completed a court approved CCAA Plan of Compromise and Arrangement pursuant to which a third party service industry competitor acquired 100% equity ownership of GASFRAC as an operating entity on July 7, 2015; and Dale E. Tremblay was a director of ATK Oilfield Transportation Inc. ("**ATK**"), a private oilfield services company, until April 1, 2016. ATK was placed into receivership following an application by its creditors on April 1, 2016.

None of the proposed directors has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body.

### **3. Appointment of the Auditor**

The Shareholders will consider an ordinary resolution to appoint the firm of KPMG LLP, Calgary, Alberta, to serve as auditor of Horizon North until the next annual meeting of the Shareholders and to authorize the directors of Horizon North to fix their remuneration. KPMG LLP has been the auditor of Horizon North since June 1, 2006. Should KPMG LLP for any reason be unwilling or unable to accept re-appointment, Horizon North's directors will exercise their discretion to appoint an alternate auditor.

**It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the appointment of KPMG LLP as Auditor of Horizon North.**

#### 4. Approval of Amendments to Stock Option Plan and Unallocated Options Thereunder

At the Horizon North Meeting, Shareholders will be asked to consider and, if thought advisable, pass a resolution approving certain amendments to the Corporation's stock option plan (the "**Stock Option Plan**") and the unallocated options under the Stock Option Plan. A description of the amendments to the Stock Option Plan are described in further detail below and a copy of the Stock Option Plan, incorporating the proposed amendments noted below, is attached as Schedule "D". The amendments to the Stock Option Plan were approved by the Board on March 1, 2017 and must be approved by both the TSX and the Shareholders. The TSX has conditionally approved the amendments to the Stock Option Plan subject to receipt of Shareholder approval.

##### *Description of the Proposed Amendments to the Stock Option Plan*

The Stock Option Plan permits the granting of options to purchase Common Shares ("**Options**") to the directors, officers, employees and other eligible service providers of the Corporation and its subsidiaries for the purpose of providing directors, officers, employees and other eligible service providers with an incentive to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The proposed amendments to the Stock Option Plan include the following:

- (a) the inclusion of a limit on the number of Common Shares issuable pursuant to Options granted under the Stock Option Plan to any non-employee director, within any calendar year, of \$100,000, as calculated on the date of grant, and a limit on the number of Common Shares reserved for issuance under all security based compensation arrangements of the Corporation issued to any non-employee director, within any calendar year, of \$150,000, as calculated on the date of grant;
- (b) the imposition of additional limits on the transferability of Options granted under the Stock Option Plan such that Options will not be transferable or assignable and may not be made subject to execution, attachment or similar process, other than for normal estate settlement purposes or by operation of law and such that during the lifetime of an optionee, an Option will be exercisable only by the optionee and any elections with respect to an Option may be made only by the optionee;
- (c) the inclusion of a requirement that approval of the Shareholders will be required for amendments to the Option Plan which result in: (i) any increase in the number of Common Shares issuable under the Stock Option Plan or the number of unissued Common Shares that may be subject to Options granted to optionees under the Stock Option Plan; (ii) any amendments which reduce the exercise price of an Option or any cancellation and reissuance of an Option; (iii) any amendment that extends the term of an Option beyond its original Option Period; (iv) any amendments to eligible participants that may permit the introduction or reintroduction of non-employee directors on a discretionary basis or amendments that increase limits previously imposed on non-employee director participation; (v) any amendment with would permit Options granted under the Option Plan to be transferable or assignable other than for normal estate settlement purposes; (vi) any amendments to the amendment and termination provisions of the Stock Option Plan; and (vii) amendments required to be approved by Shareholders under applicable law (including, without limitation, the rules, regulations and policies required by any relevant stock exchange);
- (d) the addition of a "clawback" provision which permits the Board to seek reimbursement of Options awarded to an officer of the Corporation pursuant to the Option Plan and any Common Shares issued upon exercise thereon, where: (i) the payment of such compensation was predicated on achieving certain financial results that were subsequently the subject of a substantial restatement of the Corporation's financial statements filed with any securities regulatory authority; and (b) the Board, in its discretion, determines that the officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and

(e) the addition of provisions relating to tax withholdings required upon exercise of Options.

### ***Unallocated Options***

In accordance with the requirements of the TSX, listed issuers that have stock option plans that do not have a fixed maximum number of securities issuable must obtain approval from both a majority of the issuer's board of directors and a majority of the issuer's security holders every three years. The Stock Option Plan requires such approvals as the number of unissued Common Shares that may be subject to the Stock Option Plan is ten percent of the issued and outstanding Common Shares at any time.

For the purposes hereof, "**Unallocated Options**" means 10% of the issued and outstanding Common Shares less the number of common shares Common Shares issuable pursuant to outstanding options issued under the Stock Option Plan, calculated at any point in time.

At Horizon North's Annual and Special Meeting held on April 30, 2014, Horizon North sought and obtained approval of the issuance of Unallocated Options available under its Stock Option Plan to April 30, 2017.

Horizon North is required to seek approval from its Shareholders for the issuance of Unallocated Options, therefore, at the Horizon North Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution approving the issuance of Unallocated Options under the Stock Option Plan for an additional three years.

As of March 15, 2017, Horizon North had 144,622,006 issued and outstanding Common Shares and 8,178,620 options were issued and outstanding under the Stock Option Plan (including the grants since April 30, 2014). As a result, there are currently 6,283,580 Unallocated Options.

In compliance with sections 613(d) and (g) of the rules of the TSX, certain terms of, and information relating to the Stock Option Plan is provided in this Information Circular under the heading "Compensation Discussion and Analysis – Stock Options".

### ***Resolutions to be Considered***

The Board unanimously approved all Unallocated Options, rights or other entitlements available under the Stock Option Plan on March 1, 2017. The amendments to Stock Option Plan and all Unallocated Options thereunder must be approved by an ordinary resolution of the Shareholders.

The ordinary resolution to be considered at the Horizon North Meeting relating to the approval of the amendments to the Stock Option Plan and the Unallocated Options thereunder (the "**Option Plan Resolution**") is as follows:

**"BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. The proposed amendments to the Corporation's stock option plan (the "**Stock Option Plan**"), as more particularly described in the management information circular of the Corporation dated March 16, 2017 (the "**Information Circular**"), be and are hereby authorized and approved, and the amended and restated Stock Option Plan be and is hereby adopted, ratified and confirmed as the stock option plan of the Corporation;
2. All Unallocated Options, as described in the Information Circular under the heading "*Approval of Amendments to Stock Option Plan and Unallocated Options Thereunder*", and issuable under such plan, be and are hereby approved;
3. The Corporation be and is hereby authorized to continue granting options under the Stock Option Plan until May 4, 2020; and

4. Any one or more of the directors or officers of the Corporation are hereby authorized to sign all such documents and to do all such acts and things as such director or officer determines, in his or her discretion, to be necessary or advisable in order to properly implement and give effect to the foregoing.”

**It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the ordinary resolution approving the Option Plan Resolution.**

In order to be effective, the Option Plan Resolution must be passed by a majority of the votes cast by Shareholders who vote in respect to this ordinary resolution.

If Shareholders do not approve the Option Plan Resolution: (i) the Corporation will not be permitted to grant further Options under the Stock Option Plan until such time as the required Shareholder approval may be obtained; and (ii) all options that have already been allocated and granted under the Stock Option Plan as of the date of the Meeting that have not yet been exercised will continue unaffected in accordance with their current terms.

## **5. Amended and Restated Shareholder Rights Plan**

The Corporation originally adopted a shareholder rights plan pursuant to a rights agreement (the “**Rights Plan**”) between the Corporation and CST Trust Company, as rights agent, dated effective as of March 23, 2015. The Rights Plan was approved by the Shareholders on April 30, 2015. The Board has determined that it is in the best interests of the Corporation that the Rights Plan be amended and restated to reflect the amendments discussed below and approved an amended and restated Rights Plan dated March 15, 2017 between the Corporation and CST Trust Company (the “**Amended and Restated Rights Plan**”).

On May 9, 2016, the Canadian Securities Administrators made effective certain amendments to the Canadian take-over bid regime (the “**CSA Amendments**”) that require, among other things, that all non-exempt take-over bids:

- meet a minimum tender requirement where bidders must receive tenders of more than 50% of the outstanding securities that are subject to the bid and held by disinterested shareholders;
- remain open for a minimum deposit period of 105 days, unless the target board states in a news release an acceptable shorter deposit period of not less than 35 days, or the target board states in a news release that it has agreed to enter into a specific alternative transaction (such as a plan of arrangement) in which case the 35 day period would apply to all concurrent take-over bids; and
- be extended for an additional 10 days after the minimum tender requirement is met and all other terms and conditions of the bid have been complied with or waived.

Under the previous regime, non-exempt take-over bids were only required to remain open for 35 days and were not subject to any minimum tender requirement or an extension requirement once the bidder had taken deposited securities.

Consistent with the CSA Amendments, the Amended and Restated Rights Plan encourages a potential acquiror to proceed with their bid in accordance with Canadian take-over bid rules, which requires that the bid satisfy certain minimum standards intended to promote fairness, or have the approval of the Board, by:

- protecting against “creeping bids” (the accumulation of more than 20% of the Common Shares through purchases exempt from Canadian take-over bid rules, such as: (i) purchases from a small group of Shareholders under private agreements at a premium to the market price not available to all Shareholders, (ii) acquiring control through the slow accumulation of Common Shares over a stock exchange without paying a control premium, or (iii) through other transactions outside of Canada not subject to Canadian take-over bid rules), and requiring the bid to be made to all Shareholders; and

- preventing a potential acquiror from entering into lock-up agreements with existing Shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Amended and Restated Shareholder Rights Plan.

By encouraging bids in accordance with Canadian take-over bid rules, the Board wants to allow all Shareholders to benefit from the acquisition of a control position of 20% or more of the Common Shares, and allow the Board to have sufficient time to explore and develop all options for maximizing Shareholder value in the event a person tries to acquire a control position in the Corporation. Under the Amended and Restated Rights Plan, potential acquirors are prevented from accumulating effective control of the Corporation or a blocking position against other bidders except by way of a Permitted Bid (as defined in the Amended and Restated Rights Plan).

### ***Proposed Amendments***

The Amended and Restated Rights Plan will expire upon the termination of the Horizon North Meeting, unless its continuation is confirmed by the Shareholders. The Corporation has reviewed the terms of the Amended and Restated Rights Plan for conformity with current Canadian securities laws, as well as practices of public corporations in Canada. The Board has unanimously determined that the amendments below are necessary to ensure compliance with the CSA Amendments and that it is appropriate and in the best interests of the shareholders that the Amended and Restated Rights Plan be approved to continue for the next three years.

The amendments made to the Rights Plan contained in the Amended and Restated Rights Plan, the approval of the Amended and Restated Rights Plan and its continuation for the next three years are not being proposed in response to, or in anticipation of, any pending, threatened or proposed acquisition or take-over bid that is known to management of the Corporation.

The following are the amendments to the Rights Plan contained within the Amended and Restated Rights Plan:

- (a) The amended definition of a "Permitted Bid" requires that a Permitted Bid remain open for a period of 105 days or such shorter minimum period that a take-over bid must remain open for deposits of securities, in the applicable circumstances, under the CSA Amendments, and the definition of a "Competing Permitted Bid" has also been modified to align with the minimum period such a bid must remain open under the CSA Amendments; and
- (b) Certain other amendments of a non-substantive, "housekeeping" nature have been made to provide for greater clarity and consistency and to ensure the Amended and Restated Rights Plan is current in respect of practices of public corporations in Canada and the definition of Exempt Acquisition has been updated in alignment with such practices.

As previously noted, other than the amendments described above, the Amended and Restated Rights Plan is substantially the same as the Rights Plan. A copy of each of the Rights Plan and the Amended and Restated Rights Plan is available under the Corporation's profile at [www.sedar.com](http://www.sedar.com) and a copy of the Amended and Restated Rights Plan may be obtained from the Corporation.

The text of the resolution approving the Amended and Restated Rights Plan is set forth below. If the resolution is not approved by Shareholders, the Amended and Restated Rights Plan will cease to be effective and Horizon North will not have any form of shareholder rights plan. A summary of the salient and material aspects of the Amended and Restated Rights Plan is attached at Schedule "A".

**"BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. the shareholder rights plan pursuant to an Amended and Restated Rights Agreement dated as of March 15, 2017 between the Corporation and CST Trust Company (the "**Shareholder Rights Plan**"), a summary of which is included in the Management Information Circular of the Corporation prepared for the purpose of the Horizon North Meeting, be and is hereby approved, ratified and confirmed as the Shareholder Rights Plan of the Corporation until the annual meeting of Shareholders of Horizon North to be held in 2020;

2. even though this resolution has been duly passed by the Shareholders of the Corporation, the Board of Directors may amend or decide not to proceed with the Shareholder Rights Plan in the event the Board of Directors determines that to do so would be in the best interest of the Corporation and its Shareholders; and
3. any one director or officer of the Corporation is authorized, for and on behalf of the Corporation, to execute and deliver any document and take any action the director or officer determines is necessary or advisable to implement this resolution and the matters authorized hereby, and the execution and delivery of the documents or taking of the actions will conclusively evidence the officer's or director's determination."

**It is the intention of the persons named in the Instrument of Proxy, if not expressly directed otherwise in such Instrument of Proxy, to vote such proxies FOR the ordinary resolution approving the Amended and Restated Rights Plan.**

In order to be effective, the ordinary resolution in respect of the Amended and Restated Rights Plan must be passed by a majority of the votes cast by Shareholders who vote in respect to this ordinary resolution

#### **Other Business**

Management is not aware of any other matters to come before the Horizon North Meeting other than those set out in the Notice of Meeting. If other matters come before the Horizon North Meeting, it is the intention of the individuals named in the form of proxy to vote the same in accordance with their best judgment in such matters.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **COMPENSATION DISCUSSION AND ANALYSIS**

##### **Compensation Governance**

The Corporate Governance and Compensation Committee is responsible for making recommendations to the Board relating to the compensation of members of the Board, the Chief Executive Officer ("CEO") and other executive officers. The Corporate Governance and Compensation Committee regularly reviews the compensation practices of comparable companies with a view to aligning Horizon North's officers and directors with a comparable group median. Directors who are officers of Horizon North receive no additional remuneration for their services as directors.

In particular, the Corporate Governance and Compensation Committee: (a) will review and approve, at least annually, Horizon North's goals and objectives relevant to the compensation of the CEO and the CEO compensation is based on that review; (b) will review, at least annually, and recommend to the Board compensation, incentive plans and equity based plans for non-CEO officers and directors, and for other key employees as identified by the CEO and approved by the Corporate Governance and Compensation Committee, and in particular, review and recommend to the Board the annual bonus payments for the CEO and executive officers; and (c) will review executive compensation disclosure before Horizon North publicly discloses such information.

The objective of Horizon North's executive compensation program is to attract and retain experienced personnel who are incentivized to continually focus on generating profitable growth of the Corporation's business. The compensation program is comprised of three elements: (i) annual salary plus benefits; (ii) annual performance bonus; and (iii) equity based compensation. The appropriateness and competitiveness of the Corporation's executive compensation program is monitored by comparison to a peer group of companies that include the following:

Akita Drilling Ltd.	North American Energy Partners Inc.
Black Diamond Group Ltd.	Petrowest Corp.
Canyon Services Group Inc.	Secure Energy Services Inc.

Civeo Corp.	Strad Energy Services Ltd.
Essential Energy Services Ltd.	Trimac Transportation Ltd.
McGrath Rent Corp.	Total Energy Services Inc.
Mobile Mini Inc.	Western Energy Services Corp.
Newalta Corp.	

In choosing the peer companies against which the Corporate Governance and Compensation Committee completes its comparative analysis, the Corporate Governance and Compensation Committee selects companies with asset and market values similar to the Corporation. The Corporate Governance and Compensation Committee also consider revenue levels and enterprise values of such companies. The Corporate Governance and Compensation Committee believes these metrics are appropriate for determining peers because they provide a reasonable point of reference for comparing executives with similar positions and responsibilities.

The Corporation retained the services of a compensation consultant, Lane Caputo Compensation Inc. effective November 25, 2015 to review the compensation philosophy for Horizon North, given its current stage of development, with the final report delivered April 2016. The competitiveness of the current compensation arrangements for the executive team and independent directors were evaluated, relative to both the external market and the Corporation's compensation philosophy. This review encompassed salary, bonus and other types of cash incentives, prevalence and number of Options and executive contracts including severance and change in control provisions.

<b>Executive Compensation Services</b>	<b>2016</b>	<b>2015</b>
Executive Compensation – Related Fees	\$27,800	\$10,000
All Other Fees	---	---

Horizon North's executive compensation program is designed to provide financial rewards to executive officers based on measureable financial and operational parameters associated with overall corporate performance. The program also balances annual rewards for achieving financial success year over year with rewards tied to long-term share price performance. As part of its review and discussion of the compensation program, the Corporate Governance and Compensation Committee considers the risks associated with Horizon North's compensation program and noted the following elements of the Corporation's business model and its governance and control system that mitigates the risk that the Corporation's executives will take unnecessary or excessive risk for the sake of enhanced rewards:

- The basic tenet of the Corporation's business model is that funds are spent to build or buy assets that are used, in conjunction with the Corporation's labor force, to provide services to customers. The primary risk in this model is that assets are underutilized. All significant investments are reviewed and approved by the Board prior to being undertaken. In addition, growth metrics are balanced with return on investment parameters in the annual bonus program.
- The nature of the Corporation's business is such that there are very few asset or liability valuation judgments that management has to make. The annual bonus program is based on financial parameters that are cash flow dependent as opposed to being driven by asset or liability valuation judgments.
- The Corporation's ultimate long-term goal is to generate sustainable share price appreciation. The compensation program recognizes that developing sustainable share price appreciation takes time and thus provides rewards for long-term success to mitigate the risk that short-term, less sustainable actions are taken to enhance immediate share price performance.
- The annual bonus program does not pay out rewards until financial results are confirmed through independently audited financial statements.
- Named Executive Officers (as defined herein) and directors are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

## Named Executive Officers

Securities legislation requires the disclosure of compensation received by each “Named Executive Officer” of the Corporation for the three most recently completed financial years. “Named Executive Officer” is defined by the legislation to mean: (i) each of the CEO and Chief Financial Officer (“CFO”) of the Corporation, regardless of the amount of compensation of that individual; (ii) each of the Corporation’s three most highly compensated executive officers or individuals acting in a similar capacity, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation and bonus exceeds \$150,000; and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

An “executive officer” is defined by the legislation to mean: (i) the chair of the Corporation; (ii) a vice-chair of the Corporation; (iii) the President of the Corporation; (iv) a vice-president of the Corporation in charge of a principal business unit, division or function, such as sales, finance or production; or (v) an officer of the Corporation or any of its subsidiaries or any other person who performed a policy-making function in respect of the Corporation.

At the financial year ended December 31, 2016, there were five (5) Named Executive Officers (“NEOs”) of Horizon North consisting of Rod Graham, President and CEO; Scott Matson, Senior Vice President Finance and CFO; Warren Murray, Senior Vice President Camps & Catering, Kapul Gill, Vice President, Manufacturing, and Mike Hammerschmidt, Vice President Transportation & Logistics.

## Annual Salaries

Executive salaries are established after giving consideration to individual responsibilities and experience, size and complexity of operations or functions for which they are responsible and, competitive market information. This element provides a fixed level of cash compensation for performing these responsibilities. Salary adjustments consider the individual’s success in their role and competitive market information.

## Annual Performance Bonus

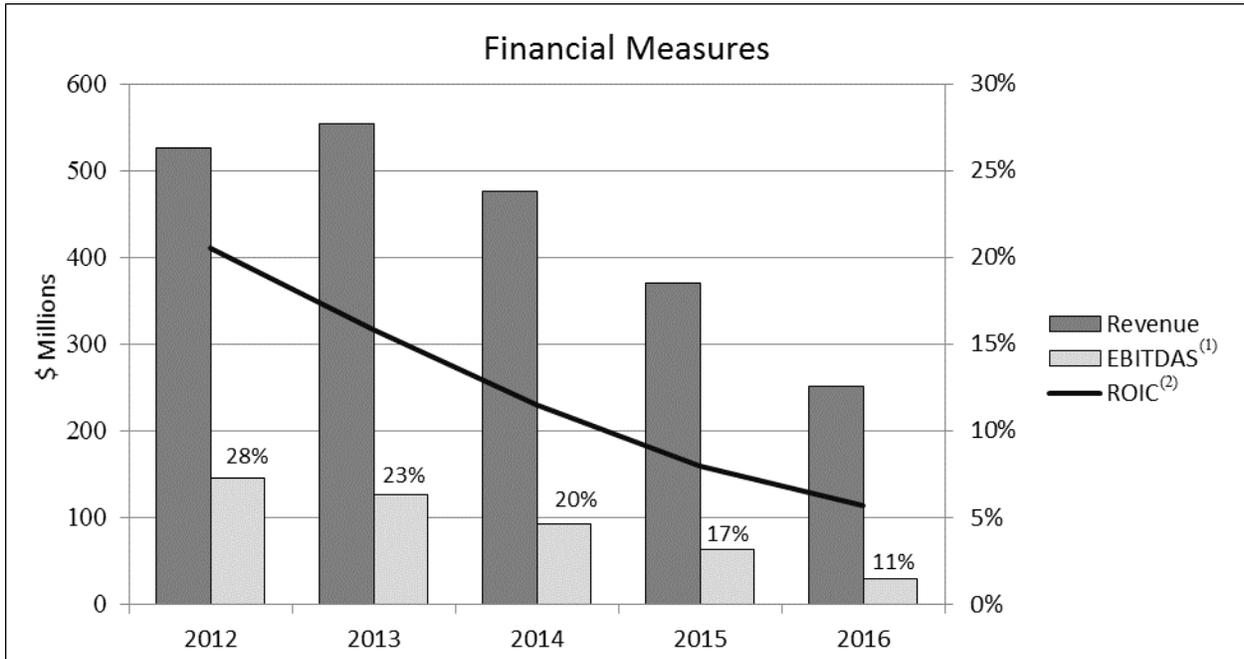
Horizon North’s financial performance for 2016 reflects the challenges faced by the Corporation throughout the year. The Corporation experienced significantly softer demand across all its operations as customers cut costs by deferring plant maintenance programs and reduced capital budgets responding to “lower for longer” commodity prices. As Horizon North’s customers reined in spending through the reduction of capital budgets and deferred plant maintenance, opportunities to replace expiring contracts and grow the revenue backlog were significantly limited. Additions to the backlog were typically won with very aggressive pricing and reduced margins. These challenges had a negative effect on the Corporation’s revenue, EBITDAS, operating earnings, and share price and in turn had a negative impact on the annual incentive bonuses paid to the NEOs.

The annual bonus for all NEOs is designed to pay out awards based on the Corporation’s performance for the year. Financial performance is measured by reference to year over year revenue growth, EBITDAS margins, and return on invested capital. Financial success is supported by strong operations, for which a sound measurement is thought to be the Corporation’s safety record.

Revenue growth is measured on a year over year basis, while EBITDAS margins, return on investment and safety performance metrics are compared to specific target ranges. The Board of Directors takes these factors into consideration and ultimately applies a level of subjectivity in determining the bonus calculation for the CEO, which is in turn cascaded down to the NEOs.

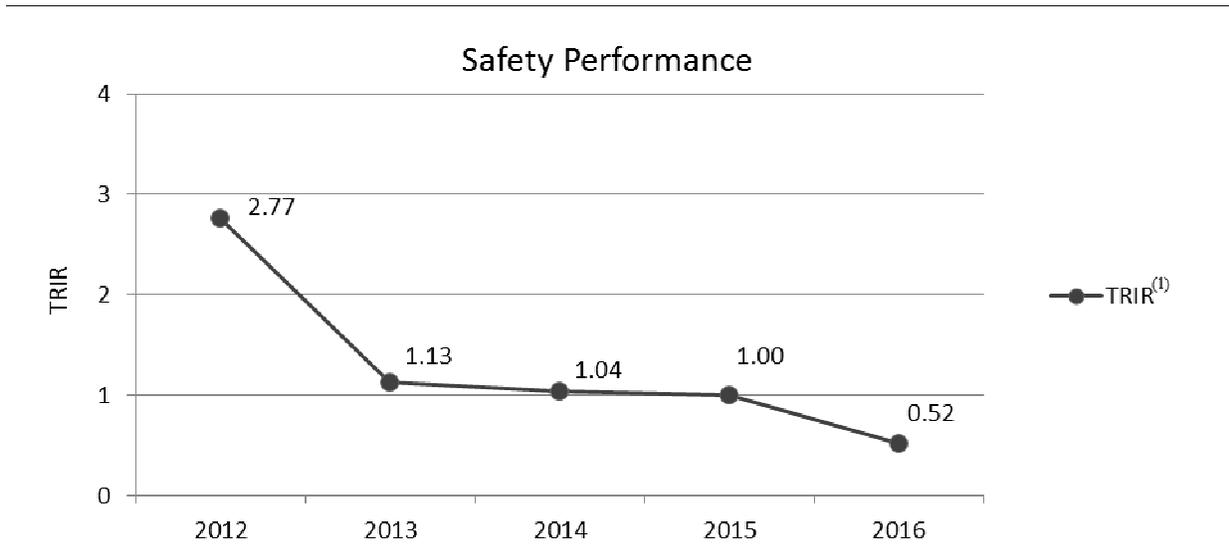
Horizon North’s long-term goal is to provide returns to Shareholders through share price appreciation and quarterly dividend payments. In the Board’s view, continued focus on achieving improved annual financial and operational measures should lead to success in consistently achieving the long-term goal.

The following charts illustrate the Corporation's performance with respect to these financial and operational measures as well as the annual performance bonus received by the NEOs:

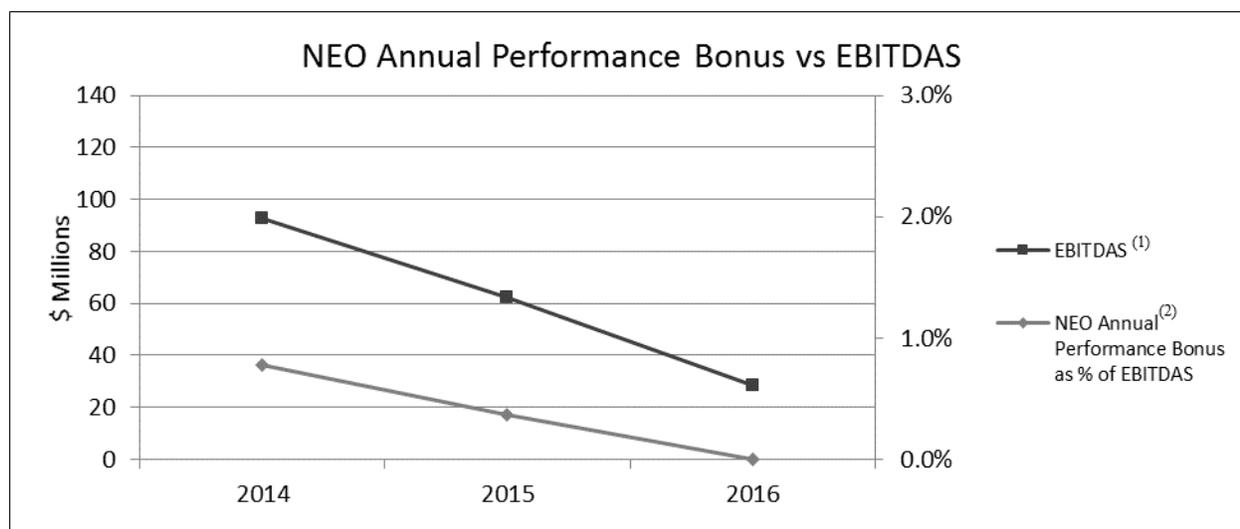


(1) EBITDAS: Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment and share based compensation.

(2) Return on Invested Capital represents after tax cash flow divided by average Invested Capital for the year; Invested Capital is defined as average of gross property, plant and equipment, other long-term assets, intangibles, and goodwill before any impairment write-downs.



(1) Total Recordable Incident Rate ("TRIR") is a standard industry measure with respect to safety performance.



(1) EBITDAS: Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment and share based compensation.

(2) NEO Annual Performance Bonus paid to the identified NEOs with respect to each financial year. The NEOs eligible to be compensated by Annual Performance bonus for 2016 included Rod Graham, President and CEO; Scott Matson, Senior Vice President Finance and CFO; Warren Murray, Senior Vice President Camps & Catering; Mike Hammerschmidt, Vice President Transportation & Logistics; and Kapul Gill, Vice president, Manufacturing. The NEOs for 2015 were Rod Graham, President and CEO; Scott Matson, Senior Vice President Finance and CFO; Warren Murray, Senior Vice President Camps & Catering; Mike Hammerschmidt, Vice President Transportation & Logistics; and Craig Shenher, Senior Vice President Business Development. The NEOs for 2014 were Rod Graham, President and CEO; Scott Matson, Vice President Finance and CFO; Jim Needham, President Camps & Catering; Mike Hammerschmidt, Vice President Transportation & Logistics; and Craig Shenher, Senior Vice President Business Development.

Due to the challenging economic conditions, financial measures were negatively impacted in 2016 and as a result, no bonuses were paid to NEOs. Although safety performance year over year was improved, financial measures were not satisfactory by reference to year over year revenue growth, EBITDAS margins, or return on invested capital.

### Equity Based Compensation

Horizon North continues to employ a “pay-for-performance philosophy” whereby fixed elements of pay are positioned at market median levels and short and longer-term incentives are structured to provide above-market total compensation for high levels of performance. Horizon North has taken on a portfolio approach to long-term incentives by mixing restricted share units (“RSUs”) in with Options. Although still significantly below what was intended, those companies that have recently instituted restricted share unit plans as part of a portfolio approach are able to deliver some value to plan participants whereas practically all issued and outstanding stock option awards in Horizon North’s peer group are underwater. At Horizon North, a combination of RSUs and Options will be used to attain a market-competitive total direct compensation program.

#### Stock Option Plan

The purpose of the Stock Option Plan is to provide an incentive, in the form of an equity interest in the Corporation, to senior management who are in a position to contribute materially to the successful operation of the business of the Corporation, to increase their interest in the Corporation’s welfare and to provide a means through which the Corporation can attract and retain senior management of outstanding abilities.

The Board views Options as an effective incentive to balance senior management’s focus between short-term operating performance and profitable, long-term growth, which should translate into share price appreciation for the benefit of Shareholders. With Option grants vesting over time, they also serve as an effective employee retention tool. Despite the dilutive aspect of Options, they do directly align the interests of management and Shareholders as the benefits derived from Options parallel the benefits realized by Shareholders through share

price appreciation. Options provide the potential for long-term rewards and above-average total compensation, provided Horizon North's financial and operating results lead to the enhancement of shareholder value.

The Stock Option Plan permits the granting of Options to the Corporation's employees, officers, directors and consultants for the purpose of developing the interest of the participants in the growth and development of the Corporation and to better enable the Corporation to attract and retain persons of desired experience and ability.

The year end Common Share price was below the exercise price of all outstanding Options held by NEOs and there were no exercise transactions generating realized value during the year.

Awards of Options are made from time to time to participants at varying levels consistent with the individual's position and responsibility. The process that the Corporation uses to grant Option-based awards to executive officers, including the NEOs, and the factors that are taken into account when considering new grants under the Stock Option Plan, is based upon a number of criteria, including the performance of the executive officers, the number of Options available for grant under the Stock Option Plan, the number of Options anticipated to be required to meet the future needs of the Corporation, as well as the number of Options previously granted to each of the NEOs. It is the full Board, as opposed to the Corporate Governance and Compensation Committee, which determines the need for any amendments to the Stock Option Plan and it is the full Board which determines the number of Option grants to be made under the Stock Option Plan. The CEO provides input and recommendations to the Board regarding the granting of Options, from time to time. The CEO in turn, and where appropriate, also obtains input from other executive officers of the Corporation when providing his input and recommendations. Other than as set out immediately above, the grant of option-based awards is not determined based on benchmarks, performance goals or a specific formula. The term and other provisions of the Options are subject to the terms of the Stock Option Plan.

Since the inception of the Stock Option Plan there has been no financial assistance provided by Horizon North to any participant under the Stock Option Plan to facilitate the purchase of Common Shares under the Stock Option Plan.

As of the March 15, 2017: (i) the Corporation has issued under the Stock Option Plan, Options pursuant to which 8,178,620 Common Shares are issuable which represents 5.66% of the currently outstanding Common Shares; and (ii) there remains for issuance under the Stock Option Plan Options pursuant to which 6,283,580 Common Shares may be issued which represent together with the outstanding Options, 10.0% of the currently outstanding Common Shares.

#### *Description of the Stock Option Plan*

Horizon North listed its Common Shares on the TSX on May 28, 2007. The Stock Option Plan of Horizon North was approved by Shareholders prior to that time. The Shareholders of the Corporation approved Unallocated Options available under its Stock Option Plan at its annual meeting held on April 30, 2014 and Shareholders are being asked to approve an ordinary resolution in respect of approving amendments to, and the Unallocated Options under, the Stock Option Plan at the Horizon North Meeting.

The Stock Option Plan provides that the aggregate number of Common Shares issuable pursuant to Options granted under the Stock Option Plan and under any other security based compensation arrangement, if any, and issued to insiders within any one year period and, issuable to insiders, shall in either case, not exceed 10% of the issued and outstanding Common Shares at the time of the grant of any stock option. In addition, the Stock Option Plan provides that the maximum number of Common Shares issuable pursuant to Options granted shall not exceed 10% of the aggregate number of issued and outstanding Common Shares. No Options shall be granted to any director of the Corporation who is not also an officer of the Corporation if such grant could result, at any time, in the total number of Common Shares issuable to all directors of the Corporation who are not also officers of the Corporation pursuant to options exceeding 0.50% of the issued and outstanding Common Shares of the Corporation. The Stock Option Plan provides for the exercise price to be determined by the Board provided that the exercise price of the options may not be less than the closing price of the Common Shares on the TSX on the last business day preceding the date of grant. Options granted under the Stock Option Plan will be for a term of no longer than ten years after granting of an option. With the exception of initial grants of options to directors and

officers at July 25, 2006 which vested in one-third amounts over the first three years of the 10 year term, the majority of the Options granted since then have been granted so as to vest in equal one-third amounts over the first three years of the five year term thereof. Participation in the Stock Option Plan is voluntary. In order to constitute a valid Option under the Stock Option Plan, the participant and the Corporation must enter into a valid Option agreement in a form acceptable to the Board. The interest of any optionee under the Stock Option Plan is not transferable or alienable by the optionee either by assignment or in any manner, except to a “permitted assign”. For the purposes hereof “permitted assign” means for such optionee: a trustee, custodian or administrator acting on behalf, or for the benefit, of the optionee; a holding entity of the optionee; a registered retirement savings plan (“RRSP”) or registered retirement income fund (“RRIF”) of the optionee, as such terms are defined in the *Income Tax Act* (Canada); a spouse of the optionee; a trustee, custodian or administrator acting on behalf, or for the benefit, of the spouse of the optionee; a holding entity of the spouse of the optionee; or an RRSP or RRIF of the spouse of the optionee. With respect to the termination of options, unless specifically amended or otherwise dealt with in a stock option agreement: (a) in the case of death of an optionee, the right to exercise an Option shall extend to the earlier of (i) one year after the date of death or (ii) the expiry date of the Option set forth in the stock option agreement, to the extent such Option was exercisable by the optionee on the date of death of the optionee; and (b) in the case of termination or cessation of employment of an optionee (who is not a consultant) for any reason (other than death) or, in the case of a consultant, upon cessation of the services agreement the right to exercise an Option shall be limited to and shall expire on the earlier of 60 days after the date of termination or cessation (in the case of an optionee who is not a consultant) and from the final service date (in the case of an optionee who is a consultant), or the expiry date of the Option set forth in the stock option agreement, to the extent such Option was exercisable by optionee on the date of termination of such employment or final service date, as the case may be.

In the event of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, and merger or otherwise or in the event of any other change in the Common Shares, the Board may proportionately adjust the number of Common Shares that may be issued under existing Option agreements.

The Stock Option Plan also provides for the extension of the expiry date of any Option which would otherwise expire during a “black-out period” until the fifth business day following the expiry of the blackout period, provided that such extended expiration date shall not in any event be beyond the later of (i) December 31 of the calendar year in which the option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire. The Stock Option Plan also provides that the Board may, in its sole discretion and without further approval of the Shareholders, amend, suspend, terminate or discontinue the Stock Option Plan and may amend the terms and conditions of Options granted under the Stock Option Plan, subject to any required approval of any regulatory authority or the TSX. Subject to any required regulatory approval of any regulatory authority or stock exchange, the Board may at any time alter, amend or vary the Stock Option Plan without the approval of the Shareholders if the alteration, amendment or variance does not: (a) increase the number of shares that can be issued under the Stock Option Plan; (b) reduce the exercise price of an outstanding option except for the normal anti-dilution provisions whereby option values are maintained in connection with a subdivision, consolidation, conversion, reclassification, re-division or re-designation of Common Shares or a reorganization, amalgamation, consolidation, merger, takeover bid or similar transaction involving Horizon North; (c) extend the expiry date of an outstanding option or amend the Stock Option Plan to permit the grant of an Option with an expiry date of more than 10 years from the grant date (except where an expiry date would have fallen within a blackout period of the Corporation); (d) allow for the transfer of Options, except if the transfer is to an entity controlled by the Option holder, a charity or for estate planning or estate settlement purposes; (e) expand the categories of individuals eligible to participate in the Stock Option Plan; or (f) amend the Stock Option Plan to provide for other types of compensation through equity issuance.

**The above noted description of the Stock Option Plan does not include the proposed amendments that are being put forward for Shareholder approval at the Horizon North Meeting. For a detailed description of the proposed amendments to the Stock Option Plan, see *“Matters to be Acted Upon at the Meeting – Approval of Stock Option Plan and Unallocated Options Thereunder”*.**

## Restricted Share Units

The Board approved a cash-based restricted share unit plan (the “**RSU Plan**”) on May 5, 2016 which governs the issuance of non-assignable and non-transferrable RSUs of the Corporation. Directors, officers and employees of the Corporation and its subsidiaries are eligible to participate in the RSU Plan.

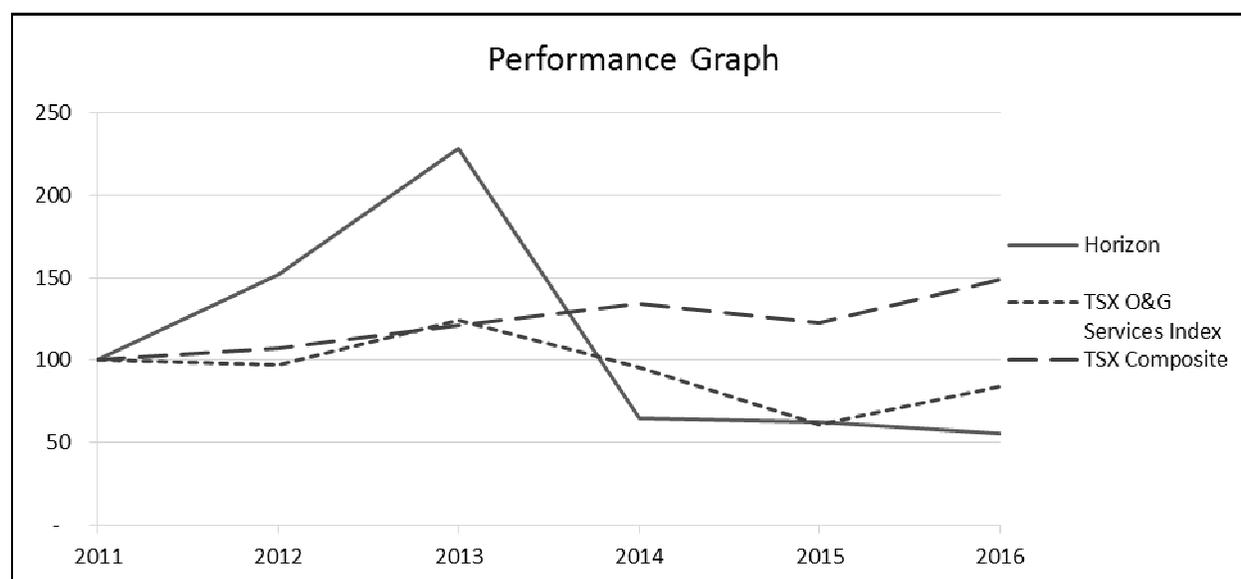
RSUs are notional shares that have the same value at any given time as the Common Shares, but do not entitle the participant to any shareholder rights, including without limitation, voting rights, dividend entitlement or rights on liquidation and are non-dilutive to Shareholders. The RSUs vest no later than the date that is the third anniversary of the end of the calendar year in which the services were performed in which the grant of RSUs relates. Vesting provisions for RSUs shall be fixed by the Board and the Board may at any time shorten the vesting period of all or part of any RSU award. In the event of a change of control, the Board may amend the terms of the issued RSUs to permit vesting prior to the completion of the change of control.

Each RSU has a payout value equal to the closing price of the Common Shares as of the date immediately preceding the applicable payout date, less any applicable withholding taxes. The payout date for issued RSUs is as soon as reasonably practicable after the vesting date.

The maximum value of RSUs granted to any one non-employee director within any one year period, when aggregated with the securities granted under all security based compensation arrangements of the Corporation to the non-employee director during such period, shall not exceed \$150,000, as calculated based on a fair value basis of the RSUs on the date of grant.

## Performance Analysis

The following graph illustrates changes from December 31, 2011 to December 31, 2016, in cumulative shareholder return, assuming an initial investment of \$100 with all dividends reinvested, compared to the TSX O&G Services Index and TSX Composite Index, with all dividends and distributions reinvested.



	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Horizon North	100	152	228	65	62	56
TSX O&G Services Index	100	97	124	96	61	84
TSX Composite	100	107	121	134	123	149

## **Share Price Performance Graph in Relation to Executive Compensation**

Horizon North compensates its NEOs through annual salary, annual performance bonus and equity based compensation. As outlined in the “*Compensation Discussion and Analysis*”, executive salaries are established after giving consideration to individual responsibilities and experience, providing a fixed level of compensation for performing these responsibilities. Compensation derived from the annual performance bonus and equity based compensation for NEOs are generally consistent with the trend illustrated in the above Performance Graph.

## **Composition of the Corporate Governance and Compensation Committee**

The current members of the Corporate Governance and Compensation Committee are Dale E. Tremblay (Chair); Bradley P.D. Fedora, Mary Garden, Kevin D. Nabholz and Russell A. Newmark. In addition to their experience as members of the Corporate Governance and Compensation Committee of Horizon North, all such members have significant experience in dealing with executive compensation matters as directors and/or senior leaders. The Corporate Governance and Compensation Committee is a standing committee appointed by the Board of Directors. Each member of the Corporate Governance and Compensation Committee is independent as defined under section 1.4 of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”).

## **Relevant Education and Experience of Members of the Corporate Governance and Compensation Committee**

### *Dale E. Tremblay – Chair*

Mr. Tremblay has been a director of Horizon North since May 6, 2010. Mr. Tremblay is currently an independent businessman. From December 1, 2009 to December 1, 2013, Mr. Tremblay was the Chief Executive Officer of Western Energy Services Corp. Prior thereto, Mr. Tremblay was the Chair of SES Holdings Limited, the parent company of Saxon Energy Services Inc., from August 2005 to December 2009 in addition to serving as President and Chief Executive Officer of Saxon Energy Services Inc. Prior thereto, Mr. Tremblay was the Senior Vice President, Finance and Chief Financial Officer of Precision Drilling Corporation from 1988 to 2005.

### *Bradley P.D. Fedora*

Mr. Fedora has been a director of Horizon North since April 2015. Mr. Fedora joined Canyon in September 2007 as President, was appointed to Canyon’s board of directors in spring 2008, and was promoted to President and CEO in the fall of 2009. Before joining Canyon, Mr. Fedora spent the previous decade with Peters, a Calgary-based investment bank focused on the energy sector, where he specialized in financings and merger and acquisition transactions for the oil and natural gas service and supply sector. Before joining Peters, Mr. Fedora attended university, where he also accumulated field experience while working summers for an energy company in Saskatchewan. Mr. Fedora holds a Bachelor of Science from the University of Saskatchewan and an MBA in finance from the University of British Columbia.

### *Mary Garden*

Ms. Garden has been a director of Horizon North since May 2016. Ms. Garden has over 30 years of executive leadership experience in business including operations and marketing management, advisory consulting, coaching and university teaching. Over the course of her career, Ms. Garden has worked in executive level positions with PwC, Delta Hotels, PKF, Holiday Inn, Radisson Hotels and Keg Restaurants. From 2008 to 2015, Ms. Garden led investment teams at the British Columbia Investment Management Corporation managing Canadian and international multi-billion dollar, private equity real estate portfolios for institutional pension plan clients. Ms. Garden has served on the boards of Bentall Kennedy, Parkbridge Lifestyle Communities, Delta Hotels, bclMC Realty Corporation and SilverBirch Hotels & Resort. Ms. Garden is the principal at Mary Garden & Associates, an advisory firm working with select global clients and C-Suite leaders in strategic consulting, executive coaching and workplace well being. Ms. Garden has a BA and MBA from the University of British Columbia and holds the ICD.D designation.

### Kevin D. Nabholz

Mr. Nabholz has been a director of Horizon North since May 2012. Mr. Nabholz is an independent businessman. Mr. Nabholz has over 30 years of experience in the oil sands industry. Mr. Nabholz retired as Executive Vice President, Major Projects at Suncor on March 1, 2012, having been at Suncor for 25 years. Mr. Nabholz was involved in all facets of the business at Suncor, including Operations, Maintenance and Projects and in his latest role led the execution of over \$30 billion of major projects. Mr. Nabholz has served on a number of private company boards, as well as not for profit entities including the Northern Alberta Institute of Technology, Construction Owners Association of Alberta, Keyano College Foundation, the United Way of Fort McMurray and several others.

### Russell A. Newmark

Mr. Newmark has been a director of Horizon North since June 1, 2006. Mr. Newmark has extensive and diverse business knowledge and experience throughout Northern Canada and has been Chief Executive Officer of E. Gruben's Transport Ltd. since 1990, a successful contracting firm based in the Northwest Territories. Since 1976, Mr. Newmark has been recognized as a leader within the Mackenzie Delta and Beaufort Sea regions and has served on numerous corporate and government boards including the Inuvialuit Development Corporation, Norterra Inc. and the GNWT Business Loan Fund Board.

## COMPENSATION OF NAMED EXECUTIVE OFFICERS

Compensation was paid to the NEOs during the aforementioned fiscal year as disclosed below.

### Summary Compensation Table

The following table sets forth all annual and long-term compensation information concerning the total compensation paid to the NEOs for each of the Corporation's three most recently completed financial years:

Name and Principal Position	Year	Salary (\$)	Share-based Awards <sup>(1)</sup> (\$)	Option-based Awards <sup>(2)</sup> (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(3)</sup>	Long-term Incentive Plans <sup>(4)</sup>			
Rod Graham <sup>(6)</sup> President and CEO	2016	400,000	169,000	86,146	---	---	---	8,150	663,296
	2015	400,000	---	100,678	60,000	---	---	8,099	568,777
	2014	288,462	---	162,500	150,000	---	---	7,548	608,510
Scott Matson <sup>(7)</sup> Sr. Vice President Finance and CFO	2016	280,000	59,150	34,458	---	---	---	15,383	388,991
	2015	280,000	---	37,754	52,500	---	---	17,599	385,853
	2014	278,519	---	143,000	132,500	---	---	15,323	569,342
Warren Murray Sr. Vice President Camps & Catering	2016	280,000	63,375	35,894	---	---	---	9,350	388,619
	2015	280,000	---	37,754	57,500	---	---	8,850	384,104
	2014	280,000	---	78,000	132,500	---	---	8,850	499,350
Kapul Gill <sup>(8)</sup> Vice President Manufacturing	2016	275,000	46,475	24,408	---	---	---	7,189	353,072
	2015	110,000	---	63,664	20,000	---	---	6,451	200,115
	2014	---	---	---	---	---	---	---	---
Mike Hammerschmidt Vice President Transportation & Logistics	2016	265,000	42,250	21,537	---	---	---	12,186	340,973
	2015	265,000	---	34,608	35,000	---	---	11,157	345,765
	2014	265,000	---	78,000	125,500	---	---	9,552	478,052

(1) RSUs are granted from time to time in accordance with the Corporation's RSU Plan. The fair market value for the RSU grant to the NEOs in 2016 is based on \$1.69, which was the closing price of the Common Shares on the TSX on the date of the RSU grant. RSUs vest equally over three years, the actual value realized upon the future vesting and payment of such awards may be greater or less than the grant date fair value indicated.

- (2) The value to the recipient of any Option grant is Nil on the grant date as the exercise price of the Option is equal or greater than the market value of the underlying Common Share. The value, if any, ultimately received by an Option holder as compensation is equal to the difference between the fair value of the underlying Common Share on the date the Option is exercised and the exercise price of the Option. This amount is also equal to the value forgone by the Corporation when it issues a Common Share on exercise of an Option at a price that is less than the prevailing market price.

The fair value of the Options granted annually is obtained by multiplying the number of Options granted by their value established according to the Black Scholes model. This value was determined using the following assumptions: dividend yields of 4.0% to 13.7%; expected average volatilities of 33.94% to 61.89%; average risk-free rates of interest of 0.50% to 1.18%; average forfeiture rate of 6.75% to 8.05%; and average expected life of option of three years.

- (3) See "Annual Performance Bonus".
- (4) Refers to all non-equity incentive plan compensation related to a period longer than one year. No non-equity long-term incentives awarded to any NEOs during the financial year ended 2016.
- (5) All Other Compensation for each of the NEOs is comprised of the following elements: Rod Graham – monthly parking and employer contributions to life insurance; Scott Matson – monthly parking and employer contributions to RSP and life insurance; Warren Murray – employer contributions to RSP, life insurance and fitness allowance; Kapul Gill - employer contribution to RSP, life insurance and fitness allowance; and Mike Hammerschmidt – employer contributions to RSP, life insurance and fitness allowance.
- (6) Mr. Graham was appointed Chief Executive Officer of Horizon North on November 4, 2014. Prior thereto, Mr. Graham was the Senior Vice President Corporate Development and Planning of Horizon North from January 21, 2014 to November 4, 2014.
- (7) Mr. Matson was appointed Senior Vice President Finance and Chief Financial Officer on July 28, 2015. Previously, Mr. Matson held the role of Vice President Finance and Chief Financial Officer.
- (8) Mr. Gill joined Horizon North on August 4, 2015.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all option-based and share-based awards outstanding at December 31, 2016 made to the Named Executive Officers:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options <sup>(1)</sup> (#)	Option Exercise Price <sup>(2)</sup> (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(3)</sup> (\$)	Number of shares or units of shares that have not vested (#) <sup>(4)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(5)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
Rod Graham	14,000	6.25	April 1, 2017	Nil	---	---	---
	125,000	7.62	June 5, 2019	Nil	---	---	---
	400,000	2.30	February 26, 2020	Nil	---	---	---
	300,000	1.16	February 28, 2021	240,000	100,000	196,000	---
Scott Matson	100,000	6.25	April 1, 2017	Nil	---	---	---
	110,000	7.62	June 5, 2019	Nil	---	---	---
	150,000	2.30	February 26, 2020	Nil	---	---	---
	120,000	1.16	February 28, 2021	96,000	35,000	68,600	---
Warren Murray	80,000	6.25	April 1, 2017	Nil	---	---	---
	60,000	7.62	June 5, 2019	Nil	---	---	---
	150,000	2.30	February 26, 2020	Nil	---	---	---
	125,000	1.16	February 28, 2021	100,000	37,500	73,500	---
Kapul Gill	150,000	3.00	August 3, 2020	Nil	---	---	---
	85,000	1.16	February 28, 2021	68,000	27,500	53,900	---
Mike Hammerschmidt	40,000	6.25	April 1, 2017	Nil	---	---	---
	60,000	7.62	June 5, 2019	Nil	---	---	---
	137,500	2.30	February 26, 2020	Nil	---	---	---
	75,000	1.16	February 28, 2021	60,000	25,000	49,000	---

(1) Options to purchase Common Shares.

(2) Based on the market price defined in the Stock Option Plan which is the closing price on the TSX of the Common Shares on the trading day prior to the date of grant.

(3) Based on the December 31, 2016 closing share price on the TSX of the Common Shares of \$1.96 per Common Share.

(4) RSUs

- (5) Market or payout value calculated by multiplying the number of RSUs held at December 31, 2016 by the closing share price on the TSX of the Common Shares of \$1.96 per Common Share.

#### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth information relating to the value vested or earned during the Horizon North's financial year ended December 31, 2016 in respect of option-based awards and share-based awards for NEOs.

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year (\$)<sup>(1)</sup></b>	<b>Share-based Awards – Value Vested During the Year (\$)<sup>(2)</sup></b>	<b>Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
Rod Graham	Nil	Nil	Nil
Scott Matson	Nil	Nil	Nil
Warren Murray	Nil	Nil	Nil
Kapul Gill	Nil	Nil	Nil
Mike Hammerschmidt	Nil	Nil	Nil

- (1) Represents the aggregate dollar value that would have been realized if the vested-in-the-money Options under the option-based award had been exercised on the vesting date in 2016 based on the difference between the closing market price of the TSX of the Common Shares on the vesting date and the exercise price of the Options held.

- (2) No RSUs vested in 2016.

#### *Minimum Share Ownership for Executives Policy*

The Board believes that the economic interests of the Chief Executive Officer, Senior Vice President(s), Executive Vice Presidents and Vice President(s) of Horizon North ( “**Executive Employees**”) should be aligned with those of Shareholders. To achieve this, the Board approved minimum executive share ownership guidelines for the Executive Employees such that, beginning the later of: a) January 1, 2022; and b) five years from the date of their appointment as an Executive Employee, each Executive Employee is required to own stock in the Corporation as set forth below:

<b>Title</b>	<b>Share Ownership Required</b>
Chief Executive Officer	3.0 times base salary
Senior or Executive Vice President	1.5 times base salary
Vice President	0.5 times base salary

The current share ownership of the NEO's are as set forth below:

<b>Name</b>	<b>Date Of Appointment</b>	<b>Common Shares Beneficially Owned March 15, 2017</b>	<b>Total Market Value of Common Shares Owned<sup>(1)</sup> (\$)</b>	<b>Minimum Shareholding Requirements (\$)</b>	<b>Date to Meet Minimum Shareholding Requirements</b>	<b>Meets Requirements<sup>(2)</sup></b>
Rod Graham President and CEO	November 4, 2014	617,594	1,037,558	1,200,000	January 1, 2022	---
Scott Matson Senior Vice President Finance and CFO	July 28, 2015	4,200	7,056	420,000	January 1, 2022	---
Warren Murray Senior Vice President Camps & Catering	May 14, 2015	64,080	107,654	420,000	January 1, 2022	---
Kapul Gill Vice President Manufacturing	August 4, 2015	4,542	7,631	137,500	January 1, 2022	---
Mike Hammerschmidt Vice President Transportation & Logistics	May 14, 2014	325,000	546,000	132,500	January 1, 2022	Yes

- (1) Based on March 15, 2017 closing share price on the TSX of \$1.68 per Common Share.

- (2) The minimum share ownership requirement is met if the requisite value of the Common Shares to be owned by the NEO is reached during the applicable period notwithstanding that the value of such Common Shares owned may subsequently fall below the minimum share ownership requirements due to a decrease in the market price of the Common Shares during the applicable period.

## Termination and Change of Control Benefits

The Corporation has entered into employment agreements with Rod Graham, President and CEO and Scott Matson, Senior Vice President Finance and CFO, the terms of which continue until terminated in accordance with the provisions of the agreements. The termination and change of control provisions in the agreement are as follows:

<b>Mr. Graham</b>	<b>Mr. Matson</b>
<p><i>Termination by Resignation</i> – Mr. Graham shall provide the Corporation with 90 days notice of resignation and all salary and benefit programs cease at the end of the notice period.</p> <p><i>Termination Without Cause</i> – if Mr. Graham’s employment is terminated without cause, the Corporation will make a lump sum payment to Mr. Graham equal to the sum of his then current annual salary plus an amount equal to the average of the bonuses paid to the Corporation’s Chief Executive Officer for the previous two complete fiscal years plus an amount equal to 10% of his then current annual salary in lieu of lost benefits.</p>	<p><i>Termination by Resignation</i> – Mr. Matson shall provide the Corporation with 90 days notice of resignation and all salary and benefit programs cease at the end of the notice period.</p> <p><i>Termination Without Cause</i> – if Mr. Matson’s employment is terminated without cause, the Corporation will make a lump sum payment to Mr. Matson equal to the sum of his then current annual salary plus an amount equal to the average of the bonuses paid to the Corporation’s Chief Financial Officer for the previous two complete fiscal years plus an amount equal to 10% of his then current annual salary in lieu of lost benefits.</p>
<p><i>Termination due to Death</i> – Mr. Graham’s employment with the Corporation shall be deemed to have terminated upon his death. In this event, the Corporation would make a payment to his spouse equal to the remuneration earned, but not yet paid, up to the date of his death.</p>	<p><i>Termination due to Death</i> – Mr. Matson’s employment with the Corporation shall be deemed to have terminated upon his death. In this event, the Corporation would make a payment to his spouse equal to the remuneration earned, but not yet paid, up to the date of his death.</p>
<p><i>Termination upon Permanent Disability</i> – In the event that Mr. Graham should suffer a permanent disability, his employment with the Corporation may be terminated upon providing him 60 days notice.</p>	<p><i>Termination upon Permanent Disability</i> – In the event that Mr. Matson should suffer a permanent disability, his employment with the Corporation may be terminated upon providing him 60 days notice.</p>
<p><i>Termination for Just Cause</i> – the Corporation may terminate Mr. Graham’s employment without notice for reasons of just cause. In this event, the Corporation would make a payment to Mr. Graham equal to the remuneration earned, but not paid, up to the date of the termination of employment.</p>	<p><i>Termination for Just Cause</i> – the Corporation may terminate Mr. Matson’s employment without notice for reasons of just cause. In this event, the Corporation would make a payment to Mr. Matson equal to the remuneration earned, but not paid, up to the date of the termination of employment.</p>
<p><i>Termination due to Change of Control</i> – Mr. Graham has the right, for a period of 90 days following any event causing a change of control, to elect to terminate his employment with the Corporation. In such an event, Mr. Graham is entitled to receive a lump sum payment equal to the sum of his then current annual salary plus an amount equal to the average of the bonuses paid to the Corporation’s Chief Executive Officer for the previous two complete fiscal years plus an amount equal to 10% of his then current annual salary in lieu of lost benefits. Such a payment due to Change of Control, as calculated at December 31, 2016, would amount to \$470,000.</p>	<p><i>Termination due to Change of Control</i> – Mr. Matson has the right, for a period of 90 days following any event causing a change of control, to elect to terminate his employment with the Corporation. In such an event, Mr. Matson is entitled to receive a lump sum payment equal to the sum of his then current annual salary plus an amount equal to the average of the bonuses paid to the Corporation’s Chief Financial Officer for the previous two complete fiscal years plus an amount equal to 10% of his then current annual salary in lieu of lost benefits. Such a payment due to Change of Control, as calculated at December 31, 2016, would amount to \$334,250.</p>

## COMPENSATION OF DIRECTORS

Director compensation is intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of their roles.

The Board annually receives a recommendation from the Corporate Governance and Compensation Committee regarding the adequacy and form of directors’ compensation. No changes to the cash compensation paid to the non-management directors were recommended by the Corporate Governance and Compensation Committee from

January 2012 to December 2016, other than the grant of 30,000 cash based RSUs to each non-management director in 2016. The annual retainer in 2016 was \$54,000 per year, which was inclusive of meeting fees. Effective January 1, 2017, the Corporate Governance and Compensation Committee recommended to the Board and the Board approved, that annual retainers for each director of Horizon North who was not an employee of Horizon North be set at \$25,000 per year, with the independent Chair of the Board to receive an additional annual retainer of \$10,000. The Chair of the Audit Committee will receive an additional annual retainer of \$7,500 and the Chair of each of the Health, Safety and Environment Committee (“HS&E”) and the Corporate Governance and Compensation Committee will receive an additional annual retainer of \$5,000. In addition, the non-management directors of Horizon North will receive a meeting fee of \$2,100 per meeting for attendance at meetings of the Board or committees, whether in person or by telephone. A travel allowance of \$1,000 per day, with a two day maximum, to attend board or committee meetings in person is available if required. Miscellaneous out-of-pocket expenses incurred by the directors in carrying out their duties are reimbursed by Horizon North.

### Director Compensation Table

The following table sets forth particulars concerning all amounts of compensation provided to individual directors for the year ended December 31, 2016. Mr. Graham is the President and Chief Executive Officer of Horizon North and does not receive compensation for serving as a director of the Corporation.

Name	Fees Earned (\$) <sup>(1)</sup>	Share-based Awards (\$) <sup>(2)</sup>	Option-based Awards (\$) <sup>(3)</sup>	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Richard T. Ballantyne	54,000	50,700	8,615	---	---	---	113,315
Bradley P.D. Fedora	54,000	50,700	8,615	---	---	---	113,315
Mary Garden <sup>(4)</sup>	42,000	50,700	15,871	---	---	---	108,571
Kevin D. Nabholz	59,000	50,700	8,615	---	---	---	118,315
Russell Newmark	64,000	50,700	8,615	---	---	---	123,315
Ann I. Rooney	61,500	50,700	8,615	---	---	---	120,815
Dale E. Tremblay	59,000	50,700	8,615	---	---	---	118,315

(1) Includes retainers, which are inclusive of meeting fees, and travel allowance, if requested.

(2) RSUs are granted from time to time in accordance with the Corporation’s RSU Plan. The fair market value for the RSU grant to the non-management directors in 2016 is based on \$1.69, which was the closing price of the Common Shares on the TSX on the date of the RSU grant. RSUs vest equally over three years, the actual value realized upon the future vesting and payment of such awards may be greater or less than the grant date fair value indicated.

(3) The value of the recipient of any Option grant is Nil on the grant date as the exercise price of the Option is equal to or greater than the market value of the underlying Common Share. The value, if any, ultimately received by an Option holder as compensation is equal to the difference between the fair value of the underlying Common Share on the date the Option is exercised and the exercise price of the Option. This amount is also equal to the value forgone by the Corporation when it issues a Common Share on exercise of an Option at a price that is less than the prevailing market price.

The fair value of the Options granted annually is obtained by multiplying the number of Options granted by their value established according to the Black Scholes model. This value was determined using the following assumptions: dividend yields of 4.0% to 13.7%; expected average volatilities of 33.94% to 61.89%; average risk-free rates of interest of 0.50% to 1.18%; average forfeiture rate of 6.75% to 8.05%; and average expected life of option of three years.

(4) Ms. Garden was elected to the Board on May 5, 2016.

### Summary of Board Meeting Attendance January 1 to December 31, 2016

The table below does not reflect attendance by directors at meetings of committees of which they are not members. Directors are encouraged to, and do, attend various committee meetings, even though they were not members of such committee.

Director	Board Meetings Attended <sup>(1)</sup>	Board Meeting Fees \$	Committee Meetings Attended <sup>(1)</sup>	Committee Meeting Fees \$	Travel Allowance \$	Committee and/or Board Retainer \$	Total Fees Paid \$
Richard T. Ballantyne	6 of 6	Nil	4 of 4 Audit	Nil	---	54,000	54,000
	---	---	4 of 4 HS&E	Nil	---	---	---
Bradley P.D. Fedora	6 of 6	Nil	4 of 4 Governance/Comp	Nil	---	54,000	54,000
	---	---	4 of 4 HS&E	Nil	---	---	---

Director	Board Meetings Attended <sup>(1)</sup>	Board Meeting Fees \$	Committee Meetings Attended <sup>(1)</sup>	Committee Meeting Fees \$	Travel Allowance \$	Committee and/or Board Retainer \$	Total Fees Paid \$
Mary Garden <sup>(2)</sup>	4 of 4	Nil	2 of 2 Audit	Nil	6,000	36,000	42,000
	---	---	2 of 2 Governance/Comp	Nil	---	---	---
Rod W. Graham <sup>(3)</sup>	6 of 6	Nil	---	---	---	Nil	Nil
Kevin D. Nabholz	8 of 8	Nil	4 of 4 Audit	Nil	---	59,000	59,000
	---	---	4 of 4 Governance/Comp	Nil	---	---	---
	---	---	4 of 4 HS&E	Nil	---	---	---
Russell A. Newmark	6 of 6	Nil	4 of 4 Audit	Nil	---	64,000	64,000
	---	---	4 of 4 Governance/Comp	Nil	---	---	---
Ann I. Rooney	6 of 6	Nil	4 of 4 Audit	Nil	---	61,500	61,500
Dale E. Tremblay	6 of 6	Nil	4 of 4 Governance/Comp	Nil	---	59,000	59,000
	---	---	4 of 4 HS&E	Nil	---	---	---
<b>Total</b>					<b>6,000</b>	<b>387,500</b>	<b>393,500</b>

(1) Attendance in person or by telephone.

(2) Ms. Garden attended all of the committee and Board meetings held subsequent to her election to the Board on May 5, 2016.

(3) Mr. Graham is the CEO of Horizon North and does not receive compensation for serving as a director.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all share-based and option-based awards outstanding at December 31, 2016 made to the non-management directors. Information on options granted to Mr. Graham who serves as a director and officer of the Corporation can be found under the heading "Outstanding Share-Based Awards and Option-Based Awards" for the NEOs:

Name	Option Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options <sup>(1)</sup> (#)	Option Exercise Price <sup>(2)</sup> (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(3)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(4)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Richard T. Ballantyne	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	24,000	30,000	58,800	---
Bradley P.D. Fedora	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	24,000	30,000	58,800	---
Mary Garden	30,000	1.75	May 5, 2021	6,300	30,000	58,800	---
Kevin D. Nabholz	25,000	5.87	May 3, 2017	Nil	---	---	---
	10,000	7.62	June 5, 2019	Nil	---	---	---
	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	24,000	30,000	58,800	---
Russell A. Newmark	25,000	6.25	April 1, 2017	Nil	---	---	---
	10,000	7.62	June 5, 2019	Nil	---	---	---
	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	24,000	30,000	58,800	---

Name	Option Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options <sup>(1)</sup> (#)	Option Exercise Price <sup>(2)</sup> (\$)	Option Expiration Date	Value of Unexercised in-the-money Options <sup>(3)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(4)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ann I. Rooney	25,000	6.96	August 13, 2017	Nil	---	---	---
	10,000	7.62	June 5, 2019	Nil	---	---	---
	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	24,000	30,000	58,800	---
Dale E. Tremblay	20,000	6.25	April 1, 2017	Nil	---	---	---
	10,000	7.62	June 5, 2019	Nil	---	---	---
	15,500	3.35	April 30, 2020	Nil	---	---	---
	30,000	1.16	February 28, 2021	24,000	30,000	58,800	---

(1) Options to purchase Common Shares.

(2) Based on the market price defined in the Stock Option Plan which is the closing price on the TSX of the Common Shares on the trading day prior to the date of grant.

(3) Based on the December 31, 2016 closing share price on the TSX of the Common Shares of \$1.96 per Common Share.

(4) Market or payout value calculated by multiplying the number of RSUs held at December 31, 2016 by the closing share price on the TSX of the Common Shares of \$1.96 per Common Share.

#### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth information relating to the value vested or earned during the Horizon North's financial year ended December 31, 2016 in respect of option-based awards for non-management directors if the options under the option-based award had been exercised on the vesting date.

Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share-based Awards – Value Vested During the Year (\$) <sup>(2)</sup>	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Richard T. Ballantyne	Nil	---	---
Bradley P.D. Fedora	Nil	---	---
Mary Garden <sup>(3)</sup>	---	---	---
Kevin D. Nabholz	Nil	---	---
Russell A. Newmark	Nil	---	---
Ann I. Rooney	Nil	---	---
Dale E. Tremblay	Nil	---	---

(1) Represents the aggregate dollar value that would have been realized if the vested-in-the-money Options under the option-based award had been exercised on the vesting date in 2016 based on the difference between the closing market price of the TSX of the Common Shares on the vesting date and the exercise price of the Options held.

(2) No RSUs vested in 2016.

(3) Ms. Garden did not have Options vest in 2016.

#### *Minimum Share Ownership for Non-Management Directors*

The Board believes that the economic interests of non-management directors of the Corporation should be aligned with those of Shareholders. To achieve this, the Board has approved minimum share ownership guidelines for the non-management directors which provide that each non-management director is required to own stock in the Corporation equivalent to three times the base annual retainer paid to such director within a prescribed period. Effective January 1, 2017, the Board approved a base annual retainer of \$25,000 be paid to each non-management director. Each non-management director has until the date that is three years from date such director was elected or appointed, to own stock in the Corporation with a value of \$75,000.

Name	Date Elected or Appointed to the Board	Common Shares Beneficially Owned at March 15, 2017	Total Market Value of Common Shares Owned <sup>(1)</sup> (\$)	Minimum Shareholding Requirements (\$)	Meets Requirements <sup>(2)</sup>
Richard T. Ballantyne	April 30, 2015	57,593	96,756	75,000	Yes

Name	Date Elected or Appointed to the Board	Common Shares Beneficially Owned at March 15, 2017	Total Market Value of Common Shares Owned <sup>(1)</sup> (\$)	Minimum Shareholding Requirements (\$)	Meets Requirements <sup>(2)</sup>
Bradley P.D. Fedora	April 30, 2015	51,000	85,680	75,000	Yes
Mary Garden <sup>(3)</sup>	May 5, 2016	Nil	Nil	75,000	---
Kevin D. Nabholz	May 3, 2012	500,000	840,000	75,000	Yes
Russell A. Newmark	June 1, 2006	1,158,353	1,946,033	75,000	Yes
Ann I. Rooney <sup>(4)</sup>	August 1, 2012	14,700	24,696	75,000	Yes
Dale E. Tremblay	May 5, 2010	101,100	169,848	75,000	Yes

(1) Based on March 15, 2017 closing share price on the TSX of \$1.68 per Common Share.

(2) The minimum share ownership requirement is met if the requisite value of the Common Shares to be owned by the non-management director is reached before or during the applicable period notwithstanding that the value of such Common Shares owned may subsequently fall below the minimum share ownership requirements due to a decrease in the market price of the Common Shares during the applicable period.

(3) Ms. Garden has until May 5, 2019 to meet the minimum shareholding requirements set for non-management directors.

(4) Ms. Rooney purchased 3,400 Common Shares on February 21, 2014 bringing her total ownership to 14,700 Common Shares. The closing price of the Common Shares on the TSX on February 21, 2014 was \$7.76. Accordingly, Ms. Rooney met the minimum shareholding requirement at that time.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information as of December 31, 2016

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	8,385,737	\$4.15	6,076,464
Equity compensation plans not approved by security holders	--	--	--
<b>Total</b>	<b>8,385,737</b>	<b>\$4.15</b>	<b>6,076,464</b>

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, no director or executive officer of Horizon North was indebted to Horizon North or its subsidiaries. Further, at no time since the beginning of the financial year ended December 31, 2016 did any director or executive officer, or any associate of any such director or executive officer of Horizon North, owe any indebtedness to Horizon North or owe any indebtedness to any other entity which is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Horizon North or any of its subsidiaries.

## MANAGEMENT CONTRACTS

Horizon North has no management contracts or other arrangements in place where management functions are performed by a person other than the directors or officers of Horizon North.

## CORPORATE GOVERNANCE

National Policy 58-201-*Corporate Governance Guidelines* ("NP 58-201") establish corporate governance guidelines which apply to all reporting issuers. Corporate Governance is the process and structure used to direct and manage the business and affairs of the Corporation to achieve the Shareholders' objectives. The Shareholders elect the directors who in turn are responsible for overseeing all aspects of the operations of the Corporation, appointing management and ensuring that the business is managed properly taking into account the interests of the Shareholders and other stakeholders such as employees, customers, suppliers, and the community at large. The

Corporation is required to disclose certain specified corporate governance information with reference to NP 58-201 and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), addressing such items as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness of education of boards. The Board, through the Corporate Governance and Compensation Committee monitors changes with respect to corporate governance practices and regulatory requirements. The report which discloses the corporate governance practices of the Corporation as required by NI 58-101 is set out in Schedule “B” hereto.

### **Risk Oversight**

The Board, shared by each of its Committees, has the responsibility to take reasonable steps to ensure that management identifies, understands and evaluates the principal risks of and to the Corporation’s business; implements appropriate systems to manage these risks; and achieves a proper balance between risk and reward. A comprehensive list of material risks applicable to Horizon North are provided in the 2016 Annual Information Form and Management’s Discussion and Analysis for the year ended December 31, 2016, which are available on the Corporation’s website at [www.horizonnorth.ca](http://www.horizonnorth.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Mandate of the Board**

The Board has adopted a formal mandate, a copy of which is attached as Schedule “C” to this Information Circular and is available online at [www.horizonnorth.ca](http://www.horizonnorth.ca).

### **Board Composition**

The Board is currently composed of eight (8) members. The Board has established three committees, the Audit Committee, the Corporate Governance and Compensation Committee and the Health, Safety and Environment Committee. All members of the committees of the Board are independent of the Corporation. “Independent” refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”).

#### *Audit Committee*

The current members of the Audit Committee are Ann I. Rooney (Chair), Richard T. Ballantyne, Mary Garden and Kevin D. Nabholz. Mr. Newmark was a member of the Audit Committee until March 1, 2017. The Audit Committee is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting by Horizon North. Each member of the Audit Committee is independent as defined under NI 52-110 and none received directly or indirectly, any compensation from Horizon North other than for services as a member of the Board and its committees. All members of the Audit Committee are financially literate as defined under NI 52-110. Further information regarding Horizon North’s Audit Committee is contained under the heading “Audit Committee” in Horizon North’s Annual Information Form dated March 1, 2017.

#### *Corporate Governance and Compensation Committee*

The directors who are currently members of the Corporate Governance and Compensation Committee are Dale E. Tremblay (Chair), Bradley P.D. Fedora, Mary Garden, Kevin D. Nabholz and Russell A. Newmark, each of whom are independent as defined in NI 52-110. The Corporate Governance and Compensation Committee has the general responsibility for developing and monitoring Horizon North’s approach to corporate governance matters and is responsible for recommending to the Board its size, composition and membership, succession planning for directors and Board committee structure. The Corporate Governance and Compensation Committee are also responsible for reviewing and approving the Chief Executive Officer’s and reviewing senior officers’ compensation.

In addition to its regular duties, since the last annual meeting of Shareholders, the Corporate Governance and Compensation Committee has:

- reviewed the composition of the Board and its Committees;

- reviewed, made changes, and carried out a more extensive annual evaluation of the performance of the Board and its Committees and reported to the Board;
- reviewed the independence of, and recommended the nomination for election at the Horizon North Meeting, eight (8) directors to the Board;
- reviewed and approved the Skills Matrix form; and
- completed its annual charter review.

#### *Health, Safety and Environment Committee*

The directors who are currently members of the Health, Safety and Environment Committee are Russell Newmark (Chair), Richard T. Ballantyne, Bradley P.D. Fedora, Ann Rooney and Dale E. Tremblay. Mr. Newmark and Ms. Rooney were appointed to the Health, Safety and Environment Committee on March 1, 2017. Mr. Nabholz was a member of the Health, Safety and Environment Committee until March 1, 2017. All members of the Health, Safety and Environment Committee are independent as defined in NI 52-110. The Health, Safety and Environment Committee assists the Board in its oversight of the health, safety and environmental issues, including the evaluation of Horizon North's programs, controls and reporting systems, and compliance with applicable laws, rules and regulations.

#### **Communicating with the Board**

Shareholders may write to the Board or any member or members of the Board in care of the Corporate Secretary at the following address:

Horizon North Logistics Inc., 1600, 505 – 3<sup>rd</sup> Street SW, Calgary, Alberta T2P 3E6

Letters addressed to the Board, or any individual independent director, are reviewed as a group to determine if a response from the Board is appropriate. While the Board oversees management, it does not participate in the day-to-day functions and operations of Horizon North and is not normally in the best position to respond to inquiries on those matters. Inquiries on operations or day-to-day management of Horizon North will be directed to the appropriate personnel within Horizon North for a response. The Board has instructed the Corporate Secretary to review all correspondence and, in her discretion, not to forward any items if they:

- are not relevant to Horizon North's operations, policies and philosophies;
- are commercial in nature; or
- are not appropriate for consideration by the Board.

All inquiries will receive a written response from either the Board or management, as appropriate. The Corporate Secretary maintains a log of all correspondence addressed to members of the Board. Directors may review the log at any time and request copies of any correspondence received.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any informed person (as defined in NI 51-102) of the Corporation, director or executive officer, proposed nominee for election as a director or any associate or affiliate of any of the foregoing in any transaction that took place since the beginning of the most recently completed financial year in any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation or any of its subsidiaries.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors.

## **ADDITIONAL INFORMATION**

Additional financial information is provided in the Corporation's audited comparative consolidated financial statements and management's discussion and analysis for the most recently completed fiscal period ended December 31, 2016, contained in the Corporation's Annual Report for the year ended December 31, 2016. The Corporation will provide to any person upon request, the Corporation's audited consolidated financial statements and related management's discussion and analysis contained in the Annual Report for the period ended December 31, 2016, together with the report of the auditors thereon, and one copy of the Corporation's interim consolidated financial statements subsequent to such audited consolidated financial statements and a copy of this Information Circular. These documents can be obtained free of charge by contacting the Corporate Secretary of the Corporation at 1600, 505 – 3<sup>rd</sup> Street SW, Calgary, Alberta T2P 3E6 or by accessing the Corporation's website at [www.horizonnorth.ca](http://www.horizonnorth.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DIRECTORS APPROVAL**

The contents and the sending of this Information Circular have been approved by the directors of Horizon North.

March 16, 2017

*"signed" Jan M. Campbell*

Jan M. Campbell  
Corporate Secretary

**SCHEDULE 'A'**  
**SUMMARY OF AMENDED AND RESTATED RIGHTS PLAN**

**Summary of Key Terms of Amended and Restated Rights Plan**

The following is a summary of the key terms of the Amended and Restated Rights Plan. A copy of the Amended and Restated Rights Plan is available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

The substantive amendment to the Rights Plan is to extend the period of time a Permitted Bid and a Competing Permitted Bid must remain open solely to reflect changes to the take-over bid regime by the CSA. To ensure the Permitted Bid definition in the Amended and Restated Rights Plan remains aligned with the minimum period a take-over bid must remain open under applicable Canadian securities laws, this definition was amended to be outstanding for a minimum period of 105 days or such shorter period that a take-over bid must remain open for deposits of securities, in the applicable circumstances, pursuant to Canadian securities laws, including National Instrument 62-104. The definition of Competing Permitted Bid was also adjusted to align with changes to such minimum period. See "Permitted Bids". Certain non-substantive, technical and administrative amendments were also made to the Rights Plan and an update was made to the definition of Exempt Acquisition in alignment with current practices of public corporations in Canada.

**Trading of Rights**

Until the Separation Time (as defined below), or earlier termination or expiration of the rights distributed under the Amended and Restated Rights Plan (the "**Rights**"), the Rights are evidenced by and transferred with the associated Common Shares and the surrender for transfer of any certificate representing Common Shares will also constitute the surrender for transfer of the Rights associated with those Common Shares. The Rights are not exercisable until the Separation Time. After the Separation Time, the Rights will become exercisable and begin to trade separately from the associated Common Shares. Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Corporation.

**Separation Time**

The Rights will separate and trade separately from the Common Shares from and after the Separation Time. "**Separation Time**" means the close of business on the tenth Trading Day (as defined in the Amended and Restated Rights Plan) after the earlier of:

- (a) the first date (the "**stock acquisition date**") of public announcement by the Corporation or an Acquiring Person (as defined in the Amended and Restated Rights Plan), of facts indicating that a person has become an Acquiring Person;
- (b) the date of the commencement of, or first public announcement of the intent of a person (other than the Corporation or a subsidiary of the Corporation) to commence, a Take-over Bid (as defined in the Amended and Restated Rights Plan) other than (as defined below) a Permitted Bid, Competing Permitted Bid or a Permitted Lock-up Agreement; or
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such,

or on such later date as the Board shall determine, provided that, if any Take-over Bid expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such offer shall be deemed never to have been made.

**When Rights Become Exercisable**

Following a transaction which results in a person becoming an Acquiring Person (a "**Flip-in Event**"), the Rights entitle the holders thereof to receive upon exercise, Common Shares with a market value equal to twice the then Exercise Price (as defined in the Amended and Restated Rights Plan) of the Rights. In such event, however, the rights beneficially owned by an Acquiring Person (including affiliates, associates and joint actors), or the transferee

of any such person, will be void. A Flip-in Event does not include acquisitions approved by the Board or acquisitions pursuant to a Permitted Bid, a Competing Permitted Bid or a Permitted Lock-up Agreement.

### **Permitted Bids**

The Amended and Restated Rights Plan employs a “Permitted Bid” concept whereby a Take-over Bid will not trigger the Rights if it meets certain conditions. A “**Permitted Bid**” is defined as an offer to acquire Common Shares for cash or securities made by means of a Take-over Bid circular where the Common Shares subject to the offer, together with shares beneficially owned by the offeror at the date of the offer (including its affiliates, associates and joint actors), constitute 20% or more of the outstanding Common Shares and also that complies with the following additional provisions:

- (a) it is made to all holders of Common Shares of the Corporation (other than the offeror);
- (b) it contains a condition that shares may be deposited pursuant to the Take-over Bid, and any shares deposited pursuant to the Take-over Bid may be withdrawn, and no shares can be taken up and paid for before the close of business on a date not less than 105 days following the date the Take-over Bid circular is made to all Shareholders or such shorter period that a Take-over Bid (that is not exempt from the general Take-over Bid requirements of applicable Canadian securities laws, including National Instrument 62-104) must remain open for deposits of securities thereunder; and
- (c) it contains a condition that more than 50% of the Common Shares held by Shareholders independent of the offeror must be tendered and not withdrawn, and if that condition is met, there will be a public announcement and the Take-over Bid will remain open for a further period of ten business days.

A Competing Permitted Bid is required to remain open until a date which is not earlier than the minimum number of days such Take-over Bid must be open for the deposit of securities pursuant to applicable Canadian securities laws.

### **Permitted Lock-up Agreement**

The Amended and Restated Rights Plan also provides that the Amended and Restated Rights Plan will not be triggered by a Permitted Lock-up Agreement. The term “**Permitted Lock-up Agreement**” is defined to mean an agreement which is publicly available pursuant to which certain Shareholders agree to deposit shares to a Take-over Bid (the “**Lock-up Bid**”). In addition, the lock-up agreement must:

- (a) permit a Shareholder to terminate the agreement in the event a superior bid is made or other superior transaction is proposed; and
- (b) provide for “break fees” or similar fees in an amount which do not exceed the greater of:
  - A. 2.5% of the consideration payable to locked Shareholders under the Lock-up Bid, and
  - B. one-half of the difference between the consideration payable to locked Shareholders under the Lock-up Bid and the consideration payable to locked Shareholders under the superior bid or other transaction,

in order to be a “Permitted Lock-up Agreement”. The lock-up agreement may specify that the termination rights in the event of a superior bid or transaction do not become effective unless the consideration offered under the superior bid or transaction exceeds the consideration payable under the Lock-up Bid by more than a specified percentage, provided that this specified percentage does not exceed 7%.

### **Protection Against Dilution**

The Exercise Price, the number and nature of securities that may be purchased upon exercise of Rights and the number of Rights outstanding, are subject to adjustment from time to time to prevent dilution in the event of

stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Common Shares, pro rata distributions to holders of Common Shares or other circumstances where adjustments are required to appropriately reflect the interest of the holders of Rights.

### **Redemption and Waiver**

At any time prior to the occurrence of a Flip-in Event, the Board may (provided it has received the prior consent of shareholders by a majority vote) redeem all, but not less than all, of the then outstanding Rights at a redemption price of \$0.00001 per Right, subject to adjustment. The Board may waive the application of the Amended and Restated Rights Plan to any Flip-in Event if it determines that a person became an Acquiring Person by inadvertence, conditional upon such person having, within ten days after the determination by the Board, reduced its beneficial ownership of shares such that it is no longer an Acquiring Person. The Board may also, until a Flip-in Event has occurred, waive the application of the Amended and Restated Rights Plan to any particular Flip-in Event which occurs as a result of a Take-over Bid circular sent to all shareholders but in that event, the Board must waive the application of the Amended and Restated Rights Plan to any Flip-in Event occurring as a result of a Take-over Bid which has occurred previously to the initial waiver (and remains outstanding at the time of the initial waiver) or that occurs within 75 days after the initial waiver.

### **Amendments**

The Board may amend the Amended and Restated Rights Plan to correct clerical or typographical errors or to maintain the validity of the Amended and Restated Rights Plan in light of legislative changes. Other amendments can only be made with the approval of the Shareholders of the Corporation or, after the Separation Time, the holders of the rights. Any supplements or amendments to the Amended and Restated Rights Plan require the prior approval of the TSX.

### **Term**

If the Amended and Restated Rights Plan is approved at the annual and special meeting of Shareholders on May 4, 2017, it will terminate upon the earliest of: (i) the termination of the annual meeting of the Shareholders held in the year 2020, unless at such meeting the Amended and Restated Right Plan is not reconfirmed by an ordinary resolution of the Shareholders; or (ii) the termination of the annual meeting of the Corporation held every third year thereafter, unless at such meetings the Amended and Restated Right Plan is not reconfirmed by an ordinary resolution of the Shareholders.

If the Amended and Restated Rights Plan is not approved at the annual and special meeting of Shareholders on May 4, 2017, it will terminate at the end of such meeting.

### **Canadian Income Tax Consequences**

The Corporation did not receive any income as a result of the issuance of the Rights for Canadian federal income tax purposes. Generally, the value of a right, if any, to acquire additional shares of a company is not a taxable benefit includable in income under the *Income Tax Act* (Canada) (the “**Tax Act**”) and is not subject to non-resident withholding tax under the Tax Act if the right is conferred on all Shareholders. While the Rights are conferred on all Shareholders, the Rights may become void in the hands of certain Shareholders upon the occurrence of certain triggering events. Whether the issuance of the Rights is a taxable event is not therefore free of doubt, but no tax arises if the Rights do not have a monetary value at the date of issue. The Corporation considers the Rights to have had a negligible monetary value at their date of issue and to continue to have a negligible monetary value. If the value of the Rights is negligible, the issue of the Rights will not give rise to a taxable benefit or capital gain and will not be subject to non-resident withholding tax. If the Rights come to have a monetary value, their disposition, other than by way of exercise, will give rise to a capital gain equal to the full amount of the proceeds received by Shareholders who held the Rights as capital property. The foregoing does not address the Canadian income tax consequences of other events such as the separation of the voting Rights from the Common Shares, the occurrence of a Flip-in Event or the redemption of Rights.

**SCHEDULE “B”**  
**HORIZON NORTH LOGISTICS INC.**  
**CORPORATE GOVERNANCE PRACTICES**

The Corporation believes that effective corporate governance practices are fundamental to the overall success of a company. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and the associated National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”) requires issuers to disclose their corporate governance practices. In addition, the Corporation complies with National Instrument 52-110 on Audit Committees.

The Chair of the Board of Horizon North does not have a second or casting vote at Board meetings.

<b>Corporate Governance Disclosure Requirement NI 58-101</b>	<b>Comments</b>
<p><b>1. Board of Directors</b>                      (a) Disclose the identity of directors who are independent.</p>	<p>The Corporate Governance and Compensation Committee have reviewed the independence of each current and proposed director of the Corporation on the basis of the definition in NI 52-110. A director is “independent” if he or she has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment subject to certain circumstances where such material relationship is deemed by such definition. The Corporate Governance and Compensation Committee has determined, after reviewing such definition and the roles and relationships of each of the directors, that seven of the eight existing directors and seven of the eight nominees proposed by management for the election to the Board of the Corporation are independent in accordance with above definition. The present and proposed directors who are independent are:</p> <p style="text-align: center;">Richard T. Ballantyne                      Bradley P.D. Fedora                      Mary Garden                      Kevin D. Nabholz                      Russell A. Newmark                      Ann I. Rooney                      Dale E. Tremblay</p>
<p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>The Corporate Governance and Compensation Committee has determined, after reviewing the above definition of “independent” and the roles and relationships of each of the directors that one of the eight existing directors and one of the eight nominees proposed by management for election to the Board of the Corporation are not independent from the Corporation. The present and proposed directors who are not independent are:</p> <p style="text-align: center;">Rod W. Graham</p> <p>Mr. Graham is the President and Chief Executive Officer of Horizon North.</p>
<p>(c) Disclose whether or not a majority of the directors are independent.</p>	<p>A majority of the current and proposed directors for election to the Board of Directors of the Corporation are independent.</p>
<p>(d) If a director is presently a director of any other issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Mr. Fedora is a director for Canyon Service Group Inc. and Marsa Energy Inc. Mr. Tremblay is a director for Cathedral Energy Services Ltd. and McCoy Global Inc. Mr. Graham is a director for Raise Production Inc. Mr. Ballantyne and Mr. Graham are directors for Stuart Olson Inc. The Board has determined that this board interlock does not impair the ability of these directors to exercise independent judgement as members of the Horizon North Board.</p>

<p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the preceding 12 months. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.</p>	<p>The independent directors hold meetings at the end of each regularly scheduled directors meeting without the presence of management or the non-independent directors. There were six meetings of the Board during the period January 1 to December 31, 2016. A quorum for meetings of the Board consists of a majority of the directors or such greater number of directors as the Board may from time to time determine. The independent directors held an in-camera session without management present at all of the six meetings.</p>
<p>(f) Disclose whether or not the chair of the Board is an independent director, disclose the identity of the independent chair, and describe his or her role and responsibilities.</p>	<p>Mr. Nabholz, the Chair of the Board, is an independent director.</p> <p>The position description of the Chair of the Board provides for the Chair to provide leadership to the Board of Directors and to serve as chair at shareholders annual meetings. The Chair sets the agenda of all Board meetings, ensures the provision of accurate, timely and clear information to the directors. In addition, the Chair supervises the Committee Chairs.</p>
<p>(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the most recently completed financial year.</p>	<p>The Board held six meetings in 2016. All of the existing directors attended all six meetings of the Board either in person or by telephone. Please see under the heading “<i>Summary of Board Attendance</i>” in this Information Circular for detailed information of attendance.</p>
<p><b>2. Board Mandate</b> Disclose the text of the Board’s written mandate.</p>	<p>The Board has adopted a formal mandate for itself, a copy of which is attached to the Information Circular as Schedule “C”. On an annual basis, the Board assesses the adequacy of the Board Mandate. Additionally, the Board has established a Board workplan. The mandate of the Board is also available on the Corporation’s website at <a href="http://www.horizonnorth.ca">www.horizonnorth.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at 1600, 505 – 3<sup>rd</sup> Street SW, Calgary, Alberta T2P 3E6.</p>
<p><b>3. Position Descriptions</b> (a) Disclose whether or not the Board has developed written position descriptions for the Chair and the Chair of each Board committee.</p>	<p>The position descriptions of the Chair of the Board and each chair of each Board committee are available on the Corporation’s website at <a href="http://www.horizonnorth.ca">www.horizonnorth.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at 1600, 505 – 3<sup>rd</sup> Street S.W., Calgary, Alberta T2P 3E6.</p> <p>The position description of the Chair of the Board provides for the Chair to provide leadership to the Board and to serve as chair at shareholders annual meetings. The Chair also sets the agenda of all Board meetings, ensures the provision of accurate, timely and clear information to the directors. In addition the Chair supervises the Committee Chairs.</p> <p>The position description of the Committee Chairs provides for their participation in the development of committee meeting calendars and agenda. Committee Chairs preside over all Committee meetings and ensure the orderly and efficient use of time in Committee meetings. Committee Chairs provide reports to the Board on a regular basis.</p>
<p>(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO.</p>	<p>The position description of the CEO is available on the Corporation’s website at <a href="http://www.horizonnorth.ca">www.horizonnorth.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at 1600, 505 – 3<sup>rd</sup> Street S.W., Calgary, Alberta T2P 3E6.</p> <p>The position description of the CEO includes the following duties and responsibilities: strategy, leadership, relationships, operations, finance, reporting to the Board and relations with Shareholders, employees and the public. In general, the management of the Corporation is empowered to operate the business on a day-to-day basis. However, any responsibility which is not delegated to either management or a Committee of the Board of Directors remains with the Board. In general, all matters of policy and all actions proposed to be taken which are not in the ordinary course of business require the prior approval of the Board or of a Board committee to which approval authority has been delegated. The corporate objectives are developed by the management and approved by the Board.</p>

<p><b>4. Orientation and Continuing Education</b></p> <p>(a) Briefly describe what measures the Board takes to orient new members regarding:</p> <p>(i) the role of the Board, its committees and its directors; and</p> <p>(ii) the nature and operation of the issuer's business.</p>	<p>The Corporate Governance and Compensation Committee is responsible for ensuring that new directors are provided with an orientation and education program which includes written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and discussion with senior management and other directors. The members of the Board also attend an off-site tour of operating facilities. The directors are provided with information covering a wide range of topics including board and committee governance documents; various corporate policies; strategic plans; and regular reports from the CEO. In addition, directors are provided with guidance concerning trading in the Corporation's securities, blackout periods and the Corporation's disclosure practices. Directors are expected to attend all scheduled Board and committee meetings in person, although attendance by telephone is permissible in appropriate circumstances. Directors are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.</p>
<p>(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors.</p>	<p>The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. Each director is expected to participate in continuing education programs to maintain any professional designation that they may have and which would be considered in their nomination as a director. In addition, each director is expected to participate in programs that would be necessary to maintain a level of expertise in order to perform his or her responsibilities as a director and to provide on-going guidance and direction to management. To facilitate ongoing education of the Corporation's directors, the Corporate Governance and Compensation Committee arranges the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Corporation, if required.</p>
<p><b>5. Ethical Business Conduct</b></p> <p>(a) Disclose whether or not the Board has adopted a written code for its directors, officers and employees. If the Board has adopted a written code:</p> <p>(i) disclose how an interested party may obtain a copy of the written code;</p> <p>(ii) describe how the Board monitors compliance with its code;</p> <p>(iii) provide a cross-reference to any material change report(s) filed within the preceding 12 months that pertains to any conduct of a director or executive officer that constitutes a departure from the code;</p> <p>(iv) describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest; and</p> <p>(v) describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Corporation's Board of Directors has adopted a Code of Business Conduct and Ethics ("<b>Code of Ethics</b>"), a copy of which has been filed on SEDAR and is available on the Corporation's website at <a href="http://www.horizonnorth.ca">www.horizonnorth.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at 1600, 505 – 3<sup>rd</sup> Street S.W., Calgary, Alberta T2P 3E6.</p> <p>The Corporate Governance and Compensation Committee has the responsibility for monitoring compliance with the Code of Ethics and also ensures that management encourages and promotes a culture of ethical business conduct.</p> <p>The Board, through the Audit Committee Chair, also receives reports of all financial or accounting and other appropriate issues raised through Horizon North's anonymous toll-free whistleblower hotline.</p> <p>The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.</p> <p>The Board has also a Communications Policy which regulates the manner in which material information is determined and disseminated.</p> <p>The Board has not granted any waiver of the Code of Ethics in favour of a director or executive officer. Accordingly, no material change report has been required or filed.</p> <p>The Corporate Governance and Compensation Committee monitor the disclosure of conflicts of interest by directors and ensures that no director will vote or participate in a discussion on a matter, in respect of which, such director has a material interest. As a standing agenda item at each meeting of the Board, directors are required to advise of any conflicts of interest or duty regarding agenda items that will appear on Board agendas at the beginning of each meeting and before discussion of any substantive agenda items.</p>

<p><b>6. Nomination of Directors</b></p> <p>(a) Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>A core responsibility of the Corporate Governance and Compensation Committee is to identify prospective Board members, consistent with Board-approved criteria, and to recommend such individuals as nominees for election to the Board at each annual meeting of shareholders or to fill vacancies on the Board. For the Corporate Governance and Compensation Committee to recommend an individual for Board membership, candidates are assessed on their individual qualifications, experience and expertise and must exhibit the highest degree of integrity, professionalism, values and independent judgement. The Corporate Governance and Compensation Committee and the Board do not adhere to any quotas in determining Board membership. To assist the Corporate Governance and Compensation Committee with reviewing the skill set of director candidates, a skills matrix has been developed that sets forth the current make-up of the Board, allowing the Corporate Governance and Compensation Committee to identify criteria that a new candidate for the Board should possess. Before making a recommendation on a new director candidate to the Board, the Chair of the Corporate Governance and Compensation Committee meets with the candidate to discuss the candidate's interest and ability to devote the time and commitment required to serve on the Corporation's Board.</p>
<p>(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors.</p>	<p>The Corporation's Corporate Governance and Compensation Committee is currently comprised of five independent directors, being Dale E. Tremblay (Chair), Bradley P.D. Fedora, Mary Garden, Kevin D. Nabholz, and Russell A. Newmark. The Corporation's corporate governance practice requires that all members of its Corporate Governance and Compensation Committee shall be independent. "Independent" refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 <i>Audit Committees</i>.</p>
<p>(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The Charter of the Corporate Governance and Compensation Committee contains the responsibilities, powers and operation terms of the Corporate Governance and Compensation Committee which are incorporated herein by reference. This charter is available on the Corporation's website at <a href="http://www.horizonnorth.ca">www.horizonnorth.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of the Corporation at 1600, 505 – 3<sup>rd</sup> Street S.W., Calgary, Alberta T2P 3E6. The Charter of the Corporate Governance and Compensation Committee, amongst other items (i) evaluates potential nominees to the Board by reviewing qualifications of prospective members and determines their relevance taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board; (ii) annually recommends to the Board the nominees for election or re-election to the Board; and (iii) annually reviews and assesses the adequacy of its charter. Additionally, the Corporate Governance and Compensation Committee have established a committee workplan. If vacancies occur on the Board, the Corporate Governance and Compensation Committee may recommend nominees to the Board.</p>

<p><b>7. Compensation</b></p> <p>(a) Describe the process by which the Board determines the compensation for your company’s directors or officers.</p>	<p>The Board established the Corporate Governance and Compensation Committee which is responsible to review and make recommendations to the Board regarding the adequacy and form of the compensation for Horizon North’s officers and directors. The Corporate Governance and Compensation Committee regularly reviews the compensation practices of comparable companies with a view to align Horizon North’s officers and directors with comparator group median. Directors who are officers of Horizon North receive no additional remuneration for their services as directors.</p> <p>In particular, the Corporate Governance and Compensation Committee: (a) will review and approve, at least annually, Horizon North’s goals and objectives relevant to the compensation of the Chief Executive Officer (“CEO”) and the CEO compensation is based on that review; (b) will review, at least annually, and recommend to the Board compensation, incentive plans and equity based plans for non-CEO officers and directors, and for other key employees as identified by the CEO and approved by the Corporate Governance and Compensation Committee, and in particular, reviews and recommends to the Board the annual bonus payments for the CEO and executive officers; (c) will review executive compensation disclosure before Horizon North publicly discloses such information.</p> <p>For more information, please see under the heading “<i>Compensation Discussion and Analysis</i>” in this Information Circular.</p> <p>For the period January 1, 2016 to December 31, 2016, each director of Horizon North who was not an employee of Horizon North received an annual retainer of \$54,000 per year, which is inclusive of meeting fees, with the independent Chair of the Board receiving an additional annual retainer of \$10,000. The Chair of the Audit Committee received an additional annual retainer of \$7,500 and the Chair of each of the Health, Safety &amp; Environment Committee and the Corporate Governance and Compensation Committee received an additional annual retainer of \$5,000. Expenses incurred by a director relating to attendance at Board or committee meetings are reimbursed, and a \$1,000 per travel day (two day maximum) to attend board or committee meetings in person is available to directors, if required. Effective January 1, 2017, the Corporate Governance and Compensation Committee recommended to the Board that annual retainers for each director of Horizon North who was not an employee of Horizon North be set at \$25,000 per year, with the independent Chair of the Board to receive an additional annual retainer of \$10,000. The Chair of the Audit Committee will receive an additional annual retainer of \$7,500 and the Chair of each of the Health, Safety and Environment Committee and the Corporate Governance and Compensation Committee will receive an additional annual retainer of \$5,000. In addition, the non-management directors of Horizon North will receive a meeting fee of \$2,100 per meeting for attendance at meetings of the Board or committees, whether in person or by telephone. A travel allowance of \$1,000 per day, with a two day maximum, to attend board or committee meetings in person is available if required. Miscellaneous out-of-pocket expenses incurred by the directors in carrying out their duties are reimbursed by Horizon North.</p>
<p>(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors.</p>	<p>The Corporation’s corporate governance practices require that all members of its Corporate Governance and Compensation Committee shall be independent. “Independent” refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 <i>Audit Committees</i>. The Corporate Governance and Compensation Committee is currently comprised of Dale E. Tremblay (Chair), Bradley P.D. Fedora, Mary Garden, Kevin D. Nabholz and Russell A. Newmark. None of the members of the Corporate Governance and Compensation Committee is an officer, employee or former officer of the Corporation or any of its affiliates or is eligible to participate in the Corporation’s executive compensation programs. All of the members have experience in executive compensation by virtue of their experience as current or former chief executive officers and as current or former senior executives. The Board of Directors believes the Corporate Governance and Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate.</p>

<p>(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The Corporate Governance and Compensation Committee’s Charter contains the responsibilities, powers and operation terms of the Corporate Governance and Compensation Committee which are incorporated herein by reference. The Charter is available on Horizon North’s website at <a href="http://www.horizonnorth.ca">www.horizonnorth.ca</a>. A copy may also be obtained upon request to the Corporate Secretary of Horizon North at 1600, 505 – 3<sup>rd</sup> Street S.W., Calgary, Alberta T2P 3E6.</p> <p>Briefly, the duties and responsibilities of the Corporate Governance and Compensation Committee include the development of a compensation policy, reviewing executive succession planning, evaluating the CEO, reviewing and recommending to the Board, the CEO’s, executive officers’ and directors’ compensation, and monitoring incentive arrangements.</p> <p>In particular, the Corporate Governance and Compensation Committee: (a) will review and approve, at least annually, Horizon North’s goals and objectives relevant to the compensation of the CEO and the CEO compensation is based on that review; (b) will review, at least annually, and recommend to the Board compensation, incentive plans and equity based plans for non-CEO officers and directors, and for other key employees as identified by the CEO and approved by the Corporate Governance and Compensation Committee, and in particular, reviews and recommends to the Board the annual bonus payments for the CEO and executive officers; (c) will review executive compensation disclosure before Horizon North publicly discloses such information.</p>
<p><b>8. Other Board Committees</b> If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Health, Safety and Environment Committee currently consists of four members of the Board of Directors – Russell Newmark (Chair), Richard T. Ballantyne, Bradley P.D. Fedora, Ann Rooney and Dale E. Tremblay. The Board has determined that all of the members of the Health, Safety and Environment Committee are independent. “Independent” refers to the standards of independence set forth within Section 1.4 of National Instrument 52-110 <i>Audit Committees</i>. The Health, Safety and Environment Committee assists the Board in its oversight of the health, safety and environmental issues, including the evaluation of Horizon North’s programs, controls and reporting systems, and compliance with applicable laws, rules and regulations.</p>
<p><b>9. Assessments</b> Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for assessments.</p>	<p>The Corporate Governance and Compensation Committee has the mandate and responsibility to ensure that a process is in place for the annual review of the performance of individual directors, the Board as a whole and the Board committees. The directors were asked to complete a questionnaire which rated items such as structure and size of the Board and each committee, the knowledge and diversity of membership as well as the quality and timeliness of information received for discussion and the overall effectiveness in decision making. The completed questionnaires were forwarded to the Corporate Secretary who compiled the results of the questionnaire and prepared a single document that included any comments that may have been forwarded, for presentation to the Chair of the Corporate Governance and Compensation Committee. The anonymity of any particular submitter is maintained with the aggregate results presented to the Chair of the Corporate Governance and Compensation Committee. The results were then communicated to the full Board for discussion and recommendations as necessary.</p>
<p><b>10. Director Term Limits and Other Mechanisms of Board Renewal</b> Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The Board has not adopted term limits for the directors on the Board or other mechanisms of Board renewal. Instead, the Corporate Governance and Compensation Committee have the mandate and responsibility to ensure that a process is in place for the annual review of the performance of individual directors, the Board as a whole and the Board Committees. Through this annual review process, such committee determines whether an individual director is able to continue to make an effective contribution. The Board is of the view that such annual review process is more effective than terms limits or other mechanisms of Board renewal such as a mandatory retirement age.</p>

<p><b>11. Policies Regarding the Representation of Women on the Board</b></p> <p>(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p>	<p>The Board has not adopted a written policy relating to the identification and nomination of women directors. The Board annually evaluates potential nominees to the Board by reviewing the qualifications of prospective members and determines their relevance taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board, including knowledge and diversity of membership.</p>
<p><b>12. Consideration of the Representation of Women in the Director Identification and Selection Process</b></p> <p>Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p>	<p>The Corporate Governance and Compensation Committee does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. The Board annually evaluates potential nominees to the Board by reviewing the qualifications of prospective members and determines their relevance taking into consideration current Board composition and the anticipated skills required to round out the capabilities of the Board, including knowledge and diversity of membership.</p>
<p><b>13. Consideration Given to the Representation of Women in Executive Officer Appointments</b></p> <p>Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>The Board does not consider the level of representation of women in executive officer positions when making executive officer appointments. However, Horizon North is committed to the fundamental principles of equal employment opportunities which are prescribed in its employment policies which further provide for Horizon North's commitment to treating people, fairly, with respect and dignity, and to offering equal employment opportunities based upon an individual's qualifications and performance. Furthermore, Horizon North's employment policies and procedures provide that candidates are selected based on the primary considerations of experience, skill and ability.</p>
<p><b>14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions</b></p> <p>(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p> <p>(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p>	<p>Horizon North has not adopted a target regarding women on its Board. In its annual review and evaluation of potential nominees to the Board, the Corporate Governance and Compensation Committee focuses on the current Board composition and the anticipated skills required to round out the capabilities of the Board, including knowledge and diversity of its membership.</p>

<p>(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p>	<p>Horizon North has not adopted a target regarding women in executive officer positions as it is an equal employment opportunity employer whereby candidates are selected based on the primary considerations of experience, skill and ability.</p>
<p><b>15. Number of Women on the Board and in Executive Officer Positions</b></p> <p>(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p>	<p>As at the date hereof, Horizon North has two women on its Board (25%). Two women are proposed to be elected as directors at the Horizon North Meeting. Should they be elected to the Board, Horizon North would then continue to have two women on its Board (25%).</p>
<p>(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p>	<p>As at the date hereof, none of the executive officers of Horizon North are women (0%).</p>

**SCHEDULE “C”**  
**MANDATE OF THE BOARD OF DIRECTORS OF**  
**HORIZON NORTH LOGISTICS INC. (the “Corporation”)**

Stewardship of the Corporation

1. The Board of Directors of the Corporation (the “Board”) is responsible for:
  - (a) the stewardship of the business and affairs of the Corporation;
  - (b) supervising the management of the business and affairs of the Corporation;
  - (c) providing leadership to the Corporation by practicing responsible, sustainable and ethical decision making;
  - (d) ensuring that all major issues affecting the Corporation are given proper consideration; and
  - (e) directing management to ensure legal, regulatory and stock exchange requirements applicable to the Corporation have been met.

Director Obligations

2. Each Director has the responsibility to:
  - (a) attend all regularly scheduled meetings of the Board and all of the Committees on which he or she serves and to be prepared for such meetings by reviewing materials provided in advance of meetings;
  - (b) act honestly and in good faith with a view to the best interests of the Corporation; and
  - (c) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Board Composition

3. A majority of the Board will, at all times, be independent directors as defined in the current laws applicable to the Corporation.
4. To be considered for nomination and election to the Board, directors must demonstrate integrity and high ethical standards in their business dealings, their personal affairs and in the discharge of their duties to and on behalf of the Corporation.

Board Meetings

5. The Board is responsible to:
  - (a) meet in person, by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board;
  - (b) hold meetings of the independent directors without management and non-independent directors present; and
  - (c) comply with the position description applicable to individual directors.

Board Chair

6. The Board is responsible to annually select an independent member of the Board to serve as Board chair, (or if the CEO is also the Board Chair, a Lead Director) to:
  - (a) provide leadership to all directors;
  - (b) manage the affairs of the Board; and
  - (c) ensure that the Board functions effectively in fulfillment of its duties to the Corporation.

## Committees of the Board

7. The Board discharges its responsibilities directly and through its Committees. As such the Board shall:
- (a) establish such Committees of the Board as are required by applicable law and as are necessary to effectively discharge the duties of the Board which Committees shall include:
    - (i) an Audit Committee;
    - (ii) a Corporate Governance and Compensation Committee; and
    - (iv) a Health, Safety and Environment Committee.
  - (b) appoint directors to serve as members of each Committee;
  - (c) appoint a chair of each Committee to:
    - (i) provide leadership to the Committee;
    - (ii) manage the affairs of the Committee;
    - (iii) ensure that the Committee functions effectively in fulfilling its duties to the Board and the Corporation; and
    - (iv) to develop position descriptions for each Chair and Board Chair.
  - (d) regularly receive and consider reports and recommendations of each Committee, in particular:
    - (i) Audit Committee reports and recommendations, particularly with respect to the Corporation's annual audit and quarterly reports;
    - (ii) Corporate Governance and Compensation Committee reports regarding governance issues and the nomination process and recommendations regarding nominees and candidates for election to the Board and reports regarding recommendations with respect to corporate goals and objectives, CEO compensation and Board assessments and compensation; ;
    - (iv) Health, Safety and Environment Committee reports regarding health, safety and environmental issues, including the evaluation of Horizon North's programs, controls and reporting systems, and compliance with applicable laws, rules and regulations.

## Supervision of Management

8. The Board is responsible to:
- (a) select and appoint the CEO, and with the assistance of the Corporate Governance and Compensation Committee, establish CEO goals and objectives and evaluate CEO performance and develop a position description for the CEO which includes delineating management's responsibilities; and
  - (b) assist the CEO to select and appoint executive officers, establish executive officers' goals and objectives and monitor their performance; and
  - (c) with the assistance of the Corporate Governance and Compensation Committee, maintain a succession plan for the replacement of the CEO and executive officers.

## Governance

9. The Board is responsible to:
- (a) annually review and on the advice of the Corporate Governance and Compensation Committee either approve or require revisions to the mandates of the Board and each Committee, position descriptions, the code of business conduct and ethics (the "**Code**") and all other policies of the Corporation (collectively the "**Governance Documents**");
  - (b) together with the Corporate Governance and Compensation Committee, take reasonable steps to satisfy itself that each director, the CEO and the executive officers are:
    - (i) performing their duties ethically;
    - (ii) conducting business on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Documents;
    - (iii) fostering a culture of integrity throughout the Corporation; and
    - (iv) arrange, on the advice of the Corporate Governance and Compensation Committee, for the Governance Documents to be publicly disclosed.
  - (c) ensure that all new directors receive a comprehensive orientation and that all new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that

- the Corporation expects from its directors) and that all new directors should also understand the nature and operation of the Corporation's business; and
- (d) provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.

#### Communications

10. The Board is responsible to:
- (a) approve and implement a communications policy which provides for disclosure and communications practices governing the Corporation; and
  - (b) approve and maintain a process for the Corporation's stakeholders to contact the independent directors directly with concerns and questions regarding the Corporation.

#### Waivers and Conflicts

11. The Board is responsible, with the assistance of the Corporate Governance and Nominating Committee, for:
- (a) reviewing departures from the Code;
  - (b) providing or denying waivers from the Code; and
  - (c) disclosing departures from the Code including by filing required material change reports for material departures from the Code containing:
    - (i) the date of the departure;
    - (ii) the parties involved;
    - (iii) the reason why the Board has or has not sanctioned the departure; and
    - (iv) any measures taken to address or remedy the departure.

#### Strategic Planning

12. The Board has the duty to:
- (a) adopt a strategic planning process, annually approve a strategic plan for increasing shareholder value taking into account, among other things, the opportunities and risks of the Corporation's business, and regularly monitor the Corporation's performance against its strategic plan;
  - (b) approve capital and operating budgets to implement the strategic plan;
  - (c) conduct periodic reviews of the Corporation's resources, risks, and regulatory constraints and opportunities to facilitate the strategic plan; and
  - (d) evaluate management's analysis of the strategies of existing and potential competitors and their impact, if any, on the Corporation's strategic plan.

#### Risk Management

13. The Board has the duty to:
- (a) adopt a process to identify business risks and ensure appropriate systems to manage risks; and
  - (b) together with the Audit Committee, ensure policies and procedures are in place and are effective to maintain the integrity of the Corporation's:
    - (i) disclosure controls and procedures;
    - (ii) internal controls over financial reporting; and
    - (iii) management information systems.

## Financial Management

14. The Board has the duty to:

- (a) review and on the advice of the Audit Committee, approve, prior to their public dissemination:
  - (i) interim and annual consolidated financial statements and notes thereto;
  - (ii) managements' discussion and analysis of financial condition and results of operations;
  - (iii) relevant sections of the annual report, annual information form and management information circular containing financial information;
  - (iv) forecasted financial information and forward looking statements; and
  - (v) all press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and
- (b) approve dividends and distributions, material financings, transactions affecting authorized capital or the issue and repurchase of shares and debt securities, and all material divestitures and acquisitions.

## Materials

15. The Board shall have access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

## Advisors

16. The Board has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Board in the discharge of its duties.

**SCHEDULE 'D'**  
**HORIZON NORTH LOGISTICS INC. (the "Corporation")**  
**Stock Option Plan (the "Option Plan")**  
**(Effective as of May 10, 2007, as amended and restated March 1, 2017)**

**1. PURPOSE**

The purpose of this Option Plan is to provide an incentive to the officers, employees, directors and certain consultants of the Corporation or any of its subsidiaries to achieve the longer term objectives of the Corporation, to give suitable recognition of the ability and industry of such persons who contribute materially to the success of the Corporation and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

**2. DEFINITIONS**

When used in this Option Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **"ASA"** means the *Securities Act* (Alberta);
- (b) **"Board" or "Board of Directors"** means the board of directors of the Corporation;
- (c) **"Common Shares"** means the common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (d) **"Consultant"** means any person or company engaged to provide ongoing management or consulting services to the Corporation;
- (e) **"Corporation"** means Horizon North Logistics Inc. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- (f) **"Dividends Paid in the Ordinary Course"** means cash dividends declared payable on the Common Shares in any fiscal year which, in the aggregate, do not exceed 100% of the retained earnings of the Corporation as at the end of its immediately preceding fiscal year and 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year.
- (g) **"Exercise Price"** means the price at which shares acquired on the exercise of Options granted shall be paid for on a per Common Share basis;
- (h) **"Final Service Date"** means the date a particular Consultant is no longer providing services to the Corporation for any reason;
- (i) **"Insider"** means that same as provided for in the ASA and includes associates and affiliates of the insider;
- (j) **"Market Value"** means at any date when the Market Value of Common Shares of the Corporation is to be determined, the closing price on the trading day prior to the date of grant on the principal stock exchange on which the Common Shares are listed, or if the Common Shares of the Corporation are not listed on any stock exchange, the Market Value shall be determined solely by the Board of Directors, acting reasonably and in good faith;
- (k) **"Non-Employee Director"** means a director of the Corporation who is not an officer or employee of the Corporation or one of its subsidiaries;
- (l) **"Option"** means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price to be determined by the Board of Directors, but subject to the provisions hereof;

- (m) **“Option Period”** means such period as may be determined by the Board of Directors during which an Optionee may exercise an Option, commencing on the date such Option is granted to such Optionee and ending as specified in this Option Plan, or in the Stock Option Agreement but in no event shall an Option expire on a date which is later than ten (10) years after the grant of the Option;
- (n) **“Optionee”** means a person who is an officer, employee, director or certain Consultants of the Corporation or its subsidiaries who is granted an Option pursuant to this Option Plan;
- (o) **“Option Plan”** shall mean the Corporation’s stock option plan as embodied herein, as amended from time to time;
- (p) **“Stock Option Agreement”** means the written agreement that will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder; and
- (q) **“Trading Day”** means a day on which at least a board lot of Common Shares shall have been sold through the facilities of the Toronto Stock Exchange or other relevant stock exchange.

### 3. ADMINISTRATION AND ELIGIBILITY

This Option Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of this Option Plan and, to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of this Option Plan, and all decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Optionees and the Corporation subject to shareholder approval if required by any relevant stock exchange. The Board of Directors may at any time, and from time to time, designate those Optionees who are to be granted an Option pursuant to this Option Plan and grant an Option to such Optionee. Notwithstanding the foregoing, or any other provision contained herein, the Board of Directors shall have the right to delegate to the Chief Executive Officer of the Corporation the administration and operation of this Option Plan and the right to designate Optionees and grant Options to such Optionees, with the exception of grants of options to directors and the Chief Executive Officer.

### 4. COMMON SHARES RESERVED

- (a) The number of authorized but unissued Common Shares that may be subject to Options granted to Optionees under this Option Plan at any time shall not exceed 10% of the issued and outstanding Common Shares of the Corporation from time to time.
- (b) The number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements, cannot exceed 10% of the Corporation’s issued and outstanding Common Shares.
- (c) The number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the Corporation’s issued and outstanding Common Shares.
- (d) The maximum number of Common Shares issuable pursuant to Options granted under this Option Plan to any one Non-Employee Director, within any one-year period, shall not exceed \$100,000, as calculated on the date of grant using the Black-Scholes-Merton valuation model.
- (e) The maximum number of Common Shares reserved for issuance under all security based compensation arrangements granted to any one Non- Employee Director, within any one-year period, shall not exceed \$150,000, as calculated on the date of grant using the Black-Sholes-Merton valuation model.
- (f) No Options shall be granted to any director of the Corporation who is not also an officer of the Corporation if such grant could result, at any time, in the total number of Common Shares issuable to all directors of the Corporation who are not also officers of the Corporation pursuant to Options exceeding 0.50% of the issued and outstanding Common Shares of the Corporation.
- (g) The foregoing provisions of this paragraph 4 are subject to the appropriate adjustment, as set forth in paragraph 11 hereof, both in the number of Common Shares covered by individual grants

and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

- (h) Common Shares in respect of which Options are not exercised during their respective Option Period will be available for subsequent Options.

## **5. PARTICIPATION**

- (a) Participation in this Option Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.
- (b) Notwithstanding any express or implied term of this Option Plan to the contrary, the granting of an Option pursuant to this Option Plan shall in no way be construed as a guarantee of employment by the Corporation to the Optionee.
- (c) No Optionee shall have any of the rights of a shareholder in respect to Common Shares under an Option until such Common Shares shall have been paid for in full and issued by the Corporation pursuant to this Option Plan.

## **6. OPTION AGREEMENTS**

A Stock Option Agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the Exercise Price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Option Plan. The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

## **7. EXERCISE OF OPTIONS**

- (a) Subject to paragraph 8 hereof, an Optionee shall be entitled to exercise an Option granted to Optionee at any time prior to the expiry of the Option Period, subject to vesting limitations which may be imposed by the Board of Directors at the time such Option is granted.
- (b) The Exercise Price of an Option granted under this Option Plan shall be as determined by the Board of Directors when such Option is granted subject to any limitations imposed by any relevant stock exchange or regulatory authority, and shall not be less than an amount equal to the Market Value of the Common Shares. If Options are granted at the time of or before the Common Shares are listed for trading on a stock exchange the Exercise Price shall be determined by the Board of Directors unless a binding agreement with respect to issuance of such options is in place in which case the binding agreement shall prevail.

## **8. TERMINATION OF OPTIONS**

Unless specifically amended or otherwise dealt with in a Stock Option Agreement:

- (a) in the case of death of an Optionee, the right to exercise an Option shall extend to the earlier of (i) one year after the date of death or (ii) the expiry date of the Option set forth in the Stock Option Agreement, to the extent such Option was exercisable by Optionee on the date of death of the Optionee; and
- (b) in the case of termination or cessation of employment of an Optionee (who is not a Consultant) for any reason (other than death) or, in the case of a Consultant, upon cessation of the services agreement the right to exercise an Option shall be limited to and shall expire on the earlier of 60 days after the date of termination or cessation (in the case of an Optionee who is not a Consultant) and from the Final Service Date (in the case of an Optionee who is a Consultant), or

the expiry date of the Option set forth in the Stock Option Agreement, to the extent such Option was exercisable by Optionee on the date of termination of such employment or Final Service Date, as the case may be. For greater certainty, any reference to a cessation of employment of the Optionee with the Corporation for any reason or Final Service Date, as the case may be, other than death, is a reference to the occurrence of such fact howsoever that arises, and if any Optionee is entitled to reasonable notice of termination of employment or contract or compensation in lieu thereof, or is entitled to a specific period of notice or compensation in lieu thereof, then the Optionee is not entitled to claim any right to further unvested Common Shares which may be available pursuant to an Option or further time to exercise vested Common Shares available pursuant to an Option during the said reasonable notice period or during the said specific notice period, or to compensation in lieu thereof by way of general damages, or special damages, whether in contract, in tort or otherwise.

## **9. OPTIONS NON-TRANSFERABLE**

Options granted under this Option Plan, and any interest therein, will not be transferable or assignable by an Optionee, and may not be made subject to execution, attachment or similar process, otherwise than for normal estate settlement purposes or by operation of law. During the lifetime of the Optionee, an Option will be exercisable only by the Optionee and any elections with respect to an Option may be made only by the Optionee. The terms of the Option shall be binding upon the executors, administrators and heirs of the Optionee.

## **10. TAKEOVER OR CHANGE IN CONTROL**

The Corporation shall have the power, in the event of:

- (a) any disposition of substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation, with or into any other corporation, or the merger, amalgamation or consolidation of any other corporation into the Corporation,
- (b) any change in control of the Corporation, or
- (c) an offer is made generally to the holders of the Corporation's voting securities to purchase those securities and which is a "takeover bid" as defined in the ASA;

to amend the Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction. For the purposes of the foregoing, a change in control of the Corporation shall occur if there becomes a Control Person (as defined in the ASA) with respect to the securities of the Corporation, who is not a Control Person as at the effective date of this Option Plan.

## **11. ADJUSTMENTS**

11.1 The Exercise Price, and the number of shares available to the Optionee shall be subject to adjustment from time to time as follows:

- (a) if the Corporation shall:
  - (i) subdivide, re-divide or change its outstanding Common Shares into a greater number of shares, the Corporation shall deliver, at the time of any exercise thereafter of the Options, such additional number of shares as would have resulted from such subdivision, redivision or change if the exercise of the Options had been made prior to the date of such subdivision, redivision or change;
  - (ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares, the number of shares deliverable by the Corporation on any exercise

thereafter of the Options shall be reduced to such number of shares as would have resulted from such consolidation or change if the exercise of the Options had been made prior to the date of such consolidation or change; or

- (iii) issue Common Shares (or securities convertible or exchangeable into Common Shares) to the holders of any of its outstanding Common Shares by way of a stock dividend (other than an issue of Common Shares to holders of Common Shares who exercise an option to receive stock dividends in lieu of cash dividends), the Corporation shall deliver, at the time of any exercise thereafter of the Options, such additional number of shares as would have resulted from such stock dividend if the exercise of the Options been made prior to the date of such stock dividend; and,

in addition, the Exercise Price, in effect immediately after such subdivision, re-division, change, reduction, combination or consolidation or such issue of Common Shares (or securities convertible or exchangeable into Common Shares) by way of a stock dividend becomes effective or is paid, as the case may be, shall, in the case of the events referred to in (i) and (iii), be decreased in the same proportion to the increase in the number of outstanding Common Shares resulting from such subdivision, re-division or change or such dividend (including, in the case where securities convertible or exchangeable into Common Shares are issued, as a stock dividend the number of Common Shares that would have been outstanding had such securities been converted or exchanged into Common Shares on such date of issuance thereof), or, in the case of (ii), shall be increased in the same proportion to the decrease in the number of outstanding Common Shares resulting from such reduction, combination or consolidation; such adjustment shall be made successively whenever any event referred to in this subparagraph 11.1(a) shall occur, any such issue of Common Shares (or securities convertible or exchangeable into Common Shares) by way of stock dividend referred to in (iii) above shall be deemed to have been made on the date the stock dividend is paid for the purpose of calculating the number of outstanding Common Shares under this paragraph 11.1, and to the extent that any such securities convertible or exchangeable into Common Shares are not converted into Common Shares prior to the expiration of the conversion right contained in such securities, the Exercise Price shall be readjusted, effective as of the date of such expiration, to the Exercise Price, which would then be in effect based upon the number of Common Shares actually issued on the exercise of such conversion right;

- (b) if the Corporation shall fix a record date for the issuance of rights or options to all or substantially all of the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 90% of the Market Value on such record date, then subject to paragraph 11.2, the Exercise Price shall be adjusted immediately after such record date so that it shall equal a price determined by multiplying the Exercise Price, in effect immediately before such record date by a fraction, of which the numerator shall be the sum of: (i) the total number of Common Shares outstanding on such record date; plus (ii) a number of Common Shares equal to the number arrived at by dividing (A) the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by (B) the Market Value, and of which the denominator shall be the total number of Common Shares outstanding on such record date or date of entering into such agreement plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible or exchangeable securities so offered are convertible or exchangeable); it being understood and agreed that (iii) any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; (iv) such adjustment shall be made successively whenever such record date is fixed or agreement entered into; (v) if all such rights or options or rights to acquire Common Shares or convertible or exchangeable securities are not exercised prior to the expiration thereof, the Exercise Price, as the case may be, shall be readjusted, effective as of the date of such expiration, to the Exercise Price, which

would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually delivered upon the exercise of such rights, options, Options or rights as the case may be;

(c) if the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:

(i) shares of any class other than Common Shares;

(ii) rights or options (excluding those referred to in subparagraph 11.1(b) and rights or options to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) for a period of not more than 45 days after such record date at a price per Common Share (or having a conversion or exchange price per Common Share) not less than 90% of the Current Market Price on such record date);

(iii) evidences of its indebtedness; or

(iv) assets (excluding assets distributed as Dividends Paid in the Ordinary Course);

then in each such case, subject to paragraph 11.2, the Exercise Price, shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price, in effect on such record date by a fraction, of which the numerator shall be the: (A) total number of Common Shares outstanding on such record date multiplied by the Market Value on such record date; less (B) the fair market value (as determined by the Board of Directors) of such shares or rights or options or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Market Value; it being understood and agreed that (v) any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; (vi) such adjustment shall be made successively whenever such a record date is fixed; (vii) to the extent that such distribution of shares, evidences of indebtedness or assets is not so made or to the extent that any rights or options so distributed are not exercised, the Exercise Price, shall be readjusted to the Exercise Price, as the case may be, which would then be in effect based upon such shares, evidences of indebtedness or assets actually distributed or based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually delivered upon the exercise of such rights or options, as the case may be.

In the event the Corporation contemplates making any distribution referred to in this subparagraph 11.1(c), the Corporation shall give written notice of such event to all Optionees. The Corporation shall not make a distribution under this subparagraph 11.1(c) where the fair market value (as determined by the Board of Directors), of the shares or rights, options or Options or evidences of indebtedness or assets so distributed exceeds the product of the Market Value on the record date for such distribution multiplied by the total number of Common Shares outstanding on such record date unless the holders are permitted and such holders have elected, or have waived in writing or are deemed to have waived their right, to participate in such distribution as though and to the same extent as if they had converted their Options into Common Shares immediately prior to such distribution even though in fact they have not converted their Options. An Optionee shall be deemed to have waived its right to so participate under this subparagraph 11.1(c) where such Optionee has not elected in writing to participate by delivery of such election to the Corporation within fourteen (14) days of the date on which notice of the event was given by the Corporation.

11.2 Notwithstanding anything to the contrary contained herein, the Exercise Price of the Options shall not be reduced in such a manner that the difference between the Exercise Price and the fair market value of the Common Shares (the **"In the Money Value of the Options"**) immediately after the transaction or event

described in subparagraphs 11.1(b) or (c) is greater than the In the Money Value of the Options immediately before the transaction or event described in subparagraphs 11.1(b) or (c).

- 11.3 Subject to the approval of the Toronto Stock Exchange (when the Common shares are listed on such exchange), no adjustments of the Exercise Price, shall be made pursuant to subparagraphs (b) or (c) of paragraph 11.1 if the Optionees of the Options participated or such Optionees have elected or have waived or are deemed to have waived their right to participate in the issue of such rights, options or Options or such distribution, as the case may be, as though and to the same extent as if they had converted their Options into Common Shares prior to the issue of such rights, options or Options or such distribution, as the case may be.
- 11.4 Notwithstanding any other provision contained herein, no adjustment of the Exercise Price, shall be made in any case in which the resulting increase or decrease in the Exercise Price would be, less than 1% of the then Exercise Price, but in such case any adjustment that would otherwise have been required then to be made shall be carried forward and made at the time of, and together with, the next subsequent adjustment to the Exercise Price, which (either directly or indirectly by setting aside the rights, options or other assets to be made available on exercise of the Options) together with any and all such adjustments so carried forward, shall result in an increase or decrease in the Exercise Price, by not less than 1%.
- 11.5 When any action is taken which requires an increase or decrease of the Exercise Price, under paragraph 11.1, the Corporation shall forthwith deliver a copy to each registered Optionee of Options, a certificate signed by any officer or director of the Corporation setting forth the details of the action taken and, as the case may be, the increased or decreased Exercise Price, and the details of the computation of the adjusted Exercise Price.
- 11.6 Upon the surrender of any Options for conversion, the number of full Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of such Options to be converted and, in any case where a fraction of a Common Share is involved, the Corporation shall adjust such fractional interest rounded to the nearest whole number of Common Shares.
- 11.7 In case of any reclassification or change (other than a change referred in subparagraph 11.1(a)) of the Common Shares or capital reorganization of the Corporation other than as referred to in paragraph 11.1, or in the case of any amalgamation, consolidation or merger of the Corporation with or into any other corporation, trust, partnership or other entity, or in the case of any sale of the properties and assets of the Corporation as, or substantially as, an entirety to any other corporation, trust, partnership or other entity, each Option shall, after such reclassification, change, amalgamation, consolidation, merger or sale, be convertible (but not unless and until convertible) into the number of shares or other securities or property of the Corporation, or such continuing, successor or purchasing corporation, trust, partnership or other entity, as the case may be, to which a Optionee of the number of Common Shares as would have been issued if such Options had been converted immediately prior to such reclassification, change, amalgamation, consolidation, merger or sale would have been entitled upon such reclassification, change, amalgamation, consolidation, merger or sale. Any such determination shall be conclusive and binding on the Corporation and the holders of the Options. No such reclassification, change, amalgamation, consolidation, merger or sale shall be carried into effect unless, in the opinion of the Board of Directors, all necessary steps shall have been taken to ensure that the Optionees shall thereafter be entitled to receive such number of shares or other securities or property of the Corporation, or such continuing, successor or purchasing corporation, trust, partnership or entity, as the case may be, subject to adjustment thereafter in accordance with provisions similar, as nearly as may be, to those contained in this Section 11.
- 11.8 So long as any Options remain outstanding and if the provisions of paragraph 11.1 are applicable to a proposed dividend, repayment of capital or other distribution the Corporation shall give to the Optionees at least fourteen (14) days' prior notice of the record date for such payment of any cash dividend, stock dividend or other distribution on its Common Shares and shall give at least thirty (30) days' prior notice before making any above described repayment of capital on its Common Shares. The accidental failure or

omission to give the notice required by this paragraph 11.8 or any defect therein shall not affect the legality or validity of any such payment, distribution or issue.

- 11.9 The Corporation covenants and agrees that it shall not, during the periods of notice as aforesaid, close its share transfer book, other than after normal business hours, or take any other corporate action which might deprive an Optionee of Options from the opportunity of exercising any rights herein provided.
- 11.10 If in the opinion of the Board of Directors the provisions of this Section 11 are not strictly applicable, or if strictly applicable would not fairly protect the rights of the Optionees, and other securities of the Corporation in accordance with the intent and purposes hereof, the Board of Directors shall make any adjustment in such provisions as the Board of Directors deems appropriate.
- 11.11 In the event of any question arising with respect to the adjustments provided for in this Section 11, such question shall be conclusively determined by such advisor selected by the Board, acting in good faith, who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation and the Optionees and all other persons interested therein, in the event that such determination is made, the Corporation shall deliver a certificate to the Optionees describing the effect of such determination.

## **12. AMENDMENT AND TERMINATION**

- 12.1 Subject to the exceptions set out below, the Board may at any time or from time to time, in its sole and absolute discretion, suspend, terminate or discontinue this Option Plan and may amend the terms and conditions of options granted pursuant to this Option Plan, subject to any required approval of any regulatory authority or stock exchange.
- 12.2 Without limiting the generality of the foregoing, some of the examples of the types of changes to this Option Plan or options granted under it that the Board could make without shareholder approval include:
- (a) housekeeping changes (such as a change to correct an immaterial inconsistency or clerical omission or a change to update a routine administrative provision such as contact information);
  - (b) a change to the termination provisions for this Option Plan or for an Option as long as the change does not permit the Board to grant an Option with an expiry date of more than 10 years or extend an outstanding Option's expiry date;
  - (c) a change deemed necessary or desirable to comply with applicable law or regulatory requirements.
- 12.3 The approval of the shareholders of the Corporation will be required for amendments to this Option Plan which results in:
- (a) any increase in the number of Common Shares issuable under this Option Plan or the number of unissued Common Shares that may be subject to Options granted to Optionees under this Option Plan;
  - (b) any amendments which reduces the Exercise Price of an Option or any cancellation and reissuance of an Option;
  - (c) any amendment that extends the term of an Option beyond its original Option Period;
  - (d) any amendments to eligible participants that may permit the introduction or reintroduction of Non-Employee Directors on a discretionary basis or amendments that increase limits previously imposed on Non-Employee Director participation;
  - (e) any amendment which would permit Options granted under this Option Plan to be transferable or assignable other than for normal estate settlement purposes; and

- (f) any amendments to this Section 12; and
- (g) amendments required to be approved by Shareholders under applicable law (including, without limitation, the rules, regulations and policies required by any relevant stock exchange).

12.4 In the event of any conflict between paragraph 12.2 and paragraph 12.3, the latter shall prevail.

### **13. EXTENSION OF OPTIONS PAST BLACKOUT PERIOD**

Notwithstanding the stated expiry date of any option granted pursuant to this Option Plan, if that expiry date occurs, during a blackout period imposed under Horizon's Insider Trading policies, the expiry date of the Option will instead be the fifth business day following the expiry of the blackout period, provided that such extended expiration date shall not in any event be beyond the later of (i) December 31 of the calendar year in which the Option was otherwise due to expire; and (ii) the 15<sup>th</sup> day of the third month following the month in which the Option was otherwise due to expire.

### **14. CLAWBACK**

Notwithstanding anything to the contrary in this Option Plan, the Board may seek reimbursement of Options awarded to an officer of the Corporation pursuant to this Option Plan and any Common Shares issued upon exercise thereon, where: (a) the payment of such compensation was predicated on achieving certain financial results that were subsequently the subject of a substantial restatement of the Corporation's financial statements filed with any securities regulatory authority; and (b) the Board, in its discretion, determines that the officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement.

### **15. WITHHOLDINGS AND TAX ELECTION**

- (a) To the extent required under applicable law or regulation, the Corporation shall be entitled to take all reasonable and necessary steps, including the sale of any Common Shares issued upon the exercise of any Option granted under this Option Plan (other than a redemption or purchase for cancellation), or obtain all reasonable or necessary indemnities, assurances, payments or undertakings, to the sole satisfaction of the Corporation, to satisfy any tax remittance obligations of the Corporation to any taxing authorities arising in respect of any exercise of any Options granted under this Option Plan by the Corporation and the President of the Corporation shall be and is hereby appointed as the irrevocable attorney-in-fact for any person granted an Option under this Option Plan to take all such reasonable and necessary steps or sales of Common Shares issued upon the exercise of any Option including. The Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; and
- (b) Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Options under this Option Plan or under any Option Agreement, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation makes no guarantee or representation to any person regarding the tax treatment of Options or payments made under this Option Plan or any Option Agreement and none of the Corporation, or any of its officers, directors, employees or other representatives shall have any liability to an Optionee with respect thereto.

**16. APPLICABLE LAW**

This Option Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

**17. GENDER**

Wherever the singular or masculine or neuter is used in this Option Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

**18. COSTS**

The Corporation shall pay all costs of administering this Option Plan.

**19. EFFECTIVE DATE**

The effective date of this Option Plan shall be May 10, 2007, as amended and restated March 1, 2017.