This Management's Discussion and Analysis ("MD&A"), prepared as at February 20, 2013, focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North Logistics Inc. ("Horizon" or the "Corporation"). This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions.

Annual Financial Summary

			Years ended December 31					
(000's except per share amounts)		2012	% change		2011	% change		2010
Revenue	$	526,616	31%	$	402,993	68%	$	239,258
EBITDAS[(1)]		145,027	41%		102,636	96%		52,483
EBITDAS as a % of revenue		28%			25%			22%
Operating earnings before impairment loss[(1)]		102,758	45%		70,794	174%		25,855
Operating earnings before impairment loss as a % of revenue		20%			18%			11%
Impairment loss		-	-		8,071	-		-
Operating earnings after impairment loss		102,758	64%		62,723	143%		25,855
Total profit before impairment loss	$	72,883	38%	$	52,893	222%	$	16,430
Total profit after impairment loss		72,883	63%		44,822	173%		16,430
Total comprehensive income		72,933	62%		44,980	174%		16,430
Earnings per share before impairment loss – basic	$	0.67	31%	$	0.51	213%	$	0.16
– diluted		0.66	33%		0.49	206%		0.16
Earnings per share after impairment loss – basic	$	0.67	60%	$	0.42	163%	$	0.16
– diluted		0.66	61%		0.41	156%		0.16
Total assets	$	495,993	39%	$	357,137	29%	$	277,837
Long-term loans and borrowings		116,872	112%		55,234	82%		30,363
Funds from operations[(2)]		113,062	38%		82,124	103%		40,419
Capital spending		139,346	38%		101,034	143%		41,561
Debt to total capitalization ratio[(3)]		0.30	43%		0.21	11%		0.19
Dividends declared	$	21,662		$	12,770		$	-
Dividends declared per share	$	0.20		$	0.12		$	-

(1) EBITDAS (Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, impairment loss and share based compensation) and operating earnings (earnings before finance costs, taxes, impairment loss, and earnings on equity investments) are not recognized measures under IFRS. Management believes that in addition to total profit and total comprehensive income, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Operating earnings provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed or taxed. Horizon's method of calculating EBITDAS and operating earnings may differ from other entities and accordingly, may not be comparable to measures used by other entities. EBITDAS and operating earnings should not be construed as alternatives to total profit and comprehensive income determined in accordance with IFRS as an indicator of the Corporation's performance. For a reconciliation of EBITDAS and operating earnings to total profit and comprehensive income, please refer to page 4 of the Management's Discussion and Analysis.

(2) Funds from operations is not a recognized measure under IFRS. Management believes that in addition to cash flow from operations, funds from operations is a useful supplemental measure as it provides an indication of the cash flow generated by the Corporation's principal business activities prior to consideration of changes in working capital. Investors should be cautioned, however, that funds from operations should not be construed as an alternative to cash flow from operations determined in accordance with IFRS as an indicator of the Corporation's performance. Horizon's method of calculating funds from operations may differ from other entities and accordingly, funds from operations may not be comparable to measures used by other entities. Funds from operations is equal to cash flow from operations before changes in non-cash working capital items related to operations, interest and income taxes paid, financing costs, and income tax expense.

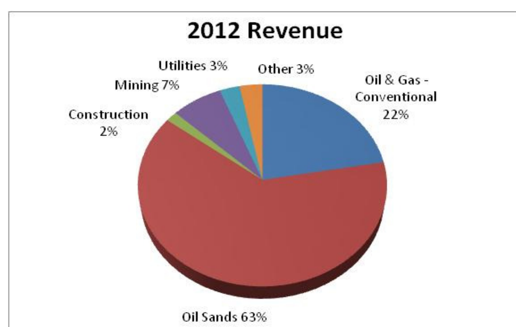
(3) Debt to total capitalization is calculated as the ratio of debt to total capitalization. Debt is defined as the sum of current and long-term portions of loans and borrowings. Total capitalization is calculated as the sum of debt and shareholders' equity.

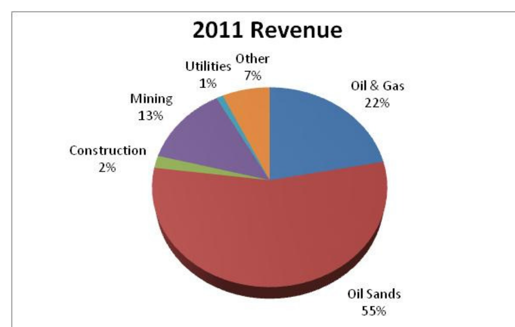
Overview

2012 proved to be another successful year for Horizon on virtually all fronts. Revenue, EBITDAS and Earnings per Share increased by 31%, 41% and 33%, respectively, over the results achieved in 2011. At the same time, the Corporation executed the most ambitious capital spending program in its 6 year history, deploying $139 million to increase and maintain its operating asset base. Most notably, our rentable bed count increased by 2,000 to exit 2012 at 8,500. Horizon's continued growth also resulted in improved bottom line performance as measured by return on invested capital which was 20.4% for the 2012 fiscal year compared to 19.6% in 2011.

Highlights

- Horizon continues to be significantly levered to oil sands activity with 63% of consolidated revenues derived from oil sands in 2012 as compared to 55% in 2011,





- Consolidated revenues increased 31% year over year:
  - Revenues from the Camps & Catering segment increased by 30% as compared to the prior year with increases in camp rental and catering operations as well as strong camp sales and associated installation and transportation revenues;
  - Revenues from the Matting segment increased by 34% as compared to the prior year driven by significant demand for mat sales throughout the year.

- Consolidated EBITDAS for the year improved significantly to $145.0 million or 28% of revenues as compared to $102.6 million or 25% of revenues in the prior year, an increase of 41% year over year:
  - EBITDAS from the Camps and Catering segment was $134.2 million or 30% of revenues as compared to $93.5 million or 27% of revenues in the prior year, a year over year increase of 44%;
  - EBITDAS from the Matting segment increased to $22.6 million or 25% of revenues as compared to $17.9 million or 26% of revenues in the prior year, a year over year increase of 26%.

Outlook

Horizon's customer base expanded in 2012 with new customers engaged in SAGD oil sands projects, natural gas development in northeast British Columbia and northwestern Alberta, as well as infrastructure projects throughout western Canada. Oil sands development activities, driven primarily by SAGD projects, continue to be the main driver of Horizon's growth and are expected to remain robust over the next few years. Oil sands activity accounted for 63% of Horizon's consolidated revenues for 2012.

Coming into 2013, Horizon saw a reduction in bed requirements for a specific project from a major customer. While reduced utilization and visibility on the revenue from these assets is likely in the near term, activity in the region from other operators remains robust and Horizon continues to see opportunities to remarket or reposition these beds as we move through the second half of 2013.

Capital spending for 2013 is expected to be $80 million, focused primarily on adding 1,000 beds to the camp and catering operations throughout the year. Of the expected 1,000 beds, 36% are under contract to be deployed in the second quarter, primarily in the oil sands region of Alberta on a SAGD project. Capital spending in 2013 is expected to be less than the $140 million 2012 program so as to match the continued growth of our operating and service delivery capabilities and maintaining a conservative balance sheet.

Dividend payment

Horizon North Logistic Inc. announced today that its Board of Directors has declared a dividend for the first quarter of 2013 at $0.0625 per share, an increase of 25% from the previous quarterly dividend of $0.05 per share in 2012. The dividend is payable to shareholders of record at the close of business on March 31, 2013 to be paid on April 12, 2013. The dividends are eligible dividends for Canadian tax purposes.

Segment realignment

During the quarter ended December 31, 2012, the Corporation realigned the business segments to include the Marine services operations within the Camps & Catering segment. This was done to better represent the nature of Horizon's northern operations where revenue is generated mainly from accommodation barge rental and equipment rental. All comparatives have been revised to reflect the change.

Annual Financial Results

	Year ended December 31, 2012				
(000's except per share amounts)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 447,190	$ 91,466	$ -	$ (12,040)	$ 526,616
Expenses					
Direct costs	307,443	68,252	35	(11,369)	364,361
Selling & administrative	5,518	588	11,122	-	17,228
EBITDAS	134,229	22,626	(11,157)	(671)	145,027
EBITDAS as a % of revenue	30%	25%	-	-	28%
Share based compensation	1,096	172	883	-	2,151
Depreciation & amortization	31,713	8,179	482	(163)	40,211
Loss (gain) on disposal of property, plant and equipment	28	(108)	(13)	-	(93)
Operating earnings (loss)	$ 101,392	$ 14,383	$ (12,509)	$ (508)	$ 102,758
Finance costs					3,557
Share of equity accounted investees					529
Income tax expense					25,789
Other comprehensive income					(50)
Total comprehensive income					$ 72,933
Earnings per share – basic					$ 0.67
– diluted					0.66

	Year ended December 31, 2011				
(000's except per share amounts)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 343,996	$ 68,385	$ -	$ (9,388)	$ 402,993
Expenses					
Direct costs	245,409	50,002	-	(9,574)	285,837
Selling & administrative	5,084	465	8,971	-	14,520
EBITDAS	93,503	17,918	(8,971)	186	102,636
EBITDAS as a % of revenue	27%	26%	-	-	25%
Share based compensation	328	49	221	-	598
Depreciation & amortization	22,954	6,508	345	(84)	29,723
Loss on disposal of property, plant and equipment	1,426	95	-	-	1,521
Operating earnings before impairment loss	$ 68,795	$ 11,266	$ (9,537)	$ 270	$ 70,794
Impairment loss	8,071	-	-	-	8,071
Operating earnings (loss)	$ 60,724	$ 11,266	$ (9,537)	$ 270	$ 62,723
Finance costs					2,467
Share of equity accounted investees					27
Income tax expense					15,407
Other comprehensive income					(158)
Total comprehensive income					$ 44,980
Earnings per share before impairment loss – basic					$ 0.51
– diluted					0.49
Earnings per share after impairment loss – basic					$ 0.42
– diluted					0.41

Camps & Catering

Camps & Catering revenue is comprised of camp rental and catering operations revenue, manufacturing and space unit sales revenue and space rental and service revenue.

Effective October 1, 2012, presentation of Camps & Catering segment has been realigned to include Marine services to better represent the businesses within the Camps & Catering segment. Marine services revenue is now reported as Camp rental and catering operations revenue and includes the following components: barge camp rental, equipment rental and other ancillary revenue. 2011 comparatives have been similarly revised to ensure meaningful comparatives.

	Years ended December 31		
(000's except bed rental days and catering only days)	2012	2011	% change
Camp rental and catering operations revenue	$ 280,348	$ 197,672	42%
Manufacturing sales	156,514	138,644	13%
Space rental and service revenue	10,328	7,680	34%
Total revenue	$ 447,190	$ 343,996	30%
EBITDAS	$ 134,229	$ 93,503	44%
EBITDAS as % of revenue	30%	27%	11%
Operating earnings	$ 101,392	$ 60,724	67%
Bed rental days[(1)]	1,441,297	843,350	71%
Catering only days[(2)]	246,194	249,293	(1%)

(1) One bed rental day represents; the provision of one bed for one day under a combined rental and catering manday rate; or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.

(2) One catering only day equals the provision of catering and housekeeping services with no related bed rental for one day.

The Camps & Catering segment saw a significant increase in revenue and EBITDAS for the year ended December 31, 2012 as compared to the year ended 2011. Horizon's strong growth in this segment was driven primarily from the full year effect of the 2011 fleet expansion and the 2012 fleet additions. With Horizon being significantly levered to oil sands activity, the majority of the fleet expansion was focused in the Alberta oil sands area where there is continued strong capital investment by oil sands operators to build out or expand current facilities and to undertake new projects. For the year ended December 31, 2012, 66% of the Camps & Catering segment's revenues were derived from oil sands related activity as compared to 63% in the same period of 2011.

Revenue within the Camp rental and catering operations is derived mainly from two styles of camp offerings, open camps and dedicated single customer camps. In comparison to 2011, a larger proportion of revenue was generated from the dedicated single customer style of camps. This shift is significant because the dedicated single customer camps are typically longer term contracts with pricing usually structured with separate charges for equipment and for catering as compared to a single bed rental day rate for the open camps. It is important to note that the effect of the two charge pricing structure is to increase utilization as the equipment is considered 100% utilized for the contract term since the customer is paying for it in the equipment rental charge. The other effect is to decrease revenue per bed rental day as all of the contracted beds are 100% utilized. The changing mix between the two contract types was a contributing factor to the 7% utilization increase year over year and the 35% increase in the fourth quarters of 2012 and 2011 as these contracts came into full operation. The revenue per bed rental day decreased by 12% to $156 in 2012 from $178 in 2011.

Revenues from the Camps & Catering segment were $447.2 million for the year ended December 31, 2012 compared to $344.0 million for the year ended December 31, 2011, an increase of $103.2 million or 30%. EBITDAS for the year ended December 31, 2012 were $134.2 million or 30% of revenue compared to $93.5 million or 27% of revenue for the year ended December 31, 2011, an increase of $40.7 million or 44%.

Camp rental and catering operations revenue

Revenues are derived from the following main business areas: large camp operations, drill camp operations, catering only operations, and ancillary equipment rentals. Revenues from camp rental and catering operations were $280.3 million for the year ended December 31, 2012 compared to $197.7million for the year ended December 31, 2011, an increase of $82.6 million or 42%.

The table below outlines the key performance metrics used by management to measure performance in the large camp and drill camp operations:

	Years ended December 31					
(000's for revenue only)	2012			2011		
	Large camp	Drill camp	Total	Large camp	Drill camp	Total
Revenue	$211,853	$14,968	$ 226,821	$139,309	$10,047	$ 149,356
Bed rental days[(1)]	1,358,043	83,254	1,441,297	782,900	60,450	843,350
Revenue per bed rental day	$156	$180	$157	$178	$166	$177
Rentable beds at period end	6,905	871	7,776	4,850	950	5,800
Average rentable beds available[(2)]	6,141	794	6,935	3,813	987	4,800
Utilization[(3)]	60%	29%	57%	56%	17%	48%

(1) One bed rental day represents; the provision of one bed for one day under a combined rental and catering manday rate; or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.

(2) Average rentable beds available is equal to total average beds in the fleet over the period less beds required for staff.

(3) Utilization equals the total number of bed rental days divided by average rentable beds available times days in the year.

Revenues from large camp operations for the year ended December 31, 2012 increased by $72.5 million or 52% as compared to the same period in 2011. 2012 was a year of significant fleet growth and change in the camp rental and catering operations. With the successful execution of the 2012 capital plan Horizon increased the fleet size year over year by 1,976 beds, deploying the majority of beds in the Alberta oil sands region.

Within the large camp operations revenue is derived from two styles of camp offerings, open camps and dedicated single customer camps. In 2012 an increased focus on securing longer term contracts for dedicated single customers camps resulted in a higher proportion of large camp revenue being generated from these dedicated camps as compared to 2011. Generally, revenue for open camps has a shorter contract duration and is typically priced with a single rate on a bed rental day basis. The dedicated single customer camps usually are longer term contracts and priced using an equipment rental charge and a room occupancy charge. The contracts with this two charge structure have a significant impact on both utilization and on the revenue per bed rental day. With the two charge pricing structure the beds are considered to be 100% utilized since the customer is paying an equipment rental charge, in comparison, the single rate bed rental day pricing is based on occupancy. The shifting mix of the two contract types was a contributing factor to the 7% utilization increase year over year and 35% increase in the fourth quarter of 2012 as compared to 2011. An additional effect of the contract mix is to decrease in the revenue per bed rental day as a result of the increased number of beds considered rented, the bed rental day rate in 2012 was $156, a decrease of $22, or 12%.

Of note, a large portion of the dedicated camps have been contracted with customers new to Horizon, particularly on SAGD oil sands projects, resulting in a more diverse customer base in 2012 as compared to 2011.

Revenues from drill camp operations for the year ended December 31, 2012 increased by $4.9 million or 49% as compared to the same period of 2011. The increased revenue was a result of both higher volumes and stronger revenue per manday. The higher revenue per manday was a result of additional services requested by customers and the mix and duration of contracts.

The tables below outline the key performance metrics used by management to measure performance in the catering only and equipment rental operations.

	Years ended December 31	
(000's for revenue only)	2012	2011
Catering only revenue	$ 25,853	$ 23,170
Catering only days[(1)]	246,194	249,293
Revenue per catering only day	$105	$93

(1) One catering only day equals the provision of catering and housekeeping services with no related bed rental for one day.

Revenues from the provision of catering and housekeeping only services, with no associated bed rentals, increased $2.7 million or 12% for the year ended December 31, 2012 as compared to same period of 2011. Increased revenue was driven from a higher rate per catering day which was partially offset by lower volumes in large camp catering, a result of the closure of a significant mining operation in the Northwest Territories. The revenue per catering only day increase of $12 was from the change in revenue mix, with a higher proportion of revenue generated from the higher rate customer owned drill camps.

	Years ended December 31	
(000's)	2012	2011
Camp and catering operations service related revenue	$ 27,674	$ 25,146

Service revenues in the camp & catering operations is related to the transportation, setup and de-mobilization of camps. Revenue in the comparative years increased as a result of the higher activity levels in 2012.

Manufacturing sales

Manufacturing sales revenues include the manufacture of camps sold to third parties and the transportation and installation associated with those sales. Revenues for the year ended December 31, 2012 were $156.5 million as compared to $138.6 million for the same period in 2011, an increase of $17.9 million or 13%. Manufacturing production capacity is regularly reviewed by management to determine the allocation of manufacturing required to meet external third party sales contracts and internal fleet requirements. Actual direct manufacturing hours worked for 2012 were 643,823 hours as compared to 553,037 in the same period of 2011, an increase of 90,786 hours or 16%. The increased capacity was achieved through additional staffing within the existing facilities. Of the total 2012 direct hours, 59% were allocated to external sales as compared to 58% in 2011.

Space rental and service revenue

Space rental and service revenue for the year ended December 31, 2012 was $10.3 million as compared to $7.7 million for the same period in 2011, an increase of $2.6 million or 34%. The increased revenue was driven from a combination of factors. Utilization increased year over year by 3% to 87% on an expanded fleet size with the addition of 40 units in 2012. In comparison to 2011, the contract mix changed adding rentals in the Alberta oil sands region which increased average rental rates.

Direct costs

Direct costs for the year ended December 31, 2012 were $307.4 million or 69% of revenue compared to $245.4 million or 71% of revenue for the same period of 2011. Direct costs are closely related to business volumes and the increase in overall direct costs was primarily a result of the higher activity levels in the comparative periods. As a percentage of revenue, direct costs decreased by 2% in the comparative periods, the decrease is reflective of fixed costs in relation to the levels of activity, as activity levels increase fixed costs become a smaller proportion of revenue.

Matting

Matting revenue is comprised of mat rental revenue, mat sales revenue, installation, transportation, service, and other revenue as follows:

	Years ended December 31,		
(000's except mat rental days and numbers of mats)	2012	2011	% change
Access mat rental revenue[(1)]	$ 17,556	$ 7,858	123%
Other mat and rental equipment revenue[(2)]	3,707	1,295	186%
Mat sales revenue	31,506	33,403	(6%)
Installation, transportation, service, and other revenue	38,697	25,829	50%
Total revenue	$ 91,466	$ 68,385	34%
EBITDAS	$ 22,626	$ 17,918	26%
EBITDAS as a % of revenue	25%	26%	(4%)
Operating earnings	$ 14,383	$ 11,266	28%
Access mat rental days – owned mats[(3)]	3,677,410	2,593,435	42%
Access mat rental days – third party mats[(4)]	2,537,743	-	100%
Total access mat rental days	6,215,153	2,593,435	140%
Average owned access mats in rental fleet[(5)]	13,812	9,152	51%
Average sub rental access mats in rental fleet[(6)]	9,216	-	100%
Owned access mats in rental fleet at year end[(7)]	13,714	9,739	41%
Mats sold:			
New mats	37,652	41,022	(8%)
Used Mats	6,189	3,590	72%
Total mats sold	43,841	44,612	(2%)

(1) Access mat rental revenue includes revenues generated from the rental of traditional oak and oak edged mats.
(2) Other mat rental equipment revenue includes the rental of rig mats, quad mats, other ancillary equipment such as well site accommodation units and light towers.
(3) One mat rental day equals the rental of one owned access mat for one day.
(4) One mat rental day equals the rental of one third party sub rented access mat for one day.
(5) Average access mat rental fleet numbers reflect only owned access mats.
(6) Average sub rental access mats is the average number of non-owned access mats in the rental fleet. These mats are rented from third parties on a short term basis.
(7) Access mats in rental fleet at year end represents the number of owned access mats in the Matting fleet on December 31, 2012.

Matting revenues for the year ended December 31, 2012 were $91.5 million as compared to $68.4 million for the same period of 2011, an increase of $23.1 million or 34%. EBITDAS for the year ended December 31, 2011 were $22.6 million or 25% of revenue as compared to $17.9 million or 26% of revenue for the same period of 2011, an increase of $4.7 million or 26%.

The Matting segment saw significant revenue growth for the year ended December 31, 2012 as compared to 2011 which was driven by; higher levels of oil and gas exploration activity, pipeline and road construction, increased access mat rental capacity, and increased other mat and rental equipment rental capacity. In 2012, the matting division employed the strategy of sub renting access mats to temporarily expand the access mat rental fleet. This enabled the matting division to capture peak mat rental demand along with the related trucking and install revenue associated with the higher rental activity.

Total mat and equipment rental revenue

Total mat and equipment rental revenues for the year ended December 31, 2012 were $21.3 million as compared to $9.2 million for 2011, an increase of $12.1 million or 132%. The increase in total rental revenues was driven primarily by higher access mat rental volumes and the expanded capacity in other rental equipment, as compared to 2011.

Access mat rental revenues increased by $9.7 million or 123%, primarily a result of 3,621,718 more rental days as compared to 2011. The higher volume was partially offset by slightly lower revenue per mat rental day, reflective of the nature and duration of the individual contracts in place year over year. Utilization of owned access mats remained relatively unchanged at 73% year over year, notably this utilization was on a larger average fleet size by 4,660 mats in 2012 as compared to 2011.

Mat sales revenue

Revenues from mat sales for the year ended December 31, 2012 were down marginally year over year with $31.5 million as compared to $33.4 million in the same period of 2011, a decrease of $1.9 million or 6%. Although total mat sales were similar year over year, the mix between new and used mat sales changed with used sales being a larger proportion of sales revenue in 2012 as compared to 2011. As a result, revenue per mat decreased by $30 to $719 per mat in 2012 as compared to $749 per mat in 2011.

Installation, transportation, service, and other revenue

Installation, transportation, service, and other revenues are driven primarily from the level of activity in the mat rental and mat sale businesses and are charged for separately from rentals and sales. Revenues for the year ended December 31, 2012 were $38.7 million compared to $25.8 million in 2011, an increase of $12.9 million or 50%. The increase is mainly reflective of the higher volume of mat and equipment rentals.

Direct costs

Direct costs for the year ended December 31, 2012 were $68.3 million or 75% of revenue as compared to $50.0 million or 73% of revenue for 2011. Direct costs are driven by the level of business activity and with the significant increase in revenue, as compared to 2011, overall direct costs have increased accordingly. Direct costs, as a percentage of revenue, increased by 2% for the year ended December 31, 2012 as compared to the same period of 2011. The increase is primarily a result of costs in the rental operation as a result of sub renting mats as compared to 2011 when there was no mat sub rental.

Corporate

Corporate costs are the costs of the head office which include the President and Chief Executive Officer, Chief Financial Officer, Vice President of Health, Safety, and Environment, Vice President of Aboriginal Relations, Corporate Secretary, corporate accounting staff, and associated costs of supporting a public company. Corporate costs for the year ended December 31, 2012 were $11.2 million as compared to $9.0 million in the same period in 2011. This increase of $2.2 million reflects increased costs to support the higher level of business activity. Corporate costs, as a percentage of total revenue, decreased slightly year over year to 2.1 % in 2012 from 2.2% in 2011.

Other Items

Depreciation and amortization

	Years ended December 31,		
(000's)	2012	2011	% change
Depreciation	$ 32,007	$ 21,420	49%
Amortization	8,204	8,303	(1%)
Total depreciation and amortization	$ 40,211	$ 29,723	35%

Depreciation and amortization costs for the year ended December 31, 2012 were $40.2 million as compared to $29.7 million in the same period of 2011 as a result of depreciation which increased by $10.6 million or 49%. The increase in depreciation was a result of $139.3 million in asset additions during the year which included a significant amount of camp setup and installation costs which are depreciated at an accelerated rate over the term of the contract. In comparison to 2011, depreciation for these setup and installation assets was $4.4 million higher in 2012.

Financing costs

Financing costs include interest on loans and borrowings and accretion on notes payable. For the year ended December 31, 2012 financing costs were $3.6 million as compared to $2.5 million in the same period of 2011, an increase of $1.1 million as a result of higher interest expense on loans and borrowings. The increased interest expense was due to a higher weighted average debt of $83.9 million for the year ended December 31, 2012 compared to $39.3 million in the same period of 2011. The effective interest rate on the weighted average debt decreased in the comparative years as a result of reduced interest rates in the renewed credit facility and a higher proportion of debt being converted to bankers acceptance in 2012 as compared to the same period of 2011.

Income taxes

Income tax expense was $25.8 million, an effective tax rate of 26.1%, for the year ended December 31, 2012 as compared to a tax expense of $15.4 million, an effective rate of 25.5% for the same period of 2011. The increase in the effective tax rate is due mainly to differences in jurisdictional tax rates and the change in the estimated timing of realization of temporary differences.

Selling and administrative

Selling and administrative expense was $17.2 million for the year ended December 31, 2012 as compared to $14.5 million in the same period of 2011. The increase is reflective of the higher levels of business activity in 2012 as compared to 2011. As a percentage of revenue, selling and administrative expense declined to 3.3% in 2012 as compared to 3.6% in 2011.

Fourth Quarter Financial Summary

(000's except per share amounts)		Three months ended December 31 2012		2011	% Change
Revenue		$ 138,558		$ 110,929	25%
EBITDAS[1]		36,039		29,369	23%
EBITDAS as a % of revenue		26%		26%	
Operating earnings before impairment loss[1]		23,390		19,936	17%
Operating earnings before impairment loss as a % of revenue		17%		18%	(6%)
Impairment loss		-		8,071	-
Operating earnings		23,390		11,865	97%
Total profit before impairment loss		$ 15,991		$ 16,680	(4%)
Total profit after impairment loss		15,991		8,609	86%
Total comprehensive income		15,959		8,537	87%
Earnings per share before impairment loss	– basic	$ 0.15		$ 0.16	(6%)
	– diluted	0.15		0.15	-%
Earnings per share after impairment loss	– basic	0.15		0.08	88%
	– diluted	0.15		0.08	88%
Total assets		$ 495,993		$ 357,137	39%
Long-term loans and borrowings		116,872		55,234	112%
Funds from operations[2]		28,323		17,202	65%
Capital spending		23,378		21,926	7%
Debt to total capitalization ratio[3]		0.30		0.21	43%
Dividends declared		$ 5,439		$ 4,270	27%
Dividends declared per share		$ 0.05		$ 0.04	25%

(1) EBITDAS (Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, impairment loss and share based compensation) and operating earnings (earnings before finance costs, taxes, impairment loss, and earnings on equity investments) are not recognized measures under IFRS. Management believes that in addition to total profit and total comprehensive income, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Operating earnings provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed or taxed. Horizon's method of calculating EBITDAS and operating earnings may differ from other entities and accordingly, may not be comparable to measures used by other entities. EBITDAS and operating earnings should not be construed as alternatives to total profit and comprehensive income determined in accordance with IFRS as an indicator of the Corporation's performance. For a reconciliation of EBITDAS and operating earnings to total profit and comprehensive income, please refer to page 12 of the Management's Discussion and Analysis.

(2) Funds from operations is not a recognized measure under IFRS. Management believes that in addition to cash flow from operations, funds from operations is a useful supplemental measure as it provides an indication of the cash flow generated by the Corporation's principal business activities prior to consideration of changes in working capital. Investors should be cautioned, however, that funds from operations should not be construed as an alternative to cash flow from operations determined in accordance with IFRS as an indicator of the Corporation's performance. Horizon's method of calculating funds from operations may differ from other entities and accordingly, funds from operations may not be comparable to measures used by other entities. Funds from operations is equal to cash flow from operations before changes in non-cash working capital items related to operations, interest and income taxes paid, financing costs, and income tax expense.

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

Fourth Quarter Financial Results

(000's)		Camps & Catering		Matting		Corporate		Inter-segment Eliminations		Total
	Three months ended December 31, 2012									
Revenue	$	117,214	$	24,151	$	-	$	(2,807)	$	138,558
Expenses										
Direct costs		81,691		18,752		34		(2,688)		97,789
Selling & administrative		1,728		196		2,806		-		4,730
EBITDAS		33,795		5,203		(2,840)		(119)		36,039
EBITDAS as a % of revenue		29%		22%						26%
Share based payments		379		55		291		-		725
Depreciation & amortization		9,867		2,122		122		(56)		12,055
Gain on disposal of property, plant and equipment		(38)		(80)		(13)		-		(131)
Operating earnings (loss)	$	23,587	$	3,106	$	(3,240)	$	(63)	$	23,390
Finance costs										971
Share of equity accounted investees										504
Income tax expense										5,924
Other comprehensive loss										32
Total comprehensive income									$	15,959
Earnings per share – basic									$	0.15
– diluted									$	0.15

(000's)		Camps & Catering		Matting		Corporate		Inter-segment Eliminations		Total
	Three months ended December 31, 2011									
Revenue	$	94,674	$	20,797	$	-	$	(4,542)	$	110,929
Expenses										
Direct costs		66,750		15,970		1		(4,597)		78,124
Selling & administrative		960		146		2,330		-		3,436
EBITDAS		26,964		4,681		(2,331)		55		29,369
EBITDAS as a % of revenue		28%		23%		-		-		26%
Share based payments		79		16		51		-		146
Depreciation & amortization		5,999		1,863		85		(24)		7,923
Loss on disposal of property, plant and equipment		1,364		-		-		-		1,364
Operating earnings before impairment loss	$	19,522	$	2,802	$	(2,467)	$	79	$	19,936
Impairment loss		8,071		-		-		-		8,071
Operating earnings (loss)	$	11,451	$	2,802	$	(2,467)	$	79	$	11,865
Finance costs										637
Share of equity accounted investees										(12)
Income tax expense										2,631
Other comprehensive loss										72
Total comprehensive income									$	8,537
Earnings per share before impairment loss – basic									$	0.16
– diluted									$	0.15
Earnings per share after impairment loss – basic									$	0.08
– diluted									$	0.08

Camps & Catering

Camps & Catering revenue is comprised of camp rental and catering operations revenue, manufacturing and space unit sales revenue and space rental and service revenue.

Effective October 1, 2012, presentation of Camps & Catering segment has been realigned to include Marine services to better represent the businesses within the Camps & Catering segment. Marine services revenue is now reported as Camp rental and catering operations revenue and includes the following components: barge camp rental, equipment rental and other ancillary revenue. 2011 comparatives have been similarly revised to ensure meaningful comparatives.

	Three months ended December 31		
(000's except bed rental days and catering only days)	2012	2011	% change
Camp rental and catering operations revenue	$ 76,668	$ 55,383	38%
Manufacturing sales	38,019	37,029	3%
Space rental and service revenue	2,527	2,262	12%
Total revenue	$ 117,214	$ 94,674	24%
EBITDAS	$ 33,795	$ 26,964	25%
EBITDAS as % of revenue	29%	28%	
Operating earnings	$ 23,587	$ 11,451	106%
Bed rental days[(1)]	433,832	220,678	97%
Catering only days[(2)]	58,794	78,958	(26%)

(1) One bed rental day represents; the provision of one bed for one day under a combined rental and catering manday rate; or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.

(2) One catering only day equals the provision of catering and housekeeping services with no related bed rental for one day.

Revenues from the Camps & Catering segment were $117.2 million for the three months ended December 31, 2012 as compared to $94.7 million for the three months ended December 31, 2011, an increase of $22.5 million or 24%. EBITDAS for the three months ended December 31, 2012 were $33.8 million or 29% of revenue compared to $27.0 million or 28% of revenue for the three months ended December 31, 2011, an increase of $6.8 million or 25%.

Horizon's growth in the Camps & Catering segment for the comparative quarters was led by camp rental and catering operations with revenue growth of $21.3 million or 38%. These operations are highly levered to activity levels in the Alberta oil sands area and Horizon operated an additional 2,277 beds for the three months ended December 31, 2012 as compared to the same period of 2011 with the majority of the additional beds being deployed in the Alberta oil sands area to take advantage of the high levels of activity.

Camp rental and catering operations revenue

Revenues are derived from the following main business areas: large camp operations, drill camp operations, catering only operations, and the associated service work with each operation. Service work includes the transportation, setup and de-mobilization of the camp and catering projects. Revenues from camp and catering operations were $76.7 million for the three months ended December 31, 2012 compared to $55.4 million for the three months ended December 31, 2011, an increase of $21.3 million or 38%.

The table below outlines the key performance metrics used by management to measure performance in the large camp and drill camp operations:

	Three months ended December 31					
(000's for revenue only)	2012			2011		
	Large camp	Drill camp	Total	Large camp	Drill camp	Total
Revenue	$59,718	$3,925	$63,643	$37,525	$3,389	$40,914
Bed rental days[(1)]	410,456	23,376	433,832	200,421	20,257	220,678
Revenue per bed rental day	$145	$168	$147	$187	$167	$185
Rentable beds at period end	6,905	871	7,776	4,850	950	5,800
Average rentable beds available[(2)]	6,897	836	7,733	4,506	950	5,456
Utilization[(3)]	65%	30%	61%	48%	23%	44%

(1) One bed rental day represents; the provision of one bed for one day under a combined rental and catering manday rate; or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.

(2) Average rentable beds available is equal to total average beds in the fleet over the period less beds required for staff.

(3) Utilization equals the total number of bed rental days divided by average rentable beds available times days in the quarter.

Revenues from large camp operations for the three months ended December 31, 2012 increased by $22.2 million or 59% compared to the same period in 2011, primarily as a result of a larger fleet mainly deployed in the oil sands area.

Within the large camp operations revenue is derived from two styles of camp offerings, open camps and dedicated single customer camps. In 2012 an increased focus on securing longer term contracts for dedicated single customers camps resulted in a higher proportion of large camp revenue being generated from these dedicated camps as compared to 2011. Generally the contracted revenue for open camps has a short contract duration typically priced with a single rate on bed rental day basis. The dedicated single customer camps usually are longer term contracts and priced using an equipment rental charge and a room occupancy charge. The contracts with the two charge structure have a significant impact on both utilization and on the revenue per bed rental day. With the two charge pricing structure the beds are considered to be 100% utilized since the customer is paying an equipment rental charge, in comparison, the single rate bed rental day pricing is based on occupancy. The changing mix of the two contract types was a contributing factor to the 35% increase in utilization for fourth quarter of 2012 as compared to the fourth quarter of 2011. An additional effect of the contract mix is to decrease in the revenue per bed rental day as a result of the increased number of beds considered rented, the bed rental day rate in 2012 was $145, a decrease of $42, or 22%.

Of note, a large portion of the dedicated camps have been contracted with customers new to Horizon, particularly on SAGD oil sands projects, resulting in a more diverse customer base in 2012 as compared to 2011.

Revenues from drill camp operations for the three months ended December 31, 2012 increased by $0.5 million or 16% compared to the same period of 2011. The increase was a result of higher volumes as compared to the comparative quarter in 2011.

The tables below outline the key performance metrics used by management to measure performance in the catering only and equipment rental operations.

	Three months ended December 31	
(000's for revenue only)	2012	2011
Catering only revenue	$ 6,119	$ 7,400
Catering only days[(1)]	58,794	78,958
Revenue per catering only day	$104	$94

(1) One catering only day equals the provision of catering and housekeeping services with no related bed rental for one day.

Revenues from the provision of catering and housekeeping only services, with no associated bed rentals, decreased $1.3 million or 17% for the three months ended December 31, 2012 as compared to same period of 2011. The lower volumes were mainly a result of the close out of a significant catering only job at a mining operation in the Northwest Territories. The higher rate was mainly the result of change in customer mix due to close out of the large catering job.

The table below outlines the service revenue generated from the camp and catering operations:

	Three months ended December 31	
(000's)	2012	2011
Camp and catering operations service related revenue	$ 6,906	$ 7,069

Service revenues in the camp & catering operations is related to the transportation, setup and de-mobilization of camps. Revenue was relatively consistent in the comparative quarters mainly due to the nature of the specific service projects undertaken in the comparative quarters.

Manufacturing sales

Manufacturing sales revenues include the manufacture of camps sold to third parties and the transportation and installation associated with those sales. Revenues for the three months ended December 31, 2012 were $38.0 million as compared to $37.0 million for the same period in 2011, an increase of $1.0 million or 3%. Manufacturing production capacity is regularly reviewed by management to determine the allocation of production required to meet external third party sales contracts and internal fleet requirements. The increase in revenue was a result of the allocation of production capacity between sales and fleet build in the comparative quarters. Actual direct manufacturing hours were 188,234 hours for the three months ended December 31, 2012 as compared to 138,507 in the comparative period, an increase of 49,727 hours or 36%. The increase was a result of additional production staff for the three months ended December 31, 2012 compared to the same period of 2011. In the fourth quarter of 2012 57% of direct hours were allocated to external sales contracts compared to 64% in the same period of 2011. Service revenue, which includes the transportation and installation components of the sale, for the three months ended December 31, 2012, was focused primarily on close out of a significant oil sands related camp project and ramping up for the next significant project which is currently in the manufacturing phase.

Space rental revenues

Space rental revenues for the three months ended December 31, 2012 were $2.5 million as compared to $2.3 million for the same period in 2011, an increase of $0.2 million or 12%. The increase came from slightly higher volumes with fleet utilization of 87% for the three months ended December 31, 2012 compared to 85% for the same period in 2011.

Direct costs

Direct costs for the three months ended December 31, 2012 were $81.7 million or 70% of revenue as compared to $66.8 million or 71% of revenue for the same period of 2011. Direct costs are closely related to business volumes and the increased direct costs are primarily a result of the higher activity levels in the comparative periods. As a percentage of revenue, direct costs decreased by 1% in the comparative periods, the decrease is reflecting fixed costs in relation to the levels of activity, as activity levels increase fixed costs become a smaller proportion of revenue.

Matting

Matting revenue is comprised of mat rental revenue, mat sales revenue, installation, transportation, service, and other revenue as follows:

(000's except mat rental days and numbers of mats)	Three months ended December 31		
	2012	2011	% change
Access mat rental revenue[(1)]	$ 2,919	$ 1,842	58%
Other mat and rental equipment revenue[(2)]	888	465	91%
Mat sales revenue	10,893	10,694	2%
Installation, transportation, service, and other revenue	9,451	7,796	21%
Total revenue	$ 24,151	$ 20,797	16%
EBITDAS	$ 5,203	$ 4,681	11%
EBITDAS as a % of revenue	22%	23%	(4%)
Operating earnings	$ 3,106	$ 2,802	11%
Access mat rental days – owned mats[(3)]	777,350	619,727	25%
Access mat rental days – third party mats[(4)]	263,808	-	100%
Total access mat rental days	1,041,158	619,727	68%
Average owned access mats in rental fleet[(5)]	14,190	9,863	44%
Average sub rental access mats in rental fleet[(6)]	2,866	-	100%
Access mats in rental fleet at quarter end[(7)]	13,714	9,739	41%
Mats sold:			
New mats	13,910	13,557	3%
Used Mats	992	437	127%
Total mats sold	14,902	13,994	6%

(1) Access mat rental revenue includes revenues generated from the rental of traditional oak and oak edged mats.
(2) Other mat rental equipment revenue includes the rental of rig mats, quad mats, other ancillary equipment such as well site accommodation units and light towers.
(3) One mat rental day equals the rental of one owned access mat for one day.
(4) One mat rental day equals the rental of one third party sub rented access mat for one day.
(5) Average access mat rental fleet numbers reflect only owned access mats.
(6) Average sub rental access mats is the average number of non-owned access mats in the rental fleet. These mats are rented from third parties on a short term basis.
(7) Access mats in rental fleet at quarter end represents the number of owned access mats in the Matting fleet on December 31, 2012.

Revenues from the Matting segment for the three months ended December 31, 2012 were $24.2 million as compared to $20.8 million for the same period of 2011, an increase of $3.4 million or 16%. EBITDAS for the three months ended December 31, 2012 were $5.2 million or 22% of revenue as compared to $4.7 million or 23% of revenue for the same period of 2011, an increase of $0.5 million or 11%.

Mat and equipment rental revenue

Total mat and equipment rental revenues for the three months ended December 31, 2012 were $3.8 million as compared to $2.3 million for the same period of 2011, an increase of $1.5 million or 65%. The growth in rental revenue was mainly driven by the increase in mat rental days partially offset by slightly lower revenues per mat rental day. Volumes increased in the fourth quarter of 2012 as compared to the same period in 2011 by 421,431 days. The owned access mat fleet was 60% utilized compared to 68% in the comparative quarter of 2011. The revenue per mat rental day decreased slightly to $2.80 per day in the fourth quarter of 2012 from $2.97 in the same period of 2011, this decrease was mainly due to the duration of contracts in the comparative periods.

Mat sales revenue

Revenues from mat sales for the three months ended December 31, 2012 were relatively consistent in the comparative quarters with 2012, higher by $0.2 million. The mix of new and used access mat sales changed with used mats sales being a higher proportion of total mat sales in the three months ended December 31, 2012 as compared to the same period of 2011. As a result of the sales mix, revenue per mat decreased by $33 per mat as used mats have a lower selling price.

Installation, transportation, service, and other revenue

Installation, transportation, service, and other revenues are driven primarily from the level of activity in the mat rental and mat sale businesses and are charged for separately from rentals and sales. Revenues for the three months ended December 31, 2012 were $9.5 million as compared to $ 7.8 million the same period in 2011, an increase of $1.7 million or 21%. The increase is mainly reflective of the higher volume of rentals in the three months ended December 31, 2012, as compared to the same period of 2011.

Direct costs

Direct costs for the three months ended December 31, 2012 were $18.8 million or 78% of revenue as compared to $16.0 million or 77% of revenue for the same period of 2011. Direct costs are driven by the level of business activity, with the increase in revenue, as compared to the same period of 2011, direct costs have increased accordingly. Direct costs as a percentage of revenue increased by 1% for the three months ended December 31, 2012 as compared the same period of 2011. The increase is primarily a result of costs in the rental operation as a result of sub renting mats as compared to 2011 when there was no mat sub rental.

Corporate

Corporate costs are the costs of the head office which include the President and Chief Executive Officer, Chief Financial Officer, Vice President of Health, Safety, and Environment, Vice President of Aboriginal Relations, Corporate Secretary, corporate accounting staff, and associated costs of supporting a public company. Corporate costs for the three months ended December 31, 2012 were $2.8 million as compared to $2.3 million in the same period in 2011. This increase of $0.5 million reflects the increased cost to support the higher level of business activity. Corporate costs, as a percentage of total revenue, remained consistent for the comparative periods at 2.0%.

Other Items

Depreciation and amortization

(000's)	Three months ended December 31, 2012	2011	% change
Depreciation	$ 10,004	$ 5,842	71%
Amortization	2,051	2,081	(1%)
Total depreciation and amortization	$ 12,055	$ 7,923	52%

Depreciation and amortization costs for the three months ended December 31, 2012 were $12.1 million as compared to $7.9 million in the same period of 2011. The increase was a result of depreciation which increased by $4.2 million or 71%. The increased depreciation was a result of camp asset additions which include camp setup and installation costs that are depreciated over the term of the contract. Depreciation for the camp setup and installation was $2.0 million higher in the fourth quarter of 2012 as compared to the same period of 2011.

Financing costs

Financing costs include interest on loans and borrowings and accretion on notes payable. For the three months ended December 31, 2012 financing costs were $1.0 million as compared to $0.6 million in the same period of 2011, an increase of $0.4 million as a result of a higher interest expense on loans and borrowings. The increased interest expense was due to higher weighted average debt of $105.1 million for the three months ended December 31, 2012 compared to $49.6 million in the same period of 2011.The interest rate decreased in the comparative quarters as a result of lower rates in the renewed credit facility and a higher proportion of debt being converted to bankers acceptance in the fourth quarter of 2012 as compared to the same period of 2011.

Income taxes

Income tax expense was $5.9 million, an effective tax rate of 27%, for the three months ended December 31, 2012 as compared to a tax expense of $2.6 million, an effective rate of 24% for the same period of 2011. The effective tax rate in the fourth quarter of 2011 was low due to the timing of the realization of tax losses in the fourth quarter of 2011.

Selling and administrative

Selling and administrative expense was $4.7 million for the three months ended December 31, 2012 as compared to $3.4 million in the same period of 2011. The increase is reflective of the higher levels of business activity in 2012 as compared to 2011. As a percentage of revenue, selling and administrative expense increased to 3.4% in 2012 as compared to 3.1% in 2011.

Liquidity and Capital Resources

The Corporation's working capital position and borrowing capacity are set out below:

(000's)	December 31, 2012	December 31, 2011
Current assets	$ 149,166	$ 102,799
Current liabilities excluding loans and borrowings[(1)]	72,760	59,814
Current portion of loans and borrowings	1,416	1,281
Current liabilities	74,176	61,095
Working capital[(2)]	$ 74,990	$ 41,704
Bank borrowing:		
Available bank lines	$ 150,000	$ 80,000
Drawings on credit facility	108,247	49,524
Borrowing capacity[(3)]	$ 41,753	$ 30,476

(1) Calculated as the sum of trade and other payables, deferred revenue and income taxes payable.
(2) Calculated as current assets less current liabilities.
(3) Calculated as available bank lines less drawings on credit facility.

Working capital at December 31, 2012 was $75.0 million as compared to $41.7 million at December 31, 2011.The increase of $33.3 million in working capital is primarily due to the significantly higher levels of business activity in 2012 generating an increase in accounts receivable, and lower deferred revenue as compared to the same period in 2011.

On October 26, 2012, the Corporation increased its existing committed credit facility from $120 million to $150 million. The renewed committed credit facility was also renewed for a term of 3 years, extendable annually at the Corporation's request subject to lenders approval. In addition, a $35 million accordion feature is available upon request by the Corporation, subject to review and approval by the lenders. The committed credit facility is secured by a $300 million first fixed and floating charge debenture over all assets of the Corporation and its wholly owned subsidiaries. Interest is payable at the bank prime rate plus 0.625%. Amounts borrowed under the facility become due on October 26, 2015, the renewal date of the facility.

At December 31, 2012 the Corporation was in compliance with its debt covenants as shown below:

Debt Covenants	December 31, 2012
Debt [(1)] to EBITDAS [(2)(3)] – must be less than 2.0:1	0.79:1
Interest coverage[(4)] – must be greater than 3.0:1	49.7:1

(1) Debt is calculated as the sum of current and long-term portions of loans and borrowings.

(2) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon's method of calculating EBITDAS and operating earnings (loss) may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. For a reconciliation of EBITDAS and operating earnings to net earnings, please refer to page 4 of the Management's Discussion and Analysis.

(3) Debt to EBITDAS is calculated as the ratio of debt to trailing 12 months EBITDAS.

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

During the year ended December 31, 2012, the Corporation spent $139.3 million on capital asset additions as compared to $101.0 million in the same period of 2011. Capital spending was concentrated on rental fleet expansion and replacement to meet demand in the Camps & Catering segment in addition to moderate maintenance capital. Management evaluates and manages its capital spending plans taking into account proceeds from disposals for the year of $8.8 million, resulting in net capital spending for the year ended December 31, 2012 of $130.5 million.

Quarterly Summary of Results

	Three months ended				Year ended
	March	June	September	December	December
(000's except per share amounts)	2012	2012	2012	2012	2012
Revenue	$ 128,597	$ 139,551	$ 119,910	$ 138,558	$ 526,616
EBITDAS	34,445	40,463	34,080	36,039	145,027
Operating earnings	26,080	30,056	23,232	23,390	102,758
Total profit	18,861	21,769	16,262	15,102	72,883
Total comprehensive income	18,792	21,854	16,328	15,969	72,933
Earnings per share – basic	$ 0.18	$ 0.20	$ 0.15	$ 0.15	$ 0.67
Earnings per share – diluted	$ 0.17	$ 0.20	$ 0.15	$ 0.15	$ 0.66

	Three months ended				Year ended
	March	June	September	December	December
(000's except per share amounts)	2011	2011	2011	2011	2011
Revenue	$ 103,159	$ 86,607	$ 102,298	$ 110,929	$ 402,993
EBITDAS	22,805	22,019	28,443	29,369	102,636
Operating earnings	15,541	14,652	20,665	11,865	62,723
Total profit	10,912	10,233	15,068	8,609	44,822
Total comprehensive income	10,912	10,233	15,298	8,537	44,980
Earnings per share – basic	$ 0.10	$ 0.10	$ 0.14	$ 0.08	$ 0.42
Earnings per share – diluted	$ 0.10	$ 0.10	$ 0.14	$ 0.08	$ 0.41

Through 2011 and 2012 the price of oil and minerals remained at levels high enough for major resource companies to continue investing in large capital projects, as a result, revenue and EBITDAS grew throughout 2011 and 2012. Activity levels saw some variability from quarter to quarter in each year primarily due to the timing of large manufacturing and installation projects. With the levels of investment being made by the energy sector and continued robust activity in the oil sands, strengthening demand and improving utilization is significantly reducing the seasonal nature of Horizon's business.

Risks and Uncertainties

Volatility of Oil, Natural Gas and Mining Industry Conditions

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

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

Competition

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

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

Credit Risk

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

Additional Funding Requirements

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

Issuance of Debt

From time to time, Horizon may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Horizon's debt levels above industry standards. Horizon may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither Horizon's articles nor its by-laws limit the amount of indebtedness that Horizon may incur. The level of Horizon's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Labour Relations

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

Agreements and Contracts

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

Significant Customers

In the year ended December 31, 2012, the Corporation had two significant customers who each contributed greater than 10% of the consolidated revenue, for a combined total of 37%. The loss of these sources of revenue could have a substantial negative impact on the Corporation's future results from operations.

Reliance on Key Personnel

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

Camp Permits

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

Government Regulation

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

Environmental Regulation

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

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

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

Aboriginal Relationships

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

Seasonal Operations

Each of Horizon's businesses has slightly different seasonal aspects. Certain segments of the Camps & Catering division are exposed to the seasonality of the western Canadian oil and natural gas drilling industry where the busiest months are January through March and the slowest months are April through September. However, seasonality has been significantly reduced due to increased exposure in the oil sands and mining sectors, which operate year round. The Matting segment is busiest in the spring and summer months of April through September when soft ground conditions hinder the movement of heavy equipment.

Other Risks

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

Changes in Accounting Policies

There have been no changes in accounting policies in the year ended December 31, 2012.

Critical Accounting Estimates

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

The accounting estimates believed to be the most difficult, subjective or complex judgments and which are the most critical to the reporting of results of operations and financial positions are as follows:

Revenue recognition

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

Impairment

The Corporation assesses impairment at each reporting date by evaluating conditions specific to the organization that may lead to impairment of assets. Where an impairment indicator exists or annually for goodwill, the recoverable amount of the asset or cash generating unit is determined. Value-in-use calculations performed in assessing the recoverable amounts incorporate a number of key estimates.

Financial Instruments and Risk Management

(a) Overview

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

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

(b) Credit risk

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

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

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

(000's)	December 31, 2012	December 31, 2011
Neither impaired nor past due	$ 44,337	$ 32,975
Impaired	495	156
Outstanding 31-60 days	38,313	18,319
Outstanding 61-90 days	16,800	10,821
Outstanding more than 90 days	13,126	5,519
Total	113,071	67,790
Allowance for doubtful accounts	(495)	(156)
Accrued revenue	19,439	14,946
Other receivables	1,180	904
Total trade and other receivables	$ 133,195	$ 83,484

In the year ended December 31, 2012, the Corporation provided an allowance for $0.5 million of receivables aged greater than 90 days. The Corporation also applied $0.1 million of allowance for doubtful accounts against the associated receivable balance. As at February 20, 2013, the Corporation has collected $72.7 million of total trade accounts receivable and $8.8 million on amounts outstanding more than 90 days.

(c) Liquidity risk

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

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

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

	December 31, 2012		December 31, 2011	
	Trade and other payables(1)	Loans and borrowings(2)	Trade and other payables(1)	Loans and borrowings(2)
Year 1	$ 72,172	$ 1,416	$ 46,213	$ 1,281
Year 2	-	1,543	-	1,000
Year 3	-	115,329	-	50,523
Year 4	-	-	-	3,711
Year 5 and beyond	1,364	-	1,283	-
	$ 73,536	$ 118,288	$ 47,496	$ 56,515

1. *Trade and other payables include trade and other payables, income taxes payable, and provisions.*
2. *Loans and borrowings as at December 31, 2012 include non-interest bearing notes payable and Horizon's revolving credit facility which replaced the previous senior secured facility on October 26, 2012. Loans and borrowings as at December 31, 2011 include non-interest bearing notes payable and the Horizon's senior secured revolving term facility. Cash flows of Horizon's note payable have been recorded according to estimated utilization of specific equipment.*

(d) Market risk

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

(i) Foreign currency exchange risk

The Corporation began operations in the USA in September 2011 with a small camp & catering project in Montana. The foreign exchange risk with respect to this operation is limited to revenues and purchases being denominated in USD. For the Canadian operations, the Corporation has limited exposure to foreign currency exchange risk as sales and purchases are typically denominated in CAD. The Corporation's exposure to foreign currency exchange risk arises from the purchase of some raw materials, which are denominated in USD, and foreign operations with USD functional currency.

As the foreign currency exchange risks are primarily based on the realized foreign exchange, the following sensitivity analysis is to determine the impact on cash used in operating activities. The effect of a $0.01 increase in the USD/CAD exchange rate would decrease cash used in operating activities for the year ended December 31, 2012 by approximately $261,000 (December 31, 2011 - $258,000). This assumes that the quantity of USD purchases and the foreign operations in the quarter remain unchanged and that the change in the USD/CAD exchange rate is effective from the beginning of the year.

(ii) Interest rate risk

The Corporation is exposed to interest rate risk as changes in interest rates may affect interest expense and future cash flows. The primary exposure is related to the Corporation's revolving credit facility which bears interest at a rate of prime plus 1.00%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $841,000 for the year ended December 31, 2012 (December 31, 2011 – $393,000). This assumes that the amount and mix of fixed and floating rate debt in the year ended December 31, 2012 remains unchanged and that the change in interest rates is effective from the beginning of the year.

Outstanding Shares

Horizon had 108,709,275 voting common shares issued and outstanding with a book value of $179,999,000 or $1.66 per share as at December 31, 2012.

Off Balance Sheet Financing

Horizon has no off balance sheet financing.

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

Disclosure Controls & Procedures

Disclosure controls and procedures (DC&P) are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at December 31, 2012, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the design and operation of Horizon's DC&P as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. Based on this evaluation, the CEO and CFO have concluded that, as at December 31, 2012 Horizon's DC&P, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, were effective.

Throughout 2012, Horizon focused on continuous improvement and improved execution of its DC&P. Horizon will continue to evaluate its DC&P making modifications from time-to-time as deemed necessary. There were no changes in Horizon's DC&P that occurred during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, Horizon's DC&P.

Internal Controls over Financial Reporting

Internal controls over financial reporting (ICFR) are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR.

Horizon's ICFR include, but are not limited to, policies and procedures addressing:

- the maintenance of records that provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS;
- receipts and expenditures are being made only in accordance with authorizations of management and directors;
- maintenance of records in reasonable detail to accurately and fairly reflect transactions and disposition of assets; and
- the reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on annual and interim consolidated financial statements.

Because of inherent limitations, ICFR can only provide reasonable assurance and may not prevent or detect all misstatements. Additionally, projections of an evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As at December 31, 2012, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of Horizon's ICFR based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this evaluation, management concluded that the design and operating effectiveness of Horizon's ICFR was effective as of December 31, 2012.

Throughout 2012 Horizon focused on continuous improvement and improved execution of its ICFR. Horizon will continue to evaluate its ICFR making modifications from time-to-time as deemed necessary. There were no changes in Horizon's ICFR that occurred during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, Horizon's ICFR.

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

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

Related parties

(000's)	December 31, 2012	December 31, 2011
Equity accounted investees		
Purchases	2	-
Sales	1,211	257
Recovery of administrative overhead	-	-
Included in accounts receivable	164	-
Joint venture		
Purchases	$ -	$ -
Sales	8	132
Recovery of administrative overhead	30	23
Included in accounts receivable	-	-
Key management personnel interests		
Purchases	$ (17)	$ 30
Sales	1,261	783
Included in accounts receivable	271	30
Included in accounts payable	-	-

All related party transactions in the normal course of operations have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties. All outstanding balances are to be settled with cash, and none of the balances are secured.

Advisories

This Management's Discussion and Analysis, prepared as at February 20, 2013, focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North Logistics Inc. (the "Corporation" or "Horizon"). This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions. Additional information related to the Corporation, including the Corporation's annual information form, is available on SEDAR at www.sedar.com. Unless otherwise indicated, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is in Canadian dollars.

Caution Regarding Forward-Looking Information and Statements

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

In particular, such forward looking statements include: under the heading "Outlook" the statements that "Oil sands development activities, driven primarily by SAGD projects, continue to be the main driver of Horizon's growth and are expected to remain robust over the next few years.", "While reduced utilization and visibility on the revenue from these assets is likely in the near term, activity in the region from other operators remains strong and Horizon continues to see opportunities to remarket or reposition these beds as we move through the second half of 2013", "Capital spending for 2013 is expected to be $80 million, focused primarily on adding 1,000 beds to the camp and catering operations throughout the year. Of the expected 1,000 beds, 36% are under contract to be deployed in the second quarter, primarily in the oil sands region of Alberta on a SAGD project. Capital spending in 2013 is expected to be less than the $140 million 2012 program so as to match the continued growth of our operating and service delivery capabilities and maintaining a conservative balance sheet."

Many factors could cause the performance or achievements of the Corporation to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.