Condensed Consolidated Interim Financial Statements of

HORIZON NORTH

Logistics Inc

Three months ended March 31, 2012 and 2011 (Unaudited)

HORIZON NORTH
Logistics Inc

Condensed consolidated statement of financial position (Unaudited)

(000's)	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Trade and other receivables	$ 93,072	$ 83,484
Inventories	16,010	15,334
Prepayments	3,377	3,981
	112,459	102,799
Non-current assets:		
Property, plant and equipment (Note 4)	254,966	228,793
Intangible assets	16,181	18,232
Goodwill	2,136	2,136
Investments in equity accounted investees	575	529
Deferred tax assets	1,770	1,837
Other assets	2,779	2,811
	278,407	254,338
	$ 390,866	$ 357,137
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 44,861	$ 41,833
Deferred revenue	12,526	13,601
Income taxes payable	4,720	4,380
Current portion of loans and borrowings (Note 5)	1,213	1,281
	63,320	61,095
Non-current liabilities:		
Asset retirement provisions	1,319	1,283
Loans and borrowings (Note 5)	68,700	55,234
Deferred tax liabilities	25,200	23,456
	158,539	141,068
Shareholders' equity:		
Share capital (Note 7)	177,216	173,438
Contributed surplus	9,496	10,421
Accumulated other comprehensive income	89	158
Retained earnings	45,527	32,052
	232,328	216,069
	$ 390,867	$ 357,137

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

Condensed consolidated statement of comprehensive income (Unaudited)
Three months ended March 31, 2012 and 2011

HORIZON NORTH
Logistics Inc

(000's)	Three months ended March 31 2012	2011
Revenue	$ 128,597	$ 103,159
Operating expenses:		
Direct costs	90,010	77,061
Depreciation	6,229	4,836
Amortization of intangible assets	44	41
Share based compensation (Note 7)	45	95
(Gain) loss on disposal of property, plant and equipment	(5)	212
Direct operating expenses	96,323	82,245
Gross profit	32,274	20,914
Selling & administrative expenses:		
Selling & administrative expenses	4,142	3,293
Amortization of intangible assets	2,007	2,019
Share based compensation (Note 7)	45	61
Selling & administrative expenses	6,194	5,373
Operating earnings	26,080	15,541
Finance costs	694	613
Share of (gain) loss of equity accounted investees	(46)	21
Profit before tax	25,432	14,907
Current tax expense	4,760	4,688
Deferred tax expense (recovery)	1,811	(693)
Income tax expense (Note 6)	6,571	3,995
Total profit	18,861	10,912
Other comprehensive income:		
Translation of foreign operations	69	-
Other comprehensive income, net of income tax	69	-
Total comprehensive income	$ 18,792	$ 10,912
Earnings per share:		
Basic (Note 8)	$ 0.18	$ 0.10
Diluted (Note 8)	$ 0.17	$ 0.10

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

Condensed consolidated statement of changes in equity (Unaudited)

(000's)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total
Balance at December 31, 2010	$ 245,353	$ 11,446	$ -	$ (78,000)	$ 178,799
Total profit	-	-	-	10,912	10,912
Share based compensation (Note 7)	-	156	-	-	156
Share options exercised (Note 7)	1,800	(498)	-	-	1,302
Dividends paid ($0.04 per share)	-	-	-	(4,215)	(4,215)
Balance at March 31, 2011	247,153	11,104	-	(71,303)	186,954
Total profit	-	-	-	33,910	33,910
Share based compensation (Note 7)	-	442	-	-	442
Share options exercised (Note 7)	4,285	(1,125)	-	-	3,160
Reduction of capital (Note 7)	(78,000)	-	-	78,000	-
Translation of foreign operations	-	-	158	-	158
Dividends paid ($0.04 per share)	-	-	-	(4,285)	(4,285)
Dividends declared ($0.04 per share)	-	-	-	(4,270)	(4,270)
Balance at December 31, 2011	173,438	10,421	158	32,052	216,069
Total profit	-	-	-	18,861	18,861
Share based compensation (Note 7)	-	90	-	-	90
Share options exercised (Note 7)	3,778	(1,015)	-	-	2,763
Translation of foreign operations	-	-	(69)	-	(69)
Dividends declared ($0.05 per share)	-	-	-	(5,386)	(5,386)
Balance at March 31, 2012	$ 177,216	$ 9,496	$ 89	$ 45,527	$ 232,328

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

Condensed consolidated statement of cash flows (Unaudited)
Three months ended March 31, 2012 and 2011

HORIZON NORTH Logistics Inc

(000's)	March 31, 2012	March 31, 2011
Cash provided by (used in):		
Operating activities:		
Profit for the period	$ 18,861	$ 10,912
Adjustments for:		
Depreciation	6,229	4,836
Amortization of intangible assets	2,051	2,060
Share based compensation (Note 7)	90	156
Amortization of other assets	32	28
(Gain) loss on equity investments	(46)	21
Loss (gain) on sale of property, plant and equipment	216	(846)
Unrealized foreign exchange	(10)	-
Finance costs	694	613
Income tax expense (Note 6)	6,571	3,995
	34,688	21,775
Income taxes paid	(4,421)	(2,460)
Interest paid	(504)	(414)
Changes in non-cash working capital items	(8,850)	(1,997)
	20,913	16,904
Investing activities:		
Purchase of property, plant and equipment (Note 4)	(34,177)	(25,824)
Proceeds on sale of property, plant and equipment	1,518	2,138
	(32,659)	(23,686)
Financing activities:		
Repayment of bank indebtedness	-	(229)
Shares issued (Note 7)	2,763	1,302
Proceeds from loans and borrowings	13,254	7,135
Payment of dividends	(4,270)	-
	11,747	8,208
Increase in cash position	-	-
Cash, beginning of period	-	-
Cash, end of period	$ -	$ -

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

1. Reporting Entity

Horizon North Logistics Inc. ("Horizon" or the "Corporation") is a company domiciled in Canada and is a publicly-traded company, listed on the Toronto Stock Exchange under the symbol HNL. The condensed consolidated interim financial statements of the Corporation as at and for the three months ended March 31, 2012 comprise the Corporation and its subsidiaries and the Corporation's interest in associates and jointly controlled entities. Horizon provides camp & catering, ground matting, and marine transportation services to oil and gas exploration and production companies, oilfield service companies and mining companies working on oil sands, mineral exploration and development, and conventional oil and gas projects primarily in western Canada.

2. Basis of Presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ending December 31, 2011. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These financial statements were approved by the board of directors of Horizon on May 2, 2012.

(b) Use of estimates and judgments

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

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2011.

3. Significant Accounting Policies and Determination of Fair Values

The accounting policies and determination of fair values were set out in Note 3 and 4 of the Corporation's annual consolidated financial statements for the year ended December 31, 2011 and have been applied consistently to all periods presented in these interim condensed consolidated financial statements. As a result, these financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011.

4. Property, Plant and Equipment

Cost *(000's)*	Balance December 31 2011	Additions	Disposals	Impact of Foreign Translation	Balance March 31 2012
Camp facilities	$ 224,462	$ 27,238	$ (2,866)	$ (41)	$ 248,793
Marine equipment	18,830	-	-	-	18,830
Land & Buildings	28,456	474	(4)	-	28,926
Automotive & trucking equipment	25,346	2,378	(161)	-	27,563
Mats	6,294	2,794	(872)	-	8,216
Furniture, fixtures & other equipment	4,433	152	(36)	-	4,549
Assets under construction	6,850	1,141	-	-	7,991
	$ 314,671	$ 34,177	$ (3,939)	$ (41)	$ 344,868

Depreciation *(000's)*	Balance December 31 2011	Depreciation	Disposals	Impact of Foreign Translation	Balance March 31 2012
Camp facilities	$ 45,894	$ 4,062	$ (1,519)	$ -	$ 48,437
Marine equipment	15,410	68	-	-	15,478
Land & Buildings	5,932	324	11	-	6,267
Automotive & trucking equipment	13,072	1,036	(128)	-	13,980
Mats	3,393	552	(533)	-	3,412
Furniture, fixtures & other equipment	2,177	187	(36)	-	2,328
Assets under construction	-	-	-	-	-
	$ 85,878	$ 6,229	$ (2,205)	$ -	$ 89,902

Carrying Amounts *(000's)*	Balance December 31 2011	Balance March 31 2012
Camp facilities	$ 178,568	$ 200,356
Marine equipment	3,420	3,352
Land & Buildings	22,524	22,659
Automotive & trucking equipment	12,274	13,583
Mats	2,901	4,804
Furniture, fixtures & other equipment	2,256	2,221
Assets under construction	6,850	7,991
	$ 228,793	$ 254,966

5. Loans and Borrowings

(000's)	March 31, 2012	December 31, 2011
Committed credit facility	$ 62,961	$ 49,524
Notes payable	6,952	6,987
Vehicle and equipment financing	-	4
	69,913	56,515
Less current portion	(1,213)	(1,281)
	$ 68,700	$ 55,234

The carrying value of Horizon's debt approximates its fair value, as the majority of the debt bears interest at variable rates.

On March 22, 2012, the Corporation increased its existing committed credit facility from $80.0 to $120.0 million. The committed credit facility was also renewed for a term of 3 years, extendable annually at the Corporations request. 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 $150 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 0.75%. Amounts borrowed under the facility become due on March 22, 2015, the renewal date of the facility. As at March 31, 2012, the Corporation was in compliance with all financial and non-financial covenants.

6. Income Taxes

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

	Three months ended March 31	
(000's)	2012	2011
Earnings before income taxes	$ 25,432	$ 14,907
Combined federal and provincial income tax rate	25.0%	26.5%
Expected income tax provision	6,358	3,950
Non-deductible share based compensation	22	41
Loss on equity investments	(12)	6
Change in estimated timing of realization of temporary differences	184	152
Other	19	(154)
	$ 6,571	$ 3,995

7. Share Capital

(a) Authorized

Unlimited number of voting common shares without nominal or par value.
Unlimited number of preferred shares issuable in series.

(b) Issued

	Number	Amount *(000's)*
Balance at December 31, 2010	105,214,992	$ 245,353
Reduction of capital	-	(78,000)
Share options exercised	1,536,659	6,085
Balance at December 31, 2011	106,751,651	$ 173,438
Share options exercised	1,032,294	3,778
Balance at March 31, 2012	107,783,945	$ 177,216

At the May 5, 2011 Annual and Special Meeting of Shareholders, a reduction of capital was approved by way of a special resolution, which eliminated the deficit of $78,000,000 as at January 1, 2011 and reduced share capital. Elimination of the deficit simplified the Corporation's statement of financial position and provides a more representative view of the actual accumulated operating results, as the majority of the deficit had been attributable to the write-down of goodwill in the year ended December 31, 2008.

(c) Share option plan

The Corporation has a share option plan for its directors, officers, and key employees whereby options may be granted, to a maximum of 10% of the issued and outstanding common shares, subject to certain terms and conditions. Share option vesting privileges are at the discretion of the Board of Directors and were set at three years for the 2007 plan.

	Three months ended March 31, 2012		Year ended December 31, 2011	
	Outstanding options	Weighted average exercise price	Outstanding options	Weighted average exercise price
Balance, beginning of period	4,216,007	$ 2.27	5,971,000	$ 2.46
Granted	110,000	4.92	60,000	4.50
Forfeited	(26,668)	1.37	(278,334	2.38
Exercised	(1,032,294)	2.68	(1,536,659	2.90
Balance, end of period	3,267,045	$ 2.24	4,216,007	$ 2.27

7. Share Capital (continued)

(c) Stock option plan (continued)

	Three months ended March 31, 2012		Year ended December 31, 2011	
	Exercisable options	Weighted average exercise price	Exercisable options	Weighted average exercise price
Balance, beginning of period	3,208,815	$ 2.47	3,939,977	$ 2.88
Vested	23,333	1.61	937,830	1.55
Forfeited	-	-	(132,333)	2.96
Exercised	(1,032,294)	2.68	(1,536,659)	2.90
Balance, end of period	2,199,854	$ 2.36	3,208,815	$ 2.47

The exercise prices for options outstanding at March 31, 2012 are as follows:

	Total options outstanding			Exercisable options	
Exercise price per share	Number	Weighted average exercise price per share	Weighted average remaining contractual life in years	Number	Weighted average exercise price per share
$1.36 to $1.37	811,335	$ 1.36	2.7	471,998	$ 1.36
$1.38 to $1.49	983,876	1.38	2.7	547,025	1.38
$1.50 to $3.30	530,834	2.75	1.9	400,831	2.96
$3.31 to $3.38	745,000	3.35	4.2	745,000	3.35
$3.39 to $4.96	196,000	4.55	4.0	35,000	3.42
	3,267,045	$ 2.24	3.0	2,199,854	$ 2.36

For the three months ended March 31, 2012, share based compensation for stock options included in net earnings amounted to $90,000 (March 31, 2011 - $156,000).

8. Earnings Per Share

The calculation of basic earnings per share for the three months ended March 31, 2012 was based on the total profit attributable to common shareholders of $18,861,000 (March 31, 2011 –$10,912,000).

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

	Three months ended March 31	
	2012	2011
Number of common shares, beginning of period	106,751,651	105,214,863
Weighted average effect of stock options exercised	529,534	53,131
Weighted average common shares outstanding – basic	107,281,185	105,267,994
Effect of share purchase options(1)	2,129,180	2,232,832
Weighted average common shares outstanding – diluted	109,410,365	107,500,826

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

For the three months ended March 31, 2012, 25,943 share options (March 31, 2011 – nil) were excluded from the calculation of weighted average common shares outstanding - diluted as the result would be anti-dilutive.

9. Operating segments

The Corporation operates in Canada and the United States through three business segments: Camps & Catering, Matting, and Marine Services. Camps & Catering includes camp rental and catering services, as well as the manufacture, sale, and repair of camps. Matting includes mat rental, installation, and fleet management services, as well as the manufacture and sale of mats. Marine Services includes barge and barge camp rental and marine transportation of equipment and supplies in Canada's northern regions.

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

Three months ended March 31, 2012 *(000's)*	Camps & Catering	Matting	Marine Services	Corporate	Inter-segment Eliminations	Total
Revenue	$ 112,186	$ 18,338	$ 741	$ -	$ (2,668)	$ 128,597
EBITDAS(1)	33,013	4,372	347	(3,019)	(268)	34,445
Depreciation and amortization	6,321	1,757	111	114	(23)	8,280
Gain on disposal of assets	(5)	-	-	-	-	(5)
Share based compensation	33	11	1	45	-	90
Operating earnings (loss)	26,664	2,604	235	(3,178)	(245)	26,080
Total assets	342,037	39,435	6,371	3,023	-	390,866
Capital expenditures	29,098	4,687	22	650	(280)	34,177

Three months ended March 31, 2011 *(000's)*	Camps & Catering	Matting	Marine Services	Corporate	Inter-segment Eliminations	Total
Revenue	$ 86,123	$ 17,841	$ 832	$ -	$ (1,637)	$ 103,159
EBITDAS(1)	20,531	4,274	373	(2,320)	(53)	22,805
Depreciation and amortization	5,411	1,310	107	84	(16)	6,896
Gain on disposal of assets	84	128	-	-	-	212
Share based compensation	84	10	1	61	-	156
Operating earnings (loss)	14,952	2,826	265	(2,465)	(37)	15,541
Total assets	263,966	33,523	7,074	4,178	-	308,741
Capital expenditures	23,404	2,381	9	116	(86)	25,824

(1) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, share of (gain) loss of equity accounted investees 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 may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

10. Seasonality

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. The Marine Services segment operates in Canada's northern regions where waterways are usable by tug and barge traffic from approximately mid-June to mid-September each year. As a result, Horizon's marine transportation revenue is concentrated in this period of each year.