This Management's Discussion and Analysis ("MD&A"), prepared as at October 31, 2012, focuses on key statistics from the Condensed Consolidated Interim 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.

Third Quarter Highlights

- Revenue and EBITDAS growth was led by the camp rental and catering operations which were highly focused on the Alberta oil sands region;
- The matting segment had a record quarter with continued strong mat rentals and service offsetting slightly lower mat sales;
- Executing the 2012 capital plan remains a top priority and the cornerstone to achieving growth; manufacturing operations in the third quarter were focused on camps & catering rental fleet;
- 63% of third quarter revenues were generated from oil sands related projects.

Third Quarter Financial Summary

	Three months ended September 30			Nine months ended September 30		
(000's except per share amounts)	2012	2011	% Change	2012	2011	% Change
Revenue	$ 119,910	$ 102,298	17%	$ 388,058	$ 292,064	33%
EBITDAS[(1)]	34,080	28,443	20%	108,988	73,267	49%
EBITDAS as a % of revenue	28%	28%		28%	25%	
Operating earnings[(1)]	23,232	20,665	12%	79,368	50,858	56%
Total profit	16,262	15,068	8%	56,892	36,213	57%
Total comprehensive income	16,328	15,298	7%	56,974	36,443	56%
Earnings per share – basic	$ 0.15	$ 0.14	7%	$ 0.53	$ 0.34	56%
– diluted	$ 0.15	$ 0.14	7%	$ 0.52	$ 0.34	53%
Total assets	480,322	328,928	46%	480,322	328,928	46%
Long-term loans and borrowings	117,830	43,356	172%	117,830	43,356	172%
Funds from operations[(2)]	26,894	22,452	20%	84,739	56,851	49%
Capital spending	46,445	22,861	103%	115,968	79,108	47%
Debt to total capitalization ratio[(3)]	0.31	0.17		0.31	0.17	

(1) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) and operating earnings (earnings before interest, taxes, 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 3 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 and Outlook

Horizon's third quarter results came in largely as expected, generating strong revenue and EBITDAS as compared to the same period of 2011. The increase was primarily driven by higher camp rental and catering operations revenues as a result of continued investment in the large camp rental fleet which occurred throughout 2011 and 2012. As a result, the average number of rentable beds available in the large camp rental fleet increased by 68% compared to the same period in 2011. Higher camp rental and catering operations revenue was partially offset by decreased revenue from camp sales as production capacity during the current quarter was heavily focused on executing internal fleet build projects.

Oil sands development and related activities continue to be the main driver of Horizon's business lines, with 63% of third quarter revenues generated from oil sands related projects. However, Horizon's customer base is expanding with the addition of new projects related to natural gas exploration and development, light oil development and pipeline projects.

Continued oil sands development activity is expected despite concerns regarding short term commodity price fluctuations. Oil sands projects are generally viewed in the context of long term planning horizons, with project spending allocated over a number of years. Individual companies may curtail or accelerate spending plans, but Horizon expects that continued strong bidding activity associated with the oil sands market will continue.

Horizon's manufacturing facilities continue to operate at high levels of utilization. Planned growth of production capacity through the addition of direct manufacturing labour in the facilities is ongoing. Staff levels are expected to continue to grow through the first half of 2013. The allocation of total production capacity between external camp sales and internal camp rental fleet requirements is reviewed regularly by management. Considering the current manufacturing backlog, the total production capacity for 2013 is likely to remain at 60% allocated to external camp sales with the remaining 40% allocated to internal fleet build projects.

Horizon's Matting division continues to turn in strong quarterly performances, and generated record revenue and EBITDAS during the quarter. Robust mat rental demand and continued strong demand for Horizon's full service oriented model helped offset slightly lower mat sales volumes during the quarter. With the current sales backlog and high activity levels driven by natural gas exploration and development, light oil development and pipeline projects performance of the Matting division is expected to remain strong through 2013.

Capital Spending

Executing the 2012 capital plan remains a high priority, with the majority of the 2012 capital program focused on adding beds to the Camps & Catering rental fleet. In the nine months ended September 30, 2012, Horizon added 1,594 beds to the rental fleet and expects to exit 2012 with a total of 8,500 rentable beds. With oil sands development activity remaining strong, the 2013 capital program is anticipated to add an additional 1,500 rentable beds to the Camp & Catering rental fleet.

Dividend Payment

Horizon North Logistics Inc. announced today that its Board of Directors has declared a dividend for the fourth quarter of 2012 at $0.05 per share. The dividend is payable to shareholders of record at the close of business on December 31, 2012 and is to be paid on January 11, 2013. The dividends are eligible dividends for Canadian tax purposes.

Liquidity and Capital Resources

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. 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.

Third Quarter Financial Results

	Three months ended September 30, 2012					
(000's)	Camps & Catering	Matting	Marine Services	Corporate	Inter-segment Eliminations	Total
Revenue	$ 97,414	$ 23,745	$ 2,019	$ -	$ (3,268)	$ 119,910
Expenses						
Direct costs	66,908	16,727	1,441	1	(3,107)	81,970
Selling & administrative	1,138	128	-	2,594	-	3,860
EBITDAS	29,368	6,890	578	(2,595)	(161)	34,080
EBITDAS as a % of revenue	30%	29%	29%	-	-	28%
Share based payments	343	54	1	285	-	683
Depreciation & amortization	7,913	2,148	105	116	(46)	10,236
Gain on disposal of property, plant and equipment	(71)	-	-	-	-	(71)
Operating earnings (loss)	$ 21,183	$ 4,688	$ 472	$ (2,996)	$ (115)	$ 23,232
Finance costs						1,043
Loss on equity investments						52
Income tax expense						5,875
Other comprehensive income						(66)
Total comprehensive income						$ 16,328
Earnings per share – basic & diluted						$ 0.15

	Three months ended September 30, 2011					
(000's)	Camps & Catering	Matting	Marine Services	Corporate	Inter-segment Eliminations	Total
Revenue	$ 85,273	$ 17,492	$ 1,554	$ -	$ (2,021)	$ 102,298
Expenses						
Direct costs	58,257	11,853	1,036	(3)	(1,983)	69,160
Selling & administrative	2,390	125	-	2,180	-	4,695
EBITDAS	$ 24,626	$ 5,514	$ 518	$ (2,177)	$ (38)	$ 28,443
EBITDAS as a % of revenue	29%	32%	33%	-	-	28%
Share based payments	71	14	2	56	-	143
Depreciation & amortization	5,652	1,828	113	88	(22)	7,659
Gain on disposal of property, plant and equipment	(21)	(3)	-	-	-	(24)
Operating earnings (loss)	$ 18,924	$ 3,675	$ 403	$ (2,321)	$ (16)	$ 20,665
Finance costs						641
Gain on equity investments						(2)
Income tax expense						4,958
Other comprehensive income						(230)
Total comprehensive income						$ 15,298
Earnings per share – basic & diluted						$ 0.14

Financial Results (continued)

	Nine months ended September 30, 2012					
(000's)	Camps & Catering	Matting	Marine Services	Corporate	Inter-segment Eliminations	Total
Revenue	$ 326,537	$ 67,315	$ 3,439	$ -	$ (9,233)	$ 388,058
Expenses						
Direct costs	223,417	49,500	2,335	1	(8,681)	266,572
Selling & administrative	3,786	392	4	8,316	-	12,498
EBITDAS	99,334	17,423	1,100	(8,317)	(552)	108,988
EBITDAS as a % of revenue	30%	26%	32%	-	-	28%
Share based payments	715	117	2	592	-	1,426
Depreciation & amortization	21,524	6,057	322	360	(107)	28,156
Loss (gain) on disposal of property, plant and equipment	66	(28)	-	-	-	38
Operating earnings (loss)	$ 77,029	$ 11,277	$ 776	$ (9,269)	$ (445)	$ 79,368
Finance costs						2,586
Loss on equity investments						25
Income tax expense						19,865
Other comprehensive income						(82)
Total comprehensive income						$ 56,974
Earnings per share – basic						$ 0.53
– diluted						$ 0.52

	Nine months ended September 30, 2011					
(000's)	Camps & Catering	Matting	Marine Services	Corporate	Inter-segment Eliminations	Total
Revenue	$ 246,091	$ 47,588	$ 3,361	$ -	$ (4,976)	$ 292,064
Expenses						
Direct costs	176,288	34,032	2,241	(1)	(4,847)	207,713
Selling & administrative	4,117	319	7	6,641	-	11,084
EBITDAS	$ 65,686	$ 13,237	$ 1,113	$ (6,640)	$ (129)	$ 73,267
EBITDAS as a % of revenue	27%	28%	33%	-	-	25%
Share based payments	245	33	4	170	-	452
Depreciation & amortization	16,620	4,645	335	260	(60)	21,800
Loss on disposal of property, plant and equipment	62	95	-	-	-	157
Operating earnings (loss)	$ 48,759	$ 8,464	$ 774	$ (7,070)	$ (69)	$ 50,858
Finance costs						1,830
Loss on equity investments						39
Income tax expense						12,776
Other comprehensive income						(230)
Total comprehensive income						$ 36,443
Earnings per share – basic & diluted						$ 0.34

Camps & Catering

	Three months ended September 30			Nine months ended September 30		
(000's except bed rental days and catering only days)	2012	2011	% change	2012	2011	% change
Camp rental and catering operations revenue	$ 65,129	$ 48,597	34%	$ 200,240	$ 139,058	44%
Manufacturing sales	28,961	34,831	(17%)	118,494	101,615	17%
Space rental and service revenue	3,324	1,845	80%	7,803	5,418	44%
Total revenue	$ 97,414	$ 85,273	14%	$ 326,537	$ 246,091	33%
EBITDAS	$ 29,368	$ 24,626	19%	$ 99,334	$ 65,686	51%
EBITDAS as % of revenue	30%	29%	4%	30%	27%	11%
Operating earnings	$ 21,183	$ 18,924	12%	$ 77,029	$ 48,759	58%
Bed rental days[(1)]	333,186	206,626	61%	1,007,465	622,672	62%
Catering only days[(2)]	61,184	65,772	(7%)	187,400	170,335	10%

(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 $97.4 million for the three months ended September 30, 2012 as compared to $85.3 million for the three months ended September 30, 2011, an increase of $12.1 million or 14%. EBITDAS for the three months ended September 30, 2012 were $29.4 million or 30% of revenue compared to $24.6 million or 29% of revenue for the three months ended September 30, 2011, an increase of $4.8 million or 19%.

Horizon's continued growth in the Camps & Catering segment was led by the camp rental and catering operations with revenue growth of $16.5 million or 34%. These operations are highly levered to the ongoing significant levels of investment in the Alberta oil sands. A growing number of oil sands projects require producers and developers to supply additional housing to an expanding workforce. Horizon's Camps & Catering segment is well positioned, as a vertically integrated supplier of workforce housing, to offer turnkey solutions to meet the producers housing requirements.

The Camps & Catering segment derived 68% of its revenue from development and production activity in the Alberta oil sands region compared to 64% in the same period of 2011.

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 $65.1 million for the three months ended September 30, 2012 compared to $48.6 million for the three months ended September 30, 2011, an increase of $16.5 million or 34%.

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

(000's for revenue only)	Three months ended September 30					
	2012			2011		
	Large camp	Drill camp	Total	Large camp	Drill camp	Total
Revenue	$ 49,992	$ 2,080	$ 52,072	$ 33,557	$ 2,598	$ 36,155
Bed rental days[(1)]	320,910	12,276	333,186	190,983	15,643	206,626
Revenue per bed rental day	$156	$169	$156	$176	$166	$175
Rentable beds at period end	6,656	738	7,394	3,932	1,000	4,932
Average rentable beds available[(2)]	6,575	663	7,238	3,861	1,000	4,861
Bed utilization[(3)]	53%	21%	50%	54%	17%	46%

(000's for revenue only)	Nine months ended September 30					
	2012			2011		
	Large camp	Drill camp	Total	Large camp	Drill camp	Total
Revenue	$ 152,136	$ 11,043	$ 163,179	$ 101,785	$ 6,657	$ 108,442
Bed rental days[(1)]	947,587	59,878	1,007,465	582,479	40,193	622,672
Revenue per bed rental day	$161	$184	$162	$175	$166	$174
Rentable beds at period end	6,656	738	7,394	3,932	1,000	4,932
Average rentable beds available[(2)]	6,023	780	6,803	3,614	1,000	4,614
Bed utilization[(3)]	57%	28%	54%	59%	15%	49%

(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 September 30, 2012 increased by $16.4 million or 49% compared to the same period in 2011. Revenue growth was driven mainly by Horizon's ability to increase fleet size year over year, primarily in the Alberta oil sands region, and to capitalize on the increased demand from oil sands operators and developers for their workforce housing requirements.

Utilization of rentable beds for the three months ended September 30, 2012 was 53%, essentially unchanged from the comparable period of 2011 as activity levels remain strong. The increased beds at the end of the period include several new camps that were deployed or began operations in the quarter and typically new operations have a ramp up phase where utilization builds as the customer takes occupancy. Utilization is expected to strengthen throughout the next two quarters as the new camps become fully occupied.

Revenues per bed rental day decreased over the comparative quarters to $156 as compared to $176 in the same period of 2011. The decrease is more reflective of the nature of contracts in place through the current quarter compared to those in place the same period of 2011. A significant number of contracts in the current quarter incorporated a split rate with a charge related to the equipment deployed and a separate charge related to the catering and camp management services provided. For these contracts beds are considered 100% utilized and included in the bed rental day count. The inclusion of this style of contract can lead to an increase in bed rental days and a lower blended revenue per bed rental day statistics.

Revenues from drill camp operations for the three months ended September 30, 2012 decreased by $0.5 million or 20% compared to the same period of 2011. The decrease was mainly a result of lower volumes driven by lower industry activity as outlined by The Canadian Association of Oilwell Drilling Contractors (CAODC) who reported rig utilization down by 15% in the comparative periods. The lower volumes were partially offset by higher revenue per manday of $3 as a result of additional services requested by customers. Higher drill camp utilization in the three and nine months ended September 30, 2012 was due to the movement of drill camp beds between drill camp operations and large camp operations. Depending on the nature of the large camp, drill camp beds can comprise a portion of the large camp equipment deployed. The revenue associated with these drill camp beds is reflected in the large camp revenue.

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 September 30		Nine months ended September 30	
(000's for revenue only)	2012	2011	2012	2011
Catering only revenue	$ 6,613	$ 5,975	$ 19,733	$ 15,770
Catering only days[(1)]	61,184	65,772	187,400	170,335
Revenue per catering only day	$108	$91	$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 $0.6 million or 11% for the three months ended September 30, 2012 as compared to same period of 2011. Increased revenue per catering day of $17 offset the decrease in volumes. The lower volumes were 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 additional services requested by customers as compared to the same period of 2011.

The table below outlines the service revenue generated from the camp and catering operation.

	Three months ended September 30		Nine months ended September 30	
(000's)	2012	2011	2012	2011
Camp and catering operations service related revenue	$ 6,444	$ 6,467	$ 17,328	$ 14,846

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 September 30, 2012 were $29.0 million as compared to $34.8 million for the same period in 2011, a decrease of $5.8 million or 17%. 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 decrease in revenue was a result of the allocation of production capacity between sales and fleet build in the comparative quarters. Manufacturing capacity increased 23,200 direct hours, or 17%, to 161,654 direct hours in the comparative periods. The increase was a result of additional production staff for the three months ended September 30, 2012 compared to the same period of 2011. The third quarter of 2012 was mainly focused on producing internal fleet to be deployed on particular contracts resulting in a significantly lower proportion of production allocated to meet external orders compared to the same period of 2011. For the three months ended September 30, 2012, 45,691 direct hours, or 28% of total production was allocated to external third party contacts as compared to 87,774, or 63% in the same period of 2011. Service revenue, which includes the transportation and installation components of the sale, for the three months ended September 30, 2012, was focused primarily on completing two significant oil sands related camp projects, compared to one significant project in the same period of 2011.

Space rental and service revenue

Space rental and service revenue for the three months ended September 30, 2012 was $3.3 million as compared to $1.8 million for the same period in 2011. The increased revenue is a result of an increased fleet size and slightly higher utilization of 92% as compared to 89% in the same period of 2011. The three months ended September 30, 2012 also had higher service revenue as a result of the specific rental contracts compared to the same period of 2011.

Direct costs

Direct costs for the three months ended September 30, 2012 were $66.9 million or 68.7% of the revenue compared to $58.3 million or 68.3% 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 remained relatively unchanged in the comparative periods indicating cost escalation has not been a significant factor.

Matting

Matting revenue is comprised of mat and equipment 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 September 30			Nine months ended September 30		
	2012	2011	% change	2012	2011	% change
Access mat rental revenue[(1)]	$ 6,212	$2,502	148%	$ 14,607	$ 4,902	198%
Other mat and rental equipment revenue[(2)]	$ 1,701	$1,044	63%	$ 2,849	$ 1,944	47%
Total mat and equipment rental revenue	$ 7,913	$3,546	123%	$ 17,456	$ 6,846	155%
Mat sales revenue	5,603	7,128	(21%)	20,612	22,709	(9%)
Installation, transportation, service, and other revenue	10,229	6,818	50%	29,247	18,033	62%
Total revenue	$ 23,745	$17,492	36%	$ 67,315	$ 47,588	41%
EBITDAS	$ 6,890	$5,514	25%	$ 17,423	$ 13,237	32%
EBITDAS as a % of revenue	29%	32%	(9%)	26%	28%	(7%)
Operating earnings	$ 4,688	$3,675	28%	$ 11,277	$ 8,464	33%
Access mat rental days – owned mats[(3)]	1,017,863	936,092	9%	2,891,546	1,973,708	47%
Access mat rental days – third party mats[(4)]	1,238,779	-	100%	2,273,935	-	100%
Total access mat rental days	2,256,642	936,092	141%	5,165,481	1,973,708	162%
Average owned access mats in rental fleet[(5)]	14,711	10,383	42%	13,685	8,915	54%
Average sub rental access mats in rental fleet[(6)]	13,407	-	100%	8,260	-	100%
Access mats in rental fleet at quarter end[(7)]	14,665	10,082	45%	14,665	10,082	45%
Mat sold:						
New mats	6,200	8,861	(30%)	23,742	27,465	(14%)
Used Mats	1,651	660	150%	5,197	3,153	65%
Total mats sold	7,851	9,521	(18%)	28,939	30,618	(5%)

(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 September 30, 2012.

Revenues from the Matting segment were $23.7 million for the three months ended September 30, 2012 compared to $17.5 million in the same period of 2011, an increase of $6.2 million or 36%. EBITDAS for the three months ended September 30, 2012 were $6.9 million or 29% of revenue as compared to $5.5 million or 32% of revenue for the same period of 2011, an increase of $1.4 million or 25%.

The revenue and EBITDAS growth was driven by continued strong mat rentals, a result of high activity levels in oil sands and pipeline construction projects.

Mat and equipment rental revenue

Total mat and equipment rental revenues increased by $4.4 million, or 123% in the comparative periods. The increased revenues were driven primarily by higher access mat rental volumes, a result of the ongoing high demand from oil sands and pipeline construction projects. The significantly higher rental day volumes were achieved by an increased owned rental fleet as compared to the same period of 2011, and by sub renting mats from third parties. Sub renting mats was an effective method to meet peak customer demand and increase revenues, this approach was not used in the comparative period of 2011. Supplementing the access mat rental fleet with sub rented third party mats has the effect of decreasing EBITDAS, as a percentage of revenue, due to the higher cost associated with sub renting.

Revenue per mat rental day for the three months ended September 30, 2012 was $2.75 as compared to $2.67 for the same period of 2011. The increased rate was a result of the mix and nature of contracts as well as some and inflationary pressures in the comparative quarters.

Mat sales revenue

Revenues from mat sales for the three months ended September 30, 2012 decreased by $1.5 million or 21% as compared to the same period of 2011. The decrease was a result of 2,661 fewer new mats sold in the three months ended September 30, 2012 as compared to the same period of 2011. Mat sales are typically dependent on the timing and frequency of customer projects, the decrease in mat sale relates to a large mat sale that occurred in the same period of 2011. In addition to lower sales volumes, revenue per mat sold for three months ended September 30, 2012 was $714, down from $749 in the same period of 2011. The decrease is a result of the mix of mats sold with fewer new mats and more used mats sold in the three months ended September 30, 2012 as compared to the same period of 2011. Used mat sales have a significantly lower selling price than new mats.

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 September 30, 2012 were higher by $3.4 million or 50% as compared to the same period in 2011. The increase is mainly due to the significantly higher volume of mat rentals and higher number of mats managed throughout the quarter.

Direct costs

Direct costs for the three months ended September 30, 2012 were $16.7 million or 70.4% of revenue as compared to $11.9 million or 67.8% of revenue for the same period of 2011. Direct costs are driven by the level of business activity, with the significant increase in activity for the comparative quarters, directs costs have increased accordingly. The direct costs as a percentage of revenue increased by 2.6% in the three months ended September 30, 2012 primarily as a result of costs related to the sub rental of access mats, these costs were not incurred in the same period of 2011.

Marine Services

Marine Services revenue is comprised of barge camp revenue and rental and other revenue as follows:

	Three months ended September 30			Nine months ended September 30		
(000's)	2012	2011	% Change	2012	2011	% Change
Barge camp revenue	$ 1,401	$ 885	58%	$ 2,793	$ 2,206	27%
Rental and other revenue	618	669	(8%)	647	1,155	(44%)
Total revenue	$ 2,019	$ 1,554	30%	$ 3,439	$ 3,361	2%
EBITDAS	$ 578	$ 518	12%	$ 1,100	$ 1,113	(1%)
Operating earnings	$ 472	$ 403	17%	$ 776	$ 774	-%

Revenues from the Marine Services segment for the three months ended September 30, 2012 were $2.0 million as compared to $1.6 million in the same period of 2011, an increase of $0.5 million or 30%. The increase was primarily related to the demobilization of two barge camps in the three months ended September 30, 2012 as compared to the same period of 2011.

EBITDAS remained relatively consistent in the comparative quarters. EBITDAS as a percentage of revenue was 29% in the three months ended September 30, 2012 as compared to 33% in the same period of 2011.

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 September 30, 2012 were $2.6 million as compared to $2.2 million in the same period in 2011. This increase of $0.4 million is a result of the higher level of business activity. As a percentage of total revenue, costs were unchanged at 2.0% in the comparative periods.

Other Items

Depreciation and amortization

Depreciation and amortization costs for the three months ended September 30, 2012 were $10.2 million as compared to $7.6 million in the same period of 2011. Amortization remained relatively unchanged at $2.1 million while depreciation increased $2.6 million in the comparative quarters. The increase in depreciation is mainly attributable to $130.1 million of additional camp fleet assets in the comparative quarters.

Financing costs

Financing costs on loans and borrowings for the three months ended September 30, 2012 were $1.0 million as compared to $0.6 million in the same period of 2011. The increase of $0.4 million was a result of a higher weighted average level of debt held for the three months ended September 30, 2012. The weighted average debt was $99.9 million compared to $34.5 million in the same period of 2011 which was offset by a lower interest rate under the revised credit facility and from converting the prime rate borrowing into Bankers Acceptance.

Income taxes

Income tax expense was $5.9 million, an effective tax rate of 26.5%, for the three months ended September 30, 2012 as compared to a tax expense of $5.0 million, an effective rate of 24.8%, for the same period of 2011. The effective tax rate was slightly higher as the third quarter 2011 included the effects of a change in the estimated timing of the realization of temporary differences, lowering the effective tax rate.

Selling and administrative

Selling and administrative expense was $3.9 million for the three months ended September 30, 2012 as compared to $4.7 million in the same period of 2011. The 2011 amount included a $1.8 million bad debt expense; normalizing for this charge, selling and administrative costs increased by $1.0 million in the comparative quarters. As a percentage of revenue, selling and administrative expense was 3.2% of revenue in the third quarter of 2012 as compared to 2.8% in 2011 after normalizing for the bad debt charge.

Liquidity and Capital Resources

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

(000's)	September 30, 2012	December 31, 2011
Current assets	$ 141,879	$ 102,799
Current liabilities excluding loans and borrowings[(1)]	69,195	59,814
Current portion of loans and borrowings	1,459	1,281
Current liabilities	70,654	61,095
Working capital[(2)]	$ 71,225	$ 41,704
Bank borrowing:	$ 108,366	$ 49,524
Available bank lines	120,000	$ 80,000
Borrowing capacity[(3)]	$ 11,634	$ 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 total bank borrowing.

Working capital at September 30, 2012 was $71.2 million, $29.5 million higher than December 31, 2011. The increase was primarily due to the increasing activity levels throughout the year.

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. 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 September 30, 2012 the Corporation was in compliance with its debt covenants as shown below:

Debt Covenants	September 30, 2012
Debt [(1)] to EBITDAS [(2)(3)] – must be less than 2.0:1	0.86:1
Interest coverage[(4)] – must be greater than 3.0:1	54.0:1

(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 3 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.

Capital Spending

During the nine months ended September 30, 2012, the Corporation spent $116.0 million on capital asset additions as compared to $79.1 million in the same period of 2011. Capital spending was concentrated on rental fleet expansion to meet demand in the Camps & Catering segment. Management evaluates and manages its capital spending plans taking into account proceeds from disposals, resulting in net capital spending for the quarter ended September 30, 2012 of $110.6 million.

Quarterly Summary of Results

	Three months ended				Nine months ended
(000's except per share amounts)	March 2012	June 2012	September 2012		September 2012
Revenue	$ 128,597	$ 139,551	$ 119,910		$ 388,058
EBITDAS	34,445	40,463	34,080		108,988
Operating earnings	26,080	30,056	23,232		79,368
Total profit	18,861	21,769	16,262		56,892
Total comprehensive income	18,792	21,854	16,328		56,974
Earnings per share	$ 0.18	$ 0.20	$ 0.15		$ 0.53
Earnings per share – diluted	$ 0.17	$ 0.20	$ 0.15		$ 0.52

	Three months ended				Year ended
(000's except per share amounts)	March 2011	June 2011	September 2011	December 2011	December 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	$ 0.10	$ 0.10	$ 0.14	$ 0.08	$ 0.42
Earnings per share – diluted	$ 0.10	$ 0.10	$ 0.14	$ 0.08	$ 0.42

	Three months ended				Year ended
(000's except per share amounts)	March 2010	June 2010	September 2010	December 2010	December 2010
Revenue	$ 43,702	$ 45,644	$ 64,892	$ 85,020	$ 239,258
EBITDAS	8,970	7,271	17,361	18,881	52,483
Operating earnings	2,607	512	10,613	12,123	25,855
Total profit	1,041	(59)	7,346	8,102	16,430
Total comprehensive income	1,041	(59)	7,346	8,102	16,430
Earnings per share	$ 0.01	$ -	$ 0.07	$ 0.08	$ 0.16
Earnings per share – diluted	$ 0.01	$ -	$ 0.07	$ 0.08	$ 0.16

Through the last half of 2010, as the price of oil and minerals recovered and the economy began to strengthen, Horizon was able to significantly leverage investments in its manufacturing facilities and rental fleet. As a result, revenue and EBITDAS grew throughout 2010, gaining significant momentum in the second half of the year. Activity levels continued to improve throughout 2011 and into the first three quarters of 2012. Horizon's strong performance is expected to continue through the end of 2012 and into 2013 based on continued customer demand driven by the levels of project investment and Horizon's continuing capital investment in expanding its fleet. With the high 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, Matting, and Marine Services 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.

In addition to global economic events and uncertainty, the capacity within North America to ship commodities to market introduces uncertainties in levels of activity and pricing for oil and natural gas and mineral production.

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 and their demand for Horizon's services. 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 quarter ended September 30, 2012, the Corporation had two significant customers who contributed greater than 10% of the consolidated revenue, for a combined total of 39%. 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 three months ended September 30, 2012.

Critical Accounting Estimates

This Management's Discussion and Analysis of the Corporation's financial condition and results of operations is based on its condensed consolidated interim 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)	September 30, 2012	December 31, 2011
Neither impaired nor past due	$ 56,823	$ 32,975
Impaired	291	156
Outstanding 31-60 days	18,284	18,319
Outstanding 61-90 days	8,672	10,821
Outstanding more than 90 days	14,923	5,519
Total	98,993	67,790
Allowance for doubtful accounts	(291)	(156)
Accrued revenue	22,541	14,946
Other receivables	341	904
Total trade and other receivables	$ 121,584	$ 83,484

In the quarter ended September 30, 2012, the Corporation provided an allowance for $291,000 of receivables aged greater than 90 days. The Corporation also applied $12,507 of allowance for doubtful accounts against the associated receivable balance. As at October 31, 2012 the Corporation has collected $7,722,196 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:

	September 30, 2012		December 31, 2011	
	Trade and other payables(1)	Loans and borrowings(2)	Trade and other payables(1)	Loans and borrowings(2)
Year 1	$ 69,195	$ 1,459	$ 46,213	$ 1,281
Year 2	-	1,469	-	1,000
Year 3	-	7,995	-	50,523
Year 4	-	108,366	-	3,711
Year 5 and beyond	1,349	-	1,283	-
	$ 70,544	$ 119,289	$ 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 September 30, 2012 include non-interest bearing notes payable and Horizon's revolving credit facility which replaced the previous senior secured facility on September 30, 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 three months ended September 30, 2012 by approximately $218,000 (September 30, 2011 - $157,000). 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 0.75%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $252,000 for the nine months ended September 30, 2012 (September 30, 2011 – $268,000). This assumes that the amount and mix of fixed and floating rate debt in the nine months ended December 31, 2011 remains unchanged and that the change in interest rates is effective from the beginning of the year.

Outstanding Shares

Horizon had 108,591,774 voting common shares issued and outstanding with a book value of $179,726 or $1.66 per share as at September 30, 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

As at December 31, 2011, 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 concluded that, as at December 31, 2011 Horizon's DC&P, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, were effective.

There were no changes in Horizon's DC&P that occurred during the nine months ended September 30, 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.

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, 2011, 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, 2011.

There were no changes in Horizon's ICFR that occurred during the nine months ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, Horizon's ICFR.

Related parties

For the nine months ended September 30, 2012 there were no material related party transactions.

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 October 31, 2012, focuses on key statistics from the Condensed Consolidated Interim 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

In particular, such forward looking statements include: under the heading "Overview and Outlook" the statements "Oil sands development and related activities continue to be the main driver of Horizon's business lines, with 63% of third quarter revenues generated from oil sands related projects. However, Horizon's customer base is expanding with the addition of new projects related to natural gas exploration and development, light oil development and pipeline projects. Continued oil sands development activity is expected despite concerns regarding short term commodity price fluctuations. Oil sands projects are generally viewed in the context of long term planning horizons, with project spending allocated over a number of years. Individual companies may curtail or accelerate spending plans, but Horizon expects that continued strong bidding activity associated with the oil sands market will continue.." and "Staff levels are expected to continue to grow through the first half of 2013. The allocation of total production capacity between external camp sales and internal camp rental fleet requirements is reviewed regularly by management. Considering the current manufacturing backlog, the total production capacity for 2013 is likely to remain at 60% allocated to external camp sales with the remaining 40% allocated to internal fleet build projects" and "With the current sales backlog and high activity levels driven by natural gas exploration and development, light oil development and pipeline projects performance of the Matting division is expected to remain strong through 2013" and "In the nine months ended September 30, 2012, Horizon added 1,594 beds to the rental fleet and expects to exit 2012 with a total of 8,500 rentable beds. With oil sands development activity remaining strong, the 2013 capital program is anticipated to add an additional 1,500 rentable beds to the Camp & Catering rental fleet."

The foregoing statements are based on the assumption that the demand for Horizon's products and services will remain strong through 2012 and 2013 and that Horizon will continue to experience significant year round revenues from its oil sands and other energy customers.

There are a number of risks which could impact these generally high levels of activity which could negatively impact the Corporation's business. As such, 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.