Condensed Consolidated Interim Financial Statements of

HORIZON NORTH
Logistics Inc

Three months ended March 31, 2013 and 2012 (Unaudited)

Condensed consolidated statement of financial position (Unaudited)

(000's)	March 31, 2013	December 31, 2012
Assets		
Current assets:		
Trade and other receivables	$ 141,213	$ 133,195
Inventories	13,885	13,321
Prepayments	1,653	2,506
Income taxes receivable	1,042	146
	157,793	149,168
Non-current assets:		
Property, plant and equipment (Note 4)	339,892	330,205
Intangible assets	7,977	10,028
Goodwill	2,136	2,136
Deferred tax assets	1,957	1,772
Other assets	2,651	2,684
	354,613	346,825
	$ 512,406	$ 495,993
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 56,481	$ 59,511
Deferred revenue	1,121	588
Income taxes payable	1,226	12,661
Current portion of loans and borrowings (Note 5)	1,380	1,416
	60,208	74,176
Non-current liabilities:		
Asset retirement obligations	1,379	1,364
Loans and borrowings (Note 5)	135,751	116,872
Deferred tax liabilities	30,249	29,318
	227,587	221,730
Shareholders' equity:		
Share capital (Note 7)	180,450	179,999
Contributed surplus	11,311	10,783
Accumulated other comprehensive income	83	208
Retained earnings	92,975	83,273
	284,819	274,263
	$ 512,406	$ 495,993

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

Condensed consolidated statement of comprehensive income (Unaudited)
Three months ended March 31, 2013 and 2012

	Three months ended March 31	
(000's)	2013	2012
Revenue	$ 139,959	$ 128,597
Operating expenses:		
Direct costs	98,514	90,010
Depreciation	10,844	6,229
Amortization of intangible assets	11	44
Share based compensation (Note 7)	409	45
Gain on disposal of property, plant and equipment	(157)	(5)
Direct operating expenses	109,621	96,323
Gross profit	30,338	32,274
Selling & administrative expenses:		
Selling & administrative expenses	4,812	4,142
Amortization of intangible assets	2,040	2,007
Share based compensation (Note 7)	277	45
Selling & administrative expenses	7,129	6,194
Operating earnings	23,209	26,080
Finance costs	1,115	694
Share of gain of equity accounted investees	-	(46)
Profit before tax	22,094	25,432
Current tax expense	4,839	4,760
Deferred tax (recovery) expense	746	1,811
Income tax expense (Note 6)	5,585	6,571
Total profit	16,509	18,861
Other comprehensive income:		
Translation of foreign operations	125	69
Other comprehensive income, net of income tax	125	69
Total comprehensive income	$ 16,384	$ 18,792
Earnings per share:		
Basic (Note 8)	$ 0.15	$ 0.18
Diluted (Note 8)	$ 0.15	$ 0.17

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

Condensed consolidated statement of changes in equity (Unaudited)

HORIZON NORTH
Logistics Inc

(000's)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total
Balance at December 31, 2011	$ 173,438	$ 10,421	$ 158	$ 32,052	$ 216,069
Total profit	-	-	-	18,861	18,861
Share based compensation	-	90	-	-	90
Share options exercised	3,778	(1,015)	-	-	2,763
Translation of foreign operations	-	-	(69)	-	(69)
Dividends declared and paid ($0.05 per share)	-	-	-	(5,386)	(5,386)
Balance at March 31, 2012	$ 177,216	$ 9,496	$ 89	$ 45,527	$ 232,328
Total profit	-	-	-	54,022	54,022
Share based compensation (Note 7)	-	2,061	-	-	2,061
Share options exercised (Note 7)	2,783	(774)	-	-	2,009
Translation of foreign operations	-	-	119	-	119
Dividends declared and paid ($0.10 per share)	-	-	-	(10,837)	(10,837)
Dividends declared ($0.05 per share)	-	-	-	(5,439)	(5,439)
Balance at December 31, 2012	$ 179,999	$ 10,783	$ 208	$ 83,273	$ 274,263
Total profit	-	-	-	16,509	16,509
Share based compensation (Note 7)	-	686	-	-	686
Share options exercised (Note 7)	451	(158)	-	-	293
Translation of foreign operations	-	-	(125)	-	(125)
Dividends declared ($0.0625 per share)	-	-	-	(6,807)	(6,807)
Balance at March 31, 2013	$ 180,450	$ 11,311	$ 83	$ 92,975	$ 284,819

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

Condensed consolidated statement of cash flows (Unaudited)
Three months ended March 31, 2013 and 2012

HORIZON NORTH
Logistics Inc

(000's)	March 31, 2013	March 31, 2012
Cash provided by (used in):		
Operating activities:		
Profit for the period	$ 16,509	$ 18,861
Adjustments for:		
Depreciation	10,844	6,229
Amortization of intangible assets	2,051	2,051
Share based compensation (Note 7)	686	90
Amortization of other assets	33	32
Loss (gain) on equity investments	-	(46)
(Gain) loss on sale of property, plant and equipment	(902)	216
Unrealized foreign exchange	(75)	(10)
Finance costs	1,115	694
Income tax expense (Note 6)	5,585	6,571
	35,846	34,688
Income taxes paid	(17,170)	(4,421)
Interest paid	(925)	(504)
Changes in non-cash working capital items	(10,308)	(7,735)
	7,443	22,028
Investing activities:		
Purchase of property, plant and equipment (Note 4)	(21,252)	(34,177)
Proceeds on sale of property, plant and equipment	1,573	1,518
	(19,679)	(32,659)
Financing activities:		
Shares issued (Note 7)	293	2,763
Proceeds from loans and borrowings	18,750	13,254
Payment of dividends	(5,439)	(4,270)
	13,604	11,747
Change in non-cash working capital items	(1,368)	(1,116)
	12,236	10,631
Change 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, 2013 comprise the Corporation and its subsidiaries. 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, 2012. 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 April 30, 2013.

(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, 2012.

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, 2012 and have been applied consistently to all periods presented in these interim condensed consolidated financial statements, except the changes disclosed in the December 31, 2012 annual consolidation financial statements. As at January 1, 2013, the Company changed certain accounting policies as a result of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, as well as the consequential amendment to IAS 28 Investments in Associates and Joint Ventures (2011), IFRS 13 Fair Value Measurement and IFRS 7 Amendments to Financial Instrument Disclosures. The adoption of these standards had no impact on the amounts recorded in the financial statements as at January 1, 2013.

As a result, these financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

4. Property, Plant and Equipment

Cost (000's)	Balance December 31 2012	Additions	Disposals	Impact of Foreign Translation	Balance March 31 2013
Camp facilities	$ 344,119	$ 17,037	$ (448)	$ (54)	$ 360,654
Marine equipment	18,830	-	-	-	18,830
Land & Buildings	31,638	618	-	-	32,256
Automotive & trucking equipment	32,162	2,936	(417)	-	34,681
Mats	8,703	725	(802)	-	8,626
Furniture, fixtures & other equipment	5,722	164	-	-	5,886
Assets under construction	3,208	(228)	-	-	2,980
	$ 444,382	$ 21,252	$ (1,667)	$ (54)	$ 463,913

Accumulated Depreciation (000's)	Balance December 31 2012	Depreciation	Disposals	Impact of Foreign Translation	Balance March 31 2013
Camp facilities	$ 66,246	$ 8,378	$ (176)	$ (4)	$ 74,444
Marine equipment	15,682	68	-	-	15,750
Land & Buildings	7,287	380	-	-	7,667
Automotive & trucking equipment	17,137	1,102	(336)	-	17,903
Mats	4,962	689	(484)	-	5,167
Furniture, fixtures & other equipment	2,863	227	-	-	3,090
Assets under construction	-	-	-	-	-
	$ 114,177	$ 10,844	$ (996)	$ (4)	$ 124,021

Carrying Amounts (000's)	Balance December 31 2012	Balance March 31 2013
Camp facilities	$ 277,873	$ 286,210
Marine equipment	3,148	3,080
Land & Buildings	24,351	24,589
Automotive & trucking equipment	15,025	16,778
Mats	3,741	3,459
Furniture, fixtures & other equipment	2,859	2,796
Assets under construction	3,208	2,980
	$ 330,205	$ 339,892

4. Property, Plant and Equipment (continued)

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

Accumulated 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, 2013		December 31, 2012
Committed credit facility	$	127,109	$	108,247
Notes payable		6,377		6,304
Vehicle and equipment financing		3,645	$	3,737
		137,131	$	118,288
Less current portion		(1,380)		(1,416)
	$	135,751	$	116,872

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

On October 26, 2012, the Corporation increased its existing committed credit facility from $120,000,000 to $150,000,000. The committed credit facility was also renewed for a term of 3 years, extendable annually at the Corporation's request and subject to lender approval. In addition, a $35,000,000 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 $300,000,000 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 maturity date of the facility.

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)		2013		2012
Earnings before income taxes	$	22,094	$	25,432
Combined federal and provincial income tax rate		25.0%		25.0%
Expected income tax provision		5,524		6,358
Non-deductible share based compensation		172		22
Prior year tax adjustment		(196)		-
Loss on equity investments		-		(12)
Change in estimated timing of realization of temporary differences		12		184
Differences in jurisdictional tax rates		70		-
Other		3		19
	$	5,585	$	6,571

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, 2011	106,751,651	$ 173,438
Share options exercised	1,957,624	6,561
Balance at December 31, 2012	108,709,275	$ 179,999
Share options exercised	209,536	451
Balance at March 31, 2013	108,918,811	$ 180,450

(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. The Corporation uses graded vesting for share options over the period in which the option vests. All share options are equity settled with a weighted average remaining contractual life of 3.3 years and all options granted have a maximum term of 5 years with the exception of options granted on July 25, 2006 which have a maximum term of 10 years.

	Three months ended March 31, 2013		Year ended December 31, 2012	
	Outstanding options	Weighted average exercise price	Outstanding options	Weighted average exercise price
Balance, beginning of period	4,914,831	$ 4.40	4,216,007	$ 2.27
Granted	100,500	6.10	2,750,700	6.25
Forfeited	-	-	(94,252)	3.73
Exercised	(209,536)	1.40	(1,957,624)	2.44
Balance, end of period	4,805,795	$ 4.57	4,914,831	$ 4.40

7. Share Capital (continued)

(c) Stock option plan (continued)

	Three months ended March 31, 2013		Year ended December 31, 2012	
	Exercisable options	Weighted average exercise price	Exercisable options	Weighted average exercise price
Balance, beginning of period	2,096,712	$ 2.10	3,208,815	$ 2.47
Vested	60,001	3.63	858,187	1.49
Forfeited	-	-	(12,666)	2.27
Exercised	(209,536)	1.40	(1,957,624)	2.44
Balance, end of period	1,947,177	$ 2.22	2,096,712	$ 2.10

The exercise prices for options outstanding at March 31, 2013 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 $1.49	1,053,844	$ 1.37	1.7	1,053,844	$ 1.37
$1.50 to $4.68	944,001	3.15	2.8	856,667	3.15
$4.69 to $6.20	270,500	5.55	4.3	36,666	4.92
$6.21 to $6.27	2,394,950	6.25	4.0	-	-
$6.28 to $8.21	142,500	7.42	4.6	-	-
	4,805,795	$ 4.57	3.3	1,947,177	$ 2.22

For the three months ended March 31, 2013, share based compensation for stock options included in net earnings amounted to $686,000 (March 31, 2012 - $90,000).

8. Earnings Per Share

The calculation of basic earnings per share for the three months ended March 31, 2013 was based on the total profit attributable to common shareholders of $16,509,000 (March 31, 2012 –$18,861,000).

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

	Three months ended March 31	
	2013	2012
Number of common shares, beginning of period	108,709,275	106,751,651
Weighted average effect of stock options exercised	134,599	529,534
Weighted average common shares outstanding – basic	108,843,874	107,281,185
Effect of share purchase options(1)	1,334,346	2,129,180
Weighted average common shares outstanding – diluted	110,178,220	109,410,365

(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, 2013, 2,967,950 share options (March 31, 2012 – 25,943) 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 US through two business segments: Camps & Catering and Matting. At December 31, 2012, the Chief Operating Decision Maker revised the Camps and Catering segment to include the Marine CGU to better reflect the nature of the barge camp rental business. The Camps & Catering segment includes camp rental and catering services, marine operations 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.

Information regarding the results of all segments, including the changes above, is included below for the three months ended March 31, 2013 and 2012. Inter-segment pricing is determined on an arm's length basis.

Three months ended March 31, 2013 *(000's)*	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 125,917	$ 16,232	$ -	$ (2,190)	$ 139,959
EBITDAS[(1)]	35,852	3,986	(3,182)	(23)	36,633
Depreciation and amortization	10,769	2,041	136	(51)	12,895
Loss (gain) on disposal of assets	(137)	(20)	-	-	(157)
Share based compensation	358	51	277	-	686
Operating earnings (loss)	24,862	1,914	(3,595)	28	23,209
Total assets	470,714	38,453	3,239	-	512,406
Capital expenditures	17,029	$ 3,754	$ 494	$ (25)	$ 21,252

Three months ended March 31, 2012 *(000's)* [(2)]	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 112,927	$ 18,338	$ -	$ (2,668)	$ 128,597
EBITDAS[(1)]	33,360	4,372	(3,019)	(268)	34,445
Depreciation and amortization	6,432	1,757	114	(23)	8,280
Loss on disposal of assets	(5)	-	-	-	(5)
Share based compensation	34	11	45	-	90
Operating earnings (loss)	26,899	2,604	(3,178)	(245)	26,080
Total assets	348,408	39,435	3,023	-	390,866
Capital expenditures	$ 29,120	4,687	650	(280)	34,177

(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.

(2) Comparative period information was revised to align with current year reportable segments.

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.