

Management's Discussion and Analysis
Three months ended March 31, 2013 and 2012



This Management's Discussion and Analysis ("MD&A"), prepared as at April 30, 2013, 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. ("Horizon" or the "Corporation"). This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions.

First Quarter Highlights

- Consolidated Revenues and EBITDAS increased 9% and 6% respectively compared to Q1 2012;
- Camp & Catering segment revenues increased 12% as compared to Q1 2012;
- 69% of first quarter revenues were generated mainly from SAGD oil sands related projects and customers and;
- Continued capital investment, exiting the quarter with 8,926 rentable beds and 13,899 rental mats.

First Quarter Financial Summary

(000's except per share amounts)	Three months ended March 31		
	2013	2012	% Change
Revenue	\$ 139,959	\$ 128,597	9%
EBITDAS ⁽¹⁾	36,633	34,445	6%
EBITDAS as a % of revenue	26%	27%	(4%)
Operating earnings ⁽¹⁾	23,209	26,080	(11%)
Total comprehensive income	16,384	18,792	(13%)
Earnings per share – basic	0.15	0.18	(17%)
– diluted	0.15	0.17	(12%)
Total assets	\$ 512,406	\$ 390,866	31%
Long-term loans and borrowings	135,751	68,700	98%
Funds from operations ⁽²⁾	29,146	27,423	6%
Capital spending	21,252	34,177	(38%)
Debt to total capitalization ratio ⁽³⁾	0.32	0.23	39%
Dividends declared	\$ 6,807	\$ 5,386	26%
Dividends declared per share	\$ 0.0625	\$ 0.05	25%

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

The first quarter of 2013 proved to be another strong quarter for Horizon, with both revenue and EBITDAS increasing in comparison to the same period of 2012 and consecutively over the fourth quarter of 2012. Operating earnings and net income and earnings per share decreased as compared to the first quarter of 2012 primarily due to the increase in depreciation year over year. The increase in depreciation was a result of the 2012 capital program which included a significant amount of camp set-up. In January, a major oil sands customer announced a significant reduction in their bed requirements for 2013. Horizon was successful in filling a substantial portion of this capacity with other customers, demonstrating the ongoing demand for beds and accommodation services in the area. Camp manufacturing had a very strong quarter with production and installation activities in full swing on a large project in the Alberta oil sands region.

Outlook

Horizon expects moderate growth for the remainder of the year with the first quarter results supporting this view. Oil sands development activities, driven primarily by SAGD projects, continue to be the main driver of Horizon's growth. Oil sands activity accounted for 69% of Horizon's consolidated revenues for the first quarter. With the ongoing focus of our customer base into SAGD oil sands projects and diversification in to LNG development, Horizon expects demand for accommodation services to remain strong.

Capital spending for 2013 will remain at \$80 million, focused primarily on adding 1,000 beds to the camp and catering operations throughout the year. Of the expected 1,000 beds, 36% are under contract to be deployed in the second quarter, primarily in the oil sands region of Alberta on SAGD projects.

Dividend payment

Horizon North Logistic Inc. announced today that its Board of Directors has declared a dividend for the first quarter of 2013 at \$0.0625 per share. The dividend is payable to shareholders of record at the close of business on June 30, 2013 to be paid on July 12, 2013. The dividends are eligible dividends for Canadian tax purposes.

Management's Discussion and Analysis
Three months ended March 31, 2013 and 2012



First Quarter Financial Results

(000's)	Three months ended March 31, 2013				Total
	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	
Revenue	\$ 125,917	\$ 16,232	\$ -	\$ (2,190)	\$ 139,959
Expenses					
Direct costs	88,610	12,070	1	(2,167)	98,514
Selling & administrative	1,455	176	3,181	-	4,812
EBITDAS	35,852	3,986	(3,182)	(23)	36,633
EBITDAS as a % of revenue	28%	25%	-	1%	26%
Share based payments	358	51	277	-	686
Depreciation & amortization	10,769	2,041	136	(51)	12,895
Gain on disposal of property, plant and equipment	(137)	(20)	-	-	(157)
Operating earnings (loss)	\$ 24,862	\$ 1,914	\$ (3,595)	\$ 28	\$ 23,209
Finance costs					1,115
Share of equity accounted investees					-
Income tax expense					5,585
Other comprehensive income					125
Total comprehensive income					\$ 16,384
Earnings per share – basic					\$ 0.15
– diluted					\$ 0.15

(000's)	Three months ended March 31, 2012				Total
	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	
Revenue	\$ 112,927	\$ 18,338	\$ -	\$ (2,668)	\$ 128,597
Expenses					
Direct costs	78,554	13,855	1	(2,400)	90,010
Selling & administrative	1,013	111	3,018	-	4,142
EBITDAS	33,360	4,372	(3,019)	(268)	34,445
EBITDAS as a % of revenue	30%	24%	-	10%	27%
Share based payments	34	11	45	-	90
Depreciation & amortization	6,432	1,757	114	(23)	8,280
Gain on disposal of property, plant and equipment	(5)	-	-	-	(5)
Operating earnings (loss)	\$ 26,899	\$ 2,604	\$ (3,178)	\$ (245)	\$ 26,080
Finance costs					694
Share of equity accounted investees					(46)
Income tax expense					6,571
Other comprehensive income					69
Total comprehensive income					\$ 18,792
Earnings per share – basic					\$ 0.18
– diluted					\$ 0.17

Camps & Catering

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

<i>(000's except bed rental days and catering only days)</i>	Three months ended March 31		
	2013	2012	% change
Camp rental and catering operations revenue	\$ 81,206	\$ 75,743	7%
Manufacturing sales	42,273	33,315	27%
Space rental revenues	2,438	3,869	(37%)
Total revenue	\$ 125,917	\$ 112,927	12%
EBITDAS	\$ 35,852	\$ 33,360	7%
Operating earnings	\$ 24,862	\$ 26,899	(8%)
Bed rental days ⁽¹⁾	485,821	337,174	44%
Catering only days ⁽²⁾	56,651	72,519	(22%)

(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 \$125.9 million for the three months ended March 31, 2013 as compared to \$112.9 million for the three months ended March 31, 2012, an increase of \$13.0 million or 12%. EBITDAS for the three months ended March 31, 2013 were \$35.9 million or 28% of revenue compared to \$33.0 million or 30% of revenue for the three months ended March 31, 2012, an increase of \$2.5 million or 7%.

Horizon's growth in the Camps & Catering segment for the comparative quarters was primarily driven from being significantly weighted to Alberta oil sands activity. During the first quarter of 2013, the majority of manufacturing sales and service activity was focused on the manufacture and installation of a large project in the oil sands region and the camp and catering operations operated an additional 2,465 fleet beds with the majority located in the Alberta oil sands area on SAGD projects.

Camp rental and catering operations revenue

Revenues are derived from the following main business areas: large camp operations, drill camp operations, catering only operations, barge camp rental, ancillary equipment rental and the associated service work within each operation. Service work includes the transportation, setup and de-mobilization of camp and catering projects. Revenues from camp rental and catering operations were \$81.2 million for the three months ended March 31, 2013 compared to \$75.7 million for the three months ended March 31, 2012, an increase of \$5.5 million or 7%.

Management's Discussion and Analysis
Three months ended March 31, 2013 and 2012



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

<i>(000's for revenue only)</i>	Three months ended March 31					
	2013			2012		
	Large camp	Drill camp	Total	Large camp	Drill camp	Total
Revenue	\$59,375	\$9,646	\$69,021	\$53,521	\$8,155	\$61,676
Bed rental days ⁽¹⁾	431,261	54,560	485,821	293,738	43,436	337,174
Revenue per bed rental day	\$138	\$177	\$142	\$182	\$188	\$183
Number of rentable beds at period end	7,310	866	8,176	4,761	950	5,711
Average rentable beds available ⁽²⁾	7,194	871	8,065	4,643	950	5,593
Utilization ⁽³⁾	67%	70%	67%	70%	50%	66%

(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 March 31, 2013 increased by \$5.9 million or 11% compared to the same period in 2012, primarily as a result of a larger fleet.

Revenue per manday and utilization decreased in the three months ended March 31, 2013 as compared to the same period of 2012, as a result of two factors. The first factor was a reduction in demand from a significant oil sands customer who decreased their bed rental day requirements by 27% as compared to the first quarter of 2012, with revenue per manday on these beds decreasing by 9% as result of new contract terms. The second factor was the effect of split rate contracts put in place throughout 2012 and early 2013, which had the anticipated effect of decreasing revenue per manday by 29% but increasing utilization by 22% over the comparative quarter. Although the metrics above are impacted by this contract structure, there is no fundamental effect on the contract economics.

Revenues from drill camp operations for the three months ended March 31, 2013 increased by \$1.5 million or 18% compared to the same period of 2012. The increase was a result of a higher activity levels with more camps on rent as compared to the same quarter in 2012. The higher volume was partially offset by a decrease in the revenue per bed rental day which was mainly a result of fewer customer requested add on services. Of note, in the first quarter of 2013 Horizon deployed several drill camps on construction type projects increasing the utilization of the equipment.

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

<i>(000's for revenue only)</i>	Three months ended March 31	
	2013	2012
Catering only revenue	\$ 5,654	\$ 7,543
Catering only days ⁽¹⁾	56,651	72,519
Revenue per catering only day	\$100	\$104

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

Management's Discussion and Analysis
Three months ended March 31, 2013 and 2012



Revenues from the provision of catering and housekeeping only services, with no associated bed rentals, decreased \$1.9 million or 25% for the three months ended March 31, 2013 as compared to same period of 2012. The lower volumes were mainly a result of the close out of a significant catering only job in October of 2012 at a mining operation in the north. The lower rate was mainly the result of change in contract mix as compared to the same period of 2012.

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

(000's)	Three months ended March 31	
	2013	2012
Camp and catering operations service related revenue	\$ 6,531	\$ 6,524

Service revenues in the camp & catering operations are related to the transportation, setup and de-mobilization of camps. Revenue was 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 March 31, 2013 were \$42.3 million as compared to \$33.3 million for the same period in 2012, an increase of \$9.0 million or 27%. The increase in revenues was primarily a result of additional manufacturing capacity added to meet contractual commitments. Actual direct manufacturing hours were 205,776 hours for the three months ended March 31, 2013 as compared to 134,803 in the same period of 2012, an increase of 70,973 hours or 53%. The increased capacity was achieved by the addition of production staff throughout 2012. In the first quarter of 2013, 60% of direct hours were allocated to external sales contracts compared to 67% in the same period of 2012.

Space rental revenues

Space rental revenues for the three months ended March 31, 2013 were \$2.4 million as compared to \$3.9 million for the same period in 2012, a decrease of \$1.5 million or 38%. The first quarter of 2012 included a significant used rental equipment sale which was not repeated in the first quarter of 2013. Rental revenue increased by \$0.4 million in the comparative quarters based mainly on the mix of contracts in place in the three months ended March 31, 2013 as compared to the same period of 2012. Fleet utilization was relatively consistent at 87% for the comparative periods.

Direct costs

Direct costs for the three months ended March 31, 2013 were \$88.6 million or 70% of revenue as compared to \$78.6 million or 70% of revenue for the same period of 2012. Direct costs are closely related to business volumes and the increased direct costs are primarily a result of the higher activity levels in the comparative periods. As a percentage of revenue, direct costs remained unchanged in the comparative periods.

Matting

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

(000's except mat rental days and numbers of mats)	Three months ended March 31		
	2013	2012	% change
Access mat rental revenue ⁽¹⁾	\$ 1,686	\$ 2,138	(21%)
Other mat and rental equipment revenue ⁽²⁾	1,156	671	72%
Total mat and rental equipment revenue	\$ 2,842	\$ 2,809	1%
Mat sales revenue	4,922	6,569	(25%)
Installation, transportation, service and other revenue	8,468	8,960	(5%)
Total revenue	\$ 16,232	\$ 18,338	(11%)
EBITDAS	\$ 3,986	\$ 4,372	(9%)
EBITDAS as a % of revenue	25%	24%	4%
Operating earnings	\$ 1,914	\$ 2,604	(26%)
Access mat rental days – owned mats ⁽³⁾	629,793	577,142	9%
Access mat rental days – third party mats ⁽⁴⁾	58,948	167,202	(65%)
Total access mat rental days	688,741	744,344	(7%)
Average owned access mats in rental fleet ⁽⁵⁾	13,838	10,967	26%
Average sub rental access mats in rental fleet ⁽⁶⁾	655	1,837	(64%)
Access mats in rental fleet at quarter end ⁽⁷⁾	13,899	13,132	6%
Mats sold:			
New mats	5,459	7,407	(26%)
Used Mats	1,377	1,899	(27%)
Total mats sold	6,836	9,306	(27%)

(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 March 31, 2013.

Revenues from the Matting segment for the three months ended March 31, 2013 were \$16.2 million as compared to \$18.3 million for the same period of 2012, a decrease of \$2.1 million or 11%. EBITDAS for the three months ended March 31, 2013 were \$4.0 million or 25% of revenue as compared to \$4.4 million or 24% of revenue for the same period of 2012, a decrease of \$0.4 million or 9%.

Mat and equipment rental revenue

Access mat rental revenues for the three months ended March 31, 2013 were \$1.7 million, down \$0.5 million or 21%. The decrease was combination of lower activity and revenue per mat rental day. Mat rental days in the first quarter of 2013 were 55,603 or 7% below the same quarter of 2012, mainly a result of a later spring breakup in 2013 as compared to 2012. The owned access mat fleet was 51% utilized in the first quarter of 2013 as compared to 58% in the comparative quarter of 2012. The remainder of the revenue decrease was due to lower revenue per mat rental day, a result of the different mix of contracts in place in the comparative quarters.

The lower revenue from access mat rental was offset by rental revenue from other equipment rentals which consisted mainly of wellsite office rentals.

Mat sales revenue

Revenues from mat sales for the three months ended March 31, 2013 were \$4.9 million, down \$1.7 million or 25% as compared to the same period of 2012. The decrease in revenue is mainly reflective of the timing of customer projects, with a large sale occurring in the first quarter of 2012 which was not repeated in the first quarter of 2013. The mix of new and used access mat sales stayed consistent in the comparative quarters with new mat sales representing 80% of total mat sales, the revenue per mat increased by \$14 as a result of slightly stronger used mat pricing.

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 March 31, 2013 were \$8.5 million as compared to \$9.0 million the same period in 2012, a decrease of \$0.5 million or 5%. The decrease was mainly reflective of the lower volume of rentals and mat sales in the three months ended March 31, 2013, as compared to the same period of 2012.

Direct costs

Direct costs for the three months ended March 31, 2013 were \$12.1 million or 74% of revenue as compared to \$13.9 million or 76% of revenue for the same period of 2012. Direct costs are driven by the level of business activity, with the decrease in revenue, as compared to the same period of 2012, direct costs have decreased accordingly. Direct costs as a percentage of revenue decreased by 2% for the three months ended March 31, 2013 as compared the same period of 2012. The decrease is primarily a result of lower costs in the rental operation due to decreased usage of sub rented mats in comparison to the same period of 2012.

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, information technology, and associated costs of supporting a public company. Corporate costs for the three months ended March 31, 2013 were \$3.2 million as compared to \$3.0 million in the same period in 2012. This increase of \$0.2 million reflects the increased cost to support the higher level of business activity. Corporate costs, as a percentage of total revenue, decreased slightly to 2.2% in the first quarter of 2013 from 2.3% in the same period of 2012.

Other Items

Depreciation and amortization

(000's)	Three months ended March 31		
	2013	2012	% change
Depreciation	\$ 10,844	\$ 6,229	74%
Amortization	2,051	2,051	-%
Total depreciation and amortization	\$ 12,895	\$ 8,280	56%

Depreciation and amortization costs for the three months ended March 31, 2013 were \$12.9 million as compared to \$8.3 million in the same period of 2012, an increase of \$4.6 million or 56%. The increased depreciation was a result of camp asset additions which include camp setup and installation costs which are depreciated over the term of the contract which is generally a shorter time frame than the camp assets. Depreciation for the camp setup and installation was \$2.8 million higher in the first quarter of 2013 as compared to the same period of 2012.

Financing costs

Financing costs include interest on loans and borrowings and accretion on notes payable. For the three months ended March 31, 2013 financing costs were \$1.1 million as compared to \$0.7 million in the same period of 2012, an increase of \$0.4 million as a result of a higher interest expense on loans and borrowings. The increased interest expense was due to a larger weighted average debt of \$122.0 million for the three months ended March 31, 2013 as compared to \$60.3 million in the same period of 2012. The effective interest rate on the loans and borrowing decreased to 3.6% from 4.6% in the comparative quarters due to lower rates in the renewed credit facility and a higher proportion of debt being held as bankers acceptance in the comparative quarters.

Income taxes

Income tax expense was \$5.6 million, an effective tax rate of 25%, for the three months ended March 31, 2013 as compared to a tax expense of \$6.6 million, an effective rate of 26% for the same period of 2012. The decrease of 1% was primarily a result of change in timing of temporary differences.

Selling and administrative

Selling and administrative expense was \$4.8 million for the three months ended March 31, 2013 as compared to \$4.1 million in the same period of 2012. The increase is reflective of the higher levels of business activity in the first quarter of 2013 as compared to the same period of 2012. As a percentage of revenue, selling and administrative expense increased to 3.4% in 2013 as compared to 3.2% in 2012.

Liquidity and Capital Resources

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

(000's)	March 31, 2013	December 31, 2012
Current assets	\$ 157,793	\$ 149,168
Current liabilities excluding loans and borrowings ⁽¹⁾	58,828	72,760
Current portion of loans and borrowings	1,380	1,416
Current liabilities	60,208	74,176
Working capital ⁽²⁾	\$ 97,585	\$ 74,992
Bank borrowing:		
Available bank lines	\$ 150,000	\$ 150,000
Drawings on credit facility	127,109	108,247
Borrowing capacity ⁽³⁾	\$ 22,891	\$ 41,753

(1) Calculated as the sum of trade and other payables, deferred revenue and income taxes payable.

(2) Calculated as current assets less current liabilities.

(3) Calculated as available bank lines less drawings on credit facility.

Working capital at March 31, 2013 was \$97.6 million as compared to \$75.0 million at March 31, 2012. The increase of \$22.6 million in working capital is primarily due to the significantly higher levels of business activity in 2013 generating an increase in accounts receivable, and lower deferred revenue as compared to December of 2012.

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

At March 31, 2013 the Corporation was in compliance with its debt covenants as shown below:

Debt Covenants	March 31, 2013
Debt ⁽¹⁾ to EBITDAS ⁽²⁾⁽³⁾ – must be less than 2.0:1	0.91:1
Interest coverage ⁽⁴⁾ – must be greater than 3.0:1	43.4:1

(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 three months ended March 31, 2013, the Corporation spent \$21.3 million on capital asset additions as compared to \$34.2 million in the same period of 2012. Capital spending was concentrated on rental fleet expansion and replacement to meet demand in the Camps & Catering segment in addition to moderate maintenance capital. Management evaluates and manages its capital spending plans taking into account proceeds from disposals for the quarter of \$1.6 million, resulting in net capital spending for the three months ended March 31, 2013 of \$19.7 million.

Quarterly Summary of Results

(000's except per share amounts)	Three months ended		Year to date
	March 2013		March 2013
Revenue	\$ 139,959		\$ 139,959
EBITDAS	36,633		36,633
Operating earnings	23,209		23,209
Total profit	16,509		16,509
Total comprehensive income	16,384		16,384
Earnings per share – basic	\$ 0.15		\$ 0.15
Earnings per share – diluted	\$ 0.15		\$ 0.15

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

(000's except per share amounts)	Three months ended				Year ended
	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 – basic	\$ 0.10	\$ 0.10	\$ 0.14	\$ 0.08	\$ 0.42
Earnings per share – diluted	\$ 0.10	\$ 0.10	\$ 0.14	\$ 0.08	\$ 0.41

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

Risks and Uncertainties

Volatility of Oil, Natural Gas and Mining Industry Conditions

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

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

Competition

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

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

Credit Risk

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

Additional Funding Requirements

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

Issuance of Debt

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

Labour Relations

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

Agreements and Contracts

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

Significant Customers

In the quarter ended March 31, 2013, the Corporation had one significant customer who contributed greater than 10% of the consolidated revenue. 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

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.

Critical Accounting Estimates

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

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

Revenue recognition

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

Impairment

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

Financial Instruments and Risk Management

(a) Overview

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

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

(b) Credit risk

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

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

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

<i>(000's)</i>	March 31, 2013	December 31, 2012
Neither impaired nor past due	\$ 55,870	\$ 44,337
Impaired	472	495
Outstanding 31-60 days	32,945	38,313
Outstanding 61-90 days	9,688	16,800
Outstanding more than 90 days	12,856	13,126
Total	111,831	113,071
Allowance for doubtful accounts	(472)	(495)
Accrued revenue	28,886	19,439
Other receivables	968	1,180
Total trade and other receivables	\$ 141,213	\$ 133,195

In the three months ended March 31, 2013, the Corporation provided an allowance for \$0.5 million of receivables aged greater than 90 days. The Corporation collected \$0.03 million of allowance for doubtful accounts against the associated receivable balance. As at April 30, 2013 the Corporation has collected \$2.9 million on amounts outstanding more than 90 days.

(c) Liquidity risk

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

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

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

	March 31, 2013		December 31, 2012	
	Trade and other payables ⁽¹⁾	Loans and borrowings ⁽²⁾	Trade and other payables ⁽¹⁾	Loans and borrowings ⁽²⁾
Year 1	\$ 57,707	\$ 1,380	\$ 72,172	\$ 1,416
Year 2	-	1,514	-	1,543
Year 3	-	134,237	-	115,329
Year 4	-	-	-	-
Year 5 and beyond	1,379	-	1,364	-
	\$ 59,086	\$ 137,131	\$ 73,536	\$ 118,288

1. Trade and other payables include trade and other payables, income taxes payable, and provisions.

2. Loans and borrowings as at March 31, 2013 include non-interest bearing notes payable and 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 2012 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 quarter ended March 31, 2013 by approximately \$65,033 (March 31, 2012 - \$88,000). This assumes that the quantity of USD purchases and the foreign operations in the quarter remain unchanged and that the change in the USD/CAD exchange rate is effective from the beginning of the year.

(ii) Interest rate risk

The Corporation is exposed to interest rate risk as changes in interest rates may affect interest expense and future cash flows. The primary exposure is related to the Corporation's revolving credit facility which bears interest at a rate of prime plus 1.00%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately \$304,159 for the quarter ended March 31, 2013 (March 31, 2012 - \$150,000). This assumes that the amount and mix of fixed and floating rate debt in the quarter ended March 31, 2013 remains unchanged and that the change in interest rates is effective from the beginning of the year.

Outstanding Shares

Horizon had 108,918,811 voting common shares issued and outstanding with a book value of \$180,450,000 or \$1.66 per share as at March 31, 2013.

Off Balance Sheet Financing

Horizon has no off balance sheet financing.

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

Disclosure Controls & Procedures

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

As at December 31, 2012, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the design and operation of Horizon's DC&P as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. Based on this evaluation, the CEO and CFO have concluded that, as at March 31, 2013 Horizon's DC&P, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, were effective.

Throughout 2012, Horizon focused on continuous improvement and improved execution of its DC&P. Horizon will continue to evaluate its DC&P making modifications from time-to-time as deemed necessary. There were no changes in Horizon's DC&P that occurred during the period ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, Horizon's DC&P.

Internal Controls over Financial Reporting

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

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

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

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

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

Based on this evaluation, management concluded that the design and operating effectiveness of Horizon's ICFR was effective as of March 31, 2013.

Throughout 2012 Horizon focused on continuous improvement and improved execution of its ICFR. Horizon will continue to evaluate its ICFR making modifications from time-to-time as deemed necessary. There were no changes in Horizon's ICFR that occurred during the year ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, Horizon's ICFR.

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

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

Related parties

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 April 30, 2013, 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

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

In particular, such forward looking statements include: under the heading "Outlook" the statements that "Oil sands development activities, driven primarily by SAGD projects, continue to be the main driver of Horizon's growth. Oil sands activity accounted for 69% of Horizon's consolidated revenues for the first quarter. With the ongoing focus of our customer base into SAGD oil sands projects and diversification in to LNG development, Horizon expects demand for accommodation services to remain strong", "Capital spending for 2013 will remain at \$80 million, focused primarily on adding 1,000 beds to the camp and catering operations throughout the year. Of the expected 1,000 beds, 36% are under contract to be deployed in the second quarter, primarily in the oil sands region of Alberta on SAGD projects."

The foregoing assumptions are based on oil sands activity in Alberta remaining strong and for resource development in western Canada not decreasing in a significant way. 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.