

Condensed Consolidated Interim Financial Statements of



HORIZON NORTH
Logistics Inc

Three months ended March 31, 2015 and 2014 (Unaudited)



HORIZON NORTH
Logistics Inc

Condensed consolidated statement of financial position (Unaudited)

| <i>(000's)</i> | March 31, 2015 | December 31, 2014 |
|--|-------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Trade and other receivables | \$ 108,163 | \$ 116,074 |
| Inventories | 11,041 | 14,656 |
| Prepayments | 3,032 | 3,612 |
| Income taxes receivable | 339 | - |
| | 122,575 | 134,342 |
| Non-current assets: | | |
| Property, plant and equipment (Note 4) | 401,291 | 401,130 |
| Goodwill | 1,664 | 1,664 |
| Deferred tax assets | - | 414 |
| Other assets | 2,396 | 2,428 |
| | 405,351 | 405,636 |
| | \$ 527,926 | \$ 539,978 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Trade and other payables | \$ 51,950 | \$ 55,577 |
| Deferred revenue | 1,732 | 2,268 |
| Income taxes payable | 2,369 | 2,492 |
| Current portion of loans and borrowings (Note 5) | 7,526 | 7,668 |
| | 63,577 | 68,005 |
| Non-current liabilities: | | |
| Asset retirement obligations | 5,950 | 5,890 |
| Loans and borrowings (Note 5) | 135,196 | 146,370 |
| Deferred tax liabilities | 34,093 | 33,139 |
| | 238,816 | 253,404 |
| Shareholders' equity: | | |
| Share capital (Note 7) | 185,592 | 185,592 |
| Contributed surplus | 14,199 | 13,523 |
| Accumulated other comprehensive income | 1,192 | 774 |
| Retained earnings | 88,127 | 86,685 |
| | 289,110 | 286,574 |
| | \$ 527,926 | \$ 539,978 |

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



Condensed consolidated statement of comprehensive income (Unaudited)
Three months ended March 31, 2015 and 2014

| <i>(000's, except per share amounts)</i> | Three months ended March 31 | |
|---|-----------------------------|------------|
| | 2015 | 2014 |
| Revenue | \$ 133,968 | \$ 122,211 |
| Operating expenses: | | |
| Direct costs | 98,847 | 93,231 |
| Depreciation | 13,340 | 12,387 |
| Share based compensation (Note 7) | 378 | 297 |
| Gain on disposal of property, plant and equipment | (41) | (1,595) |
| Direct operating expenses | 112,524 | 104,320 |
| Gross profit | 21,444 | 17,891 |
| Selling & administrative expenses: | | |
| Selling & administrative expenses | 5,707 | 5,430 |
| Amortization of intangible assets | - | 819 |
| Share based compensation (Note 7) | 298 | 212 |
| Selling & administrative expenses | 6,005 | 6,461 |
| Operating earnings | 15,439 | 11,430 |
| Finance costs | 1,322 | 1,000 |
| Profit before tax | 14,117 | 10,430 |
| Current tax expense | 2,467 | 2,130 |
| Deferred tax expense | 1,368 | 582 |
| Income tax expense (Note 6) | 3,835 | 2,712 |
| Total profit | 10,282 | 7,718 |
| Other comprehensive income: | | |
| Translation of foreign operations | (418) | (199) |
| Other comprehensive income, net of income tax | (418) | (199) |
| Total comprehensive income | \$ 10,700 | \$ 7,917 |
| Earnings per share: | | |
| Basic (Note 9) | \$ 0.09 | \$ 0.07 |
| Diluted (Note 9) | \$ 0.09 | \$ 0.07 |

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



HORIZON NORTH
Logistics Inc

Condensed consolidated statement of changes in equity (Unaudited)

| <i>(000's)</i> | Share Capital | Contributed Surplus | Accumulated Other Comprehensive Income | Retained Earnings | Total |
|--------------------------------------|------------------|------------------------|---|----------------------|------------|
| Balance at December 31, 2013 | \$ 183,851 | \$ 11,836 | \$ 394 | \$ 98,346 | \$ 294,427 |
| Total profit | - | - | - | 7,718 | 7,718 |
| Share based compensation | - | 509 | - | - | 509 |
| Share options exercised | 598 | (141) | - | - | 457 |
| Translation of foreign operations | - | - | 199 | - | 199 |
| Dividends declared and paid (Note 8) | - | - | - | (8,817) | (8,817) |
| Balance at March 31, 2014 | \$ 184,449 | \$ 12,204 | \$ 593 | \$ 97,247 | \$ 294,493 |
| Total profit | - | - | - | 15,928 | 15,928 |
| Share based compensation | - | 1,626 | - | - | 1,626 |
| Share options exercised | 1,143 | (307) | - | - | 836 |
| Translation of foreign operations | - | - | 181 | - | 181 |
| Dividends declared and paid (Note 8) | - | - | - | (26,490) | (26,490) |
| Balance at December 31, 2014 | \$ 185,592 | \$ 13,523 | \$ 774 | \$ 86,685 | \$ 286,574 |
| Total profit | - | - | - | 10,282 | 10,282 |
| Share based compensation (Note 7) | - | 676 | - | - | 676 |
| Translation of foreign operations | - | - | 418 | - | 418 |
| Dividends declared and paid (Note 8) | - | - | - | (8,840) | (8,840) |
| Balance at March 31, 2015 | \$ 185,592 | \$ 14,199 | \$ 1,192 | \$ 88,127 | \$ 289,110 |

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



Condensed consolidated statement of cash flows (Unaudited)
Three months ended March 31, 2015 and 2014

| <i>(000's)</i> | March 31, 2015 | March 31, 2014 |
|--|-------------------|-------------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Profit for the period | \$ 10,282 | \$ 7,718 |
| Adjustments for: | | |
| Depreciation | 13,340 | 12,387 |
| Amortization of intangible assets | - | 819 |
| Share based compensation (Note 7) | 676 | 509 |
| Amortization of other assets | 32 | 32 |
| Gain on sale of property, plant and equipment | (1,267) | (2,306) |
| Unrealized foreign exchange | 415 | 133 |
| Finance costs | 1,322 | 1,000 |
| Income tax expense (Note 6) | 3,835 | 2,712 |
| | 28,635 | 23,004 |
| Income taxes paid | (2,929) | (36) |
| Interest paid | (1,301) | (902) |
| Changes in non-cash working capital items | 7,981 | (26,247) |
| | 32,386 | (4,181) |
| Investing activities: | | |
| Purchase of property, plant and equipment (Note 4) | (15,188) | (27,878) |
| Proceeds on sale of property, plant and equipment | 2,958 | 5,527 |
| | (12,230) | (22,351) |
| Financing activities: | | |
| Shares issued (Note 7) | - | 457 |
| Proceeds from (repayment of) loans and borrowings | (11,316) | 32,955 |
| Payment of dividends | (8,840) | (6,880) |
| | (20,156) | 26,532 |
| 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 registered and domiciled in Canada and is a publicly-traded company, listed on the Toronto Stock Exchange under the symbol HNL. The Corporation’s registered offices are at 1600, 505 – 3rd Street SW, Calgary, AB T2P 3E6. The consolidated financial statements of the Corporation as at and for the three months ended March 31, 2015 comprise the Corporation and its subsidiaries and the Corporation’s interest in associates and jointly controlled entities. Horizon provides camp & catering services and ground matting 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, 2014. 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 29, 2015.

(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, 2014.

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, 2014 and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

As a result, these financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2015 and 2014



4. Property, Plant and Equipment

| Cost | Balance December 31 2014 | Additions | Disposals | Impact of Foreign Translation | Balance March 31 2015 |
|---------------------------------------|--------------------------------|-----------|------------|-------------------------------------|-----------------------------|
| <i>(000's)</i> | | | | | |
| Camp facilities, setup & installation | \$ 454,094 | \$ 3,547 | \$ (3,348) | \$ 11 | \$ 454,304 |
| Marine equipment | - | - | - | - | - |
| Land & Buildings | 46,552 | 1,030 | - | - | 47,582 |
| Automotive & trucking equipment | 46,022 | 15 | (507) | - | 45,530 |
| Mats | 14,138 | 6,436 | (1,952) | - | 18,622 |
| Furniture, fixtures & other equipment | 6,566 | 11 | - | - | 6,577 |
| Asset retirement obligations | 5,316 | - | - | - | 5,316 |
| Assets under construction | 4,477 | 4,149 | - | - | 8,626 |
| | \$ 577,165 | \$ 15,188 | \$ (5,807) | \$ 11 | \$ 586,557 |

| Accumulated Depreciation | Balance December 31 2014 | Depreciation | Disposals | Impact of Foreign Translation | Balance March 31 2015 |
|---------------------------------------|--------------------------------|--------------|------------|-------------------------------------|-----------------------------|
| <i>(000's)</i> | | | | | |
| Camp facilities, setup & installation | \$ 130,868 | \$ 9,550 | \$ (2,643) | \$ 7 | \$ 137,782 |
| Marine equipment | - | - | - | - | - |
| Land & Buildings | 8,137 | 408 | - | - | 8,545 |
| Automotive & trucking equipment | 22,450 | 1,425 | (507) | - | 23,368 |
| Mats | 9,174 | 1,299 | (966) | - | 9,507 |
| Furniture, fixtures & other equipment | 3,647 | 310 | - | - | 3,957 |
| Asset retirement obligations | 1,759 | 348 | - | - | 2,107 |
| Assets under construction | - | - | - | - | - |
| | \$ 176,035 | \$ 13,340 | \$ (4,116) | \$ 7 | \$ 185,266 |

| Carrying Amounts | Balance December 31 2014 | Balance March 31 2015 |
|---------------------------------------|--------------------------------|-----------------------------|
| <i>(000's)</i> | | |
| Camp facilities, setup & installation | \$ 323,226 | \$ 316,522 |
| Marine equipment | - | - |
| Land & Buildings | 38,415 | 39,037 |
| Automotive & trucking equipment | 23,572 | 22,162 |
| Mats | 4,964 | 9,115 |
| Furniture, fixtures & other equipment | 2,919 | 2,620 |
| Asset retirement obligations | 3,557 | 3,209 |
| Assets under construction | 4,477 | 8,626 |
| | \$ 401,130 | \$ 401,291 |

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2015 and 2014



4. Property, Plant and Equipment (continued)

| Cost | Balance December 31 2013 | Additions | Disposals | Impact of Foreign Translation | Balance March 31 2014 |
|---------------------------------------|--------------------------------|--------------|------------|-------------------------------------|-----------------------------|
| <i>(000's)</i> | | | | | |
| Camp facilities, setup & installation | \$ 380,718 | \$ 21,430 | \$ (2,827) | \$ 77 | \$ 399,398 |
| Marine equipment | 12,811 | - | - | - | 12,811 |
| Land & Buildings | 31,066 | - | (217) | - | 30,849 |
| Automotive & trucking equipment | 37,833 | 6,354 | (392) | - | 43,795 |
| Mats | 10,125 | 2,163 | (1,221) | - | 11,067 |
| Furniture, fixtures & other equipment | 6,849 | 1 | - | - | 6,850 |
| Asset retirement obligations | 5,316 | - | - | - | 5,316 |
| Assets under construction | 12,690 | (2,070) | - | - | 10,620 |
| | \$ 497,408 | \$ 27,878 | \$ (4,657) | \$ 77 | \$ 520,706 |
| Accumulated Depreciation | Balance December 31 2013 | Depreciation | Disposals | Impact of Foreign Translation | Balance March 31 2014 |
| <i>(000's)</i> | | | | | |
| Camp facilities, setup & installation | \$ 96,672 | \$ 9,326 | \$ (369) | \$ 11 | \$ 105,640 |
| Marine equipment | 12,070 | 16 | - | - | 12,086 |
| Land & Buildings | 8,538 | 405 | (16) | - | 8,927 |
| Automotive & trucking equipment | 20,359 | 1,194 | (344) | - | 21,209 |
| Mats | 6,593 | 829 | (707) | - | 6,715 |
| Furniture, fixtures & other equipment | 3,557 | 269 | - | - | 3,826 |
| Asset retirement obligations | 367 | 348 | - | - | 715 |
| Assets under construction | - | - | - | - | - |
| | \$ 148,156 | \$ 12,387 | \$ (1,436) | \$ 11 | \$ 159,118 |
| Carrying Amounts | Balance December 31 2013 | | | | Balance March 31 2014 |
| <i>(000's)</i> | | | | | |
| Camp facilities, setup & installation | \$ 284,046 | | | | \$ 293,758 |
| Marine equipment | 741 | | | | 725 |
| Land & Buildings | 22,528 | | | | 21,922 |
| Automotive & trucking equipment | 17,474 | | | | 22,586 |
| Mats | 3,532 | | | | 4,352 |
| Furniture, fixtures & other equipment | 3,292 | | | | 3,024 |
| Asset retirement obligations | 4,949 | | | | 4,601 |
| Assets under construction | 12,690 | | | | 10,620 |
| | \$ 349,252 | | | | \$ 361,588 |

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2015 and 2014



5. Loans and Borrowings

| (000's) | March 31, 2015 | December 31, 2014 |
|---------------------------------|-------------------|----------------------|
| Committed credit facility | \$ 135,196 | \$ 146,370 |
| Notes payable | 4,824 | 4,824 |
| Vehicle and equipment financing | 2,702 | 2,844 |
| | \$ 142,722 | \$ 154,038 |
| Less current portion | (7,526) | (7,668) |
| | \$ 135,196 | \$ 146,370 |

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

The Corporation's committed credit facility ("credit facility") was increased to \$200,000,000 and is secured by a \$400,000,000 first fixed and floating charge debenture over all assets of the Corporation and its wholly owned subsidiaries. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Debt to EBITDAS is calculated as at the quarter end for the most recently completed calendar quarter and for the 12 months ended on such date. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee ranging from 0.34% to 0.62%. Amounts borrowed under the facility become due on March 31, 2018, the maturity date of the facility. The credit facility is subject to the following financial covenants:

| | Debt Covenants |
|---|-----------------------|
| Maximum Consolidated Senior debt ⁽¹⁾ to Consolidated EBITDAS ratio ⁽³⁾⁽⁴⁾ | 3.00:1.00 or less |
| Maximum Consolidated Total debt ⁽²⁾ to Consolidated EBITDAS ratio ⁽³⁾⁽⁵⁾ | 4.25:1.00 or less |
| Minimum Consolidated Interest coverage ratio ⁽⁶⁾ | 3.00:1.00 or more |

(1) Senior debt is calculated as the sum of current and long-term portions of loans and borrowings less vehicle and equipment financing.

(2) Total debt is calculated as the sum of current and long-term portions of loans and borrowings.

(3) 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 may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

(4) Senior debt to EBITDAS is calculated as the ratio of senior debt to trailing 12 months EBITDAS.

(5) Total debt to EBITDAS is calculated as the ratio of total debt to trailing 12 months EBITDAS.

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

As at March 31, 2015, the Corporation was in compliance with all covenants related to the credit 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:

| (000's) | Three months ended March 31, | |
|--|------------------------------|-----------|
| | 2015 | 2014 |
| Profit before tax | \$ 14,117 | \$ 10,430 |
| Combined federal and provincial income tax rate | 25% | 25% |
| Expected income tax provision | 3,529 | 2,608 |
| Non-deductible share based compensation | 169 | 127 |
| Revisions to prior year tax estimates | 269 | - |
| Change in estimated timing of realization of temporary differences | - | 16 |
| Differences in jurisdictional tax rates | (41) | 181 |
| Non-taxable portion of capital gain | (34) | (205) |
| Other | (57) | (15) |
| | \$ 3,835 | \$ 2,712 |

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2015 and 2014



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, 2013 | 110,084,884 | \$ 183,851 |
| Share options exercised | 416,767 | 1,741 |
| Balance at December 31, 2014 and March 31, 2015 | 110,501,651 | \$ 185,592 |

(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 3.6 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, 2015 | | Year ended December 31, 2014 | |
|------------------------------|--------------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| | Outstanding options | Weighted average exercise price | Outstanding options | Weighted average exercise price |
| Balance, beginning of period | 5,319,987 | \$ 6.47 | 3,711,955 | \$ 5.46 |
| Granted | 3,257,000 | 2.30 | 2,383,518 | 7.54 |
| Forfeited | (161,666) | 4.87 | (358,719) | 7.14 |
| Exercised | - | - | (416,767) | 3.10 |
| Balance, end of period | 8,415,321 | \$ 4.88 | 5,319,987 | \$ 6.47 |

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2015 and 2014



7. Share Capital (continued)

(c) Stock option plan (continued)

| | Three months ended March 31, 2015 | | Year ended December 31, 2014 | |
|------------------------------|--------------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| | Exercisable options | Weighted average exercise price | Exercisable options | Weighted average exercise price |
| Balance, beginning of period | 2,043,706 | \$ 5.41 | 1,395,876 | \$ 4.06 |
| Vested | 52,167 | 5.27 | 1,087,929 | 6.27 |
| Forfeited | (45,966) | 7.76 | (23,332) | 6.25 |
| Exercised | - | - | (416,767) | 3.10 |
| Balance, end of period | 2,049,907 | \$ 5.35 | 2,043,706 | \$ 5.41 |

The exercise prices for options outstanding at March 31, 2015 are as follows:

| Exercise price per share | Total options outstanding | | | Exercisable options | |
|--------------------------|---------------------------|--|--|---------------------|--|
| | Number | Weighted average exercise price per share | Weighted average remaining contractual life in years | Number | Weighted average exercise price per share |
| \$2.30 to \$2.83 | 3,180,000 | \$ 2.30 | 4.9 | - | \$ - |
| \$2.84 to \$6.20 | 891,667 | 3.99 | 1.7 | 787,665 | 3.80 |
| \$6.21 to \$6.27 | 1,974,586 | 6.25 | 2.0 | 1,144,745 | 6.25 |
| \$6.28 to \$7.29 | 245,000 | 6.79 | 3.0 | 97,498 | 6.77 |
| \$7.30 to \$9.01 | 2,124,068 | 7.64 | 4.2 | 19,999 | 8.14 |
| | 8,415,321 | \$ 4.88 | 3.6 | 2,049,907 | \$ 5.35 |

For the three months ended March 31, 2015, share based compensation for stock options included in net earnings amounted to \$676,000 (March 31, 2014 - \$509,000).

8. Dividends

On February 18, 2015, the Corporation's Board of Directors declared the 2015 first quarter dividend of \$0.08 per common voting share. For the three months ended March 31, 2015, the Corporation paid dividends totaling \$8,840,000 respectively (March 31, 2014 - \$6,880,000).

| (000's except per share amounts) | 2015 | | 2014 | |
|----------------------------------|------------------|--------------------------|------------------|--------------------------|
| | Amount per share | Total dividend amount | Amount per share | Total dividend amount |
| Record Date | | | | |
| March 31 | \$ 0.08 | \$ 8,840 | \$ 0.08 | \$ 8,817 |
| June 30 | - | - | 0.08 | 8,825 |
| September 30 | - | - | 0.08 | 8,825 |
| December 31 | - | - | 0.08 | 8,840 |
| | \$ 0.08 | \$ 8,840 | \$ 0.32 | \$ 35,307 |

On April 29, 2015, the Corporation's Board of Directors declared a dividend for the second quarter of 2015 at \$0.08 per share. The dividend is payable to shareholders of record at the close of business on June 30, 2015 to be paid on July 15, 2015.

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2015 and 2014



9. Earnings Per Share

The calculation of basic earnings per share for the three months ended March 31, 2015 was based on the total profit attributable to common shareholders of \$10,282,000 (March 31, 2014 –\$7,718,000).

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

| | Three months ended March 31 | |
|--|-----------------------------|-------------|
| | 2015 | 2014 |
| Number of common shares, beginning of period | 110,501,651 | 110,084,884 |
| Weighted average effect of stock options exercised | - | 85,427 |
| Weighted average common shares outstanding – basic | 110,501,651 | 110,170,311 |
| Effect of share purchase options ⁽¹⁾ | - | 929,096 |
| Weighted average common shares outstanding – diluted | 110,501,651 | 111,099,407 |

(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, 2015, 8,415,321 share options (March 31, 2014 – 145,400) were excluded from the calculation of weighted average common shares outstanding-diluted, as the result would be anti-dilutive.

10. Operating segments

The Corporation operates in Canada and the United States through two business segments: Camps & Catering and Matting. The Camps & Catering segment includes camp rental and catering services, as well as the manufacture, sale, and repair of camps. Matting includes mat rental, installation, and fleet management services, as well as the manufacture and sale of mats.

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

| Three months ended March 31, 2015 (000's) | Camps & Catering | Matting | Corporate | Inter-segment Eliminations | Total |
|--|---------------------|-----------|-----------|-------------------------------|------------|
| Revenue | \$ 122,824 | \$ 11,569 | \$ - | \$ (425) | \$ 133,968 |
| EBITDAS ⁽¹⁾ | 30,315 | 2,078 | (2,979) | - | 29,414 |
| Depreciation and amortization | 11,074 | 2,092 | 221 | (47) | 13,340 |
| Gain on disposal of assets | (41) | - | - | - | (41) |
| Share based compensation | 303 | 75 | 298 | - | 676 |
| Operating earnings (loss) | 18,979 | (89) | (3,498) | 47 | 15,439 |
| Total assets | 482,900 | 41,612 | 3,414 | - | 527,926 |
| Capital expenditures | \$ 8,627 | \$ 6,510 | \$ 51 | \$ - | \$ 15,188 |

| Three months ended March 31, 2014 (000's) | Camps & Catering | Matting | Corporate | Inter-segment Eliminations | Total |
|--|---------------------|-----------|-----------|-------------------------------|------------|
| Revenue | \$ 106,697 | \$ 15,980 | \$ - | \$ (466) | \$ 122,211 |
| EBITDAS ⁽¹⁾ | 24,405 | 2,718 | (3,573) | - | 23,550 |
| Depreciation and amortization | 11,613 | 1,454 | 187 | (48) | 13,206 |
| (Gain) loss on disposal of assets | (1,637) | 42 | - | - | (1,595) |
| Share based compensation | 256 | 41 | 212 | - | 509 |
| Operating earnings (loss) | 14,173 | 1,181 | (3,972) | 48 | 11,430 |
| Total assets | 462,230 | 37,423 | 3,261 | - | 502,914 |
| Capital expenditures | \$ 20,309 | \$ 5,001 | \$ 261 | \$ 2,307 | \$ 27,878 |

(1) 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 may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.

11. 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.