This Management's Discussion and Analysis ("MD&A"), prepared as at February 18, 2015 focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North Logistics Inc. ("Horizon North" 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.

Annual Highlights

- Camp rental and catering revenues, relocatable structures revenues and matting revenues all experienced year over year growth. The growth was driven by higher activity levels and stronger utilization in the camp rental and catering and relocatable structures operations along with higher access mat sales;
- Despite the revenue growth mentioned above, consolidated revenues for the year ended December 31, 2014 were 14% below the same period in 2013 as a result of lower manufacturing activity due to customer driven project delays and internal fleet requirements;
- Consolidated EBITDAS for the year ended December 31, 2014 were 26% below the same period in 2013 as a result of decreased manufacturing activity, higher project close out costs and increased costs in mat manufacturing related to lumber costs as a result of the weaker Canadian dollar.

Annual Financial Summary

	Years ended December 31				
(000's except per share amounts)	2014	% change	2013	% change	2012
Revenue	$ 476,060	(14%)	$ 554,387	5%	$ 526,616
EBITDAS[(1)]	92,866	(26%)	126,334	(13%)	145,027
EBITDAS as a % of revenue	20%		23%		28%
Operating earnings	37,502	(41%)	63,291	(38%)	102,758
Operating earnings as a % of revenue	8%		11%		20%
Total profit	23,646	(44%)	42,451	(42%)	72,883
Total comprehensive income	24,026	(44%)	42,637	(42%)	72,933
Earnings per share – basic	$ 0.21	(46%)	$ 0.39	(42%)	$ 0.67
– diluted	0.21	(45%)	0.38	(42%)	0.66
Total assets	$ 539,978	15%	$ 471,115	(5%)	$ 495,993
Long-term loans and borrowings	146,370	87%	78,256	(33%)	116,872
Cash from operations	57,571	(54%)	125,369	47%	85,036
Capital spending					
Purchase of property, plant & equipment	114,581	27%	90,146	(35%)	139,346
Proceeds from disposals of property, plant & equipment	(14,946)	(44%)	(26,925)	205%	(8,831)
Net Capital spending	99,635	58%	63,221	(52%)	130,515
Debt to EBITDAS[(2)]	1.63:1.00		0.60:1.00		0.79:1.00
Debt to total capitalization ratio	0.35:1.00		0.21:1.00		0.30:1.00
Dividends declared	$ 35,307	29%	$ 27,378	26%	$ 21,662
Dividends declared per share	$ 0.32	28%	$ 0.25	25%	$ 0.20

(1) Please refer to page 25 of the Management's Discussion and Analysis for the definitions of Non-GAAP and additional GAAP measures and reconciliation of *Net Earnings to EBITDAS.*
(2) Please refer to page 17 of the Management's Discussion and Analysis for the definitions of Debt to EBITDAS.

Annual Overview

Horizon North's results for the year ended December 31, 2014 ("2014") reflect the challenges faced by the Corporation throughout the year; customer driven project delays, escalation of project costs and downward pressure on pricing which all led to the year over year decreases in revenues, EBITDAS, operating earnings and earnings per share compared to the year ended December 31, 2013 ("2013").

Consolidated revenues for the year ended December 31, 2014 decreased by $78.3 million or 14% compared to 2013 with the decrease attributable to the manufacturing sales operations. The significant decrease in manufacturing sales revenues was a result of the timing between external sales projects and the internal fleet requirements for camp rentals and relocatable structures. As a result of customer delays there was a gap between external sales projects with a project completed in Q1 2014 and the next project delayed until late Q3 2014. The total direct hours decreased year over year with fewer hours dedicated to external revenue generating projects compared to 2013. The total direct hours in 2014 were 1,101,526, a decrease of 162,900 hours or 13% compared to 2013 with 57% of total direct hours allocated to external sales compared to 68% in 2013. In contrast to manufacturing, all other operations experienced year over year revenue growth which partially offset the manufacturing decrease. The revenue growth in camps and catering came from additional camp projects related to previous contract announcements and a stronger seasonal lift compared 2013. Higher activity at several open camps in Q1 2014 and Q4 2014 was a result of increased number of seasonal projects compared to 2013. Large camp fleet utilization was 63% with an average of 7,613 rentable beds in 2014 compared to 61% utilization and an average of 7,078 rentable beds in 2013. The higher utilization and revenue led to RevPAAB (revenue per average available bed) of $78 in 2014 compared to $76 in 2013. The revenue strength in the matting operations was mainly from mat sales with a year over year increase in sales of 57%.

2014 EBITDAS were $92.9 million, a decrease of $33.5 million or 26% compared to 2013. The decreased EBITDAS were mainly a result of the lower activity levels in manufacturing as described above. As a percentage of revenues, EBITDAS were 20%, a decrease from 23% in 2013. The decreased EBITDAS as a percentage of revenues were mainly due to higher costs experienced in the manufacturing operations as a result of the mix and the execution phase of projects between the comparative years. In addition, matting experienced decreased margins in 2014 compared to 2013 as a result of a more competitive environment and higher costs in manufacturing and mat rentals. Revenue per mat rental day decreased by $0.20 or 8% to $2.18 per day compared to $2.38 per day in 2013 while costs in the rental operation increased as a result of higher usage of third party access mats compared to 2013. Costs also increased year over year for new mat manufacturing as a result of increased lumber costs due to a weaker Canadian dollar.

Net income and earnings per share decreased in 2014 compared to 2013. The decrease was primarily due to the lower revenues and EBITDAS as discussed above and higher depreciation year over year. The majority of the increased depreciation was related to expansion of the camp rental fleet as discussed above. The remainder of the depreciation increase was related to growth of the relocatable structures fleet in the first half of 2014 and growth of the access mat fleet mainly in the second half of 2014.

Outlook

Horizon North is presently at an inflection point. Commodity prices in early 2015 are under considerable pressure with oil pricing currently in the $40-$55 per barrel range, a six year low. A number of our larger customers have delayed or deferred their capital spending and a tone of extreme caution has pervaded our sector which has significant implications for our business. While we have seen these swings in the past, there is no clear consensus on how long this trough will last.

With this challenging macro environment, Horizon North is undertaking structural changes in its business that will realign the development and direction of the Company, stabilize our base, and prepare us for the next up-cycle. These changes, included taking steps in January 2015 to reduce our manufacturing headcount to match our current order book, outlining a reduced maintenance capital spending program of $25 million, moving towards a more integrated business model which will reduce costs and improve efficiencies and changing our business development strategy to facilitate additional cross selling capabilities for all of our products and services.

We will be expanding our product and service offerings to balance our exposure between the OPEX and CAPEX budgets of our major customers. CAPEX is typically cyclical as compared to OPEX spending which tends to be smoother and more consistent over time. We will broaden our products/service offerings to a variety of end-markets to lessen our exposure to energy market fluctuations. We are continuing to develop new end-markets for our manufacturing platform, for example moving into the construction of permanent modular buildings in commercial and institutional markets. Finally we are preparing our land infrastructure for significant potential mega projects in electricity and LNG.

Our new mission statement at Horizon North is "To provide superior, safe, fully integrated turn-key accommodations and related ancillary infrastructure in Canada and Alaska". This will be our focus in 2015.

Dividend payment

Horizon North announced today that its Board of Directors has declared a dividend for the first quarter of 2015 at $0.08 per share. The dividend is payable to shareholders of record at the close of business on March 31, 2015 to be paid on April 15, 2015. The dividends are eligible dividends for Canadian tax purposes.

Annual Financial Results

	Year ended December 31, 2014				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 410,499	$ 67,172	$ -	$ (1,611)	$ 476,060
Expenses					
Direct costs	311,316	50,596	3	(1,611)	360,304
Selling & administrative	8,002	1,071	13,817	-	22,890
EBITDAS	91,181	15,505	(13,820)	-	92,866
EBITDAS as a % of revenue	22%	23%	-	-	20%
Share based compensation	1,014	208	913	-	2,135
Depreciation & amortization	48,102	7,972	1,015	(194)	56,895
(Gain) loss on disposal of property, plant and equipment	(3,682)	25	(9)	-	(3,666)
Operating earnings (loss)	$ 45,747	$ 7,300	$ (15,739)	$ 194	$ 37,502
Finance costs					4,551
Income tax expense					9,305
Other comprehensive income					(380)
Total comprehensive income					$ 24,026
Earnings per share – basic					$ 0.21
– diluted					$ 0.21

	Year ended December 31, 2013				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 496,594	$ 62,419	$ -	$ (4,626)	$ 554,387
Expenses					
Direct costs	369,940	43,657	-	(4,595)	409,002
Selling & administrative	5,677	1,002	12,372	-	19,051
EBITDAS	120,977	17,760	(12,372)	(31)	126,334
EBITDAS as a % of revenue	24%	28%	-	1%	23%
Share based payments	1,143	168	897	-	2,208
Depreciation & amortization	46,197	8,112	583	(209)	54,683
Loss (gain) on disposal of property, plant and equipment	6,173	(21)	-	-	6,152
Operating earnings	$ 67,464	$ 9,501	$ (13,852)	$ 178	$ 63,291
Finance costs					3,822
Income tax expense					17,018
Other comprehensive income					(186)
Total comprehensive income					$ 42,637
Earnings per share – basic					$ 0.39
– diluted					$ 0.38

Fourth Quarter Highlights

- Camp rental and catering operations revenue grew by 41% in Q4 2014 compared to the same period of 2013 driven primarily by higher activity levels and stronger utilization of a larger fleet;
- Relocatable structures revenue grew by 45% in Q4 2014 compared to the same period of 2013 as a result of the fleet expansion undertaken in the first half of 2014; and
- Matting revenues in Q4 2014 grew by 27% compared to the same period of 2013 as a result of stronger service activity.

Fourth Quarter Financial Summary

	Three months ended December 31		
(000's except per share amounts)	2014	2013	% Change
Revenue	$ 135,860	$ 108,641	25%
EBITDAS[(1)]	27,774	15,687	77%
EBITDAS as a % of revenue	20%	14%	
Operating earnings (loss)	11,510	(1,607)	816%
Operating earnings (loss) as a % of revenue	8%	(1%)	
Total profit (loss)	7,183	(2,520)	385%
Total comprehensive income (loss)	7,329	(2,376)	408%
Earnings per share – basic	0.06	(0.02)	400%
– diluted	0.06	(0.02)	400%
Total assets	$ 539,978	$ 471,115	15%
Long-term loans and borrowings	146,370	78,256	87%
Cash from operations	18,056	28,726	(37%)
Capital spending			
Purchase of property, plant & equipment	17,540	34,883	(50%)
Proceeds from disposals of property, plant & equipment	(1,967)	(3,493)	(44%)
Net Capital spending	15,573	31,390	(50%)
Debt to EBITDAS[(2)]	1.63:1.00	0.46:1.00	
Debt to total capitalization ratio	0.35:1.00	0.21:1.00	
Dividends declared	$ 8,840	$ 6,880	28%
Dividends declared per share	$ 0.08	$ 0.06	33%

(1) *Please refer to page 25 of the Management's Discussion and Analysis for the definitions of Non-GAAP and additional GAAP measures* and reconciliation of *Net Earnings to EBITDAS.*

(2) *Please refer to page 17 of the Management's Discussion and Analysis for the definitions of Debt to EBITDAS.*

Fourth Quarter Overview

Horizon North's results for the three months ended December 31, 2014 ("Q4 2014") were significantly stronger than the same period of 2013 ("Q4 2013") with revenue, EBITDAS, net operating earnings and earnings per share all above Q4 2013. Q4 2014 experienced higher activity levels in the camp rental and catering operations, relocatable structures and matting operations with manufacturing sales essentially unchanged in the comparative quarters.

Consolidated revenues for Q4 2014 were $135.9 million, an increase of $27.2 million or 25% compared to Q4 2013. The majority of the increase was a result of higher camp and catering activity levels which were driven by a larger fleet size in combination with higher utilization and stronger seasonal activity compared to Q4 2013. The fourth quarter of 2014 had several additional large camp projects, announced in late 2013 and early 2014, which were in full operation in Q4 2014. Utilization of the large camp fleet was 69% with an average of 8,285 rentable beds compared to Q4 2013 with utilization of 57% with an average of 7,613 rentable beds. Bed rental days were 524,565, an increase of 197,579 bed days or 60% resulting in RevPAAB of $79 compared to $63 in Q4 of 2013.

In addition to the strong camp and catering activity, the matting operations had higher revenues in Q4 2014 compared to Q4 2013. The increase in revenue is primarily a result of higher mat management services in Q4 2014 compared to the same period of 2013. The fourth quarter of 2014 saw several customers with large mat fleets gather up and consolidate their fleets to their inventory locations in preparation for deployment in 2015.

Manufacturing sales revenues were consistent quarter over quarter however total direct hours were 274,694, a decrease of 40,417 hours or 13% compared to Q4 2013 with 76% of total direct hours allocated to external sales projects in Q4 compared to 44% in Q4 2013. The consistent revenue but higher external hours quarter over quarter reflects the difference between execution phases of projects with the project in Q4 2014 focused on manufacturing, which is labour intensive, compared to the project in Q4 2013 which was primarily focused on site installation which typically consumes less direct labour but has a higher component of subcontractors.

Q4 2014 EBITDAS were $27.8 million, an increase of $12.1 or 77% compared to Q4 2013 as a result of the higher activity levels discussed above. As a percentage of revenues, EBITDAS were 20%, an increase from 14% in Q4 2013 compared to Q4 2013 primarily due to the strong utilization in the camp and catering operations with matting relatively consistent in the comparative quarters.

Net income and earnings per share increased in Q4 2014 compared to Q4 2013 as a result of the stronger revenue and EBITDAS in Q4 2014 and due to the disposal in Q4 2013 of property plant and equipment related to the Corporation's blast resistant structures business.

Fourth Quarter Financial Results

	Three months ended December 31, 2014				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 121,778	$ 14,518	$ -	$ (436)	$ 135,860
Expenses					
Direct costs	90,989	10,241	3	(436)	100,797
Selling & administrative	2,851	215	4,223	-	7,289
EBITDAS	27,938	4,062	(4,226)	-	27,774
EBITDAS as a % of revenue	23%	28%	-	-	20%
Share based compensation	223	62	200	-	485
Depreciation & amortization	12,460	2,872	315	(49)	15,598
Loss (gain) on disposal of property, plant and equipment	190	-	(9)	-	181
Operating earnings (loss)	$ 15,065	$ 1,128	$ (4,732)	$ 49	$ 11,510
Finance costs					1,383
Income tax expense					2,944
Other comprehensive income (loss)					(146)
Total comprehensive income					$ 7,329
Earnings per share – basic					$ 0.06
– diluted					$ 0.06

	Three months ended December 31, 2013				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 97,827	$ 11,431	$ -	$ (617)	$ 108,641
Expenses					
Direct costs	80,496	8,213		(617)	88,092
Selling & administrative	1,426	182	3,254	-	4,862
EBITDAS	15,905	3,036	(3,254)	-	15,687
EBITDAS as a % of revenue	16%	27%	-	-	14%
Share based compensation	310	40	222	-	572
Depreciation & amortization	11,841	1,644	163	(53)	13,595
Loss on disposal of property, plant and equipment	3,127	-	-	-	3,127
Operating earnings (loss)	$ 627	$ 1,352	$ (3,639)	$ 53	$ (1,607)
Finance costs					786
Income tax expense					127
Other comprehensive income (loss)					(144)
Total comprehensive income (loss)					$ (2,376)
Loss per share – basic					$ (0.02)
– diluted					$ (0.02)

Camps & Catering

Camps & Catering revenues are comprised of camp rental and catering operations revenue, manufacturing sales revenue, relocatable structures rental revenue and the associated service revenue within each operation.

	Three months ended December 31			Years ended December 31		
Revenues *(000's)*	2014	2013	% change	2014	2013	% change
Large Camp revenue	$ 60,425	$ 40,396	50%	$ 215,727	$ 197,079	9%
Drill Camp revenue	4,308	3,570	21%	15,322	20,105	(24%)
Catering only revenue	4,473	3,364	33%	15,271	17,692	(14%)
Camp and catering service revenue	8,513	7,808	9%	32,580	22,944	42%
Total camp rental and catering revenues	$ 77,719	$ 55,138	41%	$ 278,900	$ 257,820	8%
Manufacturing sales revenue	40,085	39,942	-	118,667	227,650	(48%)
Relocatable structures revenue	3,974	2,747	45%	12,932	11,124	16%
Total revenue	$ 121,778	$ 97,827	24%	$ 410,499	$ 496,594	(17%)
EBITDAS	$ 27,938	$ 15,905	76%	$ 91,181	$ 120,977	(25%)
EBITDAS as a % of revenue	23%	16%		22%	24%	
Operating earnings	$ 15,065	$ 627	2,303%	$ 45,747	$ 67,464	(32%)

Revenues from the Camps & Catering segment for the three months ended December 31, 2014 were $121.8 million, an increase of $24.0 million or 24% compared to the three months ended December 31, 2013. EBITDAS for the three months ended December 31, 2014 were $27.9 million, an increase of $12.0 million or 76% compared to the same period of 2013. The increased revenues were a result of higher activity levels across all operations in the segment with large camps being the greatest contributor. In Q4 2014, large camps experienced stronger utilization as a result of more seasonal projects compared to Q4 2013, as well, several camp projects announced in late 2013 and early 2014 became fully operational in the third quarter of 2014 increasing activity levels and the comparative quarters.

Revenues from the Camps & Catering segment for the year ended December 31, 2014 were $410.5 million, a decrease of $86.1 million or 17% compared to 2013. EBITDAS for the year ended December 31, 2014 were $91.2 million, a decrease of $29.8 million or 25% compared to 2013. The year over year decrease in revenues was primarily a result of lower activity levels in manufacturing sales mainly due to the timing of projects with a large project completing in Q1 2014 and the next project not online until late Q3 2014 as a result of customer delays. In addition, more of the direct manufacturing hours were allocated to internal fleet requirements in 2014 compared to 2013. The decrease in manufacturing sales was partially offset by strong revenue growth in the large camp operations, service related operations and in relocatable structures compared to 2013. Large camp operations and the camp related service operations had strong revenue growth year over year as a result of the additional camp projects becoming fully operational in Q3 of 2014, as well, stronger utilization in Q1 and Q4 of 2014 from increased number of seasonal projects boosted activity levels. Relocatable structures had considerable revenue growth in 2014 as a result of its expanded fleet in the first half of 2014 which experienced strong utilization in the second half of 2014. The softer EBITDAS and EBITDAS as a percentage of revenue in 2014, compared to 2013, was mainly related to the lower manufacturing sales volumes and the higher costs related to a project close out and lower manufacturing efficiencies experienced during the initiation phase of a major project.

Horizon North's revenues in the Camps & Catering segment continue to be driven by Alberta oil sands activity with 48% of revenues for the year ended December 31, 2014 generated from oil sands related projects compared to 61% in the same period of 2013. The change was driven primarily by the timing of manufacturing sales projects and the opportunities undertaken through the last quarter of 2013 and the year ended 2014.

Large Camps

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

	Three months ended December 31			Years ended December 31		
Revenues *(000's)*	2014	2013	% change	2014	2013	% change
Large Camp revenue	$ 60,425	$ 40,396	50%	$ 215,727	$ 197,079	9%
Bed rental days [(1)]	524,565	326,986	60%	1,755,383	1,574,231	12%
Revenue per bed rental day	$ 115	$ 111	4%	$ 123	$ 125	(2%)
RevPAAB [(2)]	$ 79	$ 63	25%	$ 78	$ 76	3%
Rentable beds	8,673	7,059	23%	8,673	7,059	23%
Average rentable beds [(3)]	8,285	6,977	19%	7,613	7,078	8%
Utilization [(4)]	69%	57%		63%	61%	

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) RevPAAB equals revenue per average available rentable bed calculated as Large Camp revenue divided by average rentable beds available in the period.

3) Average rentable beds available is equal to total average beds in the fleet over the period less beds required for staff.

4) Utilization equals the total number of bed rental days divided by average rentable beds available in the period.

Revenues from large camp operations, for the three months ended December 31, 2014 increased by $20.0 million, or 50% compared to the same period of 2013. The increase was a result of the addition of several large camps which were fully operational in the fourth quarter of 2014 along with higher activity levels and utilization primarily a result of pipeline construction activity which boosted occupancy at certain open camps.

Revenue per bed rental day for the three months ended December 31, 2014 increased by $4 or 4% as a result of the different mix of contracts between the comparative periods. RevPAAB (revenue per average available bed) increased by $16 compared to Q4 2013, consistent with the higher revenue and 21% increase in utilization between the comparative quarters.

Revenues from the large camp operations, for the year ended December 31, 2014 increased by $18.6 million, or 9% compared to 2013. The increased revenues were primarily a result of additional large camps added throughout 2014 as a result of contract commitments announced in the fourth quarter of 2013 and the first quarter of 2014. In addition to the growth in large camps, Q1 and Q4 of 2014 experienced stronger seasonal uplift compared to the same periods of 2013. Bed rental days increased by 12% and fleet utilization improved by 3% year over year, a result of the additional large camps and seasonal projects which employed a combination of existing and new equipment.

Revenue per bed rental day decreased by $2 or 2%, reflective of the nature and mix of contracts in place in the comparative years. RevPAAB (revenue per average available bed) increased $2 or 3% year over year, consistent with higher revenues and stronger utilization.

Drill Camps

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

	Three months ended December 31			Years ended December 31		
Revenues *(000's)*	2014	2013	% change	2014	2013	% change
Drill Camp revenue	$ 4,308	$ 3,570	21%	$ 15,322	$ 20,105	(24%)
Bed rental days [(1)]	26,421	21,510	23%	90,834	115,968	(22%)
Revenue per bed rental day	$ 163	$ 166	(2%)	$ 169	$ 173	(2%)
RevPAAB [(2)]	$ 55	$ 45	22%	$ 49	$ 63	(22%)
Number of rentable beds at period end	855	882	(3%)	855	882	(3%)
Average rentable beds available [(3)]	855	871	(2%)	855	873	(2%)
Utilization [(4)]	34%	27%	26%	29%	36%	(19%)

1) *One bed rental day represents the provision of one bed for one day under a combined rental and catering manday rate.*
2) *RevPAAB equals revenue per average available rentable bed calculated as Drill Camp revenue divided by average rentable beds available in the period.*
3) *Average rentable beds available is equal to total average beds in the fleet over the period less beds required for staff.*
4) *Utilization equals the total number of bed rental days divided by average rentable beds available in the period.*

Revenues from drill camp operations for the three months ended December 31, 2014 increased by $0.7 million or 21% compared to the same period of 2013. The increase was due to a higher volume of bed rental days which was partially offset by softer pricing resulting in revenue per bed rental day of $163 for Q4 2014, a decrease of 2% compared to the same period of 2013. RevPAAB (revenue per average available bed) was $55, $10 or 22% higher than the same period of 2013, a result of the stronger revenues and utilization.

Revenues from drill camp operations for the year ended December 31, 2014 decreased by $4.8 million or 24% compared to 2013. The decrease was primarily related to the first half of 2014 where Horizon North experienced lower activity levels compared to the same period of 2013. Revenue per bed rental day decreased by $4 or 2% mainly due to the competitive environment, particularly in the second half of 2014. RevPAAB (revenue per available bed) was significantly lower reflecting both lower revenues and lower utilization.

Catering Only

The table below outlines the key performance metrics used by management to measure performance in the catering only operations:

	Three months ended December 31			Years ended December 31		
(000's for revenue only)	2014	2013	% change	2014	2013	% change
Catering only revenue	$ 4,473	$ 3,364	33%	$ 15,271	$ 17,692	(14%)
Catering only days[(1)]	36,658	27,128	35%	120,606	165,006	(27%)
Revenue per catering only day	$ 122	$ 124	(2%)	$ 127	$ 107	19%

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

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for the three months ended December 31, 2014 increased $1.1 million or 33% compared to same period of 2013. This increase was mainly a result of a 100 bed catering only camp which began operation in the third quarter of 2014 along with higher activity levels for customer own drill camps in the fourth quarter of 2014 compared to the same period of 2013.

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for the year ended December 31, 2014 decreased $2.4 million or 14% compared to 2013. The lower revenues were primarily a result of softer activity levels in the first quarter of 2014 related to customer owned drill camps.

Service

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

(000's)	Three months ended December 31 2014	2013	% change	Years ended December 31 2014	2013	% change
Camp and catering service revenue	$ 8,513	$ 7,808	9%	$ 32,580	$ 22,944	42%

Service revenues are related to the transportation, set-up and de-mobilization of camps for customers. Revenues for the three months ended December 31, 2014 increased $0.7 million or 9% compared to the same period in 2013. The increase was mainly due to the timing of specific projects undertaken in the comparative periods, with several larger camp mobilizations occurring in the fourth quarter of 2014 compared to smaller scale projects in the same period of 2013.

Revenues for the year ended December 31, 2014 increased $9.6 million or 42% compared to the same period in 2013. The increase was mainly due to the timing of specific projects undertaken in the comparative year, with several large camp mobilizations occurring throughout 2014 related to large camps additions and the stronger uplift in seasonal activity in Q1 and Q4 2014 compared to 2013.

Manufacturing Sales

Manufacturing sales revenues include the in-plant construction, transportation and installation of camps sold to third parties. The table below outlines the key performance metrics used by management to measure performance in the manufacturing sales operations:

(000's)	Three months ended December 31 2014	2013	% change	Years ended December 31 2014	2013	% change
Manufacturing sales revenue	$ 40,085	$ 39,942	-	$ 118,667	$ 227,650	(48%)

	Three months ended December 31				Years ended December 31			
	2014		2013		2014		2013	
	Direct Hours	% of total hours	Direct Hours	% of total hours	Direct Hours	% of total hours	Direct Hours	% of total hours
External hours	209,285	76%	140,023	44%	633,374	57%	858,333	68%
Internal hours	65,409	24%	175,088	56%	468,152	43%	406,093	32%
Total direct hours (1)	274,694	100%	315,111	100%	1,101,526	100%	1,264,426	100%

(1) Total direct hours incudes; direct hours worked in the manufacturing plants and on-site installation hours.

Revenues for the three months ended December 31, 2014 remained relatively unchanged compared to the same period in 2013. Although revenue was consistent, the direct external hours increased by 69,262 hours or 49% compared to Q4 2013. The increase is reflective of the difference mix of projects and the different phases of project execution in the comparative quarters.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the three months ended December 31, 2014 were 274,694 hours, a decrease of 40,417 hours or 13% compared to the same period of 2013. The decrease in direct hours was a result of Horizon North managing production capacity through reduced overtime and headcount to align with manufacturing visibility. 76% of total direct hours were directed to external sales projects in Q4 2014 compared to 44% in the same period of 2013, a reflection of the timing of external sales projects in the comparative quarters.

Revenues for the year ended December 31, 2014 were $118.7 million, a decrease of $109.0 million or 48% compared to 2013. The decreased revenues were a result of several factors but primarily related to the timing between external sales projects. 2013 had a large project run continuously through the year and complete in Q1 2014, however, the next large project did not go online until late Q3 2014 due to customer delays. 2014 had reduced total direct hours compared to 2013 and fewer direct hours allocated to external revenue generating projects. In addition, 2014 allocated more direct manufacturing hours to internal fleet requirements compared to 2013 with the focus on expanding the relocatable structures fleet in the first half of 2014 and additional camp rental fleet to meet contract commitments announced late 2013 and early 2014. As well, 2013 revenue included a $13.5 million used equipment sale with no associated direct hours, there was no similar sale in 2014.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the year ended December 31, 2014 were 1,101,526 hours, a decrease of 162,900 hours or 13% compared to the same period of 2013. The decrease in direct hours was a result of Horizon North managing production capacity through reduced overtime and headcount to align with manufacturing visibility. 57% of total direct hours were directed to external sales projects for the year ended December 31, 2014 compared to 68% in 2013. The decrease is reflective of the project delay and the focus on internal fleet requirements to expand relocatable structures in the first half of 2014 and the camp rentals fleet to meet contract commitments.

Relocatable Structures

Relocatable structures (formerly Space Rentals) revenues include the rental of relocatable structures and the associated transportation and service. Relocatable Structures include office units, lavatory units, mine dry units and associated equipment.

Revenues for the three months ended December 31, 2014 were $4.0 million, an increase of $1.2 million or 45% compared to the same period of 2013. The increase in revenue is primarily a result of continued robust utilization on a larger fleet with 367 more units in Q4 2014 compared to the same period of 2013. Utilization in the fourth quarter of 2014 was 77% of 1,203 units compared to 80% of 836 units in the comparative quarter of 2013.

Revenues for the year ended December 31, 2014 were $12.9 million, an increase of $1.8 million or 16% compared to 2013. The increase is primarily a result of the additions to the fleet in the first half of 2014. Utilization for the year ended 2014 was 69% of 1,203 units compared to 81% of 836 units in 2013. The decreased utilization is a result of the fleet growth in the first half of 2014. The second half of 2014 saw most of the new units working and utilization increase to be relatively comparable to the second half of 2013.

Direct costs

Direct costs for the three months ended December 31, 2014 were $91.0 million or 75% of revenues compared to $80.5 million or 82% of revenue for the same period of 2013. Direct costs are closely related to business volumes and revenue mix. The decrease was primarily as a result of lower volumes in the manufacturing sales operations. As a percentage of revenue, direct costs decreased primarily a result of the nature and timing of projects flowing through the manufacturing sales operations.

Direct costs for the year ended December 31, 2014 were $311.3 million or 76% of revenue compared to $369.9 million or 74% of revenue for 2013. Direct costs decreased primarily due to lower volumes in the manufacturing sales operations. As a percentage of revenue, direct costs increased as a result of the nature and timing of projects described above. In addition, manufacturing sales operations experienced higher costs to close out several large projects, similar costs were not incurred in the same period of 2013.

Matting

Matting revenues are comprised of access mat rental revenue, other mat and rental equipment revenue, mat sales revenue, installation, transportation, service, and other revenue as follows:

	Three months ended December 31			Years ended December 31		
(000's except mat rental days and numbers of mats)	2014	2013	% change	2014	2013	% change
Access mat rental revenue[(1)]	$ 3,093	$ 3,027	2%	$ 13,611	$ 13,828	(2%)
Other mat and rental equipment revenue[(2)]	$ 831	$ 868	(4%)	$ 2,924	$ 2,969	(2%)
Total mat and rental equipment revenue	$ 3,924	$ 3,895	1%	$ 16,535	$ 16,797	(2%)
Mat sales revenue	2,495	2,124	17%	20,601	13,081	57%
Installation, transportation, service and other revenue	8,099	5,412	50%	30,036	32,541	(8%)
Total revenue	$ 14,518	$ 11,431	27%	$ 67,172	$ 62,419	8%
EBITDAS	$ 4,062	$ 3,036	34%	$ 15,505	$ 17,760	(13%)
EBITDAS as a % of revenue	28%	27%		23%	28%	
Operating earnings	$ 1,128	$ 1,352	(17%)	$ 7,300	$ 9,501	(23%)
Access mat rental days – owned mats[(3)]	1,273,117	877,053	45%	4,413,357	4,157,699	6%
Access mat rental days – third party mats[(4)]	197,959	361,377	(45%)	1,837,077	1,653,828	11%
Total access mat rental days	1,471,076	1,238,430	19%	6,250,434	5,811,527	8%
Average owned access mats in rental fleet[(5)]	23,411	16,845	39%	19,438	17,057	14%
Average sub rental access mats in rental fleet[(6)]	2,151	3,930	(45%)	5,000	4,521	11%
Owned access mats in rental fleet at period end[(7)]	23,325	16,392	42%	23,325	16,392	42%
Mats sold:						
New mats	1,755	494	255%	24,215	12,849	88%
Used Mats	1,516	3,464	(56%)	6,498	6,818	(5%)
Total mats sold	3,271	3,958	(17%)	30,713	19,667	56%

(1) Access mat rental revenue includes revenues generated from the rental of traditional oak and oak edged mats.
(2) Other mat and rental equipment revenue includes the rental of rig mats, quad mats and 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 period end represents the number of owned access mats in the Matting fleet.

Revenues from the Matting segment for the three months ended December 31, 2014 were $14.5 million, an increase of $3.1 million or 27% compared to the same period of 2013. EBITDAS for the three months ended December 31, 2014 were $4.1 million, an increase of $1.0 million or 34% compared to the same period of 2013. The increased revenues came primarily from the management of customer owned access mats as several customers gathered up and consolidated their mat fleets to their inventory locations.

Revenues from the Matting segment for the year ended December 31, 2014 were $67.2 million, an increase of $4.8 million or 8% compared to 2013. The increased revenues were driven primarily by higher new mat sales year over year. EBITDAS for the year ended December 31, 2014 was $15.5 million, a decrease of $2.3 million or 13% compared to 2013. The year over year decrease in EBITDAS was a result of the effects of downward pressure on access mat rental rates and increased cost for mat manufacturing due to higher lumber costs as a result of the weaker Canadian dollar compared to 2013.

Mat and rental equipment revenue

Mat and equipment rental revenues for the three months ended December 31, 2014 remained consistent compared to the same period of 2013 as a result of offsetting movements in activity levels and pricing. Activity increased in Q4 2014 compared to Q4 2013 with a higher number of access mat rental days and stronger utilization on a larger fleet size. Compared to Q4 2013, access mat rental days increased by 232,646 days or 19% with utilization of the owned access mat fleet at 59%, up from 57% in Q4 2013. The access mat fleet grew by 6,566 mats to an average of 23,411 mats in the comparative quarters. The higher activity levels were offset by the lower revenue per mat rental day which was $2.10, a decrease of $0.34 or 14% compared to the same period of 2013 as a result of a more competitive environment.

For the year ended December 31, 2014, mat and equipment rental revenues were consistent year over year as a result of higher rental activity being offset by softer pricing. 2014 access mat rental days were 6,250,434, an increase of 438,907 or 8% compared to 2013. Utilization in 2014 decreased to 62% from 67% in 2013 mainly as a result of the larger fleet which grew by an average of 2,381 mats compared to 2013. A competitive pricing environment throughout 2014 put downward pressure on access mat rental rates resulting in revenue per access mat rental day of $2.18, a decrease of $0.20 or 8% compared to the same period of 2013. This softer pricing offset the higher rental activity in 2014.

Mat sales revenue

Revenues from mat sales for the three months ended December 31, 2014 were $2.5 million, an increase of $0.4 million or 17% compared to the same period of 2013. The volume of mats sold is highly dependent on the timing of customer's projects and on project economics with 3,271 mats sold in the three months ended December 31, 2014, a decrease of 687 mats or 17% compared to the same period of 2013. Revenues per mat sold were $763 for the fourth quarter of 2014, an increase of $226 or 42% compared to the same period of 2013. This increase is reflective of the mix of new and used mats sold, as new mats typically have higher selling price than used mats.

Revenues from mat sales for the year ended December 31, 2014 were $20.6 million, an increase of $7.5 million or 57% compared to 2013. The increase was due mainly to several significant new and used mat sales in 2014 resulting in mat sales for the year ended December 31, 2014 of 30,713 mats, an increase of 11,046 mats or 56% compared to 2013. Revenues per mat sold were $671 for the year ended December 31, 2014, an increase of $6 or 1% compared to 2013 mainly due to the higher number of new mats sold in 2014, as new mats typically have a higher selling price than used mats.

Installation, transportation, service, and other revenue

Installation, transportation, service, and other revenues are driven mainly from the level of activity in the mat rental, mat sale and mat management businesses and are charged for separately from rentals and sales.

Revenues for the three months ended December 31, 2014 were $8.1 million, an increase of $2.7 million or 50% compared to the same period in 2013. The increase in revenue was primarily a result of increased demand for mat management services in Q4 2014 compared to the same period of 2013. The fourth quarter of 2014 saw several customers with large mat fleets gather up and consolidate their fleets to their inventory locations in preparation for 2015. The majority of this work is transportation services.

Revenues for the year ended December 31, 2014 were $30.0 million, a decrease of $2.5 million or 8% compared to 2013. The decrease in revenues was primarily a result of the revenue mix, as mat sales typically do not generate significant installation and service revenues.

Direct costs

Direct costs for the three months ended December 31, 2014 were $10.2 million or 71% of revenue compared to $8.2 million or 72% of revenue for the same period of 2013. Direct costs are driven by both the level and mix of business activity with the increase in overall direct costs in Q4 2014 compared to Q4 2013 a result of the higher activity levels mainly in transportation. As a percentage of revenue, direct costs decreased slightly in the three months ended December 31, 2014 compared to the same period of 2013 mainly due to the lower use of third party mats and the associated rental costs.

Direct costs for the year ended December 31, 2014 were $50.6 million or 75% of revenue compared to $43.7 million or 70% of revenue for 2013. Direct costs are driven by both the level and mix of business activity. The increase in direct costs year over year was mainly due to costs associated with higher volume of new mat sales in 2014. As a percentage of revenue, direct costs increased in the year ended December 31, 2014 compared to the same period of 2013. This increase is primarily due to the higher costs of lumber used in mat manufacturing due to the weaker Canadian dollar.

Corporate

Corporate costs are the costs of the head office which include the President and Chief Executive Officer, Chief Financial Officer, Senior Vice President of Business Development, Vice President of Quality, Health, Safety, and Environment, Vice President of Aboriginal Relations, Vice President of Legal, Corporate Secretary, corporate accounting staff, information technology, and associated costs of supporting a public company.

Corporate costs for the three months ended December 31, 2014 were $4.2 million, an increase of $1.0 million or 30% compared to the same period in 2013. The increased costs primarily relate to the retirement allowance of the previous chief executive officer in November 2014. Corporate costs, as a percentage of total revenue were 3.1% compared to 3.0% for the three months and year ended December 31, 2013.

Corporate costs for the year ended December 31, 2014 were $13.8 million, an increase of $1.4 million or 12% compared to 2013. The increased costs primarily relate to the retirement allowance of the previous chief executive officer in November 2014 with the balance related to higher IT costs and HSE education programs. Corporate costs, as a percentage of total revenue were 2.9% compared to 2.2% for the year ended December 31, 2013 as a result of the increased cost described above and lower 2014 revenues.

Other Items

Selling and administrative

Selling and administrative expenses for the three months and year ended December 31, 2014 were $3.1 million, an increase of $1.5 million or 91% compared to the same period in 2013. As a percentage of revenue, selling and administrative expenses for the three months and year ended December 31, 2014 were 2% compared to 1.5% the comparative period of 2013.

Selling and administrative expenses for the year ended December 31, 2014 were $9.1 million, an increase of $2.4 million or 36% compared to the same period in 2013. As a percentage of revenue, selling and administrative expenses for the year ended December 31, 2014 were 2% compared to 1% for 2013.

Depreciation and amortization

	Three months ended December 31			Years ended December 31		
(000's)	2014	2013	% change	2014	2013	% change
Depreciation of property, plant and equipment	$ 15,067	$ 12,688	19%	$ 53,927	$ 47,623	13%
Amortization of intangibles	531	907	(41%)	2,968	7,060	(58%)
Total depreciation and amortization	$ 15,598	$ 13,595	15%	$ 56,895	$ 54,683	4%

Depreciation of property, plant and equipment increased $2.4 million or 19% in the three months ended December 31, 2014 compared to the same period of 2013. The increase was mainly related to camp fleet additions and camp setup costs added between the comparative quarters.

Depreciation of property, plant and equipment increased by $6.3 million or 13% in 2014 compared to 2013. The majority of the increase was expansion of the camp rental fleet and camp setup costs associated with contract commitments late in 2013 and throughout 2014. The remainder of the increase was related to growth of the relocatable structures fleet in the first half of 2014 and growth of the access mat fleet mainly in the second half of 2014.

Amortization costs related to customer relationships decreased $0.4 million or 41% for the three months ended December 31, 2014 compared to the same period of 2013 as they were fully amortized in Q4 2014.

Amortization costs related to customer relationships decreased $4.1 million or 58% in 2014 compared to 2013. The decrease is a result of these costs being fully amortized in 2014.

Financing costs

Financing costs include interest on loans and borrowings and accretion of notes payable. For the three months ended December 31, 2014 financing costs were $1.4 million, an increase of $0.6 million or 76% compared to 2013. The increase in financing costs was mainly a result of higher average debt levels in the fourth quarter of 2014 which averaged $150.0 million compared to $59.2 million in the same period of 2013.

For the year ended December 31, 2014 financing costs were $4.6 million, an increase of $0.7 million or 19% compared to 2013. The increase in financing costs was mainly a result of higher average debt levels throughout the year which averaged $126.6 million compared to $93.2 million in 2013. The effective interest rate on loans and borrowings for 2014 was 3.3% compared to 3.6% in 2013. The lower effective interest rate was a result of carrying a higher proportion of the 2014 debt balance in bankers acceptances, compared to 2013 which generally have a lower interest rate than prime rate debt.

Income taxes

For the year ended December 31, 2014, income tax expense was $9.3 million and effective tax rate of 28.2% compared to $17.0 million and an effective tax rate of 28.6% in 2013. The decrease in the expense was related to the lower profit before tax compared to 2013. The higher tax rate in prior year was a result of the effect of prior period adjustments made in the respective periods.

Gain/Loss on disposal

For the three months ended December 31, 2014, Horizon North recognized losses on disposal of $0.2 million compared to losses of $3.1 million in the Q4 of 2013. The majority of these losses in 2013 came from disposal of the remaining camp assets and property related to the Northern based ancillary assets.

For the year ended December 31, 2014 Horizon North recognized gains on disposal of $3.7 million which were primarily related to the disposal of camp assets and property related to the Northern based ancillary assets in Q3 of 2014. This compares to a loss on disposal of $6.2 million in 2013, composed of undepreciated setup costs related to a large camp which was dismantled and sold in Q2 2013 and the disposal of the Corporation's blast resistant structures business in Q4 2013.

Liquidity and Capital Resources

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

(000's)	December 31, 2014	December 31, 2013
Current assets	$ 134,342	$ 113,608
Current liabilities excluding loans and borrowings(1)	60,337	60,408
Current portion of loans and borrowings	7,668	1,496
Current liabilities	68,005	61,904
Working capital(2)	$ 66,337	$ 51,704
Bank borrowing:		
Available credit facility	$ 175,000	$ 150,000
Drawings on credit facility	146,370	70,756
Borrowing capacity(3)	$ 28,630	$ 79,244

(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 December 31, 2014 was $66.3 million compared to $51.7 million at December 31, 2013, an increase of $14.6 million. The increase in working capital was mainly due to higher accounts receivable at December 31, 2014, primarily a result of activity levels in the comparative periods.

On August 13, 2014, the Corporation's committed credit facility ("credit facility") was increased to $175,000,000 from $150,000,000. The credit facility is extendable annually at the Corporation's request and subject to lender approval. The 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. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.00% or the Bankers' Acceptance rate plus 1.50% to 2.00%. The credit facility has a standby fee ranging from 0.34% to 0.45%. 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 borrowed under the facility become due on October 26, 2016, the maturity date of the facility.

As at December 31, 2014, the Corporation was in compliance with all financial and non-financial covenants as shown below:

Debt Covenants	December 31, 2014
Debt [(1)] to EBITDAS [(2)(3)] – must be less than 2.0:100	1.6:1.00
Interest coverage[(4)] – must be greater than 3.0:100	22.4:1.00

(1) *Debt is calculated as the sum of current and long-term portions of loans and borrowings less vehicle and equipment financing.*
(2) *Please refer to page 25 of the Management Discussion and Analysis for the definitions of Non-GAAP and additional GAAP measures* and reconciliation of *Net Earnings to EBITDAS.*
(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

For the year ended December 31, 2014, capital spending was $114.6 million, an increase of $24.4 million or 27% compared to the same period of 2013. The 2014 capital was focused on additional camp rental fleet to fulfill contract commitments, expansion of the relocatable structures fleet in the first half of the year and expansion of the access mat fleet in the second half of 2014. Also, included in the 2014 capital was the acquisition of key real estate positions near proposed LNG projects in British Columbia.

Management evaluates and manages its capital spending plans taking into account proceeds from the sale of property, plant and equipment resulting in net capital spending for the year ended December 31, 2014 of $99.6 million compared to $63.2 million for the same period of 2013.

Quarterly Summary of Results

	Three months ended				Year ended
(000's except per share amounts)	March 2014	June 2014	September 2014	December 2014	December 2014
Revenue	$ 122,211	$ 96,094	$ 121,895	135,860	$ 476,060
EBITDAS	23,550	15,496	26,046	27,774	92,866
Operating earnings	11,430	1,871	12,691	11,510	37,502
Total profit	7,718	680	8,065	7,183	23,646
Total comprehensive income	7,917	602	8,178	7,329	24,026
Earnings per share – basic	$ 0.07	$ 0.01	$ 0.07	0.06	$ 0.21
Earnings per share – diluted	$ 0.07	$ 0.01	$ 0.07	0.06	$ 0.21

	Three months ended				Year ended
(000's except per share amounts)	March 2013	June 2013	September 2013	December 2013	December 2013
Revenue	$ 139,959	$ 148,426	$ 157,361	$ 108,641	$ 554,387
EBITDAS	36,633	32,708	41,306	15,687	126,334
Operating earnings (loss)	23,209	14,257	27,432	(1,607)	63,291
Total profit (loss)	16,509	10,123	18,339	(2,520)	42,451
Total comprehensive income	16,384	9,986	18,643	(2,376)	42,637
Earnings (loss) per share – basic	$ 0.15	$ 0.09	$ 0.17	$ (0.02)	$ 0.39
Earnings (loss) per share – diluted	$ 0.15	$ 0.09	$ 0.17	$ (0.02)	$ 0.38

Horizon North is a service provider to the resource sector and its performance typically follows fluctuations in commodity pricing and activity levels in the sector. As well, Horizon North's decisions on the allocation of manufacturing resources and decisions on the relocation of the camp and catering fleet can have an impact on performance. The allocation of manufacturing resources between external projects and internal fleet requirements can significantly affect the timing of revenues between the quarters; this was evident in the first half of 2014 with a significant portion of manufacturing resources allocated to internal fleet in order to execute announced projects. The movement and redeployment of camps impacts performance as well. When camps are relocated to new areas or new contracts there are typically several months of down time to complete the relocations. In addition, there has been downward pressure on pricing as a result of an increasingly competitive environment. Throughout 2014, Horizon North continued to invest in fleet capital to remain competitive in the Alberta oil sands area and to expand in northeastern British Columbia to serve natural gas exploration and development activities.

Risks and Uncertainties

Volatility of Oil, Natural Gas and Mining Industry Conditions

The demand, pricing and terms for Horizon North'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 North 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 North 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 North.

Competition

Horizon North 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 North 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 North 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 North operates. As a result of competition, Horizon North'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 North. 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 North'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 North's cash flow may not be sufficient to fund its ongoing activities at all times. From time to time, Horizon North may require additional financing. Failure to obtain such financing on a timely basis could cause Horizon North to miss certain acquisition opportunities or prevent further growth of its operations. If Horizon North's revenues decrease, it will affect Horizon North's ability to expend the necessary capital to maintain its operations. If Horizon North'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.

Labour Relations

The largest component of Horizon North'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 North. In addition, Horizon North 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 North 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 North'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

The Corporation had one major customer during 2014 who generated 11.2% of total revenues compared to a single customer who generated 24.0% of total revenue in 2013. There can be no assurance that Horizon North'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 North's business, financial condition and results of operations.

Reliance on Key Personnel

Horizon North'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 North. Horizon North does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Horizon North 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 North.

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 North 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 North 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 North 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 North's operations and facilities and those of its customers. A number of Horizon North'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 North's services.

Management is unable to predict the impact of potential emissions targets and it is possible that changes could adversely affect Horizon North'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 North's ability to provide its services economically.

Aboriginal Relationships

A component of Horizon North's business strategy is based on developing and maintaining positive relationships with the aboriginal people and communities in the areas where Horizon North operates. These relationships are important to Horizon North'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 North'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 typically 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 North's business, it is subject to a number of regulations, environmental laws and risks associated with lawsuits arising from accidents and claims. Horizon North manages these risks through a combination of quality management, training and by securing insurance coverage to protect the assets of Horizon North in the event of litigation.

Changes in Accounting Policies

Standards, amendments and interpretations to existing standards that are effective and have been adopted by the Corporation included:

Amendments to IAS 32 – Financial Instruments – Presentation. The amendment to the standard provides clarification on the application of the offsetting rules. The standard was effective and adopted by the Corporation as of January 1, 2014. The adoption of the standard did not have a material effect on the Corporation.

Amendment to IAS 36 - Impairment of Assets – The amendment require entities to disclose the recoverable amount of an impaired CGU. The amendments was effective and adopted by the Corporation as of January 1, 2014 and requires retrospective application. The adoption of the standard did not have a material effect on the Corporation.

IFRIC 21 – Levies is an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets which sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy. The interpretation did not have a material effect on the Corporation.

Critical Accounting Estimates and Judgments

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.

Construction Receivable Estimate

The Corporation recognizes that the value of many construction contracts increase over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or certain conditions may result in possible disputes or claims regarding additional amounts owing may arise. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

Collectability of receivables

The Corporation estimates the collectability of accounts receivable, including unbilled accounts receivable related to current period service revenue. An analysis of historical bad debts, client credit-worthiness, the age of accounts receivable and current economic trends and conditions are used to evaluate the adequacy of the allowance for doubtful accounts and the collectability of amounts receivable. Significant estimates must be made and used in connection with establishing the allowance for doubtful accounts in any accounting period. Material differences may result if management made different judgments or utilized different estimates.

Asset Retirement Obligations ("ARO")

The Corporation recognizes an asset retirement obligation to account for future demobilisation and reclamation of specific camps. Use of an ARO requires estimates of the asset retirement costs, timing of payments, present value discount rate and inflation rate to determine the amount recognized, in accordance with the accounting policy set out in the notes to the consolidated financial statements.

Impairment

The Corporation is required to make a judgement for the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to impairment of assets. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

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 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 and accrued revenue, 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 in trade receivable and accrued revenue which have been outstanding for periods which are considered abnormal for each customer. The Corporation establishes an allowance for doubtful accounts for specifically identifiable customer balances which are assessed to have credit risk exposure.

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

(000's)	December 31, 2014	December 31, 2013
Neither impaired nor past due	$ 36,511	$ 20,409
Impaired	733	65
Outstanding 31-60 days	14,994	13,963
Outstanding 61-90 days	4,761	4,001
Outstanding more than 90 days	1,128	2,073
Total	58,127	40,511
Allowance for doubtful accounts	(733)	(65)
Accrued revenue	20,634	19,413
Construction receivables	36,863	30,070
Other receivables	1,183	927
Total trade and other receivables	$ 116,074	$ 90,856

In the twelve months ended December 31, 2014, the Corporation provided an allowance for $758,000 of receivables aged greater than 90 days and collected $12,000 that had previously been allowed for. The Corporation also applied $79,000 of allowance for doubtful accounts against the associated receivable balance. As at February 18, 2015, the Corporation has collected $746,500 on amounts outstanding more than 90 days.

Construction receivables represent progress billings to customers under open construction contracts, holdback amounts billed on construction contracts which are not due until the contract work is substantially completed, amounts recognized as revenue under open construction contracts not billed to customers and highly probable claims. At December 31, 2014, included in construction receivables were holdbacks of $6,800,000 (2013 - $8,400,000). The total of construction receivables aged less than 90 days was 68% at December 31, 2014 (2013 – 88%).

(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.

On August 13, 2014, the Corporation's committed credit facility ("credit facility") was increased to $175,000,000 from $150,000,000. The credit facility is extendable annually at the Corporation's request and subject to lender approval. The 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. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDAS ratio. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.00% or the Bankers' Acceptance rate plus 1.50% to 2.00%. The credit facility has a standby fee ranging from 0.34% to 0.45%. 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 borrowed under the facility become due on October 26, 2016, the maturity date of the facility.

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

	December 31, 2014		December 31, 2013	
	Trade and other payables[1]	Loans and borrowings[2]	Trade and other payables[1]	Loans and borrowings[2]
Year 1	$ 58,069	$ 7,668	$ 56,961	$ 1,496
Year 2	-	146,370	-	7,500
Year 3	-	-	-	70,756
Year 4	-	-	-	-
Year 5 and beyond	5,890	-	5,656	-
	$ 63,959	$ 154,038	$ 62,617	$ 79,752

(1) Trade and other payables include trade and other payables, income taxes payable, and provisions.
(2) Loans and borrowings include non-interest bearing notes payable and Horizon North'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 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 twelve months ended December 31, 2014 by approximately $136,000 (December 31, 2013 - $182,500). This assumes that the quantity of USD raw material purchases and the foreign operations in the year remain unchanged and that the change in the USD/CAD exchange rate is effective from the beginning of the year.

(ii) Interest rate risk

The Corporation is exposed to interest rate risk as changes in interest rates may affect interest expense and future cash flows. The primary exposure is related to the Corporation's revolving credit facility which bears interest at a rate of prime plus 0.625%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $1,254,000 for the twelve months ended December 31, 2014 (December 31, 2013 - $933,500). This assumes that the amount and mix of fixed and floating rate debt in the year remains unchanged and that the change in interest rates is effective from the beginning of the year.

Outstanding Shares

Horizon North had 110,505,651 voting common shares issued and outstanding options of 5,319,987 for a total maximum number of 115,821,638 shares, on a diluted basis, as at February 18, 2015.

Off Balance Sheet Financing

Horizon North 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, 2014, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the design and operation of Horizon North'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 December 31, 2014, Horizon North's DC&P, as defined by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, were effective.

Throughout 2015, Horizon North will continue to evaluate its DC&P making modifications from time-to-time as deemed necessary. There were no changes in Horizon North's DC&P that occurred during the period ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, Horizon North'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 North'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
- 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, 2014, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of Horizon North'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) in 2013.

Based on this evaluation, management concluded that the design and operating effectiveness of Horizon North's ICFR was effective as of December 31, 2014.

Throughout 2015, Horizon North will continue to evaluate its ICFR making modifications from time-to-time as deemed necessary. There were no changes in Horizon North's ICFR that occurred during the period ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, Horizon North'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.

Non-GAAP and additional GAAP measures

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and, therefore, are considered non-GAAP measures. These measures are regularly reviewed by the Chief Operating Decision Maker and provide investors with an alternative method for assessing the Corporation's operating results in a manner that is focused on the performance of the Corporation's ongoing operations and to provide a more consistent basis for comparison between periods. These measures should not be construed as alternatives to total profit and total comprehensive income determined in accordance with GAAP as an indicator of the Corporation's performance. The method of calculating these measures may differ from other entities and accordingly, may not be comparable to measures used by other entities. The following non-GAAP and additional GAAP measures are used to monitor the Corporation's performance:

EBITDAS: Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment and share based compensation ("EBITDAS"). 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.

Debt to total capitalization: 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.

Reconciliation of non-GAAP and additional GAAP measures

The following provides a reconciliation of non-GAAP and additional GAAP measures to the nearest measure under GAAP for items presented throughout the MD&A.

EBITDAS

	Three months ended December 31		Years ended December 31	
(000's)	2014	2013	2014	2013
Total profit	$ 7,183	$ (2,520)	$ 23,646	$ 42,451
Add:				
Finance costs	1,383	786	4,551	3,822
Income tax expense	2,944	127	9,305	17,018
Depreciation	15,067	12,688	53,927	47,623
Amortization of intangible assets	531	907	2,968	7,060
(Gain) loss on disposal of property, plant and equipment	181	3,127	(3,666)	6,152
Share based compensation	485	572	2,135	2,208
EBITDAS	$ 27,774	$ 15,687	$ 92,866	$ 126,334

Related Parties

(000's)	December 31, 2014	December 31, 2013
Joint venture		
Recovery of administrative overhead	30	30
Key management personnel interests		
Sales	-	947
Included in accounts receivable	475	395

Key management personnel include the directors and officers of Horizon North that are also directors or officers of other companies. All related party transactions are in the normal course of operations and 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 February 18, 2015 focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North. 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 the Management Discussion and Analysis constitute forward-looking statements or information. These statements relate to future events or future performance of Horizon North. 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:

"Horizon North is presently at an inflection point. Commodity prices in early 2015 are under considerable pressure with oil pricing currently in the $40-$55 per barrel range, a six year low. A number of our larger customers have delayed or deferred their capital spending and a tone of extreme caution has pervaded our sector which has significant implications for our business. While we have seen these swings in the past, there is no clear consensus on how long this trough will last.

With this challenging macro environment, Horizon North is undertaking structural changes in its business that will realign the development and direction of the Company, stabilize our base, and prepare us for the next up-cycle. These changes, included taking steps in January 2015 to reduce our manufacturing headcount to match our current order book, outlining a reduced maintenance capital spending program of $25 million, moving towards a more integrated business model which will reduce costs and improve efficiencies and changing our business development strategy to facilitate additional cross selling capabilities for all of our products and services.

We will be expanding our product and service offerings to balance our exposure between the OPEX and CAPEX budgets of our major customers. CAPEX is typically cyclical as compared to OPEX spending which tends to be smoother and more consistent over time. We will broaden our products/service offerings to a variety of end-markets to lessen our exposure to energy market fluctuations. We are continuing to develop new end-markets for our manufacturing platform, for example moving into the construction of permanent modular buildings in commercial and institutional markets. Finally we are preparing our land infrastructure for significant potential mega projects in electricity and LNG.

Our new mission statement at Horizon North is "To provide superior, safe, fully integrated turn-key accommodations and related ancillary infrastructure in Canada and Alaska". This will be our focus in 2015."

Many factors could cause the performance or achievements of Horizon North to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These include, but are not limited to general economic, market and business conditions.

Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other risk factors that could affect Horizon North's operations and financial results are included in Horizon North's annual information form which may be accessed through the SEDAR website at www.sedar.com. The forward-looking statements and information contained in this MD&A are made as of the date hereof and Horizon North does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.