This Management's Discussion and Analysis ("MD&A"), prepared as at April 29, 2014, focuses on key statistics from the Condensed Consolidated Interim Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North Logistics Inc. ("Horizon" or the "Corporation"). This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions.

First Quarter Highlights

- Consolidated revenues and EBITDAS decreased 13% and 36% respectively compared to Q1 2013; but increased by 12% and 15% respectively as compared to Q4 2013;
- Camp rental and catering operations revenues and EBITDAS were consistent with Q1 2013 but increased by 46% and 75% respectively as compared to Q4 2013;
- As anticipated, manufacturing sales revenues declined by 44% as compared to Q1 2013; manufacturing sales margins were eroded as a result of delays on two significant projects;
- Q2 2014 manufacturing activities to be focused on internal projects; 62% of manufacturing capacity for the second half of 2014 booked with strong bidding activity continuing.

First Quarter Financial Summary

(000's except per share amounts)	Three months ended March 31 2014	2013	% change
Revenue	$ 122,211	$ 139,959	(13%)
EBITDAS[(1)]	23,550	36,633	(36%)
EBITDAS as a % of revenue	19%	26%	
Operating earnings [(1)]	11,430	23,209	(51%)
Operating earnings as a % of revenue	9%	17%	
Total profit	7,718	16,509	(53%)
Total comprehensive income	7,917	16,384	(52%)
Earnings per share – basic	$ 0.07	$ 0.15	(54%)
– diluted	0.07	0.15	(54%)
Total assets	$ 502,914	$ 512,406	(2%)
Long-term loans and borrowings	111,225	135,751	(18%)
Cash from operations	(4,181)	6,075	(169%)
Capital spending			
Purchase of property, plant & equipment	27,878	21,252	31%
Proceeds from disposals of property, plant & equipment	(5,527)	(1,573)	251%
Net capital spending	22,351	19,679	14%
Debt to total capitalization ratio[(2)]	0.28	0.32	(13%)
Dividends declared	$ 8,817	$ 6,807	30%
Dividends declared per share	$ 0.08	$ 0.0625	28%

(1) EBITDAS (Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment and share based compensation) and operating earnings (earnings before finance costs and taxes) are not recognized measures under IFRS. Management believes that in addition to total profit and total comprehensive income, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Operating earnings is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed or taxed. Horizon's method of calculating EBITDAS and operating earnings may differ from other entities and accordingly, may not be comparable to measures used by other entities. EBITDAS and operating earnings should not be construed as alternatives to total profit and total comprehensive income determined in accordance with IFRS as an indicator of the Corporation's performance. For a reconciliation of EBITDAS and operating earnings to total profit and total comprehensive income, please refer to page 3 of the Management's Discussion and Analysis.

(2) Debt to total capitalization is calculated as the ratio of debt to total capitalization. Debt is defined as the sum of current and long-term portions of loans and borrowings. Total capitalization is calculated as the sum of debt and shareholders' equity.

Overview

Horizon's results for the three months ending March 31, 2014 ("Q1 2014") were softer than the three months ending March 31, 2013 ("the comparative period" or "Q1 2013") primarily due to decreased revenues and margins from manufacturing sales and reduced margins on new mat sales.

Revenues from camp rental and catering operations were relatively consistent between Q1 2014 and the comparative period. Utilization of the rental fleet was slightly lower at 60% in the first quarter of 2014 as compared to 67% in the comparative period, but was offset by improved revenue per bed rental day which was $157 for Q1 2014 as compared to $142 in the comparative period. EBITDAS margins in the camp rental and catering operations were consistent year over year at 28% for Q1 2014 as compared to 29% for Q1 2013.

Revenues from manufacturing sales were significantly lower in Q1 2014 as compared to Q1 2013. Total direct manufacturing hours, including direct hours worked in the manufacturing plants and installation hours undertaken on project sites, were relatively consistent in the comparative periods. However, 48% of direct manufacturing hours were allocated to third party contracts in Q1 2014 as compared to 69% in Q1 2013, reflective of the mix of projects undertaken. In addition, customer driven delays on two significant manufacturing projects continued during the quarter resulting in increased costs being incurred. Horizon is working with these customers to finalize and negotiate settlements related to the delays. As a result, these delays had a negative effect on EBITDAS margins from manufacturing sales in the quarter but are not expected to impact EBITDAS margins going forward.

Matting revenues were consistent in the comparative quarters but with a different revenue mix. Mat rental revenues decreased by 11% as compared to Q1 2013 as colder weather lead generally to lower utilization and revenue per mat rental day. Mat sales volumes were up significantly in Q1 2014 as compared to Q1 2013 but pricing was tempered by increased competition, while margins were further reduced by higher costs related to the US/Canadian exchange rate which affects raw material costs.

Operating earnings and earnings per share decreased in Q1 2014 as compared to Q1 2013, driven by lower EBITDAS and higher depreciation. Increased depreciation was the result of addition of camp assets and camp setup costs related to new camps added throughout 2013.

Outlook

As anticipated, camp rental and catering activities in Q1 2014 were significantly stronger than the fourth quarter of 2013. Activity levels will be somewhat tempered by seasonality typically seen in the second quarter, but will continue to increase and drive improved fleet utilization during the second half of the year as several previously announced projects begin operation.

Manufacturing activity for Q2 2014 will be focused mainly on building and installing the capital equipment required to meet the needs of recently announced projects. Manufacturing sales revenues for Q2 2014 are expected to be similar to Q1 2014 with 30% of total direct manufacturing hours, including direct hours worked in the manufacturing plants and installation hours undertaken on project sites, dedicated to third party contracts with EBITDAS margins anticipated to return to normal levels.

In the second half of 2014, 62% of direct manufacturing hours are committed and Horizon anticipates visibility improving with respect to utilization of its manufacturing capacity for the second half of 2014 based on continued strong bidding activity.

Dividend payment

Horizon North Logistics Inc. announced today that its Board of Directors has declared a dividend for the second quarter of 2014 at $0.08 per share. The dividend is payable to shareholders of record at the close of business on June 30, 2014 to be paid on July 15, 2014. The dividends are eligible dividends for Canadian tax purposes.

First Quarter Financial Results

(000's)	Three months ended March 31, 2014 Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 106,697	$ 15,980	$ -	$ (466)	$ 122,211
Expenses					
Direct costs	80,655	13,043	-	$ (466)	93,232
Selling & administrative	1,637	219	3,573	-	5,429
EBITDAS	24,405	2,718	(3,573)	-	23,550
EBITDAS as a % of revenue	23%	17%		-	19%
Share based compensation	256	41	212	-	509
Depreciation & amortization	11,613	1,454	187	$ (48)	13,206
(Gain)loss on disposal of property, plant and equipment	(1,637)	42	-	-	(1,595)
Operating earnings	$ 14,173	$ 1,181	$ (3,972)	$ 48	$ 11,430
Finance costs					1,000
Income tax expense					2,712
Other comprehensive income					(199)
Total comprehensive income					$ 7,917
Earnings per share – basic					$ 0.07
– diluted					$ 0.07

(000's)	Three months ended March 31, 2013 Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 125,917	$ 16,232	$ -	$ (2,190)	$ 139,959
Expenses					
Direct costs	88,610	12,070	-	(2,167)	98,513
Selling & administrative	1,455	176	3,182	-	4,813
EBITDAS	35,852	3,986	(3,182)	(23)	36,633
EBITDAS as a % of revenue	28%	25%	-	1%	26%
Share based compensation	358	51	277	-	686
Depreciation & amortization	10,769	2,041	136	(51)	12,895
(Gain)loss on disposal of property, plant and equipment	(137)	(20)	-	-	(157)
Operating earnings	$ 24,862	$ 1,914	$ (3,595)	$ 28	$ 23,209
Finance costs					1,115
Income tax expense					5,585
Other comprehensive income					125
Total comprehensive income					$ 16,384
Earnings per share – basic					$ 0.15
– diluted					$ 0.15

Camps & Catering

Camps & Catering revenue is comprised of camp rental and catering operations revenue, manufacturing sales revenue, space rental revenue and the associated service revenue within each operation.

	Three months ended March 31		
(000's except bed rental days and catering only days)	2014	2013	% change
Camp rental and catering operations revenue	$ 80,570	$ 81,206	(1%)
Manufacturing sales	23,800	42,273	(44%)
Space rental	2,327	2,438	(5%)
Total revenue	$ 106,697	$ 125,917	(15%)
EBITDAS	$ 24,405	$ 35,852	(32%)
EBITDAS as % of revenue	23%	28%	
Operating earnings	$ 14,173	$ 24,862	(43%)
Bed rental days[(1)]	435,399	485,821	(10%)
Catering only days[(2)]	31,567	56,651	(44%)

(1) One bed rental day represents the provision of one bed for one day under a combined rental and catering manday rate, or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.

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

Revenues from the Camps & Catering segment for the three months ended March 31, 2014 were $106.7 million, a decrease of $19.2 million or 15% from the comparative period. EBITDAS for the three months ended March 31, 2014 were $24.4 million, a decrease of $11.5 million or 32% compared to the same period of 2013.

In the first quarter of 2014 the Camps & Catering segment saw 40% of Horizon's revenues being generated from the Alberta oil sands compared to 70% in the same period of 2013. This movement is reflective of the timing of specific projects in the oil sands with a large manufacturing project being in the final stages of completion in the first quarter of 2014. Horizon continues to diversify its camp & catering operations with several additional operations in the northeastern British Columbia region related to natural gas exploration and development activities.

Camp rental and catering operations revenue

Revenues are derived from the following main business areas: large camp operations, drill camp operations, catering only operations, and the associated service work within each operation. Service work includes the transportation, set-up and de-mobilization of camp and catering projects.

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

	Three months ended March 31					
(000's for revenue only)	2014			2013		
	Large camp	Drill camp	Total	Large camp	Drill camp	Total
Revenue	$ 62,459	$ 5,727	$ 68,186	$ 59,375	$ 9,646	$ 69,021
Bed rental days(1)	403,820	31,579	435,399	431,261	54,560	485,821
Revenue per bed rental day	$155	$181	$157	$138	$177	$142
Number of rentable beds at period end	7,139	920	8,059	7,310	866	8,176
Average rentable beds available(2)	7,094	918	8,012	7,194	871	8,065
Utilization(3)	63%	38%	60%	67%	70%	67%

(1) One bed rental day represents the provision of one bed for one day under a combined rental and catering manday rate, or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.

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

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

Revenue from large camp operations for the three months ended March 31, 2014 increased by $3.1 million or 5% as compared to the same period of 2013.

Bed rental days decreased by 27,441 days or 6% as compared to Q1 2013, with utilization during the quarter slightly lower at 63%. Activity levels at several large camps were lower than in Q1 2013, which more than offset increased volumes from a number of shorter term projects operating during Q1 2014.

Revenue per bed rental day increased by $17 or 12% as compared to Q1 2013, with the majority of the increase related to the mix of contracts in place. The first quarter of 2013 had a number of longer term contracts which typically have more favorable rates in exchange for a longer term commitment. In the first quarter of 2014, a larger portion of activity was driven by shorter term projects which commanded higher rates.

The large camp rental fleet size was down slightly in the comparative quarters as a number of rental fleet beds were sold to operators in 2013 and a number of drill camp beds being utilized on large camp projects in 2013 were transferred back to the drill camp fleet for the quarter.

Revenues from drill camp operations for the three months ended March 31, 2014 decreased $3.9 million or 41% compared to the same period of 2013. The decrease was a result of lower activity levels in the first quarter of 2014 than the comparative quarter. On average there were 12 fewer camps operating in the first quarter of 2014 compared to the same period of 2013 and camps operated for fewer days compared to the same period of 2013. The decreased activity is mainly due to the increasingly competitive environment with downward pressure on pricing.

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

	Three months ended March 31	
(000's for revenue only)	2014	2013
Catering only revenue	$ 4,297	$ 5,654
Catering only days[(1)]	31,567	56,651
Revenue per catering only day	$136	$100

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

Revenues from the provision of catering and housekeeping only services, with no associated bed rentals, for the three months ended March 31, 2014 decreased $1.4 million or 24% as compared to same period of 2013. The majority of the decrease was a result of lower volumes primarily in the catering only for customer owned drill camps. The revenue per catering only day increased in the comparative quarters as a result of the contract mix and the additional services requested by the customers. The lower volumes in the catering only for customer owned drill camps are a reflection of the increasing competitive environment.

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

	Three months ended March 31	
(000's)	2014	2013
Camp and catering operations service related revenue	$ 8,087	$ 6,531

Service revenues are related to the transportation, set-up and de-mobilization of relatively short term camps for customers. Revenues for the three months ended March 31, 2014 increased $1.6 million or 24% compared to the same periods in 2013. The increase was mainly due to the timing of the specific service projects undertaken in the comparative periods, with the majority of drill camps being de-mobilized earlier than in 2013.

Manufacturing sales

Manufacturing sales revenues include the in-plant construction, transportation and installation of camps sold to third parties. Revenues for the three months ended March 31, 2014 were $23.8 million, a decrease of $18.5 million or 44% as compared to the same period of 2013.

Direct manufacturing hours, including direct hours worked in the manufacturing plants and installation hours undertaken on project sites, in the three months ended March 31, 2014 were 262,207, a decrease of 24,448 hours or 9% as compared to the same period of 2013. The decrease in direct manufacturing hours was a result of Horizon managing production capacity through reduced overtime and headcount to align with manufacturing visibility for the upcoming year. In the first quarter of 2014, 48% of direct manufacturing hours were allocated to external sales projects, as compared to 69% in the same period of 2013.

Space rental revenues

Space rental revenues were relatively consistent in the comparative periods. Utilization in the comparative periods declined to 67% from 87% mainly a result of the larger fleet size. An additional 296 units were added throughout the first quarter of 2014 and it is anticipated the utilization will increase in the near term as the newly added units go on rent.

Direct costs

Direct costs for the three months ended March 31, 2014 were $80.7 million or 73% of revenue compared to $88.6 million or 70% of revenue for the same period of 2013. Direct costs are closely related to business volumes, the decrease in direct costs were primarily due to lower volumes in the manufacturing sales operations. As a percentage of revenue, direct costs increased primarily as a result of the nature of projects flowing through the manufacturing sales operations. The first quarter of 2014 manufacturing sales had numerous smaller projects which could not approach the same efficiencies achieved in the first quarter of 2013 when there was a long single run product project.

Matting

Matting revenue is 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 March 31,		
(000's except mat rental days and numbers of mats)	2014	2013	% change
Access mat rental revenue[1]	$ 1,501	$ 1,686	(11%)
Other mat and rental equipment revenue[2]	1,019	1,156	(12%)
Total mat and rental equipment revenue	$ 2,520	$ 2,842	(11%)
Mat sales revenue	7,927	4,922	61%
Installation, transportation, service, and other revenue	5,533	8,468	(35%)
Total revenue	$ 15,980	$ 16,232	(2%)
EBITDAS	$ 2,718	$ 3,986	(32%)
EBITDAS as a % of revenue	17%	25%	
Operating earnings	$ 1,181	$ 1,914	(38%)
Access mat rental days – owned mats[3]	622,512	629,793	(1%)
Access mat rental days – third party mats[4]	35,562	58,948	(40%)
Total access mat rental days	658,074	688,741	(4%)
Average owned access mats in rental fleet[5]	16,660	13,838	20%
Average sub rental access mats in rental fleet[6]	383	655	(42%)
Owned access mats in rental fleet at period end[7]	18,220	13,899	31%
Mats sold:			
New mats	9,865	5,459	81%
Used Mats	1,723	1,377	25%
Total mats sold	11,588	6,836	70%

(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 March 31, 2014 were $16.0 million, a decrease of $0.3 million or 2% compared to the same period of 2013. EBITDAS for the three months ended March 31, 2014 were $2.7 million or 17% of revenue compared to $3.9 million or 25% of revenue in the same period of 2013, a decrease of $1.3 million or 32% compared the same period of 2013.

The decrease in revenues from the comparative period was a result of moderated customer demand for trucking and installation services. The decrease in service activity was partially offset by higher mat sales in the first quarter of 2014 compared to the first quarter of 2013.

Mat and rental equipment revenue

Access mat rental revenues for the three months ended March 31, 2014 were $1.5 million, down $0.2 million or 11% compared to the same period of 2013. Rental revenues decreased as a result of lower activity levels and softer revenue per mat rental day. Total mat rental days in the three months ended March 31, 2014 decreased 30,667 or 4% compared to the same period of 2013. Utilization of the owned mat fleet for the three months ended March 31, 2014 was 41% compared to 49% in the same periods of 2013. Compared to 2013, the 2014 decreased utilization was driven from both a larger owned mat rental fleet and lower activity levels. Revenue per mat rental day decreased by $0.17 or 7% primarily due to competitive factors with revenue per mat rental day for the three months ended March 31, 2014 of $2.28 compared to $2.45 in the same period of 2013.

Mat sales revenue

Revenues from mat sales for the three months ended March 31, 2014 were $7.9 million, up $3.0 million or 61% compared to the same period of 2013. The increase in revenue in the first quarter of 2014 compared to the same quarter of 2013 is mainly reflective of the timing of customer projects. The higher sales revenue was due to the larger volume of mats sold in the first quarter of 2014, however revenue per mat was $684, a decrease of $36 or 5% compared to the first quarter of 2013. The decrease in price is reflective of the current competitive environment in mat sales.

Installation, transportation, service, and other revenue

Installation, transportation, service, and other revenues are driven primarily from the level of activity in the mat rental and mat sale businesses and are charged for separately from rentals and sales. Revenues for the three months ended March 31, 2014 were $5.5 million, a decrease of $3.0 million or 35% compared to the same periods in 2013. The decrease in revenue is a primarily a result of softer demand for these services.

Direct costs

Direct costs for the three months ended March 31, 2014 were $13.0 million or 82% of revenue compared to $12.1 million or 74% of revenue for the same period of 2013. Direct costs are driven by both the level and mix of business activity. The increase in overall direct costs was driven primarily by higher mat sales which reflect the associated direct costs of mat manufacturing. As a percentage of revenue, direct costs increased in the three months ended March 31, 2014 as a result of the mix of business activities and as a result of upward cost pressure mainly driven by oak lumber costs.

Corporate

Corporate costs are the costs of the head office which include the President and Chief Executive Officer, Chief Financial Officer, Vice President of Health, Safety, and Environment, Vice President of Aboriginal Relations, Senior Vice President of Corporate Development and Planning, Corporate Secretary, corporate accounting staff, information technology, and associated costs of supporting a public company. Corporate costs for the three months ended March 31, 2014 were $3.6 million, an increase of $0.4 million or 12% compared to the same period in 2013. Corporate costs, as a percentage of total revenue, increased to 2.9% compared to 2.2% in the same period of 2013. The increase is primarily a result of the decrease in revenue quarter over quarter as these costs are relatively fixed in the short term.

Other Items

Selling and administrative

Selling and administrative expenses for the three months ended March 31, 2014 were \$5.4 million, an increase of \$0.6 million or 12% compared to the same period for 2013. As a percentage of revenue, selling and administrative expenses were 4.4% compared to 3.3% in the same period of 2013.

Depreciation and amortization

	Three months ended March 31,		
(000's)	2014	2013	% change
Depreciation of property, plant and equipment	$ 12,387	$ 10,844	14%
Amortization of intangibles	819	2,051	(60%)
Total depreciation and amortization	$ 13,206	$ 12,895	2%

Depreciation and amortization costs for the three months ended March 31, 2014 were \$13.2 million, an increase of \$0.3 million or 2% compared to the same period of 2013. The increased depreciation was mainly a result of camp asset additions throughout 2013 including camp set-up and installation costs. These costs are depreciated over the term of the contract, generally a shorter time frame than the camp assets. Depreciation related to camp set-up and installation was \$1.3 million higher in the three months ended March 31, 2014 as compared to the same period of 2013.

Amortization costs related to customer relationships decreased \$1.2 million or 60% as compared to the same period of 2013 as a portion of these assets have now been fully amortized.

Financing costs

Financing costs include interest on loans and borrowings and accretion of notes payable. For the three months ended March 31, 2014 financing costs were \$1.0 million, a decrease of \$0.1 million compared to 2013. The decrease in financing costs was mainly a result of slightly lower average debt levels in the first quarter of 2014 compared to the same period of 2013. The effective interest rate on loans and borrowings for the three months ended March 31, 2014 was 3.6%, consistent with the comparative period.

Income taxes

For the three months ended March 31, 2014 income tax expense was \$2.7 million, an effective tax rate of 26%, compared to \$5.6million, an effective tax rate of 25% in first quarter of 2013.

Gain/Loss on disposal

For the three months ended March 31, 2014 Horizon recognized a gain on disposal of \$1.6 million compared to \$0.2 million in the comparative period of 2013. The gain on disposal of assets in the three months ended March 31, 2014 came mainly from the disposal of camp assets and disposal of land related to the Marine business.

Liquidity and Capital Resources

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

(000's)		March 31, 2014		December 31, 2013
Current assets	$	133,935	$	113,608
Current liabilities excluding loans and borrowings[(1)]		58,518		60,408
Current portion of loans and borrowings		1,524		1,496
Current liabilities		60,042		61,904
Working capital[(2)]	$	73,893	$	51,704
Bank borrowing:				
Available bank lines	$	150,000	$	150,000
Drawings on credit facility		103,825		70,756
Borrowing capacity[(3)]	$	46,175	$	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 March 31, 2014 was $73.9 million compared to $51.7 million at December 31, 2013, an increase of $22.2 million. The change in working capital was primarily due to increased activity levels in the first quarter of 2014 resulting in higher accounts receivable balances when compared to softer revenue in the three months ended December 31, 2013.

On November 6, 2013, the Corporation's current credit facility of $150,000,000 was renewed for a term of 3 years. The credit facility is extendable annually at the Corporation's request subject to lender approval. The committed credit facility is secured by a $300,000,000 first fixed and floating charge debenture over all assets of the Corporation and its wholly owned subsidiaries. Interest is payable at the bank prime rate plus 0.625%. Amounts borrowed under the facility become due on October 26, 2016, the maturity date of the facility.

At March 31, 2014 the Corporation was in compliance with its debt covenants as shown below:

Debt Covenants	March 31, 2014
Debt [(1)] to EBITDAS [(2)(3)] – must be less than 2.0:1	0.97:1
Interest coverage[(4)] – must be greater than 3.0:1	34.5:1

(1) Debt is calculated as the sum of current and long-term portions of loans and borrowings.

(2) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. For a reconciliation of EBITDAS to net earnings, please refer to page 3 of the Management's Discussion and Analysis.

(3) Debt to EBITDAS is calculated as the ratio of Debt to trailing 12 months EBITDAS.

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

Capital Spending

During the three months ended March 31, 2014, the Corporation spent $27.9 million on capital asset additions as compared to $21.3 million in the same period of 2013. Capital spending was concentrated on rental fleet expansion and replacement to meet demand in the Camps & Catering segment in addition to moderate maintenance capital. Management evaluates and manages its capital spending plans taking into account proceeds from disposals for the quarter of $5.6 million, resulting in net capital spending for the three months ended March 31, 2014 of $22.4 million.

Quarterly Summary of Results

	Three months ended	Year to date
(000's except per share amounts)	March 2014	March 2014
Revenue	$ 122,211	$ 122,211
EBITDAS	23,550	23,550
Operating earnings	11,430	11,430
Total profit	7,718	7,718
Total comprehensive income	7,917	7,917
Earnings per share – basic	$ 0.07	$ 0.07
Earnings per share – diluted	$ 0.07	$ 0.07

	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

	Three months ended				Year ended
(000's except per share amounts)	March 2012	June 2012	September 2012	December 2012	December 2012
Revenue	$ 128,597	$ 139,551	$ 119,910	$ 138,558	$ 526,616
EBITDAS	34,445	40,463	34,080	36,039	145,027
Operating earnings	26,080	30,056	23,232	23,390	102,758
Total profit	18,861	21,769	16,262	15,991	72,883
Total comprehensive income	18,792	21,854	16,328	15,959	72,933
Earnings per share – basic	$ 0.18	$ 0.20	$ 0.15	$ 0.15	$ 0.67
Earnings per share – diluted	$ 0.17	$ 0.20	$ 0.15	$ 0.15	$ 0.66

As a company providing services to the resource sector, Horizon's performance is highly correlated to activity levels and the price of the commodities in that sector. Over the previous eight quarters the price of oil and minerals has had some variability and these fluctuations have impacted Horizon's results. In addition to varying activity levels in the resource sector there has been downward pressure on pricing from a competitive environment in the sector. Throughout the last eight quarters Horizon has continued to invest in fleet capital to remain competitive in the Alberta oil sands area and to expand into the northeastern British Columbia region related to 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's Camps & Catering and Matting segments depend upon the level of industry activity for oil, natural gas and mineral exploration and development in the western Canadian provinces and northern territories. Industry conditions are influenced by numerous factors over which Horizon has no control, including: the level of oil and natural gas and mineral prices; expectations about future oil and natural gas and mineral prices; the cost of exploring for, producing and delivering oil and natural gas and minerals; the expected rates of declining current production; the discovery rates of new oil and natural gas and mineral reserves; available pipeline and other oil and natural gas transportation capacity; demand for oil, natural gas and minerals; worldwide weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and natural gas and mining companies to raise equity capital or debt financing for exploration and development work.

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

Competition

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

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

Credit Risk

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

Additional Funding Requirements

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

Labour Relations

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

Agreements and Contracts

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

Significant Customers

The Corporation had one major customer in the first quarter of 2014 which was in the Camps & Catering segment which generated 11% of total revenues. This compares to one major customer in 2013 who generated 22% of total revenue. There can be no assurance that Horizon's relationship with its customers will continue, and a significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Horizon's business, financial condition and results of operations.

Reliance on Key Personnel

Horizon's success depends in large measure on certain key personnel. The loss of services of such key personnel could have a material adverse effect on Horizon. Horizon does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Horizon are likely to be of central importance. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Horizon.

Camp Permits

In most cases, permits issued by government agencies are required to set up and operate remote work camp facilities. The issuance of permits is dependent upon water and waste treatment alternatives available, road traffic volumes and fire conditions in forested areas. Failure to receive or renew permits could have a negative impact on the business of the Camps & Catering segment.

Government Regulation

The operations of Horizon are subject to a variety of federal, provincial and local laws of Canada, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Horizon invests financial and managerial resources to ensure such compliance. Although such expenditures are generally not material to service providers, such laws or regulations are subject to change. Accordingly, it is impossible for Horizon to predict the cost or impact of such laws and regulations on its future operations.

Environmental Regulation

The Government of Canada and provincial governments in areas where Horizon does business have been working through various forms of regulation and legislation focused on climate change and greenhouse gas emissions. Future federal legislation, together with provincial emission reduction requirements may require the reduction of emissions or emissions intensity from Horizon's operations and facilities and those of its customers. A number of Horizon's customers are involved in the oil and gas exploration and development industry, with specific focus on oil sands related projects. Focus and scrutiny has recently intensified on oil sands development, which could lead to incremental environmental regulation or legislation.

Potential changes in requirements may result in increased operating costs and capital expenditures for oil and gas and mining industry participants, thereby delaying or decreasing the demand for Horizon's services.

Management is unable to predict the impact of potential emissions targets and it is possible that changes could adversely affect Horizon's business, financial condition and results of operations. These regulations would likely result in higher operating costs for our customers in the region, putting further pressure on project economics, and may also impair Horizon's ability to provide its services economically.

Aboriginal Relationships

A component of Horizon's business strategy is based on developing and maintaining positive relationships with the aboriginal people and communities in the areas where Horizon operates. These relationships are important to Horizon's operations and customers who desire to work on traditional aboriginal lands. The inability to develop and maintain relationships and to be in compliance with local requirements could adversely affect Horizon's business strategy, growth and profitability.

Seasonal Operations

Each of Horizon's businesses has slightly different seasonal aspects. Certain segments of the Camps & Catering division are exposed to the seasonality of the western Canadian oil and natural gas drilling industry where the busiest months are January through March and the slowest months are April through September. However, seasonality has been significantly reduced due to increased exposure in the oil sands and mining sectors, which operate year round. The Matting segment is 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's business, it is subject to a number of regulations, environmental laws and risks associated with lawsuits arising from accidents and claims. Horizon manages these risks through a combination of quality management, training and by securing insurance coverage to protect the assets of Horizon in the event of litigation.

Changes in Accounting Policies

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, 2013 and have been applied consistently to all periods presented in these condensed consolidated interim financial statements, except the changes disclosed in the December 31, 2013 annual consolidated financial statements. As at January 1, 2014, the Company adopted the amendment to IAS 32 – Financial Instruments: Presentation, as well as the interpretation of IFRIC 21 – Levies. The adoption of these standards did not have a material impact on the amounts recorded in the financial statements as at March 31, 2014.

As a result, these financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013.

Critical Accounting Estimates

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

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

Revenue recognition

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

Asset Retirement Obligations

Asset Retirement Obligation ("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.

Financial Instruments and Risk Management

(a) Overview

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

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

(b) Credit risk

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

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

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

(000's)	March 31, 2014	December 31, 2013
Neither impaired nor past due	$ 46,665	$ 29,370
Impaired	65	65
Outstanding 31-60 days	31,414	15,826
Outstanding 61-90 days	6,434	4,001
Outstanding more than 90 days	747	2,073
Total	85,325	51,335
Allowance for doubtful accounts	(65)	(65)
Accrued revenue	33,319	38,659
Other receivables	498	927
Total trade and other receivables	$ 119,077	$ 90,856

In the three months ended March 31, 2014, the Corporation provided an allowance for $65,000 of receivables aged greater than 90 days. As at April 29, 2014, the Corporation has collected $0.2 million on amounts outstanding more than 90 days.

(c) Liquidity risk

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

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

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

	March 31, 2014		December 31, 2013	
	Trade and other payables(1)	Loans and borrowings(2)	Trade and other payables(1)	Loans and borrowings(2)
Year 1	$ 55,464	$ 1,524	$ 56,961	$ 1,496
Year 2	-	1,202	-	7,500
Year 3	-	110,023	-	70,756
Year 4	-	-	-	-
Year 5 and beyond	5,713	-	5,656	-
	$ 61,177	$ 112,749	$ 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'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 in the matting segment which are denominated in USD.

As the foreign currency exchange risks are primarily based on realized foreign exchange differences, the following sensitivity analysis is to determine the impact on cash generated in operating activities. The effect of a $0.01 increase in the USD/CAD exchange rate would decrease cash generated in operating activities for the three months ended March 31, 2014 by approximately $40,000 (March 31, 2013 - $65,000). This assumes that the quantity of USD 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 1.00%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $249,000 for the three months ended March 31, 2014 (March 31, 2013 – $304,159). This assumes that the amount and mix of fixed and floating rate debt in the three months ended March 31, 2014 remains unchanged and that the change in interest rates is effective from the beginning of the year.

Outstanding Shares

Horizon had 110,215,098 voting common shares issued and outstanding with a book value of $184,449,000 or $1.67 per share as at March 31, 2014.

Off Balance Sheet Financing

Horizon has no off balance sheet financing.

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

Disclosure Controls & Procedures

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

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

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

Internal Controls over Financial Reporting

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

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

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

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

As at December 31, 2013, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of Horizon's ICFR based on the framework and criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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

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

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

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

Advisories

This Management's Discussion and Analysis, prepared as at April 29, 2014 focuses on key statistics from the Condensed Consolidated Interim Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North Logistics Inc. (the "Corporation" or "Horizon"). This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions. Additional information related to the Corporation, including the Corporation's annual information form, is available on SEDAR at www.sedar.com. Unless otherwise indicated, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is in Canadian dollars.

Caution Regarding Forward-Looking Information and Statements

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

In particular, such forward looking statements include: under the heading "Outlook" the statements that " Activity levels will be somewhat tempered by seasonality typically seen in the second quarter, but will continue to increase and drive improved fleet utilization during the second half of the year as several previously announced projects begin operation.

Manufacturing activity for Q2 2014 will be focused mainly on building and installing the capital equipment required to meet the needs of recently announced projects. Manufacturing sales revenues for Q2 2014 are expected to be similar to Q1 2014 with 30% of total direct manufacturing hours, including direct hours worked in the manufacturing plants and installation hours undertaken on project sites, dedicated to third party contracts with EBITDAS margins anticipated to return to normal levels. In the second half of 2014, 62% of direct manufacturing hours are committed and Horizon anticipates visibility improving with respect to utilization of its manufacturing capacity for the second half of 2014 based on continued strong bidding activity."

The foregoing statements are based on the assumption that the contracts entered into at this time with respect to such activity will not be amended or terminated and that oil sands development in Alberta and other resource development in western Canada will strengthen. Many factors could cause the performance or achievements of Horizon 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's operations and financial results are included in Horizon'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 does not undertake any obligation to update publicly or revise and forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.