This Management's Discussion and Analysis ("MD&A"), prepared as at April 29, 2015 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 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.

First Quarter Highlights

- Consolidated revenues and EBITDAS grew by 10% and 25% respectively, compared to the same period of 2014;
- Total profit and earnings per share increased by 37% and 43% respectively, compared to the same period of 2014 as a result of improved revenues and EBITDAS;
- Cash from operations increased significantly, compared to Q1 2014, as a result of decreased working capital and stronger operational results;
- Net capital spending was $12.2 million during the quarter on a revised capital budget of $30.0 million for 2015;
- Loans and borrowings decreased by $11.0 million compared to the year ended December 31, 2014;
- Credit facilities updated including expansion of borrowing capacity from $175 million to $200 million and relaxation of debt to trailing EBITDAS covenants to provide increased financial flexibility.

First Quarter Financial Summary

	Three months ended March 31		
(000's except per share amounts)	2015	2014	% change
Revenue	$ 133,968	$ 122,211	10%
EBITDAS[(1)]	29,414	23,550	25%
EBITDAS as a % of revenue	22%	19%	
Operating earnings	15,439	11,430	35%
Operating earnings as a % of revenue	12%	9%	
Total profit	10,282	7,718	37%
Total comprehensive income	10,700	7,917	39%
Earnings per share – basic	$ 0.09	$ 0.07	43%
– diluted	0.09	0.07	43%
Total assets	$ 527,926	$ 502,914	5%
Long-term loans and borrowings	135,196	111,225	22%
Cash from operations	32,386	(4,181)	875%
Capital spending			
Purchase of property, plant & equipment	15,188	27,878	(46%)
Proceeds from disposals of property, plant & equipment	(2,958)	(5,527)	(46%)
Net capital spending	12,230	22,351	(45%)
Senior debt to EBITDAS[(2)]	1.42:1.00	0.97:1.00	
Total debt to EBITDAS[(2)]	1.45:1.00	1.00:1.00	
Debt to total capitalization ratio	0.33:1.00	0.28:1.00	
Dividends declared	$ 8,840	$ 8,817	26%
Dividends declared per share	$ 0.08	$ 0.08	-

(1) *Please refer to page 20 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 12 of the Management's Discussion and Analysis for the definitions of Debt to EBITDAS.*

First Quarter Overview

Horizon North's stronger first quarter performance was mainly a result of higher activity levels and improved utilization in the camps and catering segment, resulting in higher consolidated revenues, EBITDAS, total profit and earnings per share for the three months ended March 31, 2015 ("Q1 2015" or "the first quarter of 2015") compared to the three months ended March 31, 2014 ("Q1 2014" or "the first quarter of 2014"). Stronger seasonal camp activity, the addition of several large camp contracts which became operational in the second half of 2014 and higher activity in the Relocateable Structures business drove increased volumes and utilization. The matting segment results in Q1 2015 decreased compared to Q1 2014, reflective of customers reduced capital programs and a competitive environment exerting downward pressure on pricing.

Consolidated revenues for Q1 2015 increased by $11.8 million or 10% compared to Q1 2014. The main contributors to the revenue growth were the camps and catering operations (11% increase) and the manufacturing operations (24% increase). The camps and catering revenue growth was driven by large camp utilization of 79% on an average fleet of 8,665 rentable beds compared to 63% on an average fleet of 7,094 rentable beds in Q1 2014. Both revenue per manday and RevPAAB (revenue per average available bed) remained relatively consistent in the comparative periods at $156 and $97, respectively.

The strength in manufacturing revenue was related to the timing of external projects in the comparative quarters. Activity for Q1 2015 was focused on executing a large camp project in the Alberta oil sands for a third party customer compared to Q1 2014 which was mainly focused fleet production to fulfill contract commitments. Total direct hours in Q1 2015 were 242,138, a decrease of 20,069 hours or 8% from Q1 2014 with 75% of total direct hours in Q1 2015 allocated to external sales compared to 48% in the same period of 2014.

In contrast, matting revenues for Q1 2015 decreased by 28% compared to Q1 2014 mainly due to a 74% decrease in access mat sales, a result of customers reducing their capital programs. With the reduction in capital, customers chose to rent mats increasing access mat rental volumes by 86% for Q1 2015 compared to Q1 2014. Owned fleet utilization for Q1 2015 was 50% compared to 41% in Q1 2014 with average access mat fleet growth of 8,500 mats to 25,160 mats in Q1 2015. Although access mat rental volumes were up significantly, a more competitive environment exerted downward pressure on pricing resulting in revenue per mat rental day decreasing by 23%.

EBITDAS for Q1 2015 was $29.4 million, an increase of $5.9 million or 25% compared to Q1 2014 and as a percentage of revenue EBITDAS was 22%, up from 19% in Q1 2014. The strength in EBITDAS was driven by the higher activity levels discussed above. As a percentage of revenue, the increase in EBITDAS was driven by the Corporation's focus on cost reduction initiatives across all the operations and efficiencies realized with higher utilization in the camp and catering operations.

Total profit and earnings per share increased by 37% and 43% respectively compared to Q1 2014 as a result of the stronger operational results as well as similar depreciation and amortization expense quarter over quarter.

Horizon North's balance sheet improved as a result of decreased working capital, significantly higher cash from operations and reduced capital spending compared to March 31, 2014. Loans and borrowings decreased by $11.0 million during the quarter resulting in a total debt to trailing EBITDAS ratio of 1.42:1.00 as at March 31, 2015 compared to 1.66:1.00 as at December 31, 2014.

Outlook

The strong results in the first quarter of 2015 do not significantly change the outlook for Horizon North. Continuing pressure on commodity prices, with oil pricing currently in the $40-$55 per barrel range, has resulted in a number of our larger customers delaying or deferring their 2015 capital spending plans. In addition, as Horizon North continues to work closely with our customers in an effort to help them through these challenging times, accommodations made to existing contracts will have implications on our revenue and profitability. 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 corporation, stabilize our base, and prepare us for the next up-cycle. These changes included taking steps in Q1 2015 to reduce our manufacturing headcount to match our current order book, outlining a reduced maintenance capital spending program of $30 million for 2015, moving towards a more integrated business model to 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 operating expenditure (OPEX) and capital expenditure (CAPEX) budgets of our major customers. Although many of Horizon North's customers have reduced their capital plans, several major customers are taking a longer term view and continue to spend through the down cycle. CAPEX is typically cyclical as compared to OPEX spending which tends to be smoother and more consistent over time. We are working to broaden our products and 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 west coast British Columbia land infrastructure for potential significant LNG projects.

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 second quarter of 2015 at $0.08 per share. The dividend is payable to shareholders of record at the close of business on June 30, 2015 to be paid on July 15, 2015. The dividends are eligible dividends for Canadian tax purposes.

First Quarter Financial Results

(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
	Three months ended March 31, 2015				
Revenue	$ 122,824	$ 11,569	$ -	$ (425)	$ 133,968
Expenses					
Direct costs	90,364	8,925	(17)	(425)	98,847
Selling & administrative	2,145	566	2,996	-	5,707
EBITDAS	30,315	2,078	(2,979)	-	29,414
EBITDAS as a % of revenue	25%	18%	-	-	22%
Share based compensation	303	75	298	-	676
Depreciation & amortization	11,074	2,092	221	(47)	13,340
Gain on disposal of property, plant and equipment	(41)	-	-	-	(41)
Operating earnings (loss)	$ 18,979	$ (89)	$ (3,498)	$ 47	$ 15,439
Finance costs					1,322
Income tax expense					3,835
Other comprehensive income					(418)
Total comprehensive income					$ 10,700
Earnings per share – basic					$ 0.09
– diluted					$ 0.09

(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
	Three months ended March 31, 2014				
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 payments	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 (loss)	$ 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

Camps & Catering

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

	Three months ended March 31		
Revenues *(000's)*	2015	2014	% change
Large Camp revenue	$ 75,294	$ 62,459	21%
Drill Camp revenue	5,782	5,727	1%
Catering only revenue	4,546	4,297	6%
Camp and catering service revenue	3,636	8,087	(55%)
Total camp rental and catering revenues	$ 89,258	$ 80,570	11%
Manufacturing sales revenue	29,432	23,800	24%
Relocatable structures revenue	4,134	2,327	78%
Total revenue	$ 122,824	$ 106,697	15%
EBITDAS	$ 30,315	$ 24,405	24%
EBITDAS as a % of revenue	25%	23%	
Operating earnings	$ 18,979	$ 14,173	34%

Revenues from the Camps & Catering segment for the three months ended March 31, 2015 were $122.8 million, an increase of $16.1 million or 15% compared to the three months ended March 31, 2014. EBITDAS for the three months ended March 31, 2015 were $30.3 million, an increase of $5.9 million or 24% compared to the same period of 2014. The increased revenues and EBITDAS were a result of higher activity levels in the Large Camp and Relocatable Structures operations with the Large Camps being the greatest contributor. In comparison to Q1 2014, the Large Camp operations experienced higher volumes and stronger utilization as a result of increased seasonal projects and several additional large camp contracts which became fully operational in the second half of 2014. Similarly, the Relocatable Structures fleet growth, which occurred in the second half of 2014, drove higher rental volumes at relatively consistent utilization and pricing which resulted in increased revenues.

Horizon North's revenues in the Camps & Catering segment continue to be driven by Alberta oil sands activity with 60% of revenues for the three months ended March 31, 2015 generated from oil sands related projects compared to 40% in the same period of 2014. The change was driven primarily by the timing of manufacturing sales projects and the opportunities undertaken in the comparative periods.

Large Camps

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

	Three months ended March 31		
Revenues *(000's)*	2015	2014	% change
Large Camp revenue	$ 75,294	$ 62,459	21%
Bed rental days (1)	611,107	403,820	51%
Revenue per bed rental day	$ 156	$ 155	1%
RevPAAB (2)	$ 97	$ 98	(1%)
Rentable beds	8,668	7,139	21%
Average rentable beds (3)	8,665	7,094	22%
Utilization (4)	79%	63%	25%

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 rentable bed calculated as Large Camp revenue divided by average rentable beds in the period.
3) Average rentable beds 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 in the period.

Revenues from Large Camp operations, for the three months ended March 31, 2015 increased by $12.8 million, or 21% compared to the same period of 2014. The increase was a result of stronger seasonal activity, partially from several pipeline construction projects, and the addition of several large camps which were under construction in Q1 2014 and fully operational in Q1 2015.

The increase of average rentable beds by 22% in the comparative quarters was mainly the addition of several large camps as discussed above, these camps plus the higher seasonal activity drove bed rental days to increase by 51% compared to Q1 2014. Revenue per man day remained consistent quarter over quarter as a result of a similar contract mix with RevPAAB also relatively consistent in the comparative quarters indicating the additional fleet was deployed and earning revenue, consistent with management's approach to allocating capital to non-speculative projects.

Drill Camps

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

	Three months ended March 31		
Revenues *(000's)*	2015	2014	% change
Drill Camp revenue	$ 5,782	$ 5,727	1%
Bed rental days (1)	33,258	31,579	5%
Revenue per bed rental day	$ 174	$ 181	(4%)
RevPAAB (2)	$ 75	$ 69	9%
Number of rentable beds at period end	855	920	(7%)
Average rentable beds (3)	855	918	(7%)
Utilization (4)	43%	38%	13%

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 rentable bed calculated as Drill Camp revenue divided by average rentable beds in the period.
3) Average rentable beds 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 in the period.

Revenues from drill camp operations for the three months ended March 31, 2015 were relatively consistent quarter over quarter as a result of offsetting price reductions with higher utilization. Revenue per bed rental day in Q1 2015 decreased by $7 or 4% compared to Q1 2014 as a result of a competitive environment. The aggressive pricing and disposal of some underperforming equipment increased utilization to 43% in Q1 2015 compared to 38% in Q1 2014. RevPAAB improved by $6 in the comparative quarters mainly as a result of the equipment disposal.

Catering Only

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)	2015	2014	% change
Catering only revenue	$ 4,546	$ 4,297	6%
Catering only days[(1)]	35,396	31,567	12%
Revenue per catering only day	$ 128	$ 136	(6%)

(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 March 31, 2015 increased $0.2 million or 6% compared to same period of 2014. The increase was mainly a result of higher activity related to a significant infrastructure project in the Northwest Territories which was not active in Q1 2014. Revenue per catering only day decreased by 6% primarily due to the different contract mix between the comparative quarters.

Service

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

	Three months ended March 31		
(000's)	2015	2014	% change
Camp and catering service revenue	$ 3,636	$ 8,087	(55%)

Service revenues are related to the transportation, set-up and de-mobilization of camps for customers. Revenues for the three months ended March 31, 2015 decreased $4.5 million or 55% compared to the same period in 2014. The decrease was mainly due to the timing of specific projects undertaken in the comparative periods. Q1 2014 had several large camp installation projects with no similar projects in Q1 2015.

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:

	Three months ended March 31		
(000's)	2015	2014	% change
Manufacturing sales revenue	$ 29,432	$ 23,800	24%

	Three months ended March 31			
	2015		2014	
	Direct Hours	% of total hours	Direct Hours	% of total hours
External hours	181,946	75%	125,826	48%
Internal hours	60,192	25%	136,381	52%
Total direct hours [(1)]	242,138	100%	262,207	100%

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

Revenues for the three months ended March 31, 2015 increased by $5.6 million or 24% compared to the same period in 2014. The increase reflects the different mix of projects and different execution phase of projects between the comparative quarters. The project in Q1 2014 was in the close out phase compared to the install phase for the project in Q1 2015.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the three months ended March 31, 2015 decreased by 20,069 hours or 8%. The decrease in direct hours was a result of Horizon North managing production capacity through reduced overtime and headcount to align with manufacturing visibility. Of the total direct hours, 75% were allocated to external sales projects in Q1 2015 compared to 48% in the same period of 2014, a reflection of the timing of external sales projects in the comparative quarters.

Relocatable Structures

Relocatable Structures 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 March 31, 2015 were $4.1 million, an increase of $1.8 million or 78% compared to the same period of 2014. The increase in revenue was a combination of higher service volumes and higher rental volumes. The service revenues are typically driven by the level of rental activity. Fleet utilization dipped slightly to 61% compared to 67% in Q1 2014 mainly due to the larger average fleet size which was 1,177 units in Q1 2015 compared to 1,102 in Q1 2014.

Direct costs

Direct costs for the three months ended March 31, 2015 were $90.4 million or 74% of revenues compared to $80.7 million or 76% of revenue for the same period of 2014. Direct costs are closely related to business volumes and revenue mix with the higher activity levels discussed above generating higher direct costs. As a percentage of revenue, direct costs decreased between the comparative quarters due to efficiencies realized through the higher utilization in the camps and catering operations and through cost reduction initiatives. The seasonally stronger EBITDAS as a percentage of revenue generated from camp rentals and catering operations was partially offset by manufacturing as a result of higher costs related to a manufacturing and installation project in the Alberta oil sands.

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 were as follows:

	Three months ended March 31		
(000's except mat rental days and numbers of mats)	2015	2014	% change
Access mat rental revenue(1)	$ 2,146	1,501	43%
Other mat and rental equipment revenue(2)	$ 691	$ 1,019	(32%)
Total mat and rental equipment revenue	$ 2,837	$ 2,520	13%
Mat sales revenue	2,030	7,927	(74%)
Installation, transportation, service and other revenue	6,702	5,533	21%
Total revenue	$ 11,569	$ 15,980	(28%)
EBITDAS	$ 2,078	$ 2,718	(24%)
EBITDAS as a % of revenue	18%	17%	
Operating earnings	$ (89)	$ 1,181	(108%)
Access mat rental days – owned mats(3)	1,138,718	622,512	83%
Access mat rental days – third party mats(4)	83,495	35,562	135%
Total access mat rental days	1,222,213	658,074	86%
Average owned access mats in rental fleet(5)	25,160	16,660	51%
Average sub rental access mats in rental fleet(6)	907	383	137%
Owned access mats in rental fleet at period end(7)	29,486	18,220	62%
Mats sold:			
New mats	212	9,865	(98%)
Used Mats	2,757	1,723	60%
Total mats sold	2,969	11,588	(74%)

(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, 2015 were $11.6 million, a decrease of $4.4 million or 28% compared to the same period of 2014. EBITDAS for the three months ended March 31, 2015 were $2.1 million, a decrease of $0.6 million or 24% compared to the same period of 2014. In comparison to 2014, matting experienced several significant changes which negatively impacted revenues. Primarily, the significant reduction customers made to their capital programs led to a steep decline in mat sales, however continued demand led to a shift from mat sales to mat rental and rental volumes increased significantly in Q1 2015 compared to Q1 2014. In response to higher rental demand the access mat fleet was increased by transferring mats from inventory originally intended for sale. Although rental volumes increased, Q1 2015 experienced a far more competitive environment which put downward pressure on pricing essentially offsetting the higher volumes.

Mat and rental equipment revenue

Mat and equipment rental revenues for the three months ended March 31, 2015 were $2.8 million, an increase of $0.3 million or 13% compared to the same period of 2014. The increase was a result of significantly higher access mat rental volumes which were partially offset by lower volumes in other mat and equipment rentals. Access mat rental days increased quarter over quarter by 564,139 days or 86% which drove the Q1 2015 utilization of the owned access mat fleet of 50%, up from 41% in Q1 2014. The average access mat fleet was 25,160 mats for Q1 2015, an increase of 8,500 mats compared to Q1 2014. As a result of the more competitive environment, Q1 2015 had softer pricing with revenue per mat rental day of $1.76 compared to $2.28 in the same period of 2014.

Mat sales revenue

Revenues from mat sales for the three months ended March 31, 2015 were $2.0 million, a decrease of $5.9 million or 74% compared to the same period of 2014. The volume of mats sold quarter over quarter was directly impacted by the reductions customers made to their capital programs in Q1 2015. Revenue per mat sold were consistent in the comparative periods at $684 per mat.

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 March 31, 2015 were $6.7 million, an increase of $1.2 million or 21% compared to the same period in 2014. The increase in revenue was primarily driven by the higher rentals activity.

Direct costs

Direct costs for the three months ended March 31, 2015 were $8.9 million or 77% of revenue compared to $13.0 million or 82% of revenue for the same period of 2014. Direct costs are driven by both the level and mix of business activity and the decrease in the comparative quarters was primarily a result of the lower mat sales described above.

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 March 31, 2015 were $3.0 million, a decrease of $0.6 million or 17% compared to the same period in 2014. The decreased costs primarily relate to the timing of health and safety programs between the comparable quarters. Corporate costs, as a percentage of total revenue, were 2% compared to 3% for the three months ended March 31, 2014.

Other Items

Selling and administrative

Selling and administrative expenses for the three months ended March 31, 2015 were $2.7 million, an increase of $0.9 million or 46% compared to the same period in 2014. As a percentage of revenue, selling and administrative expenses for the three months ended March 31, 2015 were 2% which were consistent with comparative period of 2014.

Depreciation and amortization

	Three months ended March 31		
(000's)	2015	2014	% change
Depreciation of property, plant and equipment	$ 13,340	$ 12,387	8%
Amortization of intangibles	-	819	(100%)
Total depreciation and amortization	$ 13,340	$ 13,206	1%

Total depreciation and amortization increased $0.1 million or 1% in the three months ended March 31, 2015 compared to the same period of 2014. Depreciation of property, plant and equipment increased by $1.0 million or 8% mainly as a result of camp fleet additions and camp setup costs between the comparative quarters. This increase was offset by the reduction of amortization costs related to customer relationships as they were fully amortized in Q4 2014.

Financing costs

Financing costs include interest on loans and borrowings and accretion of notes payable. For the three months ended March 31, 2015 financing costs were $1.3 million, an increase of $0.3 million or 68% compared to 2014. The increase in financing costs was mainly a result of higher average debt levels in the first quarter of 2015 which averaged $149.2 million compared to $100.0 million in the same period of 2014.

The effective interest rate on loans and borrowings for 2015 was 3.4% compared to 3.6% in 2014. The lower effective interest rate was a result of a decrease in the prime rate and the proportion of debt carried in bankers acceptances, compared to 2014.

Income taxes

For the three months ended March 31, 2015, income tax expense was $3.8 million and effective tax rate of 27% compared to $2.7 million and an effective tax rate of 26% in 2014. The increase in the expense was related to the higher profit before tax compared to 2014. The effective tax rate was slightly higher than prior period primarily due to the rate differences in provincial earnings allocation.

Gain/Loss on disposal

For the three months ended March 31, 2015, Horizon North recognized minimal gains on disposals compared to gains of $1.6 million in Q1 2014. The gain on disposal in Q1 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, 2015	December 31, 2014
Current assets	$ 122,575	$ 134,342
Current liabilities excluding loans and borrowings[(1)]	56,051	60,337
Current portion of loans and borrowings	7,526	7,668
Current liabilities	63,577	68,005
Working capital[(2)]	$ 58,998	$ 66,337
Bank borrowing:		
Available credit facility	$ 200,000	$ 175,000
Drawings on credit facility	135,196	146,370
Borrowing capacity[(3)]	$ 64,804	$ 28,630

(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, 2015 was $59.0 million compared to $66.3 million at December 31, 2014, a decrease of $7.3 million. The change in working capital was mainly due to lower accounts receivable at March 31, 2015, primarily a result of activity levels in the comparative periods.

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

Debt Covenants	March 31, 2015
Maximum Consolidated Senior debt (1) to Consolidated EBITDAS ratio (3)(4)	3.00:1.00 or less
Maximum Consolidated Total debt (2) to Consolidated EBITDAS ratio (3)(5)	4.25:1.00 or less
Minimum Consolidated Interest coverage ratio(6)	3.00:1.00 or more

(1) *Senior debt is calculated as the sum of current and long-term portions of loans and borrowings less vehicle and equipment financing.*
(2) *Total debt is calculated as the sum of current and long-term portions of loans and borrowings.*
(3) *Please refer to page 21 of the Management's Discussion and Analysis for the definitions of Non-GAAP and additional GAAP measures* and reconciliation of *Net Earnings to EBITDAS.*
(4) *Senior debt to EBITDAS is calculated as the ratio of senior debt to trailing 12 months EBITDAS.*
(5) *Total debt to EBITDAS is calculated as the ratio of total debt to trailing 12 months EBITDAS.*
(6) *Interest coverage is calculated as the ratio of trailing 12 months EBITDAS to 12 months trailing interest expense on loans and borrowings.*

As at March 31, 2015, the Corporation was in compliance with all financial and non-financial covenants.

Capital Spending

For the three months ended March 31, 2015, capital spending was $15.2 million, a decrease of $12.7 million or 46% compared to the same period of 2014. The 2015 capital was focused on refreshing the camp rental fleet, expansion of the relocatable structures fleet and expansion of the access mat rental fleet.

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 three months ended March 31, 2015 of $12.2 million compared to $22.4 million for the same period of 2014.

Quarterly Summary of Results

	Three months ended				Year to date
(000's except per share amounts)	March 2015	June 2015	September 2015	December 2015	March 2015
Revenue	$ 133,968				$ 133,968
EBITDAS	29,414				29,414
Operating earnings	15,439				15,439
Total profit	10,282				10,282
Total comprehensive income	10,700				10,700
Earnings per share – basic	$ 0.09				$ 0.09
Earnings per share – diluted	$ 0.09				$ 0.09

					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. These fluctuations can create an increasingly competitive environment resulting in downward pressure on pricing. 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 when a significant portion of manufacturing resources were 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 and increasingly competitive environment in the resource sector which has exerted downward pressure on pricing. Horizon North continues 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 North'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 North's business, financial condition and results of operations.

Significant Customers

The Corporation had two major customers during 2015 who generated 25.0% of total revenues compared to a single customer who generated 11.0% of total revenue in 2014. 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 North'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

Horizon North's IFRS accounting policies are provided in note 3 to the Consolidated Financial Statements as at the years ended December 31, 2014 and 2013. As at March 31, 2015 there were no changes in Horizon North's accounting policies.

Critical Accounting Estimates and Judgments

This MD&A 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)		March 31, 2015		December 31, 2014
Neither impaired nor past due	$	36,852	$	36,511
Impaired		1,016		733
Outstanding 31-60 days		19,997		14,994
Outstanding 61-90 days		5,660		4,761
Outstanding more than 90 days		3,842		1,128
Total		67,367		58,127
Allowance for doubtful accounts		(1,016)		(733)
Accrued revenue		11,837		20,634
Construction receivables		29,237		36,863
Other receivables		738		1,183
Total trade and other receivables	$	108,163	$	116,074

In the first quarter ended March 31, 2015, the Corporation provided an allowance for $1.0 million of receivables aged greater than 90 days and had no collections on amounts previously allowed for. As at April 29, 2015, the Corporation has collected $9.1 million on amounts outstanding more than 90 days, of which $8.1 million relates to Construction Receivables.

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 March 31, 2015, included in construction receivables were holdbacks of $7,770,000 (2014 - $8,400,000). The total of construction receivables aged less than 90 days was 60% at March 31, 2015 (December 31, 2014 – 68%).

(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, 2015				December 31, 2014			
		Trade and other payables(1)		Loans and borrowings(2)		Trade and other payables(1)		Loans and borrowings(2)
Year 1	$	54,604	$	7,526	$	58,069	$	7,668
Year 2		-		-		-		146,370
Year 3		-		135,196		-		-
Year 4		-		-		-		-
Year 5 and beyond		5,950		-		5,890		-
	$	60,554	$	142,722	$	63,959	$	154,038

(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 North'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 three months ended March 31, 2015 by approximately $36,000 (March 31, 2014 - $40,000). 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 0.5% to 1.75%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $372,000 for the three months ended March 31, 2015 (March 31, 2014 - $249,000). 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 110,501,651 voting common shares issued and outstanding and options to purchase 8,415,321 common shares for a total maximum number of 115,821,638 shares, on a diluted basis, as at April 29, 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

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators, to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the CEO and the CFO by others, particularly during the period in which the interim filings are being prepared; and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

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 March 31, 2015 that have materially affected, or are reasonably likely to materially affect, Horizon North's DC&P.

Internal Controls over Financial Reporting

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting as defined in National Instrument 52-109 of the Canadian Securities Administrators, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes to the Corporation's internal controls over financial reporting during the period ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.

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 March 31	
(000's)	2015	2014
Total profit	$ 10,282	$ 7,718
Add:		
Finance costs	1,322	1,000
Income tax expense	3,835	2,712
Depreciation	13,340	12,387
Amortization of intangible assets	-	819
Gain on disposal of property, plant and equipment	(41)	(1,595)
Share based compensation	676	509
EBITDAS	$ 29,414	$ 23,550

Advisories

This Management's Discussion and Analysis, prepared as at April 29, 2015 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. 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 information and statements include, but are not limited to, the following:

- the expansion of Horizon North's product and service offerings to balance exposure to customers' OPEX and CAPEX budgets to lessen exposure to energy market fluctuations;
- the development of new end-markets for Horizon North's manufacturing platform;
- the preparation of our west coast British Columbia land infrastructure;
- our focus on in 2015 on Horizon North's new mission statement;
- the payment of our declared quarterly dividend;
- our business strategy;
- our capital expenditure program for 2015;
- the movement towards a more integrated business model to reduce costs and improve efficiencies;
- changing our business development strategy to facilitate additional cross selling capabilities for all of our products and services; and
- the forward-looking statements and information under the heading "Critical accounting Estimates and Judgments".

The forward-looking statements and information are based on certain assumptions made by Horizon North which include, but are not limited to, assumptions relating to:

- industry activity for oil, natural gas and mineral exploration and development in the western Canadian provinces and northern territories;
- commodity prices;
- anticipated activity levels for 2015;
- future operating costs and Corporation's access to capital;
- the effects of regulation by governmental agencies;
- the competitive environment in the which the Corporation operates;
- the ability of the Corporation to attract and retain personnel;
- the development of LNG and commodity transportation infrastructure; and
- the relationships between the Corporation and its customers; and
- general economic and financial conditions.

Although Horizon North believes that the expectations and assumptions on which the forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Horizon North cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of known and unknown risks and uncertainties. Such risks and uncertainties include, but are not limited to, the following:

- volatility in the price and demand for oil, natural gas and minerals;
- fluctuations in the demand for the Corporation's services;
- availability of qualified personnel;
- changes in regulation by governmental agencies, including environmental regulation; and
- other factors listed under "Risks and Uncertainties" in this MD&A and other risk factors identified in the Corporation's annual information form.

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. In addition, the reader is cautioned that historical results are not indicative of future performance. 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.

Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Horizon North's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.