Management's Discussion and Analysis
Three and six months ended June 30, 2015 and 2014

This Management's Discussion and Analysis ("MD&A"), prepared as at July 28, 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.

Second Quarter Highlights

- The second quarter of 2015 experienced generally higher activity levels in large camps, relocatable structures and mat rentals compared to Q2 2014 but was negatively impacted by pricing concessions provided to key customers and the effects of competitive pricing on new projects;
- Q2 2015 EBITDAS decreased compared to Q2 2014 and were impacted by three significant cost items which are not anticipated to reoccur; higher costs related to a large camp installation project, restructuring costs incurred to drive efficiency improvements and a provincial sales tax assessment related to prior periods;
- The balance sheet continued to strengthen as a result of reduced working capital and disciplined capital spending exiting the quarter with a trailing twelve month Debt to EBITDAS ratio of 1.28:1.00;
- On July 8, 2015 Horizon North successfully completed a bought deal equity financing for net proceeds of $76.6 million with the proceeds used to initially pay down the Corporation's outstanding credit facilities which can then be redrawn to accelerate expansion related to LNG projects and other corporate opportunities.

Second Quarter Financial Summary

	Three months ended June 30			Six months ended June 30		
(000's except per share amounts)	2015	2014	% Change	2015	2014	% Change
Revenue	$ 84,888	$ 96,094	(12%)	$ 218,856	$ 218,305	-
EBITDAS[(1)]	10,093	15,496	(35%)	39,507	39,046	1%
EBITDAS as a % of revenue	12%	16%		18%	18%	
Operating earnings (loss)	(4,034)	1,871	(316%)	11,405	13,301	(14%)
Operating earnings as a % of revenue	(5%)	2%		5%	6%	
Total profit (loss)	(5,958)	680	(976%)	4,324	8,398	(49%)
Total comprehensive income (loss)	(6,308)	602	(1,148%)	4,392	8,519	(48%)
Earnings (loss) per share						
Basic	$ (0.05)	$ 0.01	(600%)	$ 0.04	$ 0.08	(50%)
Diluted	$ (0.05)	$ 0.01	(600%)	$ 0.04	$ 0.08	(50%)
Total assets	489,950	513,060	(5%)	489,950	513,060	(5%)
Long-term loans and borrowings	114,235	126,417	(10%)	114,235	126,417	(10%)
Cash from operations	40,275	37,579	7%	72,661	33,399	118%
Capital spending						
Purchase of property, plant & equipment	12,950	48,346	(73%)	28,138	76,224	(63%)
Proceeds from disposals of property, plant & equipment	(3,168)	(3,833)	(17%)	(6,126)	(9,360)	(35%)
Net Capital spending	9,782	44,513	(78%)	22,012	66,864	(67%)
Senior debt to EBITDAS[(2)]	1.28:1.00	1.30:1.00	(2%)	1.28:1.00	1.30:1.00	(2%)
Total debt to EBITDAS[(2)]	1.28:1.00	1.33:1.00	(4%)	1.28:1.00	1.33:1.00	(4%)
Debt to total capitalization ratio	0.31:1.00	0.30:1.00	3%	0.31:1.00	0.30:1.00	3%
Dividends declared[(3)]	$ 19,497	$ 8,825	121%	$ 28,337	$ 17,642	61%
Dividends declared per share[(3)]	$ 0.16	$ 0.08	-	$ 0.24	$ 0.16	-

(1) *Please refer to page 25 of the Management's Discussion and Analysis for the definitions of Non-GAAP and additional GAAP measures* and reconciliation of *Net Earnings to EBITDAS.*
(2) *Please refer to page 15 of the Management's Discussion and Analysis for the definitions of Debt to EBITDAS.*
(3) *Dividends declared for the three months ended June 30, 2015 represents the second and third quarter 2015 dividends and for the six months ended 2015 the first, second and third quarter dividends as described in note 8 of the Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2015.*

Second Quarter Overview

Horizon North's results for the three months ended June 30, 2015 ("Q2 2015") compared to the three months ended June 30, 2014 ("Q2 2014") decreased for most financial measures. However, results came in close to expectations with the exception of $5.6 million in non-recurring charges as a result of; higher costs associated with a large camp installation project, restructuring costs incurred to drive efficiency improvements throughout the organization and a provincial sales tax assessment. Q2 2015 is where Horizon North saw the impact of the current uncertain economic environment with results reflecting the effect of pricing accommodations negotiated on existing contracts and reduced pricing on new projects. Q2 2015 was a busy quarter for large camps, space rentals and mat rentals each experiencing higher volumes compared to Q2 2014 demonstrating the ongoing demand for Horizon North's services and our commitment to working with our key customers through the current uncertain economic environment. As well, Horizon North continues to work with suppliers to find efficiencies and reduce costs.

Manufacturing revenues were consistent between the comparative quarters with activity similarly focused on site installation projects in each quarter. Total direct hours, which include all direct hours in the manufacturing plants and installation hours on project sites, for Q2 2015 were down 28%, mainly attributable to the reduction of manufacturing capacity as management continues to align headcount with the reduced manufacturing order backlog. Of the total direct hours, 67% were allocated to third party contracts as compared to 42% in the same period of 2014.

Revenues from camp rental and catering operations for Q2 2015 decreased compared to the same period of 2014 as a result of negotiated pricing accommodations on existing contracts and reduced service revenues. Partially offsetting the downward pricing pressure was a 13% increase in manday volumes in the large camp operations, driven by a very active fire camp season in Q2 2015 and the addition of several large camps in the second half of 2014. Utilization in the comparative quarters softened to 56% from 60% and RevPAAB decreased to $97 from $117 primarily due to the decline in revenues and the increase in fleet by 1,526 beds between the comparative quarters.

Matting revenues decreased in the comparative quarters with the majority of the decrease coming from lower mat sales as a result of customers reducing their capital programs. Access mat rental revenues remained relatively consistent quarter over quarter with the rental volumes up 42% offsetting decreases in rental pricing. The higher volumes drove utilization to 80% from 79% in the comparative quarters but with an average fleet size of 30,705 mats compared to 17,393 mats in Q2 2014.

Horizon North's EBITDAS in Q2 2015 decreased compared to Q2 2014 mainly as a result of higher costs associated with a camp installation project, restructuring costs discussed above, and a provincial sales tax assessment recorded in the quarter. With the exception of the manufacturing operation, EBITDAS in camps and catering, relocatable structures and matting increased compared to the same period of 2014. Operating earnings and earnings per share for Q2 2015 decreased compared to the same period of 2014 due to the reduced revenues and EBITDAS discussed above. Depreciation and amortization remained relatively consistent in the comparative quarters.

Horizon North's balance sheet continued to improve in the second quarter of 2015. The improvement was mainly a result of reduced working capital, strong cash from operations and disciplined capital spending which facilitated the reduction of debt by $21.0 million in the quarter, exiting the quarter with total loans and borrowing of $114.2 million and trailing twelve months Debt to EBITDAS ratio of 1.28:1.00. The balance sheet was further strengthened by the receipt of net proceeds in the amount of $76.6 million from the bought deal equity financing which closed July 8, 2015.

Outlook

Horizon North has not significantly changed its outlook for 2015 and anticipates the second half of the year will continue to be difficult while we wait for the current economic environment to improve. A challenging commodity price environment with depressed and fluctuating oil prices makes it difficult for customers to commit to new projects and recent changes in the Alberta political landscape have added additional uncertainty. These factors have resulted in customers either delaying or deferring their capital spending programs.

We continue to work closely with our customers through these challenging times and our second quarter results reflect the effects of pricing concessions provided on existing contracts and the effects of competitive pricing on new projects. Our strategy is to work with our key clients in order to remain competitive, while working towards a mutually beneficial solution over the longer term.

We continue to move forward with structural changes to our business, particularly in our manufacturing operations, which are being undertaken as part of realigning the direction of the Corporation to improve operational efficiency, stabilize our operating base and prepare for the next up-cycle. We have recently hired an experienced Vice President of Business Information Systems to enhance our information technology capabilities and are in the final stages of hiring a new Vice President of Manufacturing and are excited about the changes this individual will bring to our manufacturing platform.

Bidding activity continues to be reasonably strong in certain areas despite the challenging environment. We continue to focus on development of the market for modular construction of permanent facilities to solidify the demand for manufacturing capacity from areas other than traditional camp facility construction. However, we continue to act prudently and have worked to align manufacturing headcount and cost structure with current levels of demand.

Horizon North continues to progress on key development areas near proposed LNG project sites in British Columbia to be positioned for opportunities in this area. Suitable land positions have been secured in Kitimat and in Prince Rupert, British Columbia near proposed LNG project sites and we continue to dialogue with project proponents and local businesses in anticipation of future activity and development. Horizon North anticipates allocating additional capital to these locations in the second half of 2015 starting with some initial open camp developments to service existing customer request which will be expanded as demand and opportunities unfold. As such, the Board of Directors has approved an increase in Horizon North's 2015 capital spending budget to $50.0 million in anticipation of focusing capital to accelerate expansion plans related to potential LNG projects in British Columbia with an additional $10.0 million available subject to contract awards.

Horizon North's balance sheet continued to improve as a result of reduced working capital and disciplined capital spending which resulted in a reduction in net debt of $32.1 million since the beginning of the year. The balance sheet was further strengthened by a bought deal equity financing which was completed on July 8, 2015 and raised $76.6 million in net proceeds. The use of proceeds will be to initially pay down the Corporation's outstanding credit facilities which can then be redrawn to accelerate expansion related to LNG projects and other corporate opportunities.

Dividend payment

On June 17, 2015, the Corporation's Board of Directors declared a dividend for the third quarter of 2015 at $0.08 per share. The dividend is payable to shareholders of record at the close of business on September 30, 2015 to be paid on October 15, 2015. Horizon North expects to maintain its quarterly dividend of $0.08 per share based on a strong balance sheet, expectations of continued strong cash flow from operations and the potential for corporate growth opportunities. The Board of Directors regularly monitors these factors to ensure the overall sustainability of Horizon North is not compromised.

Second Quarter Financial Results

	Three months ended June 30, 2015				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 73,561	$ 11,608	$ -	$ (281)	$ 84,888
Expenses					
Direct costs	61,799	7,275	98	(281)	68,891
Selling & administrative	2,049	443	3,412	-	5,904
EBITDAS	$ 9,713	$ 3,890	$ (3,510)	-	$ 10,093
EBITDAS as a % of revenue	13%	34%	-	-	12%
Share based compensation	170	59	121	-	350
Depreciation & amortization	10,943	2,289	227	(46)	13,413
Loss on disposal of property, plant and equipment	364	-	-	-	364
Operating earnings (loss)	$ (1,764)	$ 1,542	$ (3,858)	$ 46	$ (4,034)
Finance costs					1,018
Income tax expense					906
Other comprehensive income					350
Total comprehensive loss					$ (6,308)
Loss per share – basic					$ (0.05)
– diluted					$ (0.05)

	Three months ended June 30, 2014				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 79,746	$ 16,750	$ -	$ (402)	$ 96,094
Expenses					
Direct costs	62,991	12,833	-	(402)	75,422
Selling & administrative	1,708	183	3,285	-	5,176
EBITDAS	$ 15,047	$ 3,734	$ (3,285)	-	$ 15,496
EBITDAS as a % of revenue	19%	22%	-	-	16%
Share based compensation	205	39	203	-	447
Depreciation & amortization	11,951	1,625	171	(49)	13,698
Gain on disposal of property, plant and equipment	(503)	(17)	-	-	(520)
Operating earnings (loss)	$ 3,394	$ 2,087	$ (3,659)	$ 49	$ 1,871
Finance costs					937
Income tax expense					254
Other comprehensive income					78
Total comprehensive income					$ 602
Earnings per share – basic					$ 0.01
– diluted					$ 0.01

Second Quarter Financial Results (continued)

	Six months ended June 30, 2015				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 196,385	$ 23,177	$ -	$ (706)	$ 218,856
Expenses					
Direct costs	152,163	16,200	81	(706)	167,738
Selling & administrative	4,194	1,009	6,408	-	11,611
EBITDAS	$ 40,028	$ 5,968	$ (6,489)	-	$ 39,507
EBITDAS as a % of revenue	20%	26%	-	-	18%
Share based compensation	473	134	419	-	1,026
Depreciation & amortization	22,017	4,381	448	(93)	26,753
Loss on disposal of property, plant and equipment	323	-	-	-	323
Operating earnings (loss)	$ 17,215	$ 1,453	$ (7,356)	$ 93	$ 11,405
Finance costs					2,340
Income tax expense					4,741
Other comprehensive income					(68)
Total comprehensive income					$ 4,392
Earnings per share – basic					$ 0.04
– diluted					$ 0.04

	Six months ended June 30, 2014				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 186,443	$ 32,730	$ -	$ (868)	$ 218,305
Expenses					
Direct costs	143,646	25,876	-	(868)	168,654
Selling & administrative	3,345	402	6,858	-	10,605
EBITDAS	$ 39,452	$ 6,452	$ (6,858)	$ (31)	$ 39,046
EBITDAS as a % of revenue	21%	20%	-	-	18%
Share based payments	461	80	415	-	956
Depreciation & amortization	23,564	3,079	358	(97)	26,904
Loss (gain) on disposal of property, plant and equipment	(2,140)	25	-	-	(2,115)
Operating earnings (loss)	$ 17,567	$ 3,268	$ (7,631)	$ 97	$ 13,301
Finance costs					1,937
Income tax expense					2,966
Other comprehensive income					(121)
Total comprehensive income					$ 8,519
Earnings per share – basic					$ 0.08
– diluted					$ 0.08

Camps & Catering

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

	Three months ended June 30					Six months ended June 30				
Revenues *(000's)*		2015		2014	% change		2015		2014	% change
Large Camp revenue	$	43,206	$	46,078	(6%)	$	118,500	$	108,514	9%
Drill Camp revenue		1,091		1,457	(25%)		6,872		7,184	(4%)
Catering only revenue		2,179		2,753	(21%)		6,725		7,050	(5%)
Camp and catering service revenue		5,107		8,555	(40%)		8,744		16,663	(48%)
Total Camp rental and catering revenues	$	51,583	$	58,843	(12%)	$	140,841	$	139,411	1%
Manufacturing sales revenue		17,910		17,932	-		47,342		41,735	13%
Relocatable structures revenue		4,068		2,971	37%		8,202		5,297	55%
Total revenue	$	73,561	$	79,746	(8%)	$	196,385	$	186,443	5%
EBITDAS	$	9,713	$	15,047	(35%)	$	40,028	$	39,452	1%
EBITDAS as a % of revenue		13%		19%			20%		21%	
Operating earnings (loss)	$	(1,764)	$	3,394	(152%)	$	17,215	$	17,567	(2%)

Revenues from the Camps & Catering segment for the three months ended June 30, 2015 were $73.6 million, a decrease of $6.2 million or 8% compared to the same period of 2014. EBITDAS for the three months ended June 30, 2015 were $9.7 million, a decrease of $5.3 million or 35% compared to the same period of 2014. Of the Q2 revenue decrease, $3.4 million was related to a decrease in camp and catering service as a result of Q2 2014 having a significant large camp installation project with no similar project in Q2 2015. This camp became operational in the second half of 2014 and contributed to the higher camp volumes in Q2 2015 compared to Q2 2014. The remainder of the Q2 2015 revenue decrease was mainly the impact of pricing accommodations to existing contracts for the full quarter. The decrease in EBITDAS for Q2 2015 compared to the same period of 2014 was a result of the negotiated rate decreases mentioned above, higher costs in the manufacturing sales as a result of increased project costs on a large camp installation project, severance costs related to the optimization of manufacturing operations to align headcount with the manufacturing order backlog. In addition, manufacturing incurred additional cost as a result of a provincial sales tax assessment on certain manufactured units.

Revenues from the Camps & Catering segment for the six months ended June 30, 2015 were $196.4 million, an increase of $9.9 million or 5% compared to the same period of 2014 with EBITDAS consistent year over year. The higher revenue in the first half of 2015 compared to the same period of 2014 was a result of the large camp operation experiencing very strong seasonal activity in Q1 2015 compared to Q1 2014. EBITDAS were consistent year over year, however as a percentage of revenue, EBITDAS declined in 2015 compared to 2014. The decrease was related to the downward pricing pressure and the manufacturing cost challenges mentioned above.

Horizon North's revenues in the Camps & Catering segment continue to be driven by Alberta oil sands activity with 54% of revenues for the six months ended June 30, 2015 generated from oil sands related projects compared to 44% in the same period of 2014. The increase is driven by the timing of manufacturing sales projects and opportunities undertaken between comparative periods, such as the additional camps added in the second half of 2014.

Large Camps

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

	Three months ended June 30			Six months ended June 30		
Revenues *(000's)*	2015	2014	% change	2015	2014	% change
Large Camp revenue	$ 43,206	$ 46,078	(6%)	$ 118,500	$ 108,514	9%
Bed rental days [(1)]	444,251	394,262	13%	1,055,358	798,082	32%
Revenue per bed rental day	$ 97	$ 117	(17%)	$ 112	$ 136	(18%)
RevPAAB [(2)]	$ 54	$ 70	(23%)	$ 75	$ 84	(11%)
Rentable beds at period end	8,758	7,484	17%	8,778	7,484	17%
Average rentable beds [(3)]	8,780	7,254	21%	8,750	7,165	22%
Utilization [(4)]	56%	60%	(7%)	67%	62%	8%

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 available 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 June 30, 2015 decreased by $2.9 million or 6% compared to the same period of 2014. Large camp revenues in Q2 2015 included the full quarter impact of pricing accommodations negotiated on existing contracts and the continuing downward pricing pressure as a result of the competitive environment driven by the current economic conditions. Activity levels increased by 13% in the comparative quarters indicating continued demand for our services through this uncertain environment. The increase in volume was driven by several large camps which began operations in the second half of 2014 and a busy fire camp season in Q2 2015 due to a very dry spring in northern Alberta. In Q2 2015, utilization, RevPAAB and revenue per man day decreased mainly as a result of the reduced pricing mentioned above and the growth of the average rentable beds by 1,526 beds. The majority of the new beds were added to meet contract commitments in the second half of 2014.

Revenues from large camp operations for the six months ended June 30, 2015 increased by $10.0 million or 9% compared to the same period of 2014. The increase is attributable to strong performance in Q1 2015 compared to Q1 2014. Revenue strength in the first quarter of 2015 was driven primarily by several pipeline projects in the Fort McMurray area.

Drill Camps

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

	Three months ended June 30			Six months ended June 30		
Revenues *(000's)*	2015	2014	% change	2015	2014	% change
Drill Camp revenue	$ 1,091	$ 1,457	(25%)	$ 6,872	$ 7,184	(4%)
Bed rental days (1)	7,414	9,395	(21%)	40,672	40,974	(1%)
Revenue per bed rental day	$ 147	$ 155	(5%)	$ 169	$ 175	(3%)
RevPAAB (2)	$ 16	$ 17	(6%)	$ 49	$ 45	9%
Rentable beds at period end	785	928	(15%)	785	928	(15%)
Average rentable beds (3)	761	925	(18%)	780	873	(11%)
Utilization (4)	11%	11%	-	29%	26%	12%

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 June 30, 2015 decreased by $0.4 million or 25% compared to the same period of 2014. Similar to the large camp operations, drill camps are experiencing downward pricing pressure which was reflected in the $8 decrease in revenue per bed rental day in the comparative quarters. Typically volumes in the drill camp operation follow oil and gas industry activity levels which declined in the comparative quarters. CAODC (Canadian Association of Oilwell Drilling Contractors) reported drilling rig utilization for Q2 2015 at 13%, down from 25% in Q2 2014. Utilization and RevPAAB remained relatively consistent in the comparative quarters as a result of managing the fleet by turning over the older equipment.

Revenues from drill camp operations for the six months ended June 30, 2015 decreased by $0.3 million or 4% compared to the same period of 2014, primarily a result of reasons discussed above. Utilization and RevPAAB increased as a result of managing the fleet size.

Catering Only

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

	Three months ended June 30			Six months ended June 30		
(000's for revenue only)	2015	2014	% change	2015	2014	% change
Catering only revenue	$ 2,179	$ 2,753	(21%)	$ 6,725	$ 7,050	(5%)
Catering only days*(1)*	14,389	22,287	(35%)	49,785	53,854	(8%)
Revenue per catering only day	$ 151	$ 124	22%	$ 135	$ 131	3%

(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 June 30, 2015 decreased by $0.6 million or 21% compared to same period of 2014. The decrease was primarily due to lower volumes for catering only for customer owned drill camps as a result of the industry slowdown discussed above. The revenue per catering only day increased 22% in Q2 2015 compared to Q2 2014 as a result of the mix of contracts in place in the comparative quarters.

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for the six months ended June 30, 2015 decreased $0.3 million or 5% compared to same period of 2014. The decreased revenues were a result of lower volumes in the catering only for customer owned drill camps due to the decrease in drilling activity.

Service

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

	Three months ended June 30			Six months ended June 30		
(000's)	2015	2014	% change	2015	2014	% change
Camp and catering service revenue	$ 5,107	$ 8,555	(40%)	$ 8,744	$ 16,663	(48%)

Service revenues are related to the transportation, set-up and de-mobilization of camps for customers. Revenues for the three months ended Jun 30, 2015 decreased by $3.4 million or 40% compared to the same period in 2014. The decrease was mainly due to the timing of specific service projects undertaken in the comparative periods, with a large camp mobilization occurring in the second quarter of 2014 and no similar sized projects in the same period of 2015.

Revenues for the six months ended June 30, 2015 decreased by $7.9 million or 48% compared to the same period in 2014. The decrease was mainly due to the timing of specific service projects undertaken in the comparative period, with several large camp mobilizations occurring throughout 2014 and fewer similar sized projects in the same period of 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 June 30			Six months ended June 30		
(000's)	2015	2014	% change	2015	2014	% change
Manufacturing sales revenue	$ 17,910	$ 17,932	-	$ 47,342	$ 41,735	13%

	Three months ended June 30				Six months ended June 30			
	2015		2014		2015		2014	
Direct Hours	Hours	% of total hours	Hours	% of total hours	Hours	% of total hours	Hours	% of total hours
External hours	133,150	67%	116,131	42%	315,096	72%	241,957	45%
Internal hours	65,039	33%	160,001	58%	125,230	28%	296,382	55%
Total direct hours [1]	198,189	100%	276,132	100%	440,326	100%	538,339	100%

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

Revenues for the three months ended June 30, 2015 were relatively consistent with the same period of 2014. The focus of the external hours in both comparative quarters was primarily directed to the completion of installation projects in the Alberta oil sands.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the three months ended June 30, 2015 were 198,189 hours, a decrease of 77,943 hours or 28% compared to the same period of 2014. 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 total direct hours, 67% were directed to external sales projects in Q2 2015 compared to 42% in the same period of 2014.

Revenues for the six months ended June 30, 2015 increased by $5.6 million or 13% compared to the same period of 2014. The increase was due to the timing of external sales projects in the comparative periods, and decreased focus on internal fleet production in the first half of 2015 compared to the first half of 2014.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the six months ended June 30, 2015 were 440,326 hours, a decrease of 98,013 hours or 18% compared to the same period of 2014. The decrease in direct hours was a result of Horizon North managing headcount to align with manufacturing visibility. A total of 72% direct hours were directed to external party sales in the first six months of 2015 compared to 45% in the same period of 2014.

Relocatable Structures

(000's)	Three months ended June 30 2015	2014	% change	Six months ended June 30 2015	2014	% change
Relocatable structures revenue	$ 4,068	$ 2,971	37%	$ 8,202	$ 5,297	55%

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 June 30, 2015 were $4.1 million, an increase of $1.1 million or 37% compared to the same period of 2014. The increase is a result of higher utilization in Q2 2015 compared to Q2 2014. Utilization at the end of the second quarter of 2015 was 74% of 1,221 units compared to 62% of 1,204 units in the comparative quarter of 2014. In addition, service revenues strengthened in Q2 2015 compared to Q2 2014 as a result of the timing of projects and the mix of contracts in place between the comparative periods.

Revenues for the six months ended June 30, 2015 were $8.2 million, an increase of $2.9 million or 55% compared to the same period of 2014. The increase is primarily a result of the higher utilization in the first half of 2015. Utilization for the first six months of 2015 was 73% of 1,205 units compared to 63% of 1,024 units in the first half of 2014. In the first half of 2014, the fleet grew by 331 units which were not fully deployed until the third and fourth quarter of 2014.

Direct costs

Direct costs for the three months ended June 30, 2015 were $61.8 million or 84% of revenues compared to $63.0 million or 79% of revenue for the same period of 2014. Direct costs are closely related to business volumes and revenue mix with the decrease primarily due to lower volumes in the manufacturing plant for Q2 2015 compared to Q2 2014. As a percentage of revenue, direct costs increased due to the combination of lower revenues as a result of downward pricing pressure in the camps and catering operations and higher costs in manufacturing. The higher costs in manufacturing relate to increased camp installation project costs, severance costs associated with optimizing the manufacturing operations to align resources with the manufacturing order backlog. Manufacturing also incurred additional costs in Q2 2015 associated with a provincial sales tax assessment.

Direct costs for the six months ended June 30, 2015 were $152.2 million or 78% of revenue compared to $143.6 million or 77% of revenue for the same period of 2014. Direct costs increased as a result of the higher manufacturing cost discussed above but as a percentage of revenue remained relatively consistent in the comparative periods due to the strong performance in Q1 of 2015 where high utilization drove increased revenue with lower associated costs.

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 were as follows:

	Three months ended June 30			Six months ended June 30		
(000's except mat rental days and numbers of mats)	2015	2014	% change	2015	2014	% change
Access mat rental revenue[(1)]	$ 4,361	$ 4,509	(3%)	$ 6,508	$ 6,010	8%
Other mat and rental equipment revenue[(2)]	231	395	(42%)	922	1,414	(35%)
Total mat and rental equipment revenue	$ 4,592	$ 4,904	(6%)	$ 7,430	$ 7,424	-
Mat sales revenue	1,182	5,423	(78%)	3,212	13,350	(76%)
Installation, transportation, service and other revenue	5,834	6,423	(9%)	12,535	11,956	5%
Total revenue	$ 11,608	$ 16,750	(31%)	$ 23,177	$ 32,730	(29%)
EBITDAS	$ 3,890	$ 3,734	4%	$ 5,968	$ 6,452	(8%)
EBITDAS as a % of revenue	34%	22%		26%	20%	
Operating earnings	$ 1,542	$ 2,087	(26%)	$ 1,453	$ 3,268	(56%)
Access mat rental days – owned mats[(3)]	2,240,332	1,245,892	80%	3,379,050	1,868,404	81%
Access mat rental days – third party mats[(4)]	666,209	803,442	(17%)	749,704	839,004	(11%)
Total access mat rental days	2,906,541	2,049,334	42%	4,128,754	2,707,408	52%
Average owned access mats in rental fleet[(5)]	30,705	17,393	77%	27,933	17,026	64%
Average sub rental access mats in rental fleet[(6)]	7,302	8,801	(17%)	4,105	4,592	(11%)
Owned access mats in rental fleet at quarter end[(7)]	31,491	18,937	66%	31,491	18,220	73%
Mats sold:						
New mats	22	6,806	(100%)	234	16,671	(99%)
Used Mats	2,287	2,663	(14%)	5,044	4,386	15%
Total mats sold	2,309	9,469	(76%)	5,278	21,057	(75%)

(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 June 30, 2015 were $11.6 million, a decrease of $5.1 million or 31% in comparison to the same period of 2014. The decrease was primarily driven by lower mat sales as a result of customers significantly reducing their capital programs for 2015 compared to 2014. The decrease in customers' capital programs drove higher mat rental volumes as customers still required matting to execute their projects and choose to rent. EBITDAS for the three months ended June 30, 2015 were $3.9 million, an increase of $0.2 million or 4% compared to the same period of 2014 and as a percentage of revenue increased to 34% from 22%. The increase was due to a shift in the revenue mix between the comparative periods with a larger proportion of revenue generated from the higher margin rentals operation in Q2 2015. Also contributing to the increase of EBITDAS as a percentage of revenue was the proportion of owned rental mat days in the comparative periods. Q2 2015 had a higher proportion of owned mats on rent; third party mats typically have rental costs associated with them which decrease margins.

Revenues from the Matting segment for the six months ended June 30, 2015 were $23.2 million, a decrease of $9.6 million or 29% compared to the same period of 2014. EBITDAS for the six months ended June 30, 2015 were $6.0 million, a decrease of $0.5 million or 8% compared to the same period of 2014 and EBITDAS as a percentage of revenue increased to 26% from 20% in 2014. The same factors affecting revenue and EBITDAS discussed above are applicable in the first half of 2015 compared to the same period of 2014.

Mat and rental equipment revenue

Mat and equipment rental revenues for the three months ended June 30, 2015 decreased by $0.3 million or 6% compared to the same period of 2014, driven by lower access mat rental rates. Revenue per mat rental day for the three months ended June 30, 2015 decreased to $1.50 per mat rental day, $0.70 or 32% below the same period of 2014 as a result of a more competitive pricing environment in 2015. Access mat rental day volumes increased by 42% in the comparative periods with owned access mat utilization of 80% on an average fleet of 30,705 mats compared to 79% on a 17,393 mats in Q2 2014.

For the six months ended June 30, 2015 mat and equipment rental revenues remained consistent with the same period of 2014, driven by higher access mat rental volumes. Revenue per mat rental day for the six months ended June 30, 2015 decreased to $1.58 per mat rental day, $0.64 or 29% below the comparative period of 2014. Access mat rental day volumes increased by 52% in the comparative periods with owned access mat utilization of 67% on an average fleet of 27,933 mats compared to 61% on a 17,026 mats in Q2 2014.

Mat sales revenue

Revenues from mat sales for the three months ended June 30, 2015 were $1.2 million, a decrease of $4.2 million or 78% compared to the same period of 2014. The volume of mats sold is highly dependent on the timing of customer projects, project economics and customer capital budgets. Mats sold in the three months ended June 30, 2015 were 2,309, a decrease of 7,160 mats or 76% compared to the same period of 2014. Revenues per mat sold were $512 for the second quarter of 2015, a decrease of $61 or 11% compared to the same period of 2014. The decrease is reflective of both the mix of new and used mats sold, as new mats typically have higher selling price than used mats.

Revenues from mat sales for the six months ended June 30, 2015 were $3.2 million, a decrease of $10.1 million or 76% compared to the same period of 2014. The decrease was mainly due to a very constrained capital environment as most customers have delayed capital programs until more favorable economic circumstances return. Revenues per mat sold were $609 for the six months ended June 30, 2015, a decrease of $25 or 4% compared to the same period of 2014. The decrease is reflective of both the mix of new and used mats sold, as new mats typically have higher selling price than used mats, and increased pricing to offset increased input costs related to building mats.

Installation, transportation, service, and other revenues

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 June 30, 2015 were $5.8 million, a decrease of $0.6 million or 9% compared to the same period in 2014. The decrease in revenue is a result of a more competitive environment in the matting business and the mix of contracts in place between the comparative quarters. Depending on the length of the rental term the volume of mat movement can vary, with longer term contracts associated mat movement typically decreases.

Revenues for the six months ended June 30, 2015 were $12.5 million, an increase of $0.6 million or 5% compared to the same period in 2014. The increase in revenue is primarily a result of higher activity levels related to the significant increase rental volumes.

Direct costs

Direct costs for the three months ended June 30, 2015 were $7.3 million or 63% of revenue compared to $12.8 million or 77% of revenue for the same period of 2014. Direct costs are driven by both the level and mix of business activity. The decrease in overall direct costs was primarily driven by the significantly lower mat sales, which reflected the associated direct costs of mat manufacturing. As a percentage of revenue direct cost decreased primarily due to the revenue mix with a large proportion of Q2 2015 revenue generated from mat rentals.

Direct costs for the six months ended June 30, 2015 were $16.2 million or 70% of revenue compared to $25.9 million or 79% of revenue for the same period of 2014. This decrease in direct costs reflects the six month effect of the factors discussed above.

Corporate

Corporate costs are the costs of the head office which include the President and Chief Executive Officer, Vice President Finance and Chief Financial Officer, Vice President of Health, Safety, and Environment, Vice President of Aboriginal Relations, Corporate Secretary, corporate accounting staff, information technology, and associated costs of supporting a public company. Corporate costs for the three months ended June 30, 2015 were $3.5 million, an increase of $0.2 million or 7% in comparison to Q2 2014. This increase relates mainly to severance paid in the quarter.

For the six months ended June 30, 2015, corporate costs were $6.5 million, a decrease of $0.4 million or 5% in comparison to the same period in 2014. The decreased costs primarily relate to the timing of health and safety programs and business information systems costs between the comparable quarters.

Corporate costs as a percentage of total revenue for the three and six months ended June 30, 2015 were 4% and 3% respectively compared to 3% in each of the comparative periods of 2014.

Other Items

Selling and administrative

Selling and administrative expenses comprised of business development and human resources costs which include the Senior Vice President, Sales and Marketing. For the three months ended June 30, 2015 costs were $2.5 million, an increase of $0.6 million or 32%, compared to the same period in 2014 mainly as a result of higher bid costs associated with a particular bid. As a percentage of revenue, selling and administrative expenses for the three months ended June 30, 2015 were 3% compared to 2% in the comparative quarter.

For the six months ended June 30, 2015, costs were $5.2 million, an increase of $1.5 million or 39% compared to the same periods in 2014**.** As a percentage of revenue, selling and administrative expenses for the six months ended June 30, 2015 were 2%, the same as the comparative period.

Depreciation and amortization

	Three months ended June 30			Six months ended June 30		
(000's)	2015	2014	% change	2015	2014	% change
Depreciation of property, plant and equipment	$ 13,413	$ 12,878	4%	$ 26,753	$ 25,265	6%
Amortization of intangibles	-	820	(100%)	-	1,639	(100%)
Total depreciation and amortization	$ 13,413	$ 13,698	(2%)	$ 26,753	$ 26,904	(1%)

Depreciation of property, plant and equipment increased $0.5 million in the three months ended June 30, 2015 as compared to the same period of 2014. The increase was mainly related to newly constructed camp assets and the associated camp setup costs added between June 30, 2014 and June 30, 2015.

For the six months ended June 30, 2015, depreciation increased $1.5 million compared to the same period of 2014. The increase was primarily related to the increase in camp assets mainly related to the addition of several large camps in the second half of 2014.

Amortization costs related to customer relationships decreased for the three and six months ended June 30, 2015 by $0.8 million or 100% and $1.6 million or 100% respectively as a result of the relationships being 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 June 30, 2015, financing costs were $1.0 million consistent with Q2 2014. For the six months ended June 30, 2015, financing costs were $2.3 million, an increase of $0.4 million or 21% compared to the first half of 2014. The increase in financing costs was mainly a result of higher average debt levels in the first half of 2015 which averaged $119.0 million compared to $109.0 million in the same period of 2014.

The effective interest rate on loans and borrowings for the three and six months ended June 30, 2015 was 3.2%, lower than the comparative period at 3.6%. 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 and six months ended June 30, 2015, income tax expense was $0.9 million and $4.7 million, an effective tax rate of (18%) and 52% compared to $0.3 million and $3.0 million, an effective tax rate of 27% and 26% in the same periods of 2014. The increased tax rate in the current period is due to the Alberta provincial income tax rate from 10% to 12% which became substantively enacted in June 2015.

Gain/Loss on disposal

For the three months ended June 30, 2015, Horizon North recognized a loss on disposal of $0.4 million compared to gains of $0.5 million in the second quarter of 2014. The majority of these losses came from normal course management of the rental fleet through disposing of older, less productive equipment. However, the loss is indicative of the decrease in resale values in the current economic environment.

For the six months ended June 30, 2015, the loss on disposal of $0.3 million was primarily related to normal fleet management. The same period of 2014 included a $2.1 million gain on the disposal of residual camp assets and property associated with the northern operations in Q1 2014. Normalizing for this gain the comparative periods were relatively consistent.

Liquidity and Capital Resources

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

(000's)	June 30, 2015	December 31, 2014
Current assets	$ 88,086	$ 134,342
Current liabilities excluding loans and borrowings[(1)]	62,388	60,337
Current portion of loans and borrowings	4,824	7,668
Current liabilities	$ 67,212	$ 68,005
Working capital[(2)]	$ 20,874	$ 66,337
Bank borrowing:		
Available credit facility	$ 200,000	$ 175,000
Drawings on credit facility	114,235	146,370
Borrowing capacity[(3)]	$ 85,765	$ 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 June 30, 2015 was $20.9 million compared to $66.3 million at December 31, 2014, a decrease of $45.5 million. The decrease in working capital was primarily due to the focus on collection of accounts receivable and the overall decrease in business activity in Q2 2015. A significant portion of the working capital reduction was used to reduce debt, with the credit facility decreasing by $32.1 million.

The Corporation's committed credit facility ("credit facility") has an available limit of $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	Covenants June 30, 2015
Maximum Consolidated Senior debt [(1)] to Consolidated EBITDAS ratio [(3)(4)] (must be 3.00:1.00 or less)	1.28:1.00 or less
Maximum Consolidated Total debt [(2)] to Consolidated EBITDAS ratio [(3)(5)] (must be 4.25:1.00 or less)	1.28:1.00 or less
Minimum Consolidated Interest coverage ratio[(6)] (must be 3.00:1.00 or more)	17.0:1.00 or more

(1) Senior debt is calculated as the sum of current and long-term portions of loans and borrowings less vehicle and equipment financing.
(2) Total debt is calculated as the sum of current and long-term portions of loans and borrowings.
(3) EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment, and share based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker. Horizon North's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities.
(4) Senior debt to EBITDAS is calculated as the ratio of senior debt to trailing 12 months EBITDAS.
(5) Total debt to EBITDAS is calculated as the ratio of total debt to trailing 12 months EBITDAS.
(6) Interest coverage is calculated as the ratio of trailing 12 months EBITDAS to 12 months trailing interest expense on loans and borrowings.

As at June 30, 2015, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility.

Capital Spending

For the six months ended June 30, 2015 capital spending was $28.1 million compared to $76.2 million in the same period of 2014 as a result of a focused and disciplined 2015 capital program. Capital in the first half of 2015 was mainly focused on expansion of the camp rental fleet, compared to the first half of 2014 which focused on building the relocatable structures 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 six months ended June 30, 2015 of $22.0 million compared to $66.9 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	June 2015
Revenue	$ 133,968	$ 84,888			$ 218,856
EBITDAS	29,414	10,093			39,507
Operating earnings (loss)	15,439	(4,034)			11,405
Total profit (loss)	10,282	(5,958)			4,324
Total comprehensive income (loss)	10,700	(6,308)			4,392
Earnings (loss) per share – basic	$ 0.09	$ (0.05)			$ 0.04
Earnings (loss) per share – diluted	$ 0.09	$ (0.05)			$ 0.04

					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 (loss)	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 external 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 North 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 North 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 North.

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 North 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 North 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 27.0% of total revenues compared to two customers who generated 23.0% 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 North 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 June 30, 2015, there were no changes in Horizon North's accounting policies.

Critical Accounting Estimates and Judgements

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)	June 30, 2015	December 31, 2014
Neither impaired nor past due	$ 25,698	$ 36,511
Impaired	1,016	733
Outstanding 31-60 days	9,277	14,994
Outstanding 61-90 days	1,422	4,761
Outstanding more than 90 days	994	1,128
Total	38,407	58,127
Allowance for doubtful accounts	(1,016)	(733)
Accrued revenue	10,471	20,634
Construction receivables	22,603	36,863
Other receivables	349	1,183
Total trade and other receivables	$ 70,814	$ 116,074

As at June 30, 2015, the Corporation had an allowance for $1.0 million of receivables aged greater than 90 days and had no collections on amounts previously allowed for. As at July 28, 2015, the Corporation has collected $0.5 million on amounts outstanding more than 90 days.

Construction receivables represent progress billings to customers under open construction contracts, holdback amounts billed on construction contracts which are not due until the contract work is substantially completed, amounts recognized as revenue under open construction contracts not billed to customers and highly probable claims. At June 30, 2015, included in construction receivables were holdbacks of $3,069,000 (2014 - $6,800,000). The total of construction receivables aged less than 90 days was 77% at June 30, 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:

	June 30, 2015		December 31, 2014	
	Trade and other payables[1]	Loans and borrowings[2]	Trade and other payables[1]	Loans and borrowings[2]
Year 1	$ 60,713	$ 4,824	$ 58,069	$ 7,668
Year 2	-	-	-	146,370
Year 3	-	114,235	-	-
Year 4	-	-	-	-
Year 5 and beyond	5,552	-	5,890	-
	$ 66,265	$ 119,059	$ 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 June 30, 2015 by approximately $49,000 (June 30, 2014 - $554,000). 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 $670,000 for the three months ended June 30, 2015 (June 30, 2014 - $528,000). 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.

Off Balance Sheet Financing

Horizon North has no off balance sheet financing.

Outstanding Shares

Horizon North had 111,101,651 voting common shares issued and outstanding options of 2,943,203 for a total maximum number of 114,044,854 shares as at June 30, 2015. On July 8, 2015 Horizon North issued 21,505,000 voting common shares for a total maximum number of 135,549,854 shares as at July 28, 2015.

Subsequent event

On July 8, 2015, the Corporation closed a bought deal equity financing agreement with a syndicate of underwriters that purchased 21,505,000 common shares of the Corporation for resale to the public, including overallotment, at a price of $3.75 per common share for net proceeds of $76,611,562.

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 ("DC&P") 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 June 30, 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 ("ICFR") 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 June 30, 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 June 30		Six months ended June 30	
(000's)	2015	2014	2015	2014
Total profit (loss)	$ (5,958)	$ 680	$ 4,324	$ 8,398
Add:				
Finance costs	1,018	937	2,340	1,937
Income tax expense	906	254	4,741	2,966
Depreciation	13,413	12,878	26,753	25,265
Amortization of intangible assets	-	820	-	1,639
(Gain) loss on disposal of property, plant and equipment	364	(520)	323	(2,115)
Share based compensation	350	447	1,026	956
EBITDAS	$ 10,093	$ 15,496	$ 39,507	$ 39,046

Advisories

This Management's Discussion and Analysis, prepared as at July 28, 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's 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:

- Horizon North has not significantly changed its outlook for 2015 and anticipates the second half of the year will continue to be difficult;
- We continue to move forward with structural changes to our business, particularly in our manufacturing operations, which are being undertaken as part of realigning the direction of the Corporation to improve operational efficiency, stabilize our operating base and prepare for the next up-cycle;
- We continue to focus on development of the market for modular construction of permanent facilities to solidify the demand for manufacturing capacity from areas other than traditional camp facility construction;
- The use of proceeds will be to initially pay down the Corporation's outstanding credit facilities which can then be redrawn to accelerate expansion related to LNG projects and other corporate opportunities;
- the preparation of our west coast British Columbia land infrastructure;
- the payment of our declared quarterly dividend;
- our business strategy;
- our capital expenditure program for 2015;
- 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;
- 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.