This Management's Discussion and Analysis ("MD&A"), prepared as at August 11, 2016 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 Key Comments

- Horizon North's operations were significantly impacted by the wildfires in the Fort McMurray area. All guests and employees were safely evacuated; however, the 665 bed Blacksand Executive Lodge was completely destroyed by the wildfire and the nearby Birch Mountain Lodge suffered extensive smoke damage. The impacted camps and equipment were appropriately insured and Horizon North is working closely with insurers on the claim;
- Despite losing a significant number of working days in May due to wildfire related evacuation orders, results for Q2 2016 were reasonably strong with June reflecting increased demand for accommodation associated with emergency personnel, post-fire assessment and recovery activities;
- Horizon North continued to increase the momentum of its transformational change, completing the acquisition of Karoleena Inc. in June and announcing the strategic acquisition of Empire Camp Equipment Ltd. ("Empire Camps"). These acquisitions support Horizon North's focus to evolve two distinct product and service lines; a permanent modular offering and an industrial offering which represents Horizon North's more traditional camp & catering and rentals products and services;
- Horizon North's Statement of Financial Position closed the quarter in a strong position with a trailing twelve months Debt to EBITDAS ratio of 1.17:1.00 as a result of a reduced capital program, tightly managed working capital and reduced debt.

Second Quarter Financial Summary

	Three months ended June 30			Six months ended June 30		
(000's except per share amounts)	2016	2015	% Change	2016	2015	% Change
Revenue	$ 52,509	$ 84,888	(38%)	$ 130,418	$ 218,856	(40%)
EBITDAS[(1)]	3,690	10,093	(63%)	16,926	39,507	(57%)
EBITDAS as a % of revenue	7%	12%		13%	18%	
Operating (loss) earnings	(9,358)	(4,034)	(132%)	(9,179)	11,405	(180%)
Operating (loss) earnings as a % of revenue	(19%)	(5%)		(7%)	5%	
Total (loss) profit	(7,982)	(5,958)	(34%)	(8,238)	4,324	(290%)
Total comprehensive (loss) income	(7,984)	(6,308)	(27%)	(8,309)	4,392	(289%)
Earnings (loss) per share						
Basic	$ (0.06)	$ (0.05)	(20%)	$ (0.06)	$ 0.04	(250%)
Diluted	$ (0.06)	$ (0.05)	(20%)	$ (0.06)	$ 0.04	(250%)
Total assets	448,773	489,950	(8%)	448,773	489,950	(8%)
Long-term loans and borrowings	46,847	114,235	(59%)	46,847	114,235	(59%)
Funds from operations	3,986	8,803	(55%)	17,221	37,438	(54%)
Capital spending						
Purchase of property, plant & equipment	5,667	12,950	(56%)	13,122	28,138	(53%)
Proceeds from disposals of property, plant & equipment	(1,550)	(3,168)	(51%)	(5,199)	(6,126)	(15%)
Net Capital spending	4,117	9,782	(58%)	7,923	22,012	(64%)
Senior debt to EBITDAS[(2)]	1.17:1.00	1.28:1.00		1.17:1.00	1.28:1.00	
Total debt to EBITDAS[(2)]	1.17:1.00	1.28:1.00		1.17:1.00	1.28:1.00	
Debt to total capitalization ratio	0.13:1.00	0.31:1.00		0.13:1.00	0.31:1.00	
Dividends declared	$ 2,676	$ 19,497	(86%)	$ 5,327	$ 28,337	(81%)
Dividends declared per share	$ 0.02	$ 0.16	(88%)	$ 0.04	$ 0.24	(83%)

(1) *Please refer to page 27 of the Management's Discussion and Analysis for the definitions of Non-GAAP and additional GAAP measures* and reconciliation of *Net Earnings to EBITDAS.*
(2) *Please refer to page 17 of the Management's Discussion and Analysis for the definitions of Debt to EBITDAS.*

The Fort McMurray Fire and Horizon North

Horizon North was proud to play a role in supporting the people and community of Fort McMurray throughout the tragic events of the wildfire, stepping in to help wherever there was a need, opening the doors of our camps north of Fort McMurray to house hundreds of evacuees and emergency personnel. As events unfolded through May, Horizon North's operations in the affected areas were evacuated and restarted several times due to the shifting winds and the erratic nature of the fire. However, on May 16, 2016 a mandatory evacuation order was issued for all operations on the AOSTRA road due to high temperatures and strong winds which drove the wildfire directly towards the Blacksand Executive Lodge. All guests and personnel were safely evacuated; however, that evening Horizon North's premier 665 bed Blacksand Executive Lodge was completely destroyed by the wildfire and the nearby Birch Mountain Lodge sustained heavy smoke damage. The loss of the 665 Blacksand Executive Lodge beds represented 7% of Horizon North's 9,111 rentable beds pre-wildfire. During the remainder of the quarter Horizon North focused on restarting operations in order to meet the existing contract commitments at both Birch Mountain Lodge and Blacksand Executive Lodge with operational capability of approximately 1,000 beds in the area being restored by mid-June. In the near term, Horizon North is focused on ensuring contract commitments to our customers are being fulfilled and the cleanup efforts at Blacksand Executive Lodge.

Business and Industry Environment

Readers are cautioned that the content in this section is for general information purposes only and is not intended to be used as guidance.

Horizon North's primary business is the supply of turnkey remote housing and access solutions for the natural resource sector to support remote development and operational requirements. Currently, Horizon North is significantly weighted to resource customers with the majority of its revenues generated from the oil and gas sector.

Although oil prices have begun to recover recently, they remain dramatically lower between the comparative quarters and year-to-date. The decreased commodity prices have significantly impacted Horizon North's customers who responded by reducing capital programs and activity levels as well as focusing on cost reduction. Customers' reaction to the low oil and gas prices translated directly to significantly reduced demand for Horizon North's products and services along with downward pressure on pricing. The tables below are some of the measures which impact the demand for Horizon North's products and services.

	Three months ended June 30				
Average oil and natural gas prices	2016	% change	2015	% change	2014
West Texas Intermediate (US$/bbl)[1]	$ 45.41	(22%)	$ 57.85	(44%)	$ 103.35
Natural Gas – Henry Hub (US$/MMBtu)[1]	$ 2.14	(22%)	$ 2.75	(40%)	$ 4.61
Western Canadian Select – WCS (CDN$/bbl)[2]	$ 41.61	(27%)	$ 56.98	(37%)	$ 90.46
Natural Gas – AECO (CDN$/GJ)[3]	$ 1.40	(47%)	$ 2.62	(45%)	$ 4.73

(1) Average of NYMEX daily closing prices.
(2) Average of WCS daily closing prices.
(3) Average of AECO daily closing prices.

	Year ended December 31				
Capital Investments (billions)	2016 Forecast	% change	2015 Estimated	% change	2014 Estimated
Canadian oil and gas industry[1]	$ 31	(31%)	$ 45	(44%)	$ 81
Oil sands[1]	$ 17[2]	(23%)	$ 22[2]	(39%)	$ 36

(1) Canadian Association of Petroleum Producers.
(2) Alberta Economic Development and Trade, Alberta Government.

	Year ended December 31				
Drilling Activity (Western Canada)	2016 Forecast	% change	2015 Actual	% change	2014 Actual
Active rigs[1]	151	(18%)	184	(50%)	370
Operating days[1]	53,461	(18%)	64,851	(51%)	131,021

(1) Canadian Association of Oilwell Drilling Contractors.

Second Quarter Overview

Horizon North's results for the three months ended June 30, 2016 ("Q2 2016") reflect the impact of the Fort McMurray wildfire, which include; housing of hundreds of evacuees, multiple evacuations and restarts of camps in the affected areas, recovery efforts and the write off of destroyed assets. Costs which were not deemed to be insurable, such as the efforts to assist the people and community of Fort McMurray were expensed in the quarter while costs to be covered by insurance were moved to the Statement of Financial Position as a recoverable cost. All assets destroyed in the fire were written off in the quarter and the loss associated with the write off was also moved to the Statement of Financial Position as a recoverable cost. The insurance claim is in the early stages and Horizon North is working very closely with its insurers to expedite the process and determine the final claim amount.

Results for Q2 2016 were reasonably strong despite the events of the quarter as June experienced higher demand for accommodations driven by emergency personnel who continued to monitor fire hot spots as well as post-fire assessment and recovery work. However, when compared to the three months ended June 30, 2015 ("Q2 2015"), Q2 2016 was significantly below in all financial measures. Between the comparative quarters, Horizon North experienced decreased demand for its products and services across all of its operations as a result of the continued uncertain economic environment. Persistent economic uncertainty and low oil prices have driven customers to significantly reduce their operational and capital expenditures as well as exert significant downward pressure on pricing. The manufacturing operations experienced the most significant decrease between the comparative quarters, accounting for half of the revenue decrease, as demand for manufactured products sharply declined.

Revenues from camp rental and catering operations for Q2 2016 decreased compared to the same period of 2015. The majority of the decrease was related to the decline in economic conditions between the comparative periods with volumes and pricing down significantly in Q2 2016 compared to Q2 2015. The impact of the wildfire was significant in the month of May with some camp operations experiencing a loss of up to 20 working days in the month however June rebounded strongly offsetting the majority of the revenue lost due to the wildfire. The net effect was a revenue decrease for Q2 2016 of approximately $2.5 million. Although Q2 2015 saw significant pricing reductions as existing contracts were renegotiated, Q2 2016 fully reflects the measures customers took throughout 2015 to deal with the falling oil prices. In Q2 2016 revenue per average available bed ("RevPAAB") and utilization were $40 and 52% respectively, down from $54 and 59% in Q2 2015, reflective of the lower demand and decreased pricing. The average fleet size stayed relatively consistent between the comparative periods mainly due to the removal of the 665 beds at Blacksand Executive Lodge.

Manufacturing revenues for Q2 2016 were well below the comparative quarter as a result of the low demand in Q2 2016. Activity in Q2 2015 was focused on the completion of a significant oil sands camp installation project which drove the majority of revenue. By contrast Q2 2016 had no projects of similar scope and as a result revenues were down significantly. Total direct hours, which include all direct hours in the manufacturing plants and associated installation hours on project sites, for Q2 2016 were down 89% compared to Q2 2015, mainly attributable to the reduction of manufacturing capacity as management continued to align headcount with the reduced demand. Of the total direct hours, 17% were allocated to third party contracts compared to 67% in the same period of 2015.

Revenues from the Rentals and Logistics segment for Q2 2016 decreased compared to the same quarter of 2015. The lower revenue was a result of the reduced demand for rental equipment, particularly access mats and relocatable structure units, combined with downward pressure on pricing. Utilization and pricing of mat rental fleet was 47% and $1.20 respectively, down from 80% and $1.50 in the same period of 2015. Similarly for relocatable structures, lower demand resulted in utilization of 40% in Q2 2016 compared to 74% in Q2 2015.

Horizon North's EBITDAS in Q2 2016 decreased compared to Q2 2015 mainly as a result of the significantly lower activity levels and the downward pressure on pricing compared to Q2 2015. As well, the Fort McMurray wildfire impacted Q2 2016 EBITDAS and included approximately $0.4 million of cost to support the evacuees and community throughout the disaster. Operating loss and loss per share for Q2 2016 increased compared to the same period of 2015 due to the reduced revenues and EBITDAS discussed above. Depreciation and amortization for Q2 2016 decreased compared to Q2 2015 mainly as a result of the write of the Blacksand Executive Lodge.

Horizon North continued to maintain a strong Statement of Financial Position through disciplined management of working capital, low debt and a reduced capital program. The total loans and borrowings were $46.8 million at the end of the quarter with a Debt to EBITDAS ratio of 1.17:1.00 compared to $114.2 million and Debt to EBITDAS of 1.28:1.00 at June 30, 2015.

Outlook

Horizon North does not see any significant indicators which would cause the Corporation to change its outlook for the remainder of the year. The majority of the impact from the wildfire in May was mitigated by a strong rebound in June as a result of increased demand for accommodations to support safety personnel ensuring a safe and orderly return to the affected areas, ongoing damage assessment activities and restoration efforts. We anticipate the strong demand associated with post fire activities to be short lived and do not expect any significant change to revenues and EBITDAS for the second half of 2016. In the manufacturing and rentals operations, we expect the second half of the year will continue to be challenging until the current economic environment improves. Given the volatility inherent in the current commodity price environment, a period of price stability will be required in order for capital investment to re-start. Our view is that such investment is not likely to occur in the remainder of 2016.

The strategic acquisition of Empire Camps is anticipated to be completed later in the third quarter of 2016 and will add revenue and EBITDAS likely in the fourth quarter of 2016.

Throughout the second half of the year Horizon North will continue to move forward with transformational changes to our business which will focus the Corporation on two main offerings, permanent modular which consists of residential, retail and commercial products and an industrial offering which represent the more traditional camps and catering and rentals products and services.

Despite recent announcements concerning LNG development, Horizon North will continue to maintain a foothold on the west coast of British Columbia. The Corporation is currently exploring other non-LNG related opportunities which would utilize our existing investment in the area. For the remainder of the year capital spending is expected to be minimal and aligned with activity levels.

Horizon North will continue to prudently manage the Statement of Financial Position focusing on minimizing working capital and discipline capital spending.

Dividend payment

Horizon North announced today that its Board of Directors has declared a dividend for the third quarter of 2016 at $0.02 per share. The dividend is payable to shareholders of record at the close of business on September 30, 2016 to be paid on October 17, 2016. The Board of Directors regularly monitors the strength of the Statement of Financial Position, cash from operations and capital requirements to ensure the overall sustainability of Horizon North is not compromised. The dividends will be eligible dividends for Canadian tax purposes.

Reporting Segment Realignment

Horizon North has been undergoing a transformational change to realign the Corporation, focusing on delivering a more fully integrated product and service offering model and diversification of the business base. With significant progress made on the transformation change Horizon North has realigned its reporting segments to reflect the changes that have been implemented.

The Camps & Catering segment combines the camps & catering operations, the manufacturing operations and the associated service operations.

The Rental and Logistics segment now combines all similar rental operations; matting, relocatable structures rental operations, transportation operations and the associated service operations.

The update is subtle and essentially takes the relocatable structures rental operations and groups it with similar rental operations which are typically straight forward equipment rentals managed similarly and under a single management team.

All disclosures contained herein and comparatives throughout this management discussion and analysis have been realigned in a similar manner to ensure meaningful comparatives.

Second Quarter Financial Results

	Three months ended June 30, 2016				
(000's)	Camps & Catering	Rentals & Logistics	Corporate	Inter-segment Eliminations	Total
Revenue	$ 44,192	$ 8,317	$ -	$ -	$ 52,509
Expenses					
Direct costs	38,429	5,815	(28)	-	44,216
Selling & administrative	995	512	3,096	-	4,603
EBITDAS	$ 4,768	$ 1,990	$ (3,068)	$ -	$ 3,690
EBITDAS as a % of revenue	11%	24%	-	-	7%
Share based compensation	74	33	169	-	276
Depreciation & amortization	9,217	2,758	230	(12)	12,193
Loss (gain) on disposal of property, plant and equipment	832	(190)	(19)	(44)	579
Operating (loss) earnings	$ (5,355)	$ (611)	$ (3,448)	$ 56	$ (9,358)
Finance costs					571
Earnings on equity investments					(24)
Income tax recovery					(1,923)
Total loss					$ (7,982)
Other comprehensive loss					(2)
Total comprehensive loss					$ (7,984)
Loss per share – basic					$ (0.06)
– diluted					$ (0.06)

	Three months ended June 30, 2015				
(000's)	Camps & Catering	Rentals & Logistics	Corporate	Inter-segment Eliminations	Total
Revenue	$ 69,607	$ 15,517	$ -	$ (236)	$ 84,888
Expenses					
Direct costs	59,743	9,286	98	(236)	68,891
Selling & administrative	1,656	836	3,412	-	5,904
EBITDAS	$ 8,208	$ 5,395	$ (3,510)	$ -	$ 10,093
EBITDAS as a % of revenue	12%	35%	-	-	12%
Share based compensation	170	59	121	-	350
Depreciation & amortization	9,562	3,669	227	(45)	13,413
Loss on disposal of property, plant and equipment	361	3	-	-	364
Operating (loss) earnings	$ (1,885)	$ 1,664	$ (3,858)	$ 45	$ (4,034)
Finance costs					1,018
Income tax expense					906
Total loss					$ (5,958)
Other comprehensive loss					(350)
Total comprehensive loss					$ (6,308)
Loss per share – basic					$ (0.05)
– diluted					$ (0.05)

Second Quarter Financial Results (Continued)

	Six months ended June 30, 2016				
(000's)	Camps & Catering	Rentals & Logistics	Corporate	Inter-segment Eliminations	Total
Revenue	$ 113,610	$ 16,808	$ -	$ -	$ 130,418
Expenses					
Direct costs	93,140	11,812	(281)	-	104,671
Selling & administrative	1,987	1,028	5,806	-	8,821
EBITDAS	$ 18,483	$ 3,968	$ (5,525)	$ -	$ 16,926
EBITDAS as a % of revenue	16%	24%	-	-	13%
Share based compensation	218	73	340	-	631
Depreciation & amortization	18,494	5,912	464	(61)	24,809
Loss (gain) on disposal of property, plant and equipment	921	(193)	(19)	(44)	665
Operating (loss) earnings	$ (1,150)	$ (1,824)	$ (6,310)	$ 105	$ (9,179)
Finance costs					1,140
Earnings on equity investments					(397)
Income tax recovery					(1,684)
Total loss					$ (8,238)
Other comprehensive loss					(71)
Total comprehensive loss					$ (8,309)
Loss per share – basic					$ (0.06)
– diluted					$ (0.06)

	Six months ended June 30, 2015				
(000's)	Camps & Catering	Rentals & Logistics	Corporate	Inter-segment Eliminations	Total
Revenue	$ 188,366	$ 31,198	$ -	$ (708)	$ 218,856
Expenses					
Direct costs	148,567	19,799	80	(708)	167,738
Selling & administrative	3,434	1,769	6,408	-	11,611
EBITDAS	$ 36,365	$ 9,630	$ (6,488)	$ -	$ 39,507
EBITDAS as a % of revenue	19%	31%	-	-	18%
Share based compensation	473	134	419	-	1,026
Depreciation & amortization	19,484	6,913	448	(92)	26,753
Loss on disposal of property, plant and equipment	323	-	-	-	323
Operating (loss) earnings	$ 16,085	$ 2,583	$ (7,355)	$ 92	$ 11,405
Finance costs					2,340
Income tax expense					4,741
Total profit					$ 4,324
Other comprehensive income					68
Total comprehensive income					$ 4,392
Earnings per share – basic					$ 0.04
– diluted					$ 0.04

Camps & Catering

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

	Three months ended June 30			Six months ended June 30		
Revenues *(000's)*	2016	2015	% change	2016	2015	% change
Large Camp revenue	$ 31,139	$ 43,320	(28%)	$ 87,088	$ 118,683	(27%)
Drill Camp revenue	1,042	1,091	(4%)	3,153	6,873	(54%)
Catering only revenue	5,468	2,179	151%	10,322	6,725	53%
Service revenue	4,756	5,107	(7%)	8,964	8,743	3%
Total Camp rental and catering revenues	$ 42,405	$ 51,697	(18%)	$ 109,527	$ 141,024	(22%)
Manufacturing sales revenue	1,787	17,910	(90%)	4,083	47,342	(91%)
Total revenue	$ 44,192	$ 69,607	(37%)	$ 113,610	$ 188,366	(40%)
EBITDAS	$ 4,768	$ 8,208	(42%)	$ 18,483	$ 36,365	(49%)
EBITDAS as a % of revenue	11%	12%		16%	19%	
Operating earnings (loss)	$ (5,356)	$ (1,885)	184%	$ (1,150)	$ 16,085	(107%)

Revenues from the Camps & Catering segment for the three months ended June 30, 2016 were $44.2 million, a decrease of $25.4 million or 37% compared to the three months ended June 30, 2015. EBITDAS for the three months ended June 30, 2016 were $4.8 million, a decrease of $3.4 million or 42% compared to the same period of 2015. The decreased revenues and EBITDAS for the segment in Q2 2016 were mainly related to the deterioration of economic conditions between the comparative quarters as a result of customers reassessing project economics starting to respond to the precipitous drop in oil and gas prices. The impact of the wildfire was significant in the month of May with some camp operations losing up to 20 working days in the month however, the majority of the lost revenue in May was offset by a rebound in June driven by the high levels of post fire assessment and recovery activity. The effect of the fire on Q2 2016 was a loss of approximately $2.5 million. The manufacturing operations experienced the most significant decrease in demand with Q2 2016 activity comprised of fewer projects with much smaller scope compared to Q2 2015. In Q2 2015 the activity was focused on closeout activity related to a major oilsands camp installation project.

Revenues from the Camps & Catering segment for the six months ended June 30, 2016 ('first half of 2016") were $113.6 million, a decrease of $74.8 million or 40% compared to the six months ended June 30, 2015 ('first half of 2015") with EBITDAS also decreasing year over year. The lower revenue and EBITDAS in the first half of 2016 compared to the same period of 2015 was mainly attributable to the reasons discussed above. In addition, the first quarter of 2015 was an exceptionally strong quarter for Large Camps whereas Q1 2016 had significantly lower seasonal activity and reflected the downward pressure on pricing. The decrease in EBITDAS and EBITDAS as a percentage of revenues for the first half of 2016, compared to the first half of 2015, reflected lower volumes and downward pricing pressure.

Horizon North's revenues in the Camps & Catering segment continue to be driven by Alberta oil sands activity with 43% of revenues for the six months ended June 30, 2016 generated from oil sands related projects compared to 54% in the same period of 2015. The decrease was primarily due to the completion of a significant oilsands camp construction and installation project in Q3 2015 with no comparable project in the first half of 2016.

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)*	2016	2015	% change	2016	2015	% change
Large Camp revenue	$ 31,139	$ 43,320	(28%)	$ 87,088	$ 118,683	(27%)
Bed rental days [(1)]	402,511	444,251	(9%)	951,554	1,055,358	(10%)
Revenue per bed rental day	$ 77	$ 97	(21%)	$ 92	$ 112	(18%)
RevPAAB [(2)]	$ 40	$ 54	(26%)	$ 54	$ 75	(28%)
Rentable beds at period end [(3)]	8,538	8,758	(3%)	8,538	8,758	(3%)
Average rentable beds [(4)]	8,527	8,780	(3%)	8,934	8,750	2%
Utilization [(5)]	52%	56%	(7%)	59%	67%	(12%)

(1) One bed rental day represents the provision of one bed for one day under a combined rental and catering manday rate, or the provision of one bed for one day under an equipment rental rate for dedicated camp equipment.
(2) RevPAAB equals revenue per average available rentable bed calculated as Large Camp revenue divided by average rentable beds available in the period.
(3) Rentable beds at period end includes the removal the Blacksands beds destroyed in the fire.
(4) Average rentable beds is equal to total average beds in the fleet over the period less beds required for staff. For Q2 2016, beds made unavailable due to the fire situation were excluded.
(5) 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, 2016 decreased by $12.2 million, or 28% compared to the same period of 2015. The decrease between the comparative quarters was mainly a result of the deteriorating economic environment compared to the same period of 2015. Q2 2016 saw significantly lower demand and softer pricing in the large camp operations compared to Q2 2015 as a result of poor economic environment. Existing customers continue to closely manage costs through minimizing utilization as well the competitive environment continues to put downward pressure on pricing. The significant down turn in economic conditions is a result of volatile and low oil prices. The wildfire had a large impact on the month of May; however, June rebounded strongly and mitigated the majority revenue lost in May.

The impact of the wildfire is reflected in the Q2 2016 metrics. As a result of the mandatory evacuations due to the wildfire, almost 1,200 beds were unavailable for varying portions of May. Due to the beds not being available they have been excluded from the average rentable bed metric for the specific periods they were unavailable. This treatment ensures the consistency and comparability of the metrics between periods.

As a result of the weaker economic conditions in Q2 2016 compared to Q2 2015, all Large Camp metrics decreased with RevPAAB and utilization decreasing by 26% and 7%, respectively. The fleet size at the end of the period decreased by 220 beds or 3% compared to Q2 2015 mainly due to the loss of Blacksands Executive Lodge in May 2016, which amounted to 665 beds.

Revenues from large camp operations for the six months ended June 30, 2016 decreased by $31.6 million or 27% compared to the same period of 2015. The decrease was mainly attributable to downward pricing pressure and lower demand with fewer contracted camps in the first half of 2016 compared to the same period of 2015. In particular, Q1 2015 was a near record quarter with Q1 2016 experiencing a very muted seasonal lift in comparison.

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)*	2016	2015	% change	2016	2015	% change
Drill Camp revenue	$ 1,042	$ 1,091	(4%)	$ 3,153	$ 6,873	(54%)
Bed rental days [1]	8,006	7,414	8%	23,124	40,672	(43%)
Revenue per bed rental day	$ 130	$ 147	(12%)	$ 136	$ 169	(20%)
RevPAAB [2]	$ 13	$ 16	(19%)	$ 19	$ 49	(61%)
Rentable beds at period end	828	785	5%	828	785	5%
Average rentable beds [3]	856	761	12%	897	780	15%
Utilization [4]	10%	11%	(9%)	14%	29%	(52%)

(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, 2016 remained flat compared to the same period of 2015, typical of spring break-up in Western Canada. The Canadian Association of Oil Drilling Contractors (CAODC) reported a 6% decrease in rig utilization from 13% in Q2 2015 down to 7% in Q2 2016. As a result of the lower demand environment, RevPAAB declined by 19% and drill camp utilization declined by 9% in comparison to the comparative quarters, despite a small increase in bed rental days.

Revenues from drill camp operations for the six months ended June 30, 2016 decreased by $3.7 million or 54% compared to the same period of 2015, primarily a result of reasons discussed above. Utilization and RevPAAB also decreased as a result of the market conditions with lower rig count utilization downward pressure on pricing.

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)	2016	2015	% change	2016	2015	% change
Catering only revenue	$ 5,468	$ 2,179	151%	$ 10,322	$ 6,725	53%
Catering only days[1]	48,329	14,389	236%	86,926	49,785	75%
Revenue per catering only day	$ 113	$ 151	(25%)	$ 119	$ 135	(12%)

(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, 2016 increased by $3.3 million or 151% compared to same period of 2015. The increase was mainly due to the catering services offered during the Fort McMurray wildfires and a new contract added in Q4 2015. The revenue per catering only day decreased by 25% primarily due to the combination of the competitive pricing environment and the different contract mix between the comparative quarters.

Revenues from the provision of catering and housekeeping services, with no associated bed rentals, for the six months ended June 30, 2016 increased by $3.6 million or 53% compared to same period of 2015. The increased revenues were mainly reflective of the higher Q2 2016 activity levels noted above.

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)	2016	2015	% change	2016	2015	% change
Service revenue	$ 4,756	$ 5,107	(7%)	$ 8,964	$ 8,743	3%

Service revenues are related to the transportation, set-up and de-mobilization of camps for customers. Revenues for the three months ended June 30, 2016 decreased by $0.4 million or 7% compared to the same period in 2015. The decrease was mainly due to lower activity levels in the large camp and drill camp operations with Q2 2016 having fewer projects of smaller scope compared to Q2 2015.

Revenues for the six months ended June 30, 2016 increased by $0.2 million or 3% compared to the same period in 2015. The increase was mainly due to the timing of specific service projects undertaken in the comparative period.

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)	2016	2015	% change	2016	2015	% change
Manufacturing sales revenue	$ 1,787	$ 17,910	(90%)	$ 4,083	$ 47,342	(91%)

	Three months ended June 30				Six months ended June 30			
	2016		2015		2016		2015	
Direct Hours	Hours	% of total hours	Hours	% of total hours	Hours	% of total hours	Hours	% of total hours
External hours	3,699	17%	133,150	67%	19,939	28%	315,096	72%
Internal hours	17,818	83%	65,039	33%	51,654	72%	125,230	28%
Total direct hours [(1)]	21,517	100%	198,189	100%	71,593	100%	440,326	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, 2016 decreased by $16.1 million or 90% compared to the same period in 2015. The decrease mainly reflects the significant decrease in demand for manufactured products between the comparative quarters. Activity in Q2 2016 was focused on several small projects in comparison to Q2 2015 which had a major oil sands camp installation project in the completion phase.

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, 2016 decreased by 176,673 hours or 89% compared the same period in 2015. 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, 17% were allocated to external sales projects in Q2 2016 compared to 67% in the same period of 2015, a reflection of the timing of external sales projects in the comparative quarters.

Revenues for the six months ended June 30, 2016 decreased by $43.3 million or 91% compared to the same period of 2015. The decrease was due to the lack of demand for manufactured products so far in 2016 compared to the first half of 2015 which included a major oil sands camp installation project.

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, 2016 decreased by 368,734 hours or 84% compared the same period in 2015. 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, 28% were allocated to external sales projects in Q2 2016 compared to 72% in the same period of 2015, reflective of the major oil sands camp installation project in the first half of 2015.

Direct costs

Direct costs for the three months ended June 30, 2016 were $38.4 million or 87% of revenues compared to $59.7 million or 86% of revenue for the same period of 2015. Direct costs for the six months ended June 30, 2016 were $93.1 million or 82% of revenue compared to $148.6 million or 79% of revenue for the same period of 2015. Direct costs are closely related to business volumes and revenue mix with direct costs consisting primarily of labour, raw material, trucking, rent and utility costs. The decrease in direct costs for the three and six months ended compared to same periods in 2015 was primarily related to the significantly lower activity levels, particularly in the manufacturing operations. Direct costs, as a percentage of revenue, increased by 1% and 3% for the three and six months ending June 30, 2016 primarily due to the manufacturing operations lower volumes. As a result of the decreased manufacturing revenues, the fixed costs associated with manufacturing became a significantly larger proportion of manufacturing revenue and drove the overall increase of direct cost as a percentage of revenue.

Rentals and Logistics

Rentals & Logistics revenues are comprised of: relocatable structures rentals, access mat rentals, other equipment rentals, used equipment sales and installation, transportation associated with the rentals and sales. Relocatable structures is comprised of office units, lavatory units, mine dry units, wellsite units and the associated equipment. Other equipment rentals includes light towers, garbage bins and other miscellaneous equipment.

	Three months ended June 30			Six months ended June 30		
(000's except mat rental days and numbers of mats)	2016	2015	% change	2016	2015	% change
Relocatable structures revenue[(1)]	$ 1,347	$ 2,475	(46%)	$ 2,985	$ 5,149	(42%)
Access mat rentals revenue [(2)]	1,488	4,361	(66%)	2,672	6,507	(59%)
Other equipment rentals revenue [(3)]	93	231	(60%)	278	922	(70%)
Used equipment sales revenue	354	1,182	(70%)	1,139	3,212	(65%)
Installation, transportation, service, and other revenue	5,035	7,268	(31%)	9,734	15,408	(37%)
Total revenue	$ 8,317	$ 15,517	(46%)	$ 16,808	$ 31,198	(46%)
EBITDAS	$ 1,990	$ 5,395	(63%)	$ 3,968	$ 9,630	(59%)
EBITDAS as a % of revenue	24%	35%		24%	31%	
Operating earnings	$ (610)	$ 1,664	(137%)	$ (1,824)	$ 2,583	(171%)
Relocatable Structures						
Average fleet size	1,236	1,221	1%	1,235	1,205	2%
Fleet end of period	1,228	1,242	(1%)	1,228	1,242	(1%)
Rental days [(4)]	44,502	82,696	(46%)	92,581	161,885	(43%)
Utilization [(5)]	40%	74%	(46%)	41%	74%	(45%)
Access mats						
Average fleet sized owned [(6)]	28,816	30,705	(6%)	28,774	27,933	3%
Fleet end of period owned [(7)]	28,344	31,491	(10%)	28,344	31,491	(10%)
Rental days owned [(8)]	1,242,114	2,240,332	(45%)	1,966,687	3,379,050	(42%)
Rental days third party [(9)]	-	666,209	(100%)	24,177	749,704	(97%)
Total Rental Days	1,242,114	2,906,541	(57%)	1,990,864	4,128,754	(52%)
Utilization owned [(10)]	47%	80%	(41%)	38%	67%	(43%)
Used Sales						
Relocatable structures [(11)]	14	36	(61%)	45	68	(34%)
Mats [(11)]	515	2,309	(78%)	1,095	5,278	(79%)

(1) Relocatable structures revenue includes rental revenue generated from office, lavatory and mine dry units and complexes as well the associated equipment.
(2) Access mat rental revenue includes revenues generated from the rental of traditional oak and oak edged mats.
(3) Other equipment rental revenue includes the rental of rig mats, quad mats and other ancillary equipment such as light towers and garbage bins.
(4) One rental day equals the rental of one unit for one day.
(5) Utilization equals the total number of unit rental days divided by average rentable units in the period.
(6) Average access mat rental fleet numbers reflect only owned access mats.
(7) Access mats in rental fleet at period end represents the number of owned access mats in the Matting fleet.
(8) One mat rental day equals the rental of one owned access mat for one day.
(9) One mat rental day equals the rental of one third party sub rented access mat for one day.
(10) Utilization equals the total number of mat rental days divided by average rentable mats in the period.
(11) Represents the number of units sold in the period.

Revenues from the Rental and Logistics segment for the three months ended June 30, 2016 were $8.3 million, a decrease of $7.2 million or 46% in comparison to the same period of 2015. The decrease in revenue and EBITDAS were primarily driven by lower demand for Horizon North's rental offerings as a result of persistent uncertainty in the price of oil and the poor economic environment. Customers continue to postpone or cancel capital projects and reduce operating costs by minimizing ongoing requirements and putting downward pressure on pricing. As a result rental equipment utilization decreased, price per rental day declined and sales volumes of used equipment decreased between the comparative quarters.

Revenues from the Rental and Logistics segment for the six months ended June 30, 2016 were $16.8 million, a decrease of $14.4 million or 46% compared to the same period in 2015. EBITDAS for the six months ended June 30, 2016 were $4.0 million, a decrease of $5.7 million or 59% compared to the same period of 2015. The decrease in revenues and EBITDAS were due to the same factors discussed above.

Relocatable Structures

Relocatable structures revenues include the rental of relocatable structures which includes: office units, lavatory units, mine dry units and associated equipment.

Revenues for the three months ended June 30, 2016 were $1.3 million, a decrease of $1.1 million or 46% compared to the same period of 2015. The decrease in revenue was a result of lower fleet utilization driven by current market conditions. Fleet utilization dropped to 40% compared to 74% in Q2 2015 mainly due to economic conditions affecting demand on a relatively similar average fleet size of 1,236 units in Q2 2016 compared to 1,221 units in Q2 2015.

Revenues for the six months ended June 30, 2016 were $3.0 million, a decrease of $2.2 million or 42% compared to the same period of 2015. The decrease was primarily a result of the lower utilization in the first half of 2016. Utilization for the first six months of 2016 was 41% of 1,235 units compared to 74% of 1,205 units in the first half of 2015.

Access mat rentals revenue

Access mat rental revenue for the three months ended June 30, 2016 decreased by $2.9 million or 66% compared to the same period of 2015. The revenue decrease was driven in part by lower access mat rental volumes and in part by reduced revenue per mat rental day, a result of the economic downturn. The lower rental volumes drove a 57% decrease in total rental days with utilization of the owned access mat fleet dropping to 47% in Q2 2016 compared to 80% in Q2 2015. Revenue per mat rental day softened by 20% between comparative periods with rates declining from $1.50 in Q2 2015 to $1.20 in Q2 2016. The average owned access mat fleet shrank by more than 1,800 mats as fleet sales in late 2015 and through 2016 have not been fully replaced.

Revenues for the six months ended June 30, 2016 were $2.7 million, a decrease of $3.8 million or 59% compared to the same period of 2015. The decrease is driven by volume reductions and softer pricing. Utilization for the first six months of 2016 was 38% compared to 67% during the same period of 2015, leading to 2,137,890 fewer rental days in 2016. Revenue per mat rental day fell by 15% during the first six months of 2016 to $1.34, whereas during the first six months of 2015 revenue per mat rental day was $1.58.

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 June 30, 2016 decreased by $2.2 million or 31% compared to the same period in 2015. The decrease in revenue was primarily driven by the lower sales and rentals activity.

Revenues for the six months ended June 30, 2016 decreased by $5.7 million or 37% compared to the same period in 2015. The decrease in revenue was primarily driven by the lower sales and rentals activity during the first half of 2016.

Direct costs

Direct costs for the three months ended June 30, 2016 were $5.8 million or 70% of revenue compared to $9.3 million or 60% of revenue for the same period of 2015. Direct costs are driven by both the level and mix of business activity with the decrease in the comparative quarters primarily a result of those factors. As a result of reduced activity direct costs decreased by $3.5 million or 37%. As a percentage of revenue direct costs increased to 70%, up from 60% in Q2 2015. This increase was mainly attributable to the differing mix of activities between the comparative periods. Installation activity in Q2 2016 comprised of significantly higher proportion of the total activity compared to Q2 2015 and by nature, installation activities typically attract more direct costs such as transport, materials and labour compared to rentals activities which have very low associated direct costs.

Direct costs for the six months ended June 30, 2016 were $11.8 million or 70% of revenue compared to $19.8 million or 63% of revenue for the same period of 2015. This decrease in direct costs reflects the six months effect of the factors discussed above. Direct costs as a percentage of revenue increased to 70%, up from 63% in Q2 2015 primarily as a result of the mix of actives discussed above.

Selling & administrative costs

Selling & administrative costs are comprised of sales and marketing costs associated with each segment, along with corporate costs which reflect head office costs and include the President and Chief Executive Officer, Senior Vice President Finance and Chief Financial Officer, Executive Vice President Quality & HSE, Vice President Aboriginal & Community Relations, Corporate Secretary, Information Technology, Human Resources, corporate accounting staff and associated costs of supporting a public company.

Selling and administrative expenses for the three months ended June 30, 2016 were $4.6 million, a decrease of $1.3 million or 22% compared to the same period in 2015. The majority of the decrease between the comparative quarters was related to non-ordinary costs in Q2 2015. Q2 2015 had $1.0 million of costs related to design and engineering on a specific bid, and severance costs associated with structuring manufacturing Q2 2015. Normalizing for these Q2 2015 costs, selling and administration costs decreased $0.3 million in Q2 2016, compared to Q2 2015, as a result of cost control measures implemented in 2016.

As a percentage of revenue, selling and administrative expenses for the three months ended June 30, 2016 were 9% compared to 7% for Q2 2015 as a result of decreased revenue.

For the six months ended June 30, 2016, costs were $8.8 million, a decrease of $2.8 million or 24% compared to the same periods in 2015**.** The first half of 2015 included costs of $1.5 million in the manufacturing operations related to a specific bid and severance costs associated with the reorganization of the manufacturing operations. Normalizing for these costs in 2015, selling and administration and corporate costs decreased by $1.3 million and as a percentage of revenue were 7% compared to 5% in the comparative six month periods. The increase, as a percentage of revenue, was mainly attributable to the decrease in revenue.

Other items

Depreciation and amortization

	Three months ended June 30			Six months ended June 30		
(000's)	2016	2015	% change	2016	2015	% change
Depreciation of property, plant and equipment	$ 12,172	$ 13,413	(9%)	$ 24,788	$ 26,753	(7%)
Amortization of Intangibles	21	-	100%	21	-	100%
Total depreciation and amortization	$ 12,193	$ 13,413	(9%)	$ 24,809	$ 26,753	(7%)

Depreciation of property, plant and equipment decreased by $1.2 million in the three months ended June 30, 2016 as compared to the same period of 2015. For the six months ended June 30, 2016, depreciation decreased by $2.0 million compared to the same period of 2015. The decrease was mainly a result of fleet disposals and a reduction in camp setup depreciation as setup for several camps were fully depreciated. The amortization of intangibles is related to the goodwill associated with the acquisition of Karoleena Inc. in June 2016.

Financing costs

Financing costs include interest on loans and borrowings, and accretion of notes payable. For the three months ended June 30, 2016, financing costs were $0.6 million a decrease of $0.4 million or 44% compared to Q2 2015. For the six months ended June 30, 2016, financing costs were $1.1 million, a decrease of $1.2 million or 51% compared to the first half of 2015. The decrease in financing costs was mainly a result of lower average debt levels in the first half of 2016 which averaged $65.2 million compared to $119.0 million in the same period of 2015.

The effective interest rate on loans and borrowings for the three and six months ended June 30, 2016 was 3.4%, slightly higher in comparison to the comparative period at 3.2%. The slightly higher effective interest rate was due to the increased standby fees as a result of the increased borrowing capacity. Borrowing capacity at June 30, 2016 was $153.1 million in comparison to $85.8 million at June 30, 2015.

Income taxes

For the three and six months ended June 30, 2016, income tax was a recovery of $1.9 million and $1.7 million, compared to an expense of $0.9 million and $4.7 million in the same periods of 2015. The decrease in the expense was related to the lower profit before tax compared to 2015.

Gain/Loss on disposal

For the three months ended June 30, 2016, Horizon North recognized a loss on disposal of $0.6 million compared to losses of $0.4 million in the second quarter of 2015. For the six months ended June 30, 2016, the loss on disposal of $0.7 million compared to losses of $0.3 million in the same period of 2015. The losses on disposal came mainly from normal management of operational assets.

Liquidity and Capital Resources

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

(000's)	June 30, 2016	December 31, 2015
Current assets	$ 74,260	$ 67,519
Current liabilities excluding loans and borrowings[(1)]	30,711	32,443
Current portion of loans and borrowings	-	-
Current liabilities	$ 30,711	$ 32,443
Working capital[(2)]	$ 43,549	$ 35,076
Bank borrowing:		
Available credit facility	$ 200,000	$ 200,000
Drawings on credit facility	46,847	57,527
Borrowing capacity[(3)]	$ 153,129	$ 142,473

(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, 2016 was $43.5 million compared to $35.1 million at December 31, 2015, an increase of $8.5 million. The increase in working capital was primarily due to an increase in accounts receivable of which $3.0 million is related to income taxes receivable, and $5.5 million is associated with the insurance claim for the loss of the Blacksand Executive Lodge.

The Corporation's committed credit facility ("credit facility") has an available limit of $200.0 million and is secured by a $400.0 million 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 credit facility become due on March 31, 2018, the maturity date of the credit facility.

As at June 30, 2016, the Corporation was in compliance with all financial and non-financial covenants as shown below:

Debt Covenants	Covenants June 30, 2016
Maximum Consolidated Senior debt [(1)] to Consolidated EBITDAS ratio [(3)(4)] (must be 3.00:1.00 or less)	1.17:1.00
Maximum Consolidated Total debt [(2)] to Consolidated EBITDAS ratio [(3)(5)] (must be 4.25:1.00 or less)	1.17:1.00
Minimum Consolidated Interest coverage ratio[(6)] (must be 3.00:1.00 or more)	18.8:1.00

(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.

Capital Spending

For the six months ended June 30, 2016 capital spending was $13.1 million compared to $28.1 million in the same period of 2015 as a result of a focused and disciplined 2016 capital program. Capital spending in Q2 2016 was mainly focused on; fleet equipment setup costs for the Phoenix camp and fulfilling land improvements commitments related to the Kitimat, British Columbia property in preparation for future development.

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, 2016 of $7.9 million compared to $22.0 million for the same period of 2015.

Horizon North does not currently have any material capital commitments associated with contracts to supply equipment or to purchase property, plant and equipment. Capital spending was funded primarily from cash from operations and the credit facility.

Quarterly Summary of Results

	Three months ended				Year to date
(000's except per share amounts)	March 2016	June 2016	September 2016	December 2016	June 2016
Revenue	$ 77,909	$ 52,509			$ 130,418
EBITDAS	13,236	3,690			16,926
Operating earnings (loss)	179	(9,358)			(9,179)
Total loss	(256)	(7,982)			(8,238)
Total comprehensive loss	(325)	(7,984)			(8,309)
Loss per share – basic	$ -	$ (0.06)			$ (0.06)
Loss per share – diluted	$ -	$ (0.06)			$ (0.06)

	Three months ended				Year ended
(000's except per share amounts)	March 2015	June 2015	September 2015	December 2015	December 2015
Revenue	$ 133,968	$ 84,888	$ 82,311	$ 68,722	$ 369,889
EBITDAS	29,414	10,093	14,435	8,518	62,460
Operating earnings (loss)	15,439	(4,034)	313	(6,940)	4,778
Total profit (loss)	10,282	(5,958)	(170)	(4,986)	(832)
Total comprehensive income (loss)	10,700	(6,308)	(273)	(4,894)	(775)
Earnings (loss) per share – basic	$ 0.09	$ (0.05)	$ -	$ (0.04)	$ (0.01)
Earnings (loss) per share – diluted	$ 0.09	$ (0.05)	$ -	$ (0.04)	$ (0.01)

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

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 and reduced demand for Horizon North's products and services. As well, Horizon North's decisions on the allocation of manufacturing resources and 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 2015 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 an increasingly competitive environment in the resource sector which has exerted downward pressure on pricing and decreased demand for Horizon North's products and services. 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 products and services depend upon the level of industry activity for oil, natural gas and mineral exploration and development in the western Canadian provinces and territories. Industry conditions are influenced by numerous factors over which Horizon North has no control, including: oil, natural gas and mineral prices; expectations about future oil, natural gas and mineral prices; the cost of exploring for, producing and delivering oil, natural gas and minerals; the expected rates of declining current production; the discovery rates of new oil, natural gas and mineral reserves; available pipeline and other oil, natural gas transportation capacity; demand for oil, natural gas and minerals; weather conditions; global political, military, regulatory and economic conditions; and the ability of oil, 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, changing the economic feasibility of industry development projects. No assurance can be given that expected trends in oil, 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, 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 products and services primarily to oil, 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, these competitors offer similar services in 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, 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 contracts. The key factors which will determine whether a client will continue to use Horizon North will be service quality, availability, reliability and performance of equipment used to perform its services, technical knowledge, experience, safety record, ongoing safety programs and competitive pricing. 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 one major customer during 2016 who generated 15% of total revenues compared to two major customers who generated 27% of total revenue in the same period of 2015. 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.

Merger and Acquisition Activity

Horizon North considers acquisitions of complementary businesses and assets a part of the Corporation's business strategy. Achieving the benefits of acquisitions depends in part on; the acquired assets performing as expected, successfully realizing synergies, retaining key employees and customer relationships and integrating operations in a timely and efficient manner. Such integration may require substantial management effort, time, resources and may divert management's focus. Any acquisition could have a material adverse effect on operating results, financial condition and the price of the Corporation's securities.

Aboriginal & Community Relations

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 are affected by the seasonality associated with western Canadian oil and natural gas drilling industry. Camps & Catering segment is exposed to seasonality where the busiest months are January through March and the slowest months are April through September. 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.

Business Continuity, Disaster Recovery and Crisis Management

In the event of a serious incident, the inability to restore or replace critical capacity in a timely manner may impact Horizon North's business and operations. A serious event could therefore have a material adverse effect on Horizon North's business, results of operations and financial condition. In the event of a major disaster Horizon North has in place business continuity arrangements, including disaster recovery plans and insurance coverage to minimize any losses.

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, 2015 and 2014. As at June 30, 2016, Horizon North's updated its accounting policies to add a policy on business combinations and update the share based compensation policy to include cash settled transactions. The detailed policies are provided in note 3 of the Condensed Consolidated Interim Financial Statements as at June 30, 2016.

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 demobilization 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.

Purchase price equations

The acquired assets and assumed liabilities are generally recognized at fair value on the date the Corporation obtains control of a business. The measurement of each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets (including goodwill), property, plant and equipment, other assets and the liabilities assumed are based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition.

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.

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, 2016	December 31, 2015
Neither impaired nor past due	$ 21,400	$ 24,283
Outstanding 31-60 days	4,947	6,345
Outstanding 61-90 days	1,466	1,045
Outstanding more than 90 days	5,026	1,684
Total	32,839	33,357
Accrued revenue	11,654	8,332
Construction receivables	4,867	9,270
Other receivables	5,870	159
Allowance for doubtful accounts	(2,039)	(2,240)
Total trade and other receivables	$ 53,191	$ 48,878

In the three months ended June 30, 2016, the Corporation provided an allowance for $2.0 million of receivables aged greater than 90 days. As at August 11, 2016, the Corporation has collected $2.2 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, 2016, included in construction receivables were holdbacks of $nil (December 31, 2015 - $850,000). The total of construction receivables aged less than 90 days was 34% at June 30, 2016 (December 31, 2015 – 53%).

(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, 2016		December 31, 2015	
	Trade and other payables(1)	Loans and borrowings(2)	Trade and other payables(1)	Loans and borrowings(2)
Year 1	$ 29,229	$ -	$ 31,611	$ -
Year 2	-	46,847	-	57,100
Year 3	3,027	-	3,136	427
Year 4	-	-	-	-
Year 5 and beyond	8,632	-	5,927	-
	$ 40,888	$ 46,847	$ 40,674	$ 57,527

(1) Trade and other payables include trade and other payables, income taxes payable, and provisions.
(2) Loans and borrowings include non-interest bearing notes payable and Horizon North's senior secured revolving term facility. Cash flows of Horizon's note payable have been recorded according to estimated utilization of specific equipment.

(d) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on future performance of the Corporation. The market price movements that could adversely affect the value of the Corporation's financial assets, liabilities and expected future cash flows include foreign currency exchange risk and interest rate risk. As the Corporation's exposure to foreign currency exchange risk and interest rate risk is limited, the Corporation does not currently hedge its financial instruments.

(i) Foreign currency exchange risk

The Corporation has limited exposure to foreign currency exchange risk as sales and purchases are typically denominated in CAD. The Corporation's exposure to foreign currency exchange risk arises from the purchase of some raw materials, which are denominated in USD, and foreign operations with USD functional currency.

As the foreign currency exchange risks are primarily based on the realized foreign exchange, the following sensitivity analysis is to determine the impact on cash used in operating activities. The effect of a $0.01 increase in the USD/CAD exchange rate would decrease cash used in operating activities for the three months ended June 30, 2016 by approximately $53,000 (June 30, 2015 - $49,000). 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 $319,000 for the three months ended June 30, 2016 (June 30, 2015 - $670,000). 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 133,788,673 voting common shares issued and outstanding exercisable options to purchase 4,312,593 shares for a total potential of 138,101,266 shares as at August 11, 2016.

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 ("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 2016, 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, 2016 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 June 30, 2016 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 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 measures are used to monitor the Corporation's performance:

> **EBITDAS:** Earnings before interest, 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 measures

The following provides a reconciliation of non-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)	2016	2015	2016	2015
Total (loss) profit	$ (7,982)	$ (5,958)	$ (8,238)	$ 4,324
Add:				
Share based compensation	276	350	631	1,026
Depreciation & amortization	12,193	13,413	24,809	26,753
(Gain) loss on disposal of property, plant and equipment	579	364	665	323
Finance costs	571	1,018	1,140	2,340
Earnings on equity investments	(24)	-	(397)	-
Income tax (recovery) expense	(1,923)	906	(1,684)	4,741
EBITDAS	$ 3,690	$ 10,093	$ 16,926	$ 39,507

Advisories

This Management's Discussion and Analysis, prepared as at August 11, 2016 focuses on key statistics from the Consolidated Financial Statements and pertains to known risks and uncertainties relating to the business carried on by Horizon North. This discussion should not be considered all-inclusive, as it does not attempt to include changes that may occur in general economic, political and environmental conditions. Additional information related to the Corporation, including the Corporation's annual information form, is available on SEDAR at www.sedar.com. Unless otherwise indicated, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is in Canadian dollars.

Caution Regarding Forward-Looking Statements and Information

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 statements include, under the heading "Outlook" the statements that:

"Horizon North does not see any significant indicators which would cause the Corporation to change its outlook for the remainder of the year. The majority of the impact from the wildfire in May was mitigated by a strong rebound in June as a result of increased demand for accommodations to support safety personnel ensuring a safe and orderly return to the affected areas, ongoing damage assessment activities and restoration efforts. We anticipate the strong demand associated with post fire activities to be short lived and do not expect any significant change to revenues and EBITDAS for the second half of 2016. In the manufacturing and rentals operations, we expect the second half of the year will continue to be challenging until the current economic environment improves. Given the volatility inherent in the current commodity price environment, a period of price stability will be required in order for capital investment to re-start. Our view is that such investment is not likely to occur in the remainder of 2016.

The strategic acquisition of Empire Camps is anticipated to be completed later in the third quarter of 2016 and will add revenue and EBITDAS likely in the fourth quarter of 2016.

Throughout the second half of the year Horizon North will continue to move forward with transformational changes to our business which will focus the Corporation on two main offerings, permanent modular which consists of residential, retail and commercial products and an industrial offering which represent the more traditional camps and catering and rentals products and services.

Despite recent announcements concerning LNG development, Horizon North will continue to maintain a foothold on the west coast of British Columbia. The Corporation is currently exploring other non-LNG related opportunities which would utilize our existing investment in the area. For the remainder of the year capital spending is expected to be minimal and aligned with activity levels.

Horizon North will continue to prudently manage the Statement of Financial Position focusing on minimizing working capital and discipline capital spending."

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;
- capital investment in the Canadian oil and gas sector;
- dividend payments;
- anticipated activity levels for 2016;
- 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.