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

Third Quarter Highlights

- Horizon North's balance sheet remains strong as a result of a continued focus on reducing working capital, maintaining disciplined capital spending and the bought deal equity financing which closed in July 8, 2015 for net proceeds of $76.6 million applied to reduce outstanding debt;
- Third quarter consolidated revenues and EBITDAS decreased compared to Q3 2014 as a result of significantly lower activity levels and downward pricing pressure, primarily in the manufacturing and matting operations;
- Camps & Catering had relatively strong performance for Q3 2015 based on higher volumes in the large camp operations as a result of increased fire camp activity;
- Horizon North continued to drive ahead on several key initiatives including; developing land positions near proposed LNG project sites, pursuing diversification of the business base through development of the market for modular construction of permanent facilities and driving structural changes to the business to improve efficiency and cost structure.

Third Quarter Financial Summary

	Three months ended September 30			Nine months ended September 30		
(000's except per share amounts)	2015	2014	% Change	2015	2014	% Change
Revenue	$ 82,311	$ 121,895	(32%)	$ 301,167	$ 340,200	(11%)
EBITDAS[(1)]	14,435	26,046	(45%)	53,942	65,092	(17%)
EBITDAS as a % of revenue	18%	21%		18%	19%	
Operating earnings	313	12,691	(98%)	11,718	25,992	(55%)
Operating earnings as a % of revenue	-	10%		4%	8%	
Total (loss) profit	(170)	8,065	(102%)	4,154	16,463	(75%)
Total comprehensive (loss) income	(273)	8,178	(103%)	4,119	16,697	(75%)
Earnings per share						
Basic	$ -	$ 0.07	(100%)	$ 0.04	$ 0.15	(76%)
Diluted	$ -	$ 0.07	(100%)	$ 0.04	$ 0.15	(76%)
Total assets	483,745	534,776	(10%)	483,745	534,776	(10%)
Long-term loans and borrowings	47,316	146,433	(68%)	47,316	146,433	(68%)
Cash from operations	11,252	6,117	84%	83,913	39,515	112%
Capital spending						
Purchase of property, plant & equipment	13,098	20,817	(37%)	41,236	97,041	(58%)
Proceeds from disposals of property, plant & equipment	(1,326)	(3,619)	(63%)	(7,452)	(12,979)	(43%)
Net Capital spending	11,772	17,198	(32%)	33,784	84,062	(60%)
Senior debt to EBITDAS[(2)]	0.64:1.00	1.79:1.00	(64%)	0.64:1.00	1.79:1.00	(64%)
Total debt to EBITDAS[(2)]	0.64:1.00	1.79:1.00	(64%)	0.64:1.00	1.79:1.00	(64%)
Debt to total capitalization ratio	0.13:1.00	0.34:1.00	(62%)	0.13:1.00	0.34:1.00	(62%)
Dividends declared	$ 10,609	$ 8,825	20%	$ 28,337	$ 26,467	7%
Dividends declared per share	$ 0.08	$ 0.08	-	$ 0.24	$ 0.24	-

(1) *Please refer to page 24 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.*

Third Quarter Overview

Horizon North's results for the three months ended September 30, 2015 ("Q3 2015") were generally as expected. However when compared to the three months ended September 30, 2014 ("Q3 2014") results were markedly down across most financial measures. The decrease was not surprising given the depressed and fluctuating commodity prices and uncertain economic environment experienced over the last 12 months resulting in downward pressure on pricing as customers reign in capital budgets, delaying or deferring their capital spending. Against this backdrop, Horizon North continues to work closely with its current customers to help control their costs with the majority of these contract revisions completed in Q2 2015 and the changes fully reflected in Q3 2015. Additionally, Horizon North continues to work with suppliers to find efficiencies and reduce our costs.

The decrease in Horizon North's results were mainly attributable to the manufacturing and matting operations which experienced significantly lower revenues and volumes in Q3 2015 compared to Q3 2014. Customers are cutting capital budgets and are looking to reduce their supply costs in response to the challenging and uncertain economic environment. The lower manufacturing and matting results were partially offset by stronger revenues and volumes in Camps & Catering operations, primarily attributable to significantly higher fire camp activity as a result of the very dry weather northern Alberta experienced over the summer.

Manufacturing revenues decreased $27.0 million or 73% in the comparative quarters primarily as a result of completing and turning over a major camp project in the Alberta oil sands and fewer projects generating less revenue compared to Q3 2014. Horizon North applied for and received approval for a federal government work share program in the Kamloops, British Columbia manufacturing operation. The program was implemented early September and effectively decreased direct labour by 50% yet allows us to maintain a critical core of workers and manage cost. Total direct hours, which include all direct hours in the manufacturing plants and installation hours on project sites, for Q3 2015 were down 55% compared to Q3 2014 as a result of the work share program and managing headcount to the manufacturing backlog. Of the total direct hours, 43% were allocated to third party contracts as compared to 63% in the same period of 2014.

Revenues from Camps & Catering were stronger than expected given the current challenging economic times but were softer than Q3 2014 by $2.4 million or 4%. The strength came from the large camp operations which increased revenue by 7% compared to Q3 2014 due to the high levels of fire camp activity as a result of very dry weather in northern Alberta. Partially offsetting the higher volumes was a 13% decrease in revenue per average available bed (RevPAAB) compared to Q3 2014, the decrease was a result of downward pricing pressure and the larger fleet size compared to Q3 2014. Utilization softened to 54% from 62% due to the addition of 1,595 beds between the comparative quarters. The growth in fleet was mainly a result of contract requirements for new projects which became fully operational in Q4 of 2014.

Matting revenues decreased by $10.5 million or 52% in the comparative quarters with decreases across all matting operations, the majority from lower mat sales and the related installation and transport activity due to customers' constrained capital programs. Access mat rental revenues decreased quarter over quarter due to lower rental volumes, down 7%, and a 39% decrease in revenue per mat rental day. Utilization of the owned mat fleet was 54%, down from 68% compared to Q3 2014 mainly due to a larger average fleet size of 30,651 mats compared to 20,257 mats in Q3 2014.

Horizon North's Q3 2015 EBITDAS decreased compared to Q3 2014 as a result of the lower revenues which were driven by the lower activity levels and the downward pressure on pricing experienced in each operation. Operating earnings and earnings per share for Q3 2015 decreased due to the reduced EBITDAS discussed above, as well, Q3 2014 included a $1.7 million gain on disposal of land and camp assets related to the northern operations with no comparable gain in Q3 2015.

Horizon North continues to have a strong balance sheet as a result of a continued focus on working capital, maintaining disciplined capital spending and a significant reduction of debt compared to Q3 2014. The reduction of debt was mainly a result of the bought deal equity financing which closed on July 8, 2015 and contributed net proceeds of $76.6 million. Total loans and borrowing at the end of the quarter were $52.1 million with a trailing twelve months (TTM) Debt to EBITDAS ratio of 0.64:1.00 compared to $147.9 million of debt and TTM Debt to EBITDAS ratio of 1.79:1.00.

Outlook

Horizon North continues to refine and moderate its outlook for the remainder of 2015 in response to fluctuations in commodity prices and a protracted challenging economic environment, particularly evident in Q3 2015. 2015 results to date reflect the impact of lower demand for Horizon North's products and services and downward pricing pressure. We are expecting Q4 2015 results to soften compared to Q3 2015, anticipating additional reductions to upcoming seasonal activity as we continue to see customers reluctant to commit to projects in the current economic environment. Horizon North will continue to work closely with our existing customers to remain competitive as well as focus on our own cost structure to find efficiencies and cost savings.

Although the short term outlook reflects the current difficult economic environment, Horizon North continues to make progress on several key initiatives intended to diversify our business base and position us for next up-cycle in the resource sector. These initiatives include; developing land positions near proposed LNG project sites, pursuing diversification of the business base through development of the market for modular construction of permanent facilities and driving structural changes to the business to improve efficiency and cost structure.

The 2015 capital program remains as expected, in the range of $50 million to $60 million. With a continued focus on reducing working capital, Horizon North has significant financial capacity in part as a result of the bought deal equity financing which closed on July 8, 2015 for net proceeds of $76.6 million.

However, Horizon North will continue to focus on maintaining a strong balance sheet in the face of an uncertain economic environment. Accordingly, the Board of Directors has determined it will take the proactive step of reducing the current quarterly dividend to $0.04 per common share effective for the fourth quarter of 2015. This reduction, on an annualized basis, will provide an additional $21.2 million of financial flexibility and help ensure Horizon North is well positioned to take advantage of opportunities as they arise.

Dividend payment

Horizon North announced today that its Board of Directors has declared a dividend for the fourth quarter of 2015 at $0.04 per common share. The dividend is payable to shareholders of record at the close of business on December 31, 2015 to be paid on January 15, 2016. The dividends are eligible dividends for Canadian tax purposes. The Board of Directors regularly monitors the strength of the balance sheet, cash from operations and capital requirements to ensure the overall sustainability of Horizon North is not compromised.

Third Quarter Financial Results

(000's)	Three months ended September 30, 2015 Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 72,990	$ 9,470	$ -	$ (149)	$ 82,311
Expenses					
Direct costs	54,995	7,108	(94)	(149)	61,860
Selling & administrative	1,864	379	3,773	-	6,016
EBITDAS	$ 16,131	$ 1,983	$ (3,679)	$ -	$ 14,435
EBITDAS as a % of revenue	22%	21%	-	-	18%
Share based compensation	156	41	158	-	355
Depreciation & amortization	11,107	2,357	244	(47)	13,661
Loss on disposal of property, plant and equipment	106	-	-	-	106
Operating earnings (loss)	$ 4,762	$ (415)	$ (4,081)	$ 47	$ 313
Finance costs					595
Income tax recovery					(112)
Total loss					$ (170)
Other comprehensive loss					103
Total comprehensive loss					$ (273)
Earnings per share – basic					$ -
– diluted					$ -

(000's)	Three months ended September 30, 2014 Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 102,278	$ 19,924	$ -	$ (307)	$ 121,895
Expenses					
Direct costs	76,681	14,479	(2)	(307)	90,851
Selling & administrative	1,806	454	2,738	-	4,998
EBITDAS	$ 23,791	$ 4,991	$ (2,736)	$ -	$ 26,046
EBITDAS as a % of revenue	23%	25%	-	-	21%
Share based compensation	330	66	298	-	694
Depreciation & amortization	12,078	2,021	342	(48)	14,393
(Gain) on disposal of property, plant and equipment	(1,732)	-	-	-	(1,732)
Operating earnings (loss)	$ 13,115	$ 2,904	$ (3,376)	$ 48	$ 12,691
Finance costs					1,231
Income tax expense					3,395
Total profit					$ 8,065
Other comprehensive income					(113)
Total comprehensive income					$ 8,178
Earnings per share – basic					$ 0.07
– diluted					$ 0.07

Third Quarter Financial Results (continued)

	Nine months ended September 30, 2015				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 269,375	$ 32,647	$ -	$ (855)	$ 301,167
Expenses					
Direct costs	207,158	23,308	(13)	(855)	229,598
Selling & administrative	6,058	1,388	10,181	-	17,627
EBITDAS	$ 56,159	$ 7,951	$ (10,168)	$ -	$ 53,942
EBITDAS as a % of revenue	21%	24%	-	-	18%
Share based compensation	629	175	577	-	1,381
Depreciation & amortization	33,124	6,738	692	(140)	40,414
Loss on disposal of property, plant and equipment	429	-	-	-	429
Operating earnings (loss)	$ 21,977	$ 1,038	$ (11,437)	$ 140	$ 11,718
Finance costs					2,935
Income tax expense					4,629
Total profit					$ 4,154
Other comprehensive loss					35
Total comprehensive income					$ 4,119
Earnings per share – basic					$ 0.04
– diluted					$ 0.04

	Nine months ended September 30, 2014				
(000's)	Camps & Catering	Matting	Corporate	Inter-segment Eliminations	Total
Revenue	$ 288,721	$ 52,654	$ -	$ (1,175)	$ 340,200
Expenses					
Direct costs	220,327	40,355	-	(1,175)	259,507
Selling & administrative	5,151	856	9,594	-	15,601
EBITDAS	$ 63,243	$ 11,443	$ (9,594)	$ -	$ 65,092
EBITDAS as a % of revenue	22%	22%	-	-	19%
Share based compensation	791	146	713	-	1,650
Depreciation & amortization	35,642	5,100	700	(145)	41,297
(Gain) loss on disposal of property, plant and equipment	(3,872)	25	-	-	(3,847)
Operating earnings (loss)	$ 30,682	$ 6,172	$ (11,007)	$ 145	$ 25,992
Finance costs					3,168
Income tax expense					6,361
Total profit					$ 16,463
Other comprehensive income					(234)
Total comprehensive income					$ 16,697
Earnings per share – basic					$ 0.15
– diluted					$ 0.15

Camps & Catering

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

Revenues *(000's)*	Three months ended September 30 2015	2014	% change	Nine months ended September 30 2015	2014	% change
Large Camp revenue	$ 49,833	$ 46,766	7%	$ 168,333	$ 155,302	8%
Drill Camp revenue	1,953	3,831	(49%)	8,825	11,014	(20%)
Catering only revenue	3,010	3,748	(20%)	9,735	10,798	(10%)
Camp and catering service revenue	4,542	7,426	(39%)	13,286	24,067	(45%)
Total Camp rental and catering revenues	$ 59,338	$ 61,771	(4%)	$ 200,179	$ 201,181	-
Manufacturing sales revenue	9,850	36,846	(73%)	57,192	78,582	(27%)
Relocatable structures revenue	3,802	3,661	4%	12,004	8,958	34%
Total revenue	$ 72,990	$ 102,278	(29%)	$ 269,375	$ 288,721	(7%)
EBITDAS	$ 16,131	$ 23,791	(32%)	$ 56,159	$ 63,243	(11%)
EBITDAS as a % of revenue	22%	23%		21%	22%	
Operating earnings	$ 4,762	$ 13,115	(64%)	$ 21,977	$ 30,682	(28%)

Revenues from the Camps & Catering segment for the three months ended September 30, 2015 were $73.0 million, a decrease of $29.3 million or 29% compared to the same period of 2014. EBITDAS for the three months ended September 30, 2015 were $16.1 million, a decrease of $7.7 million or 32% compared to the same period of 2014. The majority of the revenue decrease, $27.0 million, was attributable to the manufacturing sales operation which completed a significant camp project early in Q3 2015 which was in full execution in Q3 2014. The remainder of the decrease came primarily from lower service activity related to camp and catering operations, Q3 2014 had two large camp installation projects compared to several small projects in Q3 2015 which contributed less revenue. Partially offsetting the manufacturing and service decreases was large camp revenue which increased compared to Q3 2014 as a result of significant fire camp activity due to the very dry weather in northern Alberta. EBITDAS and EBITDAS as a percentage of revenue decreased in Q3 2015 compared to the same period of 2014 as a result of the lower revenues from decreased activity, mainly in manufacturing, and the downward pressure on pricing.

Revenues from the Camps & Catering segment for the nine months ended September 30, 2015 were $269.4 million, a decrease of $19.3 million or 7% compared to the same period of 2014 with EBITDAS also down $7.1 million or 11%. Similar to Q3 2015, manufacturing accounted for the majority of the decrease as a result of the project completing as described above. The lower manufacturing revenue was partially offset by higher large camp revenue which was driven by strong seasonal revenue in Q1 2015 from pipeline construction work in the Fort McMurray area and the fire camp activity in Q3 2015 as described above. EBITDAS and EBITDAS as a percentage of revenue declined in 2015 compared to 2014 primarily driven by the lower activity levels in manufacturing and decreased pricing as a result of the economic environment.

Large Camps

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

	Three months ended September 30			Nine months ended September 30		
Revenues *(000's)*	2015	2014	% change	2015	2014	% change
Large Camp revenue	$ 49,833	$ 46,766	7%	$ 168,333	$ 155,302	8%
Bed rental days (1)	469,085	432,746	8%	1,523,443	1,230,818	24%
Revenue per bed rental day	$ 106	$ 108	(2%)	$ 111	$ 126	(12%)
RevPAAB (2)	$ 58	$ 67	(13%)	$ 67	$ 78	(14%)
Rentable beds at period end	9,625	8,030	20%	9,625	8,030	20%
Average rentable beds (3)	9,393	7,636	23%	9,156	7,322	25%
Utilization (4)	54%	62%	(13%)	61%	62%	(2%)

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 September 30, 2015 increased by $3.1 million or 7% compared to the same period of 2014. Significant fire camp activity in the quarter buoyed up the large camp revenues compared to Q3 2014. Utilization and RevPAAB decreased to 54% and $58 compared to Q3 2014 as a result of the growth in the average rentable beds by 1,757 beds and the downward pressure on pricing. 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 nine months ended September 30, 2015 increased by $13.0 million or 8% compared to the same period of 2014. The increase is attributable to strong performance in Q1 2015 related to seasonal pipeline construction work in the Fort McMurray area and the fire camp work discussed above.

Drill Camps

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

	Three months ended September 30					Nine months ended September 30				
Revenues *(000's)*		2015		2014	% change		2015		2014	% change
Drill Camp revenue	$	1,953	$	3,831	(49%)	$	8,825	$	11,014	(20%)
Bed rental days (1)		13,416		23,439	(43%)		54,088		64,413	(16%)
Revenue per bed rental day	$	146	$	163	(10%)	$	163	$	171	(5%)
RevPAAB (2)	$	27	$	51	(47%)	$	39	$	49	(20%)
Rentable beds at period end		831		828	-		831		828	-
Average rentable beds (3)		792		813	(3%)		825		831	(1%)
Utilization (4)		18%		31%	(42%)		24%		28%	(14%)

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 September 30, 2015 decreased by $1.9 million or 49% 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 $17 decrease in revenue per bed rental day compared to Q3 2014. Typically volumes in the drill camp operation follow oil and gas industry activity levels which declined in the comparative quarters. The Canadian Association of Oilwell Drilling Contractors (CAODC) reported drilling rig utilization for Q3 2015 at 24%, down from 49% in Q3 2014. Utilization and RevPAAB decreased by 42% and 47% respectively as a result of the generally lower activity levels due to the depressed commodity prices and uncertain economic environment.

Revenues from drill camp operations for the nine months ended September 30, 2015 decreased by $2.2 million or 20% compared to the same period of 2014, primarily a result of the reasons discussed above. Utilization and RevPAAB decreased as a result of the lower activity levels and the 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 September 30					Nine months ended September 30				
(000's for revenue only)		2015		2014	% change		2015		2014	% change
Catering only revenue	$	3,010	$	3,748	(20%)	$	9,735	$	10,798	(10%)
Catering only days*(1)*		20,651		30,094	(31%)		70,436		83,948	(16%)
Revenue per catering only day	$	146	$	125	17%	$	138	$	129	7%

(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 September 30, 2015 decreased by $0.7 million or 20% compared to the 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 slowdown in drilling activity. Revenue per catering only day increased 17% in Q3 2015 compared to Q3 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 nine months ended September 30, 2015 decreased $1.1 million or 10% compared to the 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 September 30			Nine months ended September 30		
(000's)	2015	2014	% change	2015	2014	% change
Camp and catering service revenue	$ 4,542	$ 7,426	(39%)	$ 13,286	$ 24,067	(45%)

Service revenues are related to the transportation, set-up and demobilization of camps for customers. Revenues for the three months ended September 30, 2015 decreased by $2.9 million, or 39% 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 third quarter of 2014 and fewer projects in the same period of 2015.

Revenues for the nine months ended September 30, 2015 decreased by $10.8 million or 45% compared to the same period in 2014. The decrease was mainly due to the service projects undertaken in the comparative period, with several large camp mobilizations occurring throughout 2014 and fewer projects generating less revenue 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 September 30			Nine months ended September 30		
(000's)	2015	2014	% change	2015	2014	% change
Manufacturing sales revenue	$ 9,850	$ 36,846	(73%)	$ 57,192	$ 78,582	(27%)

	Three months ended September 30				Nine months ended September 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	56,117	43%	182,379	63%	371,213	65%	424,090	51%
Internal hours	74,307	57%	106,113	37%	199,537	35%	402,743	49%
Total direct hours *(1)*	130,424	100%	288,492	100%	570,750	100%	826,833	100%

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

Revenues for the three months ended September 30, 2015 decreased $27.0 million or 73% in the comparative quarter primarily as a result of project timing and a smaller backlog. Q3 2014 had a large camp project in full execution phase compared to Q3 2015 where the same project was in the final handover and demobilization from site phase with no similar scope projects in the backlog.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the three months ended September 30, 2015 were 130,424 hours, a decrease of 158,068 hours or 55% 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 and the implementation in early September of the work share program. Of total direct hours, 43% were directed to external sales projects in Q3 2015 compared to 63% in the same period of 2014.

Revenues for the nine months ended September 30, 2015 decreased by $21.4 million or 27% compared to the same period of 2014. The decrease was due to the timing of external sales projects and volume of external projects compared to the first nine months of 2014.

Total direct hours, which include direct hours worked in the manufacturing plants and installation hours undertaken on project sites, for the nine months ended September 30, 2015 were 570,750 hours, a decrease of 256,083 hours or 31% 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 65% direct hours were directed to external third party sales in the first nine months of 2015 compared to 51% in the same period of 2014.

Relocatable Structures

	Three months ended September 30			Nine months ended September 30		
(000's)	2015	2014	% change	2015	2014	% change
Relocatable structures revenue	$ 3,802	$ 3,661	4%	$ 12,004	$ 8,958	34%

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 September 30, 2015 were $3.8 million, an increase of $0.1 million or 4% compared to the same period of 2014. The majority of the increase was from stronger service revenues in Q3 2015 compared to Q3 2014 as a result of the timing of projects and the mix of contracts in place between the comparative periods. Utilization softened with 62% of 1,362 units compared to 75% of 1,203 units in Q3 2014.

Revenues for the nine months ended September 30, 2015 were $12.0 million, an increase of $3.0 million or 34% compared to the same period of 2014. The increased revenue was attributable to higher rental revenue and higher activity levels in the rentals service operations. Year to-date utilization was 68% of 1,280 units compared to 71% of 1,178 units in the same period of 2014.

Direct costs

Direct costs for the three months ended September 30, 2015 were $55.0 million or 75% of revenues compared to $76.7 million or 75% of revenues for the same period of 2014. 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, compared to Q3 2014, were primarily related to significantly lower material and labour costs in the manufacturing operation as a result of the lower activity levels. As discussed above, manufacturing direct labour hours decreased by 55% in Q3 2015 compared to the same period of 2014. As a percentage of revenue, direct costs remained consistent quarter over quarter.

Direct costs for the nine months ended September 30, 2015 were $207.2 million or 77% of revenue compared to $220.3 million or 76% of revenue for the same period of 2014. Direct costs decreased as a result of the lower manufacturing cost discussed above however, direct costs as a percentage of revenue increased by one percentage point. The increase was primarily related to the manufacturing operations which experienced higher labour costs in 2015 due to a longer than anticipated project schedule and severance costs associated with the structural changes in the manufacturing operations. As well, manufacturing had higher material costs in Q2 2015 which included the effects of a provincial sales tax assessment.

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:

(000's except mat rental days and numbers of mats)	Three months ended September 30 2015	2014	% change	Nine months ended September 30 2015	2014	% change
Access mat rental revenue[(1)]	$ 2,580	$ 4,508	(43%)	$ 9,087	$ 10,518	(14%)
Other mat and rental equipment revenue[(2)]	267	678	(61%)	1,189	2,092	(43%)
Total mat and rental equipment revenue	$ 2,847	$ 5,186	(45%)	$ 10,276	$ 12,610	(19%)
Mat sales revenue	707	4,758	(85%)	3,919	18,107	(78%)
Installation, transportation, service and other revenue	5,916	9,980	(41%)	18,452	21,937	(16%)
Total revenue	$ 9,470	$ 19,924	(52%)	$ 32,647	$ 52,654	(38%)
EBITDAS	$ 1,983	$ 4,991	(60%)	$ 7,951	$ 11,443	(31%)
EBITDAS as a % of revenue	21%	25%		24%	22%	
Operating earnings (loss)	$ (415)	$ 2,904	(114%)	$ 1,038	$ 6,172	(83%)
Access mat rental days – owned mats[(3)]	1,517,485	1,271,836	19%	4,896,535	3,140,240	56%
Access mat rental days – third party mats[(4)]	414,495	800,114	(48%)	1,164,199	1,639,118	(29%)
Total access mat rental days	1,931,980	2,071,950	(7%)	6,060,734	4,779,358	27%
Average owned access mats in rental fleet[(5)]	30,651	20,257	51%	28,839	18,103	59%
Average sub rental access mats in rental fleet[(6)]	4,489	8,663	(48%)	4,233	5,949	(29%)
Owned access mats in rental fleet at quarter end[(7)]	29,964	20,497	46%	29,964	20,497	46%
Mats sold:						
New mats	166	5,789	(97%)	400	22,460	(98%)
Used Mats	972	596	63%	6,016	4,982	21%
Total mats sold	1,138	6,385	(82%)	6,416	27,442	(77%)

(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 September 30, 2015 were $9.5 million, a decrease of $10.5 million or 52% in comparison to the same period of 2014. The decrease was driven by lower activity levels across all matting operations combined with downward pressure on pricing, a result of the uncertain economic environment. The majority of the revenue decrease was attributable to a drop in mat sales due to customers reducing capital programs which also reduced the associated revenues from installation and transportation. EBITDAS for the three months ended September 30, 2015 were $2.0 million, a decrease of $3.0 million or 60% compared to the same period of 2014 as a result of the lower activity levels and lower pricing. As a percentage of revenue, EBITDAS decreased to 21% from 25% primarily due to the downward pressure on pricing with revenue per mat rental day down by 39% compared to the same period of 2014.

Revenues from the Matting segment for the nine months ended September 30, 2015 were $32.6 million, a decrease of $20.0 million or 38% compared to the same period of 2014. The decrease in revenue year over year is a result of the same factors discussed above, depressed commodity prices and an uncertain economic environment. EBITDAS for the nine months ended September 30, 2015 were $8.0 million, a decrease of $3.5 million or 31% compared to the same period of 2014 as a result of the significantly lower volumes. EBITDAS as a percentage of revenue, however, increased to 24% from 22% in 2014 as result of the comparative revenue mix. 2015 had a larger proportion of revenue generated from the higher margin rentals operation however, this change in mix was partially offset by the decreased revenue per mat rental day which decreased by 32% year over year.

Mat and rental equipment revenue

Mat and rental equipment revenues for the three months ended September 30, 2015 decreased by $2.3 million or 45% compared to the same period of 2014, driven by lower rental rates and volumes. Revenue per mat rental day for the three months ended September 30, 2015 decreased to $1.34 per mat rental day, down 39% as a result of the continuing uncertain economic environment compared to Q3 2014. Access mat rental day volumes decreased by 7% in comparison to Q3 2014 with owned access mat utilization 54% on an average fleet of 30,651 mats compared to 68% on 20,257 mats in Q3 2014.

For the nine months ended September 30, 2015, mat and equipment rental revenues decreased by $2.3 million or 19% compared to the same period of 2014, a result of lower pricing more than offsetting higher access mat rental volumes. Revenue per mat rental day for the nine months ended September 30, 2015 decreased to $1.50 per mat rental day, $0.70 or 32% below the comparative period of 2014. Access mat rental day volumes increased by 27% in the comparative periods with owned access mat utilization of 62% on an average fleet of 28,839 mats compared to 64% on 18,103 mats in 2014.

Mat sales revenue

Revenues from mat sales for the three months ended September 30, 2015 were $0.7 million, a decrease of $4.1 million or 85% compared to the same period of 2014. The volume of mats sold is highly dependent on customer capital budgets and as a result of the challenging economic environment customers have significantly reduced their capital programs. Mats sold in the three months ended September 30, 2015 were 1,138, a decrease of 5,247 mats or 82% compared to the same period of 2014. Revenues per mat sold were $621 for the third quarter of 2015, a decrease of $124 or 17% compared to the same period of 2014. The decrease is reflective of the mix of new and used mats sold, as new mats typically have higher selling price than used mats.

Revenues from mat sales for the nine months ended September 30, 2015 were $3.9 million, a decrease of $14.2 million or 78% 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 $611 for the nine months ended September 30, 2015, a decrease of $49 or 7% compared to the same period of 2014. The decrease is reflective of 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 September 30, 2015 were $5.9 million, a decrease of $4.1 million or 41% compared to the same period in 2014. The decrease in revenue is a result of decreased volumes in the other matting operations and the pricing pressure from the challenging economic environment.

Revenues for the nine months ended September 30, 2015 were $18.5 million, a decrease of $3.5 million or 16% compared to the same period in 2014. The decrease is a result of the lower activity levels in the other matting operations and lower pricing.

Direct costs

Direct costs for the three months ended September 30, 2015 were $7.1 million or 75% of revenue compared to $14.5 million or 73% of revenue for the same period of 2014. Direct costs are closely related to business volumes and revenue mix with direct costs consisting primarily of direct labour, raw material, trucking, rent and utility costs. Compared to Q3 2014, direct costs decreased as a result of labour reductions to align with activity levels across all the matting operations. In addition, matting experienced significantly lower material costs in the manufacturing operation as a result of lower new mat sales and experienced lower trucking costs as a result of the reduced installation activity. As a percentage of revenue, direct costs increased primarily due to the significant pricing reductions, particularly in the mat rental rate.

Direct costs for the nine months ended September 30, 2015 were $23.3 million or 71% of revenue compared to $40.4 million or 77% of revenue for the same period of 2014. This decrease in direct costs reflects the nine month effect of the factors discussed above. As a percentage of revenue, direct costs decreased as a result of the different revenue mix year over year and lower costs related to third party rental mats due to lower usage of third party mats in 2015. A significantly higher proportion of revenue in 2015 was generated from the mat rental operation which had lower associated costs than the other operations in matting.

Corporate

Corporate costs are the costs of the head office which include the President and Chief Executive Officer, Senior Vice President Finance and Chief Financial Officer, Vice President of Health, Safety, Quality and Environment, Vice President of Aboriginal & Community Relations, Corporate Secretary, corporate accounting staff, information technology, and associated costs of supporting a public company. Corporate costs for the three months ended September 30, 2015 were $3.7 million, an increase of $0.9 million or 34% in comparison to Q3 2014. This increase relates mainly to costs associated with the structural changes to the business, severance and consulting costs.

For the nine months ended September 30, 2015, corporate costs were $10.2 million, an increase of $0.6 million or 6% in comparison to the same period in 2014. The increased costs primarily relate to structural changes mentioned above.

Corporate costs as a percentage of total revenue for the three and nine months ended September 30, 2015 were 4% and 3% respectively compared to 2% and 3% in each of the comparative periods of 2014. The increase as a percentage of revenue in the three months comparison was a result of reasons noted above which impacted Q3 2015. On a year to date basis, corporate costs as a percentage of total revenue remained consistent at 3%.

Other Items

Selling and administrative

Total selling and administrative expenses are comprised of business development costs in the Camps & Catering, Matting and Corporate segments which include the Senior Vice President, Sales and Marketing. For the three months ended September 30, 2015 costs were $6.0 million, an increase of $1.0 million or 20% compared to Q3 2014 with the increase attributable to higher corporate costs as described above. As a percentage of revenue, selling and administrative expenses for the three months ended September 30, 2015 were 7.3% compared to 4.1% in the comparative quarter, mainly due to lower revenues in Q3 2015.

For the nine months ended September 30, 2015, costs were $17.6 million, an increase of $2.0 million or 13% compared to the same period in 2014. Of the increase, $1.0 million was design and engineering costs associated with proposal work in Q1 of 2015, the remainder being costs associated with structural changes described above in the corporate costs. As a percentage of revenue, selling and administrative expenses for the nine months ended September 30, 2015 were 6%, compared to 5% in Q3 2014.

Depreciation and amortization

	Three months ended September 30			Nine months ended September 30		
(000's)	2015	2014	% change	2015	2014	% change
Depreciation of property, plant and equipment	$ 13,661	$ 13,595	-	$ 40,414	$ 38,860	4%
Amortization of intangibles	-	798	(100%)	-	2,437	(100%)
Total depreciation and amortization	$ 13,661	$ 14,393	(5%)	$ 40,414	$ 41,297	(2%)

Depreciation of property, plant and equipment for the three months ended September 30, 2015 remained consistent with prior period.

For the nine months ended September 30, 2015, depreciation increased $1.6 million or 4% compared to the same period of 2014. The increase was primarily related to the increase in camp assets driven by the addition of several large camps in the second half of 2014.

Amortization costs related to customer relationships decreased for the three and nine months ended September 30, 2015 by $0.8 million or 100% and $2.4 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 September 30, 2015, financing costs were $0.6 million a decrease of $0.6 million, or 52% from Q3 2014. For the nine months ended September 30, 2015, financing costs were $2.9 million, a decrease of $0.2 million or 7% compared to the same period in 2014. The decrease in financing costs was mainly a result of lower average debt levels in the first nine months of 2015 which averaged $105.1 million compared to $118.8 million in the same period of 2014.

The effective interest rate on loans and borrowings for the three and nine months ended September 30, 2015 was 3.1%, slightly lower than the comparative period at 3.3%. The lower effective interest rate was a result of a decrease in the prime rate and the proportion of debt carried in bankers acceptances compared to 2014.

Income taxes

For the three months ended September 30, 2015 income tax was a recovery was $0.1 million, an effective tax rate of 40% compared to $3.4 million and 30% in Q3 2014.

For the nine months ended September 30, 2015, income tax expense was $4.6 million, an effective tax rate of 53% compared to $6.4 million and 28% in the same period of 2014. The increased tax rate is mainly due to the Alberta provincial income tax rate increasing from 10% to 12% which became substantively enacted in June 2015.

Gain/Loss on disposal

For the three months ended September 30, 2015, Horizon North recognized a loss on disposal of $0.1 million compared to gains of $1.7 million in the third quarter of 2014. The same period of 2014 included a $1.7 million gain on the disposal of residual camp assets and property associated with the northern operations.

For the nine months ended September 30, 2015, the loss on disposal of $0.4 million was primarily related to normal fleet management. The same period of 2014 included a $3.8 million gain on disposal of camp assets and property related to the northern assets.

Liquidity and Capital Resources

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

(000's)	September 30, 2015	December 31, 2014
Current assets	$ 83,592	$ 134,342
Current liabilities excluding loans and borrowings[(1)]	46,287	60,337
Current portion of loans and borrowings	4,824	7,668
Current liabilities	$ 51,111	$ 68,005
Working capital[(2)]	$ 32,481	$ 66,337
Bank borrowing:		
Available credit facility	$ 200,000	$ 175,000
Drawings on credit facility	47,316	146,370
Borrowing capacity[(3)]	$ 152,684	$ 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 September 30, 2015 was $32.5 million compared to $66.3 million at December 31, 2014, a decrease of $33.8 million. The decrease in working capital was primarily due to the overall decrease in business activity in 2015. Borrowing capacity increased by $124.1 million mainly as a result of the bought deal equity financing which closed in July 8, 2015 with the net proceeds of $76.6 million applied to debt.

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 September 30, 2015
Maximum Consolidated Senior debt (1) to Consolidated EBITDAS ratio (3)(4) (must be 3.00:1.00 or less)	0.64:1.00 or less
Maximum Consolidated Total debt (2) to Consolidated EBITDAS ratio (3)(5) (must be 4.25:1.00 or less)	0.64:1.00 or less
Minimum Consolidated Interest coverage ratio(6) (must be 3.00:1.00 or more)	20.1:1.00 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 September 30, 2015, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility.

Capital Spending

For the nine months ended September 30, 2015, capital spending was $41.2 million compared to $97.0 million in the same period of 2014 as a result of a focused and disciplined 2015 capital program. Capital in the first nine months of 2015 was mainly focused on expansion of the camp rental fleet and on land improvements compared to the same period of 2014 which focused on 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 nine months ended September 30, 2015 of $33.8 million compared to $84.1 million for the same period of 2014.

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 will be 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 2015	June 2015	September 2015	December 2015	September 2015
Revenue	$ 133,968	$ 84,888	82,311		$ 301,167
EBITDAS	29,414	10,093	14,435		53,942
Operating earnings (loss)	15,439	(4,034)	313		11,718
Total profit (loss)	10,282	(5,958)	(170)		4,154
Total comprehensive income (loss)	10,700	(6,308)	(273)		4,119
Earnings (loss) per share – basic	$ 0.09	$ (0.05)	$ -		$ 0.04
Earnings (loss) per share – diluted	$ 0.09	$ (0.05)	$ -		$ 0.04

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

	Three months ended				Year ended
(000's except per share amounts)	March 2013	June 2013	September 2013	December 2013	December 2013
Revenue	$ 139,959	$ 148,426	$ 157,361	$ 108,641	$ 554,387
EBITDAS	36,633	32,708	41,306	15,687	126,334
Operating earnings (loss)	23,209	14,257	27,432	(1,607)	63,291
Total profit (loss)	16,509	10,123	18,339	(2,520)	42,451
Total comprehensive income (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 nine months 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 an 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 one major customer who generated 12.6% 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 & 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 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 September 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 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.

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)	September 30, 2015	December 31, 2014
Neither impaired nor past due	$ 32,994	$ 36,511
Impaired	1,028	733
Outstanding 31-60 days	7,532	14,994
Outstanding 61-90 days	3,368	4,761
Outstanding more than 90 days	1,482	1,128
Total	46,404	58,127
Allowance for doubtful accounts	(1,028)	(733)
Accrued revenue	6,498	20,634
Construction receivables	14,759	36,863
Other receivables	218	1,183
Total trade and other receivables	$ 66,851	$ 116,074

As at September 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 October 28, 2015, the Corporation has collected $0.2 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 September 30, 2015, included in construction receivables were holdbacks of $866,000 (December 31, 2014 - $6,800,000). The total of construction receivables aged less than 90 days was 56% at September 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:

	September 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	$ 44,362	$ 4,824	$ 58,069	$ 7,668
Year 2	-	-	-	146,370
Year 3	-	47,316	-	-
Year 4	-	-	-	-
Year 5 and beyond	5,608	-	5,890	-
	$ 49,970	$ 52,140	$ 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 September 30, 2015 by approximately $64,000 (September 30, 2014 - $87,000). 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 $746,000 for the three months ended September 30, 2015 (September 30, 2014 - $875,800). 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.

Share Capital

Horizon North had 132,606,651 voting common shares issued and outstanding options of 7,369,488 for a total potential of 139,976,139 shares as at October 28, 2015.

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 September 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 September 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 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 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 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 September 30		Nine months ended September 30	
(000's)	2015	2014	2015	2014
Total (loss)profit	$ (170)	$ 8,065	$ 4,154	$ 16,463
Add:				
Share based compensation	355	694	1,381	1,650
Depreciation & amortization	13,661	14,393	40,414	41,297
(Gain) loss on disposal of property, plant and equipment	106	(1,732)	429	(3,847)
Finance costs	595	1,231	2,935	3,168
Income tax (recovery) expense	(112)	3,395	4,629	6,361
EBITDAS	$ 14,435	$ 26,046	$ 53,942	$ 65,092

Advisories

This Management's Discussion and Analysis, prepared as at October 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 continuing to moderate its outlook for the remainder of 2015;
- Horizon North continuing to work closely with existing customers to help control their costs and remain competitive and continuing to work with suppliers to find efficiencies and reduce costs;
- Horizon North continuing to move forward with structural changes to its business to position it well for the next up-cycle;
- the continued focus on developing land positions near proposed LNG project sites to ensure Horizon North is well positioned to take advantage of future activity, development of the market for modular construction of permanent facilities and structural changes to Horizon North's business to drive greater efficiencies and improved cost structure;
- Horizon North's anticipation that its balance sheet will continue to be strong as a result of a disciplined capital program aligned with the uncertain economic environment and a continued focus on working capital and disciplined capital spending;
- Horizon North's investment in fleet capital to remain competitive in the Alberta oil sands and to expand in northeastern British Columbia to serve natural gas exploration and development activities;
- the payment of our declared quarterly dividend and maintaining a quarterly dividend;
- our business strategy;
- our capital expenditure program for 2015; and
- the forward-looking statements and information under the heading "Critical accounting Estimates and Judgments".

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

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