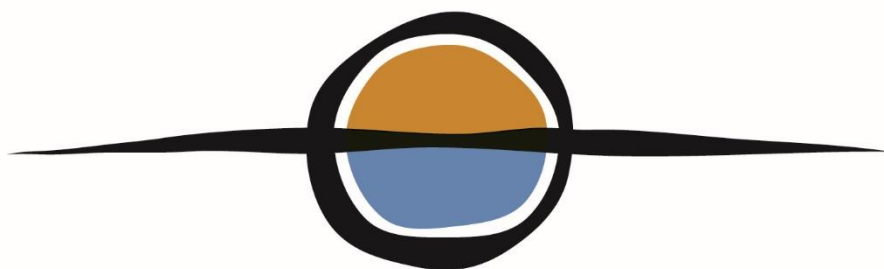


Condensed Consolidated Interim Financial Statements of



HORIZON NORTH

Three months ended March 31, 2018 and 2017 (Unaudited)



Condensed consolidated statement of financial position (Unaudited)

(000's)	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Trade and other receivables	\$ 94,786	\$ 98,765
Inventories	6,595	7,427
Prepayments	4,150	5,437
Income taxes receivable	3,023	3,065
Total current assets	108,554	114,694
Non-current assets:		
Property, plant and equipment (Note 4)	347,985	338,122
Intangible assets	3,660	4,348
Goodwill	20,545	20,545
Other assets	2,009	2,041
Total non-current assets	374,199	365,056
Total assets	\$ 482,753	\$ 479,750
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	\$ 34,026	\$ 33,001
Deferred revenue	6,248	7,008
Current portion of asset retirement obligation	4,462	3,347
Finance lease liabilities	1,011	1,588
Total current liabilities	45,747	44,944
Non-current liabilities:		
Asset retirement obligations	11,429	11,217
Loans and borrowings (Note 5)	84,539	73,016
Deferred tax liabilities	43,737	45,509
Total liabilities	185,452	174,686
Shareholders' equity:		
Share capital (Note 8)	287,748	286,754
Contributed surplus	16,393	16,181
Accumulated other comprehensive income	761	761
Retained earnings	(7,601)	1,368
Total shareholders' equity	297,301	305,064
Total liabilities and shareholders' equity	\$ 482,753	\$ 479,750

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive (loss) income (Unaudited)
Three months ended March 31, 2018 and 2017



<i>(000's except per share amounts)</i>	Three months ended March 31,	
	2018	2017
Revenue (Note 7)	\$ 82,575	\$ 70,488
Operating expenses:		
Direct costs	72,843	57,549
Depreciation (Note 4)	9,994	11,154
Amortization of intangible assets	688	684
Share based compensation (Note 8)	122	100
Loss (gain) on disposal of property, plant and equipment	158	(12,099)
Direct operating expenses	83,805	57,388
Gross (loss) profit	(1,230)	13,100
Selling & administrative expenses:		
Selling & administrative expenses	5,299	4,685
Share based compensation (Note 8)	515	262
Selling & administrative expenses	5,814	4,947
Operating (loss) earnings	(7,044)	8,153
Finance costs	828	740
Earnings from equity investments	(67)	-
(Loss) earnings before tax	(7,805)	7,413
Current tax expense (recovery)	29	(895)
Deferred tax (recovery) expense	(1,772)	3,168
Income tax (recovery) expense (Note 6)	(1,743)	2,273
Total (loss) profit	(6,062)	5,140
Other comprehensive income:		
Translation of foreign operations	-	-
Other comprehensive income, net of income tax	-	-
Total comprehensive (loss) income	\$ (6,062)	\$ 5,140
(Loss) earnings per share:		
Basic (Note 9)	\$ (0.04)	\$ 0.04
Diluted (Note 9)	\$ (0.04)	\$ 0.04

The accompanying notes are an integral part of the condensed consolidated interim financial statements.



Condensed consolidated statement of changes in equity (Unaudited)

<i>(000's)</i>	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at December 31, 2016	\$ 286,674	\$ 15,465	\$ 764	\$ 20,784	\$ 323,687
Total profit	-	-	-	5,140	5,140
Share based compensation (Note 8)	-	150	-	-	150
Dividends (Note 10)	-	-	-	(2,892)	(2,892)
Balance at March 31, 2017	\$ 286,674	\$ 15,615	\$ 764	\$ 23,032	\$ 326,085
Total loss	-	-	-	(12,983)	(12,983)
Share based compensation (Note 8)	-	584	-	-	584
Share options exercised (Note 8)	80	(18)	-	-	62
Translation of foreign operations	-	-	(3)	-	(3)
Dividends (Note 10)	-	-	-	(8,681)	(8,681)
Balance at December 31, 2017	\$ 286,754	\$ 16,181	\$ 761	\$ 1,368	\$ 305,064
Total loss	-	-	-	(6,062)	(6,062)
Share based compensation (Note 8)	-	212	-	-	212
Issue of share capital (Note 8)	1,000	-	-	-	1,000
Share issue costs, net of tax (Note 8)	(6)	-	-	-	(6)
Dividends (Note 10)	-	-	-	(2,907)	(2,907)
Balance at March 31, 2018	\$ 287,748	\$ 16,393	\$ 761	\$ (7,601)	\$ 297,301

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows (Unaudited)
Three months ended March 31, 2018 and 2017



<i>(000's)</i>	March 31, 2018	March 31, 2017
Cash provided by (used in):		
Operating activities:		
(Loss) profit for the period	\$ (6,062)	\$ 5,140
Adjustments for:		
Depreciation (Note 4)	9,994	11,154
Amortization of intangible assets	688	684
Share based compensation (Note 8)	637	362
Amortization of other assets	32	32
Loss (gain) on disposal of property, plant and equipment	158	(12,099)
Book value of used fleet sales	140	894
Finance costs	828	740
Income tax (recovery) expense (Note 6)	(1,743)	2,273
Adjusted fund flow	4,672	9,180
Asset retirement obligation settled	(1,501)	(39)
Income taxes refunded (paid)	13	(27)
Interest paid	(923)	(731)
Changes in non-cash working capital items	3,666	(11,732)
Net cash flows from (used in) operating activities	5,927	(3,349)
Investing activities:		
Purchase of property, plant and equipment (Note 4)	(16,328)	(1,361)
Proceeds on sale of property, plant and equipment	2,791	12,099
Net cash flows (used in) from investing activities	(13,537)	10,738
Financing activities:		
Shares issued (Note 8)	(8)	-
Finance lease liabilities	(1,011)	-
Proceeds from (repayment of) loans and borrowings	11,523	(4,497)
Payment of dividends (Note 10)	(2,894)	(2,892)
Net cash flows from (used in) financing activities	7,610	(7,389)
Change in cash position	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

1. Reporting Entity

Horizon North Logistics Inc. (“Horizon North” or the “Corporation”) is a corporation registered and domiciled in Canada and is a publicly-traded company, listed on the Toronto Stock Exchange under the symbol HNL. The Corporation’s registered offices are at 900, 240-4th Avenue SW, Calgary, AB T2P 4H4. The condensed consolidated interim financial statements of the Corporation as at and for the three month period ended March 31, 2018 comprise the Corporation and its subsidiaries and the Corporation’s interest in associates and jointly controlled entities. Horizon North provides full service solutions in workforce accommodations and camp management, matting and soil stabilization, remote power and energy generation systems, and relocatable and permanent modular structures. The Corporation provides a full range of these services to clients in the energy, mining, forestry and construction sectors anywhere in Canada.

2. Basis of Presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 2017. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These financial statements were approved by the board of directors of Horizon North on May 8, 2018.

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these estimates.

The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, unless otherwise stated, the significant judgments, estimates and underlying assumptions made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2017, except as discussed below.

Estimates

- Revenue Recognition Estimates – The Corporation recognizes revenue over time for its construction contracts, and estimates progress of these contracts by comparing costs incurred to the total expected costs of the project. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

3. Significant Accounting Policies and Determination of Fair Values

The accounting policies and determination of fair values were set out in Note 3 and 4 of the Corporation's annual consolidated financial statements for the year ended December 31, 2017. Other than described below, these policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

As a result, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

(a) Changes in significant accounting policies

(i) Adoption of IFRS 9 - Financial Instruments

Effective January 1, 2018, the Corporation adopted IFRS 9 - Financial Instruments, which replaced IAS 39 - Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 did not have a material impact on the Corporation's Consolidated Financial Statements.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The previous IAS 39 categories of held to maturity, loans and receivables and available for sale are eliminated. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment of financial assets: IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt instruments at FVOCI. Under IFRS 9, credit losses are recognized earlier than IAS 39.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The differences between the two standards did not impact the Corporation at the time of transition. The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial liabilities.

(ii) Adoption of IFRS 15 - Revenue from Contracts with Customers

Effective January 1, 2018, the Corporation adopted IFRS 15 - Revenue from Contracts with Customers replacing IAS 11 - Construction Contracts, IAS 18 - Revenue and several revenue-related interpretations. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

The impacts of adopting IFRS 15 on the Corporation's condensed Consolidated Interim Statement of Financial Position as at March 31, 2018, the Consolidated Interim Statement of Comprehensive Loss and the Consolidated Interim Statement of Cash Flow, did not result in adjustments and did not materially impact the timing or measurement of revenue. However, IFRS 15 contains new disclosure requirements.

The Corporation has adopted IFRS 15 using the modified retrospective method, with the effect of initially applying this standard recognized at the date of initial application, January 1, 2018. Accordingly, the information presented for 2017 has not been restated, it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

3. Significant Accounting Policies and Determination of Fair Values (continued)

(b) Update to Significant Accounting Policies

(i) Financial Instruments

Financial Instrument	IAS 39 Category	IFRS 9 Category
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Loans and borrowings	Other financial liabilities	Amortized cost

(i) Non-derivative financial assets

The initial classification of a financial asset depends upon the Corporation's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Corporation classified its financial assets:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- FVOCI: Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- FVTPL: Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial assets.

The Corporation initially recognizes trade and other receivables on the date that they originate. All other financial assets are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation's financial assets, trade and other receivables, are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legal right to offset the amounts and the Corporation intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

The Corporation's financial liabilities are categorized as measured at amortized cost.

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which it becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3. Significant Accounting Policies and Determination of Fair Values (continued)

(b) Update to Significant Accounting Policies (continued)

(iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

(ii) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognizes revenue when it transfers control of the product or service to a customer, which is generally when title passes from the Corporation to its customer or when the customer receives the benefits from the service.

The Corporation recognizes revenue from the following major products and services:

(i) Camp rental and catering revenue

The Corporation provides camp rental and catering services to its customers. Depending on the customer's requirements contracts may be for camp rental only, catering and maintenance services only, or both camp rental and catering services. Revenue from the camp rental and catering services are recognized over time as services are performed. Occupancy days or mandays at the applicable day rate are used to measure recognizable revenue of the camp. Minimum mandays are included in certain contracts and contract variability, as a result of fluctuating mandays, is recognized in the period in which the mandays occur.

(ii) Construction contract revenue

Construction contract revenue includes the initial amount agreed to in the contract plus any variations in contract work, claims, and incentive payments, to the extent that it is highly probable that a significant revenue reversal will not occur. The Corporation recognizes revenue over time for its construction contracts, and estimates progress of these contracts by comparing costs incurred to the total expected costs of the project. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

(iii) Rendering of services

The Corporation provides access mat rental, relocatable structure rental, and transportation services to customers. Revenue from rendering of these services are recognized over time. Rental days are used to measure the rental fleet revenue. Revenue is recognized at the applicable day rate for each asset rented, based on rates specified in each contract, and as the services are performed.

(iv) Sale of used fleet

The Corporation routinely sells items of property, plant and equipment that it has held for rental and such assets are transferred to inventories at their carrying amount when they cease to be held for rent. The proceeds from the sale of such assets are recognized as revenue at a point in time when control of the assets transfers.

(v) Sale of other goods

Revenue from the sale of other goods is measured at the fair value of the consideration received or receivable. The Corporation recognizes revenue when it transfers control of the product or service to a customer, which is generally when title passes from the Corporation to its customer, collectability is reasonably assured, the associated costs can be estimated reliably, and there is no continuing management involvement with the goods. The Corporation recognizes revenue from the sale of other goods at a point in time.

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2018 and 2017



4. Property, Plant and Equipment

Cost	Balance			Impact of	Balance
(000's)	December 31,	Additions	Disposals	Foreign	March 31,
	2017			Translation	2018
Camp facilities, setup & installation	\$ 416,034	\$ 16,822	\$ (7,305)	\$ -	\$ 425,551
Land & buildings	63,001	1,423	-	-	64,424
Automotive & trucking equipment	44,315	67	(46)	-	44,336
Mats	20,203	3,026	(647)	-	22,582
Furniture, fixtures & other equipment	6,211	(141)	(71)	-	5,999
Asset retirement obligations	14,321	2,774	-	-	17,095
Assets under construction	2,100	(1,095)	-	-	1,005
	\$ 566,185	\$ 22,876	\$ (8,069)	\$ -	\$ 580,992

Accumulated Depreciation	Balance			Impact of	Balance
(000's)	December 31,	Depreciation	Disposals	Foreign	March 31,
	2017			Translation	2018
Camp facilities, setup & installation	\$ 160,046	\$ 6,260	\$ (4,478)	\$ -	\$ 161,828
Land & buildings	12,274	645	-	-	12,919
Automotive & trucking equipment	30,647	1,114	(46)	-	31,715
Mats	13,653	861	(455)	-	14,059
Furniture, fixtures & other equipment	4,616	7	(71)	-	4,552
Asset retirement obligations	6,827	1,107	-	-	7,934
Assets under construction	-	-	-	-	-
	\$ 228,063	\$ 9,994	\$ (5,050)	\$ -	\$ 233,007

Carrying Amounts	Balance	Balance
(000's)	December 31,	March 31,
	2017	2018
Camp facilities, setup & installation	\$ 255,988	\$ 263,723
Land & buildings	50,727	51,505
Automotive & trucking equipment	13,668	12,621
Mats	6,550	8,523
Furniture, fixtures & other equipment	1,595	1,447
Asset retirement obligations	7,494	9,161
Assets under construction	2,100	1,005
	\$ 338,122	\$ 347,985

During the three months ended March 31, 2018, the capital additions included the asset purchase of a 288 person Camp Facility south of Fort McMurray, Alberta for an aggregate purchase price of \$14,000,000 including the issuance of 665,779 common shares of the Corporation with a fair value of \$1.50 per share for total compensation of \$1,000,000.

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2018 and 2017



4. Property, Plant and Equipment (continued)

Cost	Balance			Impact of	Balance
	December 31,			Foreign	March 31,
<i>(000's)</i>	2016	Additions	Disposals	Translation	2017
Camp facilities, setup & installation	\$ 456,452	\$ 168	\$ (481)	\$ (1)	\$ 456,138
Land & buildings	62,341	1,175	-	-	63,516
Automotive & trucking equipment	44,255	329	(10)	-	44,574
Mats	19,954	4,900	(2,272)	-	22,582
Furniture, fixtures & other equipment	8,293	(1,254)	-	-	7,039
Asset retirement obligations	12,692	501	-	-	13,193
Assets under construction	1,452	(313)	-	-	1,139
	\$ 605,439	\$ 5,506	\$ (2,763)	\$ (1)	\$ 608,181

Accumulated Depreciation	Balance			Impact of	Balance
	December 31,			Foreign	March 31,
<i>(000's)</i>	2016	Depreciation	Disposals	Translation	2017
Camp facilities, setup & installation	\$ 157,197	\$ 7,884	\$ (370)	\$ (1)	\$ 164,710
Land & buildings	12,590	(57)	-	-	12,533
Automotive & trucking equipment	29,683	1,163	(10)	-	30,836
Mats	13,309	1,270	(1,490)	-	13,089
Furniture, fixtures & other equipment	4,997	434	-	-	5,431
Asset retirement obligations	4,892	460	-	-	5,352
Assets under construction	-	-	-	-	-
	\$ 222,668	\$ 11,154	\$ (1,870)	\$ (1)	\$ 231,951

Carrying Amounts	Balance	Balance
	December 31,	March 31,
<i>(000's)</i>	2016	2017
Camp facilities, setup & installation	\$ 299,255	\$ 291,428
Land & buildings	49,751	50,983
Automotive & trucking equipment	14,572	13,738
Mats	6,645	9,493
Furniture, fixtures & other equipment	3,296	1,608
Asset retirement obligations	7,800	7,841
Assets under construction	1,452	1,139
	\$ 382,771	\$ 376,230

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2018 and 2017



5. Loans and Borrowings

(000's)	March 31, 2018	December 31, 2017
Committed credit facility	\$ 84,539	\$ 73,016

The carrying value of Horizon's debt approximates its fair value, as the majority of the debt bears interest at variable rates which approximates market rates.

On March 27, 2018, the Corporation amended the committed credit facility ("credit facility") extending the maturity date to September 30, 2020. The credit facility has an available limit of \$150,000,000 and is secured with 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 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 2.25% or the Bankers' Acceptance rate plus 1.50% to 3.25%. The credit facility has a standby fee ranging from 0.34% to 0.73%. The credit facility is subject to the following financial covenants:

	Covenants Calculation March 31, 2018	Debt Covenants
Maximum Consolidated Senior debt ⁽¹⁾ to Consolidated EBITDAS ratio ⁽³⁾⁽⁴⁾	3.22:1.00	3.50:1.00 or less
Maximum Consolidated Total debt ⁽²⁾ to Consolidated EBITDAS ratio ⁽³⁾⁽⁵⁾	3.26:1.00	4.25:1.00 or less
Minimum Consolidated Interest coverage ratio ⁽⁶⁾	8.04:1.00	3.00:1.00 or more

(1) Senior debt is calculated as the sum of current and long-term portions of loans and borrowings less vehicle and equipment financing.

(2) Total debt is calculated as the sum of current and long-term portions of loans and borrowings.

(3) EBITDAS (Earnings before interest, taxes, depreciation, amortization, impairment, gain/loss on disposal of property, plant and equipment, earnings from equity investments, 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 March 31, 2018, the Corporation was in compliance with all financial and non-financial covenants related to the Credit Facility.

6. Income Taxes

The provision for income taxes differs from that which would be expected by applying statutory rates. A reconciliation of the difference is as follows:

(000's)	Three months ended March 31,	
	2018	2017
Loss before tax	\$ (7,805)	\$ 7,413
Combined federal and provincial income tax rate	27.0%	27.0%
Expected income tax recovery	\$ (2,107)	\$ 2,002
Non-deductible share based compensation	172	98
Differences in jurisdictional tax rates	(55)	75
Share issuance costs	12	10
Deferred taxes not recognized	222	272
Rate differential on non-capital loss carryback	-	(170)
Non-taxable portion of capital gain	-	(34)
Other	13	20
	\$ (1,743)	\$ 2,273

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2018 and 2017



7. Revenue

The nature and effect of initially applying IFRS 15 on the Corporation's condensed consolidated interim financial statements are disclosed in Note 3. The Corporation recognizes revenue from the following major products and services:

Type of Product or Service Line	Accounting policy
Camp Rental and Catering revenue	Customer obtains control of the goods or services over time
Construction contract revenue	Customer obtains control of the goods or services over time
Rendering of services	Customer obtains control of the goods or services over time
Sale of used fleet	Customer obtains control of the goods or services at a point in time
Sale of other goods	Customer obtains control of the goods or services at a point in time

(a) Disaggregation of revenue

In the following table, revenue is disaggregated by major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Corporations' reportable segments.

Three months ended March 31, 2018 (000's)	Camps & Catering	Rentals & Logistics	Modular Solutions	Inter-segment Eliminations	Total
Camp Rental and Catering revenue	\$ 45,930	\$ -	\$ -	\$ -	\$ 45,930
Construction contract revenue	-	-	22,525	-	22,525
Rendering of services	3,279	8,045	-	(28)	11,296
Sale of used fleet	2,340	449	-	-	2,789
Sale of other goods	-	35	-	-	35
	\$ 51,549	\$ 8,529	\$ 22,525	\$ (28)	\$ 82,575

Timing of revenue recognition					
Products and services transferred over time	\$ 49,209	\$ 8,045	\$ 22,525	\$ (28)	\$ 79,751
Products and services transferred at a point in time	2,340	484	-	-	2,824
	\$ 51,549	\$ 8,529	\$ 22,525	\$ (28)	\$ 82,575

Three months ended March 31, 2017 (000's)	Camps & Catering	Rentals & Logistics	Modular Solutions	Inter-segment Eliminations	Total
Camp Rental and Catering revenue	\$ 49,493	\$ -	\$ -	\$ -	\$ 49,493
Construction contract revenue	-	-	9,225	-	9,225
Rendering of services	-	9,251	-	-	9,251
Sale of used fleet	82	2,437	-	-	2,519
	\$ 49,575	\$ 11,688	\$ 9,225	\$ -	\$ 70,488

Timing of revenue recognition					
Products and services transferred over time	\$ 49,493	\$ 9,251	\$ 9,225	\$ -	\$ 67,969
Products and services transferred at a point in time	82	2,437	-	-	2,519
	\$ 49,575	\$ 11,688	\$ 9,225	\$ -	\$ 70,488

(b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

(000's)	March 31, 2018	January 1, 2018
Receivables, which are included in trade and other accounts receivables	\$ 74,545	\$ 89,070
Contract assets	20,241	9,695
Contract liabilities	6,248	7,008

7. Revenue (continued)

(b) Contract balances (continued)

The contract assets relate to the Corporation's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Corporation issues an invoice to the customer. The contract liabilities relate to the advance consideration received from customers for which revenue is recognized over time.

The amount of \$5,004,000 recognized in contract liabilities at the beginning of the period has been recognized as revenue for the three months ended March 31, 2018.

8. Share Capital

(a) Authorized

Unlimited number of voting common shares without nominal or par value.
Unlimited number of preferred shares issuable in series.

(b) Issued

	Number	Amount (000's)
Balance at March 31, 2017	144,622,006	\$ 286,674
Share options exercised	53,333	80
Balance at December 31, 2017	144,675,339	\$ 286,754
Common shares issued	665,779	1,000
Share issue costs, net of tax	-	(6)
Balance at March 31, 2018	145,341,118	\$ 287,748

On January 18, 2018, the Corporation acquired Moose Haven Lodge for an aggregate purchase price of \$14,000,000 including the issuance of 665,779 common shares of the Corporation with a fair value of \$1.50 per share for total compensation of \$1,000,000.

(c) Share option plan

The Corporation has a share option plan for its directors, officers, and key employees whereby options may be granted, to a maximum of 10% of the issued and outstanding common shares, subject to terms and conditions. Share option vesting privileges are at the discretion of the Board of Directors and were set at three years. The Corporation uses graded vesting for share options over the period in which the option vests. All share options are equity settled with a weighted average remaining contractual life of 2.8 years and all options granted have a maximum term of 5 years.

	Three months ended		Year ended	
	March 31, 2018		December 31, 2017	
	Outstanding options	Weighted average exercise price	Outstanding options	Weighted average exercise price
Balance, beginning of period	8,342,385	\$ 2.97	8,385,737	\$ 4.15
Granted	524,707	1.85	2,633,000	1.46
Forfeited	(39,000)	6.13	(1,012,614)	3.69
Expired	(66,000)	4.40	(1,610,405)	6.28
Exercised	-	-	(53,333)	1.16
Balance, end of period	8,762,092	\$ 2.88	8,342,385	\$ 2.97

8. Share Capital (continued)

(c) Share option plan (continued)

	Three months ended		Year ended	
	March 31, 2018		December 31, 2017	
	Exercisable options	Weighted average exercise price	Exercisable options	Weighted average exercise price
Balance, beginning of period	4,029,525 \$	4.43	4,168,595 \$	5.71
Vested	1,232,189	1.94	1,995,285	3.31
Forfeited	(52,666)	4.93	(470,617)	5.10
Expired	(39,000)	6.13	(1,610,405)	6.28
Exercised	-	-	(53,333)	1.16
Balance, end of period	5,170,048 \$	3.82	4,029,525 \$	4.43

The exercise prices for options outstanding and exercisable at March 31, 2018 are as follows:

Exercise price per share	Total options outstanding			Exercisable options	
	Number	Weighted average exercise price per share	Weighted average remaining contractual life in years	Number	Weighted average exercise price per share
\$1.16 to \$1.37	1,264,500 \$	1.17	3.3	388,331 \$	1.16
\$1.38 to \$1.61	2,328,500	1.47	4.4	-	-
\$1.62 to \$2.06	330,000	1.79	3.7	110,000	1.79
\$2.07 to \$2.83	2,571,500	2.30	2.1	1,714,311	2.30
\$2.84 to \$9.01	1,847,885	7.23	1.3	1,816,883	7.29
	8,342,385 \$	2.97	2.8	4,029,525 \$	4.43

Expected volatility is estimated by considering historic average share price volatility. For the three months ended March 31, 2018, share based compensation for share options included in net loss amounted to \$212,000 (2017 - \$150,000).

(d) Restricted share unit plan

The Corporation has a Restricted Share Unit ("RSU") plan for its directors, officers and key employees whereby RSUs may be granted, subject to certain terms and conditions. Under the terms of the RSU plan, the awarded units will vest in three equal portions on the first, second and third anniversary from the grant date, and will be settled in cash in the amount equal to the fair market value of the Corporation's stock price on that date.

The following table summarizes the RSUs outstanding:

	Number
Units outstanding at December 31, 2017	1,811,207
Granted	250,326
Forfeited	(33,694)
Exercised	(8,000)
Units outstanding at March 31, 2018	2,019,839

8. Share Capital (continued)

(d) Restricted share unit plan (continued)

The following table summarizes the RSUs fair value per unit at the time of issuance and as at March 31, 2018:

	Units Issued	Fair Value at Grant Date (\$ per unit)	Fair Value at March 31, 2018 (\$ per unit)
Opening balance	1,811,207		2.10
Issued on March 15, 2018	228,426	1.97	2.10
Issued on March 26, 2018	21,900	2.15	2.10

As at March 31, 2018, \$1,044,000 (2017 - \$849,000) was included in accounts payable and accrued liabilities for outstanding RSUs. For the three months ended March 31, 2018, share based compensation for RSUs included in net loss amounted to \$425,000 (2017 - \$212,000), with a weighted average remaining term of 1.6 years.

9. Earnings Per Share

The calculation of basic earnings per share for the three months ended March 31, 2018 was based on the total (loss) profit attributable to common shareholders of (\$6,062,000) (2017 - \$5,140,000).

A summary of the common shares used in calculating earnings per share for the three months ended March 31, 2018 and 2017 is as follows:

	Three months ended March 31,	
	2018	2017
Number of common shares, beginning of period	144,675,339	144,622,006
Weighted average effect of common shares issued	532,623	-
Weighted average common shares outstanding – basic	145,207,962	144,622,006
Effect of share purchase options ⁽¹⁾	-	425,079
Weighted average common shares outstanding – diluted	145,207,962	145,047,085

(1) The Corporation utilizes the treasury stock method for calculating the dilutive effect of share purchase options when the average market price of the Corporation's common stock during the period exceeds the exercise price of the option

For the three months ended March 31, 2018, 8,762,092 share options (2017 - 6,785,639) were excluded from the calculation of weighted average common shares outstanding - diluted as the result would be anti-dilutive.

10. Dividends

For the three months ended March 31, 2018, the Corporation paid dividends totaling \$2,894,000 (March 31, 2017 - \$2,892,000).

(000's except per share amounts)	2018		2017	
	Amount per share	Total dividend amount	Amount per share	Total dividend amount
Record Date				
March 31	\$ 0.02	\$ 2,907	\$ 0.02	\$ 2,892
June 30			0.02	2,893
September 30			0.02	2,894
December 31			0.02	2,894
	\$ 0.02	\$ 2,907	\$ 0.08	\$ 11,573

On May 8, 2018, the Corporation's Board of Directors declared a dividend for the second quarter of 2018 at \$0.02 per share. The dividend is payable to shareholders of record at the close of business on June 30, 2018 to be paid on July 13, 2018.

Notes to the condensed consolidated interim financial statements (Unaudited)
Three months ended March 31, 2018 and 2017



11. Operating segments

The Corporation operates in Canada and the United States through three operating segments: Camps & Catering, Rentals & Logistics and Modular Solutions.

The Camps & Catering segment combines the camps and catering operations, and the associated services. The Rentals & Logistics segment combines all other rental operations; mat rental operations, relocatable structures rental operations, transportation operations and the associated services. The Modular Solutions segment is comprised of all modular manufacturing and installation operations for commercial and residential end markets. Corporate includes the costs of head office administration, interest costs, taxes, other corporate costs and residual assets and liabilities.

Information regarding the results of all segments is included below. Inter-segment pricing is determined on an arm's length basis.

Three months ended March 31, 2018 (000's)	Camps & Catering	Rentals & Logistics	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	\$ 51,549	\$ 8,529	\$ 22,525	\$ -	\$ (28)	\$ 82,575
EBITDAS ⁽¹⁾	7,025	1,049	(270)	(3,371)	-	4,433
Depreciation and amortization	7,870	2,381	319	113	(1)	10,682
Loss (gain) on disposal of assets	26	132	-	-	-	158
Share based compensation	71	21	30	515	-	637
Operating (loss) earnings	(942)	(1,485)	(619)	(3,999)	1	(7,044)
Total assets	353,965	59,922	63,245	5,621	-	482,753
Capital expenditures	14,944	3,619	487	63	-	19,113

Three months ended March 31, 2017 (000's)	Camps & Catering	Rentals & Logistics	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	\$ 49,575	\$ 11,688	\$ 9,225	\$ -	\$ -	\$ 70,488
EBITDAS ⁽¹⁾	12,539	2,459	(3,765)	(2,979)	-	8,254
Depreciation and amortization	8,564	2,590	487	197	-	11,838
Gain on disposal of assets	(12,047)	-	-	-	(52)	(12,099)
Share based compensation	69	3	28	262	-	362
Operating earnings (loss)	15,953	(134)	(4,280)	(3,438)	52	8,153
Total assets	371,540	67,575	36,575	10,271	-	485,961
Capital expenditures	1,174	3,605	112	114	-	5,005

(1) EBITDAS (Earnings before interest, taxes, depreciation, amortization, impairment, gain/loss on disposal of property, plant and equipment, earnings from equity investments, 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.

12. Seasonality

Some of Horizon North's businesses are affected by the seasonality associated with western Canadian oil and natural gas drilling industry. The Camps & Catering segment is exposed to seasonality where the busiest months are January through March and the slowest months are April through September. The Rentals & Logistics segment is typically busiest in the spring and summer months of April through September when soft ground conditions hinder the movement of heavy equipment. Modular Solutions segment is not impacted by seasonality.

13. Subsequent Event

On April 16, 2018, the Corporation acquired 96.6% of the issued and outstanding shares of Shelter Modular Inc. ("Shelter") for \$3,751,000, payable in a mix of common shares of Horizon North ("Horizon Shares") and assumption of existing debt. On closing, the issuance of 1,055,086 common shares of the Corporation with a fair value at the acquisition date of \$2.37 per share for total consideration of \$2,500,555.

Shelter is a full-service modular manufacturing company based in Aldergrove, British Columbia.

The following summarizes the major classes of consideration transferred at the acquisition date:

	Amount (000's)
Shares issued	\$ 2,501
Assumption of debt	1,250
Total consideration	\$ 3,751

The acquisition is being accounted for using the acquisition method on April 16, 2018, whereby the assets acquired and the liabilities assumed were recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The Corporation continues to assess the fair values of the net assets acquired based on management's best estimate of the market value, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received from the assets as well as the amount it is expected to cost to settle the outstanding liabilities.

The following summarizes the recognized amounts of assets acquired and liabilities assumed:

	Amount (000's)
Net working capital	\$ (1,565)
Property, plant and equipment	355
Deferred tax asset	1,428
Non-controlling interest	128
Total net identifiable assets acquired	\$ 346
Goodwill	3,405
Total consideration	\$ 3,751

The allocations and determinations of the consideration described above are preliminary and subject to changes upon final adjustments.

The goodwill arises as a result of the synergies expected to be achieved as a result of combining Shelter with the rest of the Corporation. None of the goodwill recognized is expected to be deductible for income tax purposes. There are no identified intangible assets acquired.

The Corporation estimates costs related to the acquisition of Shelter of approximately \$176,000 relating to due diligence and external legal fees. These costs are to be included in selling & administrative expenses on the consolidated statement of comprehensive income (loss) in the subsequent period.